

AMENDED AND RESTATED INDENTURE OF TRUST

between

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

and

MERIDIAN BANK, as Trustee

Dated as of December 1, 1994

AMENDED AND RESTATED INDENTURE OF TRUST

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**AMENDED AND RESTATED
INDENTURE OF TRUST**

THIS AMENDED AND RESTATED INDENTURE OF TRUST, dated as of December 1, 1994, between the PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania under and by virtue of the Constitution and laws of the Commonwealth of Pennsylvania, and MERIDIAN BANK, a bank and trust company organized and existing under the laws of the Commonwealth of Pennsylvania, as trustee (the "Trustee"),

W I T N E S S E T H :

WHEREAS, the Authority is authorized and empowered under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L.9, No. 6, as amended) (as such act may be amended from time to time, the "Act"), to issue its bonds in accordance with the Act for various purposes, including, without limitation, providing financial assistance to a city of the first class to finance a deficit other than a cash flow deficit, to finance capital projects and to otherwise assist such a city and to refund bonds previously issued by the Authority; and

WHEREAS, the Authority and CoreStates Bank, N.A., as trustee (the "Initial Trustee"), entered into an Indenture of Trust, dated as of June 1, 1992 (the "Original Indenture"), to provide for the issuance and securing of Bonds (as defined in the Original Indenture); and

WHEREAS, pursuant to the Original Indenture and at the request of the City of Philadelphia, Pennsylvania (the "City"), the Authority issued and sold \$474,555,000 of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992 (the "1992 Bonds") for the purpose of financing certain deficits of the City, financing certain capital projects of the City, providing financial assistance to the City to enhance productivity in the operation of the City government, and for certain other purposes permitted under the Act; and

WHEREAS, the City adopted an ordinance (Bill No. 1437) on June 12, 1991 (the "PICA Tax Ordinance"), which enacted exclusively for the purposes of the Authority a 1.5% tax on salaries, wages, commissions and other compensation earned by residents of the City and on net profits earned in business, professions and other activities conducted by residents of the

City pursuant to Section 601(a)(3) of the Act (the "Income Tax"); and

WHEREAS, pursuant to the Act, the Authority and the City entered into an Intergovernmental Cooperation Agreement, dated as of January 8, 1992 (as the same may be amended, supplemented or otherwise modified and in effect from time to time, the "Intergovernmental Cooperation Agreement"), pursuant to which the Authority made a grant of certain proceeds of the 1992 Bonds to the City and in which the City made various covenants; and

WHEREAS, Section 604(a) of the Act requires the Department of Revenue of the Commonwealth (the "Department") to administer, enforce and collect the Income Tax and Section 604(c) of the Act authorizes the Department to appoint as its agents, the tax officers, clerks, collectors and other assistants, including revenue and legal departments of the City, to collect and enforce any tax imposed under the authority of Section 601 of the Act, including the Income Tax; and

WHEREAS, acting pursuant to authority granted by Section 604(c) of the Act, the Department appointed the Revenue Department and the Law Department of the City as its agent to collect and enforce the Income Tax; and

WHEREAS, the Department and the City entered into a Pennsylvania Intergovernmental Cooperation Authority Income Tax Collection Agency Agreement dated as of June 1, 1992 (as the same may be amended, supplemented or otherwise modified and in effect from time to time, the "Tax Collection Agency Agreement"), which agreement sets forth the manner in which the Revenue Department and the Law Department of the City shall collect Income Tax on behalf of the Department and in which amounts collected shall be transferred to a Commonwealth account designated by the Department; and

WHEREAS, the Act requires the Department to remit the Income Tax, along with interest and penalties, net of allowed collection costs and any refunds and credits, to the State Treasurer and requires the State Treasurer to hold and invest such funds and then to disburse such funds, at least weekly, to or upon the order of the Authority; and

WHEREAS, pursuant to the Act, the State Treasurer is to remit the Income Tax received from the Department and amounts earned from the investment thereof to or upon the order of the Authority to the Trustee so long as any Bonds are Outstanding; and

WHEREAS, the Authority, by letter to the State Treasurer, designated the Trustee as the Trustee for the funds required or permitted to be established pursuant to Chapter 3 of the Act for the security and payment of the 1992 Bonds and all other Series of Bonds issued hereunder and the State Treasurer has acknowledged and agreed to the terms of such letter (such letter agreement constituting the "PICA Tax Disbursement Agreement"); and

WHEREAS, the Authority and the Initial Trustee entered into a First Supplemental Indenture of Trust dated as of June 22, 1992 amending certain provisions of the Original Indenture (the Original Indenture as so amended is referred to herein as the "Amended Indenture"); and

WHEREAS, Meridian Bank succeeded the Initial Trustee as trustee under the Amended Indenture; and

WHEREAS, the Authority and the Trustee entered into a Second Supplemental Indenture of Trust dated as of July 15, 1993 (the "Second Supplemental Indenture") amending and supplementing the Amended Indenture (the Amended Indenture as so amended and supplemented is referred to herein as the "Second Amended Indenture"); and

WHEREAS, pursuant to the Second Amended Indenture and at the request of the City, the Authority issued \$643,430,000 of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1993 (the "1993 Bonds") for the purpose of providing grants to the City to pay costs of certain capital projects included in the City's Fiscal Year 1994 Capital Budget, paying the costs of certain capital improvements to the City's criminal justice and correctional facilities and paying the costs of refunding certain of the City's general obligation bonds; and

WHEREAS, the Authority and the Trustee entered into a Third Supplemental Indenture of Trust dated as of August 15, 1993 (the "Third Supplemental Indenture") amending and supplementing the Second Amended Indenture (the Second Amended Indenture as so amended and supplemented is referred to herein as the "Third Amended Indenture"); and

WHEREAS, pursuant to the Third Amended Indenture, the Authority issued \$178,675,000 of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A (the "1993A Bonds") for the purpose of refunding the entire \$136,670,000 aggregate principal amount of 1992 Bonds maturing on June 15 of the years 2006, 2012 and 2022; and

WHEREAS, the City has requested the Authority to issue Additional Bonds to provide grants to the City to pay costs of certain capital projects included in the City's Fiscal Year 1995 Capital Budget (the "1994 Project"); and

WHEREAS, by Resolution adopted on December 1, 1994, the Authority determined to issue and sell \$122,020,000 of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994 (the "1994 Bonds") for the purpose of financing the 1994 Project; and

WHEREAS, the Authority has determined that it is desirable to amend and restate the Third Amended Indenture to incorporate in one document all of the provisions thereof (including changes in the schedules of capital projects to be funded with proceeds of the 1992 Bonds and the 1993 Bonds effected through substitution requests) and additional provisions in connection with the issuance of the 1994 Bonds; and

WHEREAS, all things necessary to make the Bonds (as hereinafter defined), when authenticated by the Trustee and issued as provided in this Amended and Restated Indenture of Trust, the valid, binding and legal limited obligations of the Authority according to the import thereof, and to constitute this Amended and Restated Indenture of Trust a valid assignment and pledge of the amounts pledged to the payment of the principal of, premium, if any, and interest on the Bonds, and to constitute this Amended and Restated Indenture of Trust a valid and binding trust indenture for the security of all Bonds issued hereunder have been done and performed, and the creation, execution and delivery of this Amended and Restated Indenture of Trust and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized; and

WHEREAS, the Trustee has the power to enter into this Amended and Restated Indenture of Trust and to execute the trusts hereby created and has accepted the trusts so created and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS AMENDED AND RESTATED INDENTURE OF TRUST WITNESSETH:

GRANTING CLAUSES

That the Authority, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Holders thereof, and of the sum of one dollar, in lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good

and valuable consideration, the receipt of which is hereby acknowledged, in order to secure (i) the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and (ii) the performance and observance by the Authority of all the covenants expressed herein and in the Bonds and (iii) the payment of all amounts due and owing to any Credit Facility Issuer, does hereby assign, pledge and grant a security interest in the following to the Trustee, and its successors in trust and its assigns forever, for the securing of the performance of the obligations of the Authority hereinafter set forth:

GRANTING CLAUSE FIRST

All right, title and interest of the Authority in and to the Pledged Revenues (as hereinafter defined).

GRANTING CLAUSE SECOND

All right, title and interest of the Authority in and to all moneys and securities from time to time held by the Trustee under the terms of this Amended and Restated Indenture of Trust except for the moneys and securities held in the Rebate Fund in trust for the United States of America.

GRANTING CLAUSE THIRD

Any and all other property rights and interests of every kind or nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected hereto, as and for additional security herewith, by the Authority or any other person on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors in said trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds, from time to time, issued under and secured by this Amended and Restated Indenture of Trust without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds, except in the case of funds held hereunder for the benefit of particular Holders of Bonds, to the

extent provided herein, and for the benefit of the Credit Facility Issuer to the extent provided herein;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds due or to become due thereon (upon redemption or otherwise), at the times and in the manner set forth in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made on the Bonds as required under Article IV hereof, or shall provide, as permitted hereby, for the payment thereof by depositing such amounts at such time and in such manner as required under Article VII hereof, and shall well and truly cause to be kept, performed and observed all of its covenants pursuant to the terms of this Amended and Restated Indenture of Trust, shall pay or provide for the payment of all amounts due and owing to any Credit Facility Issuer and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Amended and Restated Indenture of Trust and the rights hereby granted shall cease, determine and be void, except to the extent specifically provided in Article VII hereof; otherwise this Amended and Restated Indenture of Trust shall remain in full force and effect.

THIS AMENDED AND RESTATED INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights and interests, including, without limitation, the Trust Estate and any other amounts hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as herein expressed, and the Authority has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective Holders of the Bonds, from time to time, as follows:

ARTICLE I

DEFINITIONS

The words and phrases defined in this Article I shall have the meanings specified, unless the context clearly requires otherwise.

The following terms shall have the definitions set forth in the recitals hereof:

Act
Amended Indenture
Authority
City
Department
Income Tax
Intergovernmental Cooperation Agreement
1992 Bonds
1993 Bonds
1993A Bonds
1994 Bonds
Original Indenture
PICA Tax Disbursement Agreement
PICA Tax Ordinance
Second Amended Indenture
Second Supplemental Indenture
State Treasurer
Tax Collection Agency Agreement
Third Amended Indenture
Third Supplemental Indenture

The following terms shall have the definitions indicated:

"Additional Bonds" means bonds or notes authorized to be issued under this Indenture pursuant to Section 2.11 hereof.

"Authority Representative" means the person or persons at the time designated to act on behalf of the Authority by written certificate furnished to the Trustee containing the specimen signatures of such person or persons and signed on behalf of the Authority by its duly authorized agent. Such certificate may designate an alternate or alternates:

"Board" means the governing board of the Authority.

"Bond" or "Bonds" means all bonds authorized to be issued pursuant to the authorizing resolutions previously adopted by the Authority and executed and delivered under and pursuant to such authorizing resolutions and this Indenture or the Original Indenture, as the same was amended and supplemented from time to time, including any bonds issued in substitution therefor, and any Additional Bonds issued pursuant to this Indenture.

"Bond Counsel" means any firm of nationally recognized bond counsel acceptable to the Authority.

"Bondholder" or "Holder" means the registered owner of any Bond.

"Bond Insurance Policy" means, with respect to the 1992 Bonds, the municipal bond new issue insurance policy issued by the Bond Insurer for the 1992 Insured Bonds that guarantees payment of principal of and interest on the 1992 Insured Bonds and means, with respect to the 1993 Bonds, each municipal bond new issue insurance policy or financial guaranty insurance policy issued by each Bond Insurer for the 1993 Insured Bonds that guarantees payment of principal of and interest on the 1993 Insured Bonds and means, with respect to the 1993A Bonds, the financial guaranty insurance policy issued by the Bond Insurer for the 1993A Insured Bonds that guarantees payment of principal of and interest on the 1993A Insured Bonds and means, with respect to the 1994 Bonds, the municipal bond new issue insurance policy issued by the Bond Insurer for the 1994 Bonds that guarantees payment of principal of and interest on the 1994 Bonds, and with respect to any other Series shall have the meaning specified in the Supplemental Indenture authorizing such Series.

"Bond Insurer" means, with respect to the 1992 Insured Bonds, the 1993 Insured Serial Bonds and the 1994 Bonds, Financial Guaranty Insurance Company, a New York stock insurance company ("FGIC"), or any successor thereto and means, with respect to the 1993 Insured Term Bonds and the 1993A Insured Bonds, Municipal Bond Investors Assurance Corporation, a New York stock insurance company ("MBIA"), or any successor thereto, and with respect to any other Series shall have the meaning specified in the Supplemental Indenture authorizing such Series.

"Bond Redemption Fund" means the separate fund of such name created by Section 5.02 hereof.

"Bond Register" means the list of the names and addresses of Bondholders and the principal amounts and numbers of the Bonds held by them maintained by the Registrar on behalf of the Authority.

"Bond Year" for any Series of Bonds means each one-year period (or shorter period from the date of issue) that ends at the close of business on the date in the calendar year that is elected by the Authority as permitted under the Code.

"Business Day" means a day other than a Saturday, Sunday or holiday on which the Trustee or any applicable Credit Facility Issuer are authorized or required to be closed under applicable state or federal law.

"Capital Projects Fund" means the separate fund of such name created by Section 5.02 hereof.

"City Account" means the account of such name created under the Act and the Disbursement Agreement.

"City Obligations" means any direct obligations of the City, including tax and revenue anticipation notes of the City, or any obligations guaranteed by the City, the investment in which shall have been approved by the Authority in accordance with Section 311(b) of the Act.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor legislation, and the regulations and published rulings promulgated thereunder or applicable thereto.

"Commonwealth" means the Commonwealth of Pennsylvania.

"Credit Facility" means any letter of credit, bond insurance policy other than a Bond Insurance Policy or other credit facility meeting the requirements of, and delivered to the Trustee in accordance with, this Indenture.

"Credit Facility Issuer" means each issuer of a Credit Facility then in effect, and its successors. References herein to the Credit Facility Issuer shall be read to mean the issuer of the Credit Facility applicable to a particular Series or each issuer of a Credit Facility as the context requires.

"Debt Service Fund" means the separate fund of such name created by Section 5.02 hereof.

"Debt Service Requirement" means for a specified period the principal of (whether at maturity or pursuant to mandatory redemption) and interest (other than capitalized interest) on Outstanding Bonds payable during the period. If any Series bears interest at a variable interest rate, the interest thereon shall be deemed to be an amount calculated using an interest rate equal to the maximum interest rate permitted for such Series under the authorizing Supplemental Indenture. If the repayment obligation of the Authority under a Credit Facility with respect to a particular Series is secured on a parity with the Bonds and provides for a different rate of interest or amortization period than such Series, the principal and interest during a period for such Series for purposes of computing the Debt Service Requirement shall be based upon the maximum interest rate and the amortization provisions of the Credit Facility if they result in a higher Debt Service Requirement. If an interest rate exchange agreement, interest rate cap and floor agreement or other similar agreement permitted by Section 304(10) of the Act is in effect with respect to a Series of Bonds and the unguaranteed debt of the obligated counterparty is rated in one of the two highest rating categories by S&P and Moody's and no default exists under

such agreement, the principal and interest payable during a period for such Series of Bonds for purposes of computing the Debt Service Requirement for such period shall be determined by reference to the net amount payable by the Authority under or after giving effect to such agreement.

"Debt Service Reserve Fund" means the separate fund of such name created by Section 5.02 hereof.

"Debt Service Reserve Requirement" means an amount equal to the lesser of 10% of the proceeds of the applicable Series of Bonds or the Maximum Annual Debt Service Requirement thereon.

"Deficit Fund" means the separate fund of such name created by Section 5.02 hereof.

"Depository" means CoreStates Bank, N.A., a national banking association organized and existing under the laws of the United States, as Depository under the Disbursement Agreement, and its successors and assigns.

"Disbursement Agreement" means the City Account Deposit and Disbursement Agreement dated as of December 6, 1991 between the Authority and CoreStates Bank, N.A. and acknowledged and agreed to by the City, as the same may be amended, modified or supplemented and in effect from time to time, and including any successor agreement serving substantially the same purpose.

"Encumbered Funds Account" means the account of such name created pursuant to the Encumbered Funds Account Deposit and Disbursement Agreement dated as of June 1, 1992 between CoreStates Bank, N.A. and the Authority and acknowledged and agreed to by the City, as amended by agreement dated as of July 15, 1993, as amended and restated by agreement dated as of December 1, 1994, and as such agreement may be further amended, supplemented or otherwise modified and in effect from time to time, and including any successor agreement serving substantially the same purpose.

"Event of Default" means any event specified as such in Section 8.01 hereof.

"Fiscal Agent" means, with respect to FGIC, State Street Bank and Trust Company, N.A., or its successor as FGIC's fiscal agent and means, with respect to MBIA, State Street Bank and Trust Company, N.A., or its successor as MBIA's fiscal agent.

"Fitch" means Fitch Investors Service, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns and if such corporation shall for any

reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority. Whenever rating categories of Fitch are specified in this Indenture, such categories shall be irrespective of gradations within a category.

"Government Obligations" means any of the following which are noncallable and which at the time of investment are legal investments under the Act for the moneys proposed to be invested therein:

(a) direct general obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America ("Direct Obligations");

(b) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMA"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMA"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; or

(c) obligations issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (the "FIRRE Act"), (i) the principal of which obligations is payable when due from payments of the maturing principal of non-interest bearing direct obligations of the United States of America which are issued by the Secretary of the Treasury and deposited in the Funding Corporation Principal Fund established pursuant to the FIRRE Act, and (ii) the interest on which obligations, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to the FIRRE Act.

"Indenture" means this Amended and Restated Indenture of Trust, as amended or supplemented from time to time in accordance with the terms hereof.

"Interest Payment Date" means, with respect to the 1992 Bonds, December 15, 1992 and each June 15 and December 15 thereafter so long as any 1992 Bonds remain Outstanding and, with respect to the 1993 Bonds and the 1993A Bonds, December 15, 1993 and each June 15 and December 15 thereafter so long as any 1993 Bonds or 1993A Bonds, respectively, remain Outstanding and, with respect to the 1994 Bonds, June 15, 1995 and each June 15 and December 15 thereafter so long as any 1994 Bonds remain Outstanding and, with respect to any other Series, shall have the meaning specified in the Supplemental Indenture authorizing such Series.

"Investment Earnings" shall have the meaning specified in Section 6.01 hereof.

"Investment Securities" means any of the following obligations or securities to the extent legal for investment of Authority funds:

(a) Government Obligations;

(b) federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States (which may include the Trustee and the Registrar) having a combined capital and surplus of not less than \$50,000,000, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's and a "Short-Term CD" rating of "A-1" or better by S&P;

(c) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3,000,000, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;

(d) (i) direct obligations of, or (ii) obligations the principal of and interest on which are unconditionally guaranteed by, any state of the United States of America, the District of Columbia or the Commonwealth of Puerto Rico, or any political subdivision or agency thereof, other than the City, whose

unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and "A" or better by S&P;

(e) commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's and "A-1" or better by S&P;

(f) repurchase agreements collateralized by Government Obligations with a bank, insurance company or other financial institution whose letters of credit, other credit facilities or long-term unsecured obligations are rated in one of the three highest rating categories by Moody's and S&P, provided: (i) a master repurchase agreement or specific written repurchase agreement governs the transaction; (ii) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent (the "Agent") for the Trustee, and such third party is (1) a Federal Reserve Bank; (2) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50,000,000; or (3) a bank approved in writing for such purpose by each Bond Insurer, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; (iii) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. §306.1 et seq. or 31 C.F.R. §350.0 et seq. in such securities is created for the benefit of the Trustee; (iv) the repurchase agreement has a term of ten years or less, or, so long as any 1992 Insured Bonds, 1993 Insured Bonds, 1993A Insured Bonds or 1994 Bonds are Outstanding, such shorter term as the respective Bond Insurer may require, and the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and (v) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%, or, so long as any 1992 Insured Bonds, 1993 Insured Bonds, 1993A Insured Bonds or 1994 Bonds are Outstanding, such higher collateral requirement as the respective Bond Insurer may require;

(g) money market mutual fund shares issued by a fund having assets not less than \$100,000,000 (including any such fund from which the Trustee or any of its affiliates may receive compensation) which invests in securities of the types specified in clauses (a) or (e) of this definition and is rated "AAAm" or "AAAm-G" by S&P; and

(h) guaranteed investment contracts with a bank, insurance company or other financial institution whose letters of credit, other credit facilities or unsecured obligations are rated in one of the three highest rating categories by Moody's and S&P and which guaranteed investment contracts are either insured by a municipal bond insurance company rated in the highest rating category by Moody's and S&P or fully collateralized at all times with securities of the type described in clause (a) of this definition which have a fair market value at all times equal to the value of the guaranteed investment contract provided that (i) a written agreement governs the transaction; (ii) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (1) a Federal Reserve Bank or (2) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50,000,000; (iii) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. §306.1 et seq. or 31 C.F.R. §350.0 et seq. in such securities is created for the benefit of the Trustee; (iv) interest is paid at least semiannually during the entire term of the agreement; (v) moneys invested thereunder may be withdrawn without any penalty, premium, or charge upon not more than one day's notice (provided such notice may be amended or cancelled at any time prior to the withdrawal date); (vi) the Trustee receives an opinion of counsel for the issuer of such agreement that such agreement is an enforceable obligation of the issuer, and (vii) so long as any 1992 Insured Bonds, 1993 Insured Bonds, 1993A Insured Bonds or 1994 Bonds are Outstanding, the respective Bond Insurer approves such use in writing.

"Letter of Representations" shall have the meaning specified in Section 2.12(b) hereof.

"Maximum Annual Debt Service Requirement" means the maximum Debt Service Requirement in any subsequent fiscal year of the Authority on Bonds expected to be Outstanding at the time of such calculation.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority. Whenever rating categories of Moody's are specified in this Indenture, such categories shall be irrespective of gradations.

"1992 Insured Bonds" means the 1992 Bonds scheduled to mature on June 15 in the years 1996 through 2000 and 2002.

"1992 Term Bonds" means the 1992 Bonds scheduled to mature on June 15, 2002, 2006, 2012 and 2022.

"1993 Insured Bonds" means the 1993 Insured Serial Bonds and the 1993 Insured Term Bonds.

"1993 Insured Serial Bonds" means the 1993 Bonds scheduled to mature on June 15 in the years 1995 through 2009.

"1993 Insured Term Bonds" means the 1993 Term Bonds scheduled to mature on June 15 in the years 2015 and 2016 and bearing interest at the rate of 5.60% and the 1993 Term Bonds scheduled to mature on June 15, 2023 and bearing interest at the rate of 5-5/8%.

"1993 Term Bonds" means the 1993 Bonds scheduled to mature on June 15 in the years 2015, 2016 and 2023.

"1993A Insured Bonds" means the 1993A Insured Serial Bonds and the 1993A Insured Term Bonds.

"1993A Insured Serial Bonds" means the 1993A Bonds scheduled to mature on June 15 in the years 1994 through 2008.

"1993A Insured Term Bonds" means the 1993A Term Bonds scheduled to mature on June 15, 2013 in the aggregate principal amount of \$12,000,000 and originally priced to yield interest at the rate of 5.47% and the 1993A Term Bonds scheduled to mature on June 15, 2022.

"1993A Term Bonds" means the 1993A Bonds scheduled to mature on June 15 in the years 2013 and 2022.

"1993A Uninsured Term Bonds" means those 1993A Term Bonds scheduled to mature on June 15, 2013 as to which no Bond Insurance Policy has been issued.

"1994 Term Bonds" means the 1994 Bonds scheduled to mature on June 15 in the years 2014 and 2021.

"Outstanding" or "Bonds Outstanding" means all Bonds which have been authenticated and delivered under this Indenture or the Original Indenture, as the same was amended and supplemented from time to time, except:

(a) Bonds cancelled after purchase in the open market or because of payment or redemption prior to maturity;

(b) Bonds for the payment or redemption of which funds shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee, and provided that all such deposits shall have been made in accordance with Article VII hereof; and

(c) Bonds in lieu of which others have been authenticated and delivered under Section 2.07 or Section 2.08 hereof.

Bonds paid with the proceeds of any Credit Facility shall be Outstanding until the Credit Facility Issuer has been reimbursed for the amount of the payment or has presented the Bonds for cancellation.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, an unincorporated organization, a regulatory body, any political subdivision, municipality or municipal authority or any other group or entity.

"PICA Taxes" means the Income Tax and any other taxes which may be enacted hereafter by the City pursuant to the Act for the exclusive purposes of the Authority and which are pledged by the Authority to secure the Bonds in a Supplemental Indenture.

"Pledged Revenues" means all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes and all moneys and securities held by the Trustee hereunder, together with any earnings thereon, except moneys and securities, together with any earnings thereon, held in the Rebate Fund.

"Rebate Amount" shall have the meaning set forth in the Tax Compliance Agreement.

"Rebate Fund" means the separate fund of such name created by Section 5.02 hereof.

"Record Date" means, with respect to the 1992 Bonds, the 1993 Bonds, the 1993A Bonds and the 1994 Bonds, the last day (whether or not a Business Day) of the calendar month next preceding any Interest Payment Date or any redemption date and, with respect to any other Series, the date specified as the

Record Date:therefor in the Supplemental Indenture authorizing such Series.

"Registrar" means the Registrar appointed in accordance with Section 9.12 hereof. "Principal Office" of the Registrar means the office thereof designated in writing to the Authority and the Trustee.

"Revenue Fund" means the separate fund of such name created by Section 5.02 hereof.

"S&P" means Standard & Poor's Ratings Group, a Division of McGraw Hill Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority. Whenever rating categories of S&P are specified in this Indenture, such categories shall be irrespective of gradations within a category.

"Series" or "Series of Bonds" means all of the Bonds designated as being of the same series at the time of issuance thereof in one transaction and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to this Indenture or the Original Indenture, as the same was amended from time to time.

"Settlement Fund" means the separate fund of such name created by Section 5.02 hereof.

"Special Payment Date" means with respect to Outstanding Bonds the date set for the payment of interest or principal that was not paid when due on any Interest Payment Date or on any date that principal is due, which date shall be fixed by the Trustee whenever moneys become available for the payment of such interest or principal.

"Special Record Date" means the date (whether or not a Business Day) which is the fifteenth day prior to any Special Payment Date.

"Supplemental Indenture" means any indenture of the Authority amending or supplementing this Indenture for any purpose, in accordance with the terms hereof.

"Tax Compliance Agreement" means each respective agreement executed by the Authority and the City regarding compliance with provisions of the Code to assure that interest on a Series of

Bonds which is intended to be excluded from gross income for federal income tax purposes is so excludable.

"Trustee" means Meridian Bank, a bank and trust company organized and existing under the laws of the Commonwealth of Pennsylvania, as the Trustee under this Indenture, its successors in trust under Section 9.05 or Section 9.08 hereof and its assigns. "Principal Office" of the Trustee means the principal corporate trust office of the Trustee, which office at the date of acceptance by the Trustee of the duties and obligations imposed on the Trustee by this Indenture is located at the address specified in Section 11.07 hereof.

"Trust Estate" means the property and rights conveyed to the Trustee pursuant to the Granting Clauses of this Indenture.

"Yield Reduction Amount" means an amount with respect to a Series of Bonds which may be paid to the United States in accordance with Treasury Regulations Section 1.148-5(c).

Words importing singular number shall include the plural number, and vice versa, words importing persons shall include firms and corporations and the masculine shall include the feminine, and vice versa, wherever the context requires.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds. The 1992 Bonds, the 1993 Bonds, the 1993A Bonds and the 1994 Bonds are authorized to be issued in the respective aggregate principal amounts of \$474,555,000, \$643,430,000, \$178,675,000 and \$122,020,000. Additional Bonds are authorized to be issued pursuant to Section 2.11 hereof in such aggregate principal amounts as shall be provided in the Supplemental Indentures authorizing such Additional Bonds.

Section 2.02. Description of Bonds.

(a) The 1992 Bonds (i) shall be designated "Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992", (ii) shall be issued as fully registered bonds, and (iii) shall be in denominations of \$5,000 and integral multiples thereof.

(b) The 1992 Bonds shall be substantially in the form of Exhibit A hereto with appropriate insertions, omissions

and variations, including, without limitation, provisions for optional and mandatory redemption, as permitted or required by this Indenture.

(c) The 1992 Bonds shall be initially dated June 1, 1992. The principal of and interest on the 1992 Bonds shall be payable on the dates and the 1992 Bonds shall be subject to redemption in the manner and subject to the conditions stated herein and in the 1992 Bonds.

(d) The 1992 Bonds shall mature on the dates and in the amounts and shall bear interest at the annual rates set forth in Schedule 1 hereto, such interest to be payable on each June 15 and December 15, commencing December 15, 1992, until maturity or such later date as payment of the principal amount thereof shall have been made or provided for.

(e) The 1993 Bonds (i) shall be designated "Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1993", (ii) shall be issued as fully registered bonds, and (iii) shall be in denominations of \$5,000 principal amount and integral multiples thereof.

(f) The 1993 Bonds shall be substantially in the form of Exhibit B hereto, with appropriate insertions, omissions and variations, including, without limitation, provisions for optional and mandatory redemption, as permitted or required by this Indenture, and appropriate statements of insurance.

(g) The 1993 Bonds shall be dated July 15, 1993. The principal of and interest on the 1993 Bonds shall be payable on the dates and the 1993 Bonds shall be subject to redemption in the manner and subject to the conditions stated herein and in the 1993 Bonds.

(h) The 1993 Bonds shall mature on the dates and in the amounts and shall bear interest at the annual rates set forth in Schedule 2 hereto, such interest to be payable on each June 15 and December 15, commencing December 15, 1993, until maturity or such later date as payment of the principal amount thereof shall have been made or provided for.

(i) The 1993A Bonds (i) shall be designated "Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A", (ii) shall be issued as fully registered bonds, and (iii) shall be in denominations of \$5,000 principal amount and integral multiples thereof.

(j) The 1993A Bonds shall be substantially in the form of Exhibit C hereto, with appropriate insertions, omissions and variations, including, without limitation, provisions for optional and mandatory redemption, as permitted or required by this Indenture, and a statement of insurance, if applicable.

(k) The 1993A Bonds shall be dated August 15, 1993. The principal of and interest on the 1993A Bonds shall be payable on the dates and the 1993A Bonds shall be subject to redemption in the manner and subject to the conditions stated herein and in the 1993A Bonds.

(l) The 1993A Bonds shall mature on the dates and in the amounts and shall bear interest at the annual rates set forth in Schedule 3 hereto, such interest to be payable on each June 15 and December 15, commencing December 15, 1993, until maturity or such later date as payment of the principal amount thereof shall have been made or provided for.

(m) The 1994 Bonds (i) shall be designated "Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994", (ii) shall be issued as fully registered bonds, and (iii) shall be in denominations of \$5,000 principal amount and integral multiples thereof.

(n) The 1994 Bonds shall be substantially in the form of Exhibit D hereto, with appropriate insertions, omissions and variations, including, without limitation, provisions for optional and mandatory redemption, as permitted or required by this Indenture, and a statement of insurance, if applicable.

(o) The 1994 Bonds shall be dated December 1, 1994. The principal of and interest on the 1994 Bonds shall be payable on the dates and the 1994 Bonds shall be subject to redemption in the manner and subject to the conditions stated herein and in the 1994 Bonds.

(p) The 1994 Bonds shall mature on the dates and in the amounts and shall bear interest at the annual rates set forth in Schedule 4 hereto, such interest to be payable on each June 15 and December 15, commencing June 15, 1995, until maturity or such later date as payment of the principal amount thereof shall have been made or provided for.

(q) The designation, form, denominations, date, redemption provisions, payment provisions, maturity dates, amounts and interest rates of any other Series shall be as specified in the Supplemental Indenture authorizing such Series.

(r) Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless authenticated on an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date, or, unless authenticated prior to the first Interest Payment Date, in which case it shall bear interest from its dated date or such later date as is specified in the Supplemental Indenture providing for its issuance; provided, however, that if at the time of authentication of any Bond interest on such Bond is in default, such Bond shall bear interest from the date to which such interest has been paid or, if no interest has been paid, from its dated date. Interest shall be computed on the basis of a year of 360 days consisting of twelve 30-day months or, in the case of any Bonds bearing interest at a variable interest rate, on the basis of a year of 365 days or 366 days, as appropriate.

Section 2.03. Place, Manner and Source of Payment of Bonds. The principal of, premium, if any, and interest on Bonds issued hereunder shall be payable in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts. Principal of and premium, if any, on Bonds shall be payable at the Principal Office of the Trustee, upon presentation and surrender of the Bonds as the same shall become due and payable. Interest on the Bonds will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name a Bond is registered on the Bond Register at the close of business on the Record Date, and at the address appearing on such Bond Register or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a Bondholder of \$1,000,000 or more in aggregate principal amount of Bonds or respective Series of Bonds, as specified in the particular Bond, by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof as of the Record Date, and shall be payable to the person who is the registered owner thereof (or of one or more predecessor bonds) at the close of business on the Special Record Date preceding the Special Payment Date set by the Trustee whenever moneys become available for payment of such interest. Notice of the Special Payment Date shall be given by the Trustee to registered owners as of the Special Record Date not less than ten (10) days prior to the Special Payment Date. All Bonds shall provide that principal or redemption price and interest in respect thereof shall be payable only out of Pledged Revenues and proceeds of any applicable Credit Facility then in effect.

Section 2.04. Execution: Limited Obligation. The Bonds shall be executed on behalf of the Authority by the Chairperson or Vice Chairperson of the Authority, and shall have affixed, impressed or reproduced thereon the official seal of the Authority which shall be attested by the Secretary or Assistant Secretary of the Authority. Each of the foregoing officers of the Authority may execute the Bonds or cause the Bonds to be executed with a facsimile signature in lieu of a manual signature, provided the signature of the Chairperson or Vice Chairperson of the Authority or the Secretary or Assistant Secretary of the Authority shall, if required by applicable laws, be manually subscribed.

In case any officer of the Authority whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the authentication and delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until authentication and delivery; and any Bond may be signed on behalf of the Authority by such persons as, at the time of execution of such Bond, shall be the proper officers of the Authority, even though at the date of such Bond or of the execution and delivery of this Indenture any such person was not such officer.

The Bonds are limited obligations of the Authority and are payable solely from the sources referred to herein. Neither the credit nor the taxing power of the Commonwealth or of any political subdivision thereof, including the City, is pledged for the payment of the principal of, redemption premium, if any, or interest on the Bonds. The Bonds are not and shall not be deemed to be a debt or liability of the Commonwealth or of any political subdivision thereof, including the City, and neither the Commonwealth nor any political subdivision thereof, including the City, is or shall be liable for the payment of such principal, redemption premium, if any, or interest.

Notwithstanding any provision of the Act or any other law to the contrary, or any implication that may be drawn therefrom, neither the Commonwealth nor any other government agencies, except the Authority, but including the City, shall have any legal or moral obligation for the payment of any expenses or obligations of the Authority, including, but not limited to, principal and interest on the Bonds, the funding or refunding of any reserves and any operating or administrative expenses whatsoever, other than for the advance of funds for initial operating expenses of the Authority as provided in the Act, which advance is to be repaid by the Authority as set forth in the Act. Obligees of the Authority, including holders of Bonds, shall have no recourse, either legal or moral, to the Commonwealth or to any

government agency, including the City, for the payment of principal of or interest on the Bonds.

Section 2.05. Authentication. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond substantially in the form set forth in the form of such Bond attached as an exhibit hereto or set forth in the Supplemental Indenture authorizing such Bond shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized signatory of the Trustee, but it shall not be necessary that the same signatory execute the certificate of authentication on all of the Bonds. The date of each Bond shall be the date of authentication thereof.

Section 2.06. Delivery of the 1992 Bonds, 1993 Bonds, 1993A Bonds and 1994 Bonds and Disposition of Proceeds Thereof.

(a) Upon the execution and delivery of the Original Indenture, the Authority was to execute and deliver to the Trustee and the Trustee was to authenticate the 1992 Bonds and deliver them to the initial purchaser or purchasers thereof as directed by the Authority in an order delivered by the Authority to the Trustee upon receipt of the proceeds of the 1992 Bonds. Proceeds from the sale of the 1992 Bonds were to be received by the Trustee and deposited in the Settlement Fund and to then be disbursed and transferred from the Settlement Fund as follows:

(1) To the account in the Debt Service Fund for the 1992 Bonds the accrued interest on the 1992 Bonds and \$20,000,000 of capitalized interest.

(2) To the account in the Debt Service Reserve Fund for the 1992 Bonds an amount equal to the initial Debt Service Reserve Requirement for the 1992 Bonds.

(3) To or upon the order of the Authority the amount specified by the Authority at or after the closing for the issuance of the 1992 Bonds as the costs of issuance of the 1992 Bonds (including, without limitation, fees and expenses of bond counsel, consultants, the Trustee and the Trustee's counsel, the City's counsel and consultants, and the Authority's counsel in connection with the issuance of the 1992 Bonds, fees payable to any Credit Facility Issuer, printing costs payable by the Authority and rating agency fees).

(4) To or upon the order of the Authority \$650,000 to enable the Authority to repay the Commonwealth the \$150,000 advanced to the Authority for operating expenses and to provide for, or reimburse to the City amounts previously deducted by the Authority from proceeds of the Income Tax in respect of, the Authority's initial Operating Expenses.

(5) To the account in the Capital Projects Fund for the 1992 Bonds \$120,000,000 for the capital projects listed on Schedule 5.

(6) To the City the sum of \$153,500,000 in respect of the City's General Fund deficit for the fiscal year ended June 30, 1991.

(7) To the City the sum of \$20,000,000 as additional financial assistance to enhance productivity in the operation of City government, which amount is to be deposited by the City in the Productivity Bank Account of the City's Grants Revenue Fund.

(8) To the Deficit Fund the sum of \$102,700,000.

Any amount of proceeds of the 1992 Bonds remaining in the Settlement Fund after the foregoing disbursements and transfers was to be disbursed or transferred by the Trustee to the Debt Service Fund.

The provisions of the Original Indenture regarding the execution, authentication and delivery of the 1992 Bonds and the deposit and disbursement of the proceeds from the sale of the 1992 Bonds have been complied with and are hereby reaffirmed.

The capital projects for which proceeds in the account in the Capital Projects Fund derived from the 1992 Bonds may be disbursed are those listed on Schedule 5 attached hereto, subject to revision as provided in Section 5.04(a) hereof.

(b) Upon the execution and delivery of the Second Supplemental Indenture and the satisfaction of the requirements of Section 2.11(f) of the Original Indenture, the Authority was to execute and deliver to the Trustee and the Trustee was to authenticate the 1993 Bonds and deliver them to the initial purchaser or purchasers thereof as directed by the Authority in an order delivered by the Authority to the Trustee upon receipt of the proceeds of the 1993 Bonds. Proceeds from the sale of the 1993 Bonds were to be received by the Trustee and deposited in the Settlement Fund and to then be disbursed and transferred from the Settlement Fund as follows:

(1) To the account in the Debt Service Fund for the 1993 Bonds the accrued interest on the 1993 Bonds.

(2) To the account in the Debt Service Reserve Fund for the 1993 Bonds an amount equal to the initial Debt Service Reserve Requirement for the 1993 Bonds.

(3) To or upon the order of the Authority the amount specified by the Authority at or after the closing for the issuance of the 1993 Bonds as the costs of issuance of the 1993 Bonds (including, without limitation, fees and expenses of bond counsel, consultants, the Trustee and the Trustee's counsel, the City's counsel and consultants, and the Authority's counsel in connection with the issuance of the 1993 Bonds, fees payable to any Credit Facility Issuer or Bond Insurer, printing costs payable by the Authority and rating agency fees).

(4) To the account in the Capital Projects Fund for the 1993 Bonds \$174,000,000 for the capital projects listed on Schedule 6 attached hereto.

(5) To First Fidelity Bank, N.A., Pennsylvania, as fiscal agent and escrow agent for the City, to enable the City to refund its general obligation bonds specified in Schedule 8 attached hereto.

Any amount of proceeds of the 1993 Bonds remaining in the Settlement Fund after the foregoing disbursements and transfers was to be disbursed or transferred by the Trustee to the Debt Service Fund.

Accrued interest deposited in the account in the Debt Service Fund in respect of the 1993 Bonds was to be applied to pay interest on the 1993 Bonds on December 15, 1993.

The provisions of the Second Supplemental Indenture regarding the execution, authentication and delivery of the 1993 Bonds and the deposit and disbursement of the proceeds from the sale of the 1993 Bonds have been complied with and are hereby reaffirmed.

The capital projects for which proceeds in the account in the Capital Projects Fund derived from the 1993 Bonds may be disbursed are those listed on Schedule 6 attached hereto, subject to revision as provided in Section 5.04(a) hereof.

(c) Upon the execution and delivery of the Third Supplemental Indenture and the satisfaction of the requirements of Section 2.11(f) of the Original Indenture, the Authority was to execute and deliver to the Trustee and the Trustee was to

authenticate the 1993A Bonds and deliver them to the initial purchaser or purchasers thereof as directed by the Authority in an order delivered by the Authority to the Trustee upon receipt of the proceeds of the 1993A Bonds. Proceeds from the sale of the 1993A Bonds were to be received by the Trustee and deposited in the Settlement Fund and to then be disbursed and transferred from the Settlement Fund as follows:

(1) To the account in the Debt Service Fund for the 1993A Bonds the accrued interest on the 1993A Bonds.

(2) To the account in the Debt Service Reserve Fund for the 1993A Bonds an amount equal to the initial Debt Service Reserve Requirement for the 1993A Bonds.

(3) To or upon the order of the Authority the amount specified by the Authority at or after the closing for the issuance of the 1993A Bonds as the costs of issuance of the 1993A Bonds (including, without limitation, fees and expenses of bond counsel, consultants, the Trustee and the Trustee's counsel, the City's counsel and consultants, and the Authority's counsel in connection with the issuance of the 1993A Bonds, fees payable to any Credit Facility Issuer or Bond Insurer, printing costs payable by the Authority and rating agency fees).

(4) To the Escrow Fund under and as defined in the Escrow Deposit Agreement dated as of August 15, 1993 between the Authority and Meridian Bank the sum of \$150,407,158.16 to provide for the payment of interest on and the redemption price of the 1992 Bonds scheduled to mature on June 15 in the years 2006, 2012 and 2022.

Any amount of proceeds of the 1993A Bonds remaining in the Settlement Fund after the foregoing disbursements and transfers was to be disbursed or transferred by the Trustee to the Debt Service Fund.

Accrued interest deposited in the account in the Debt Service Fund in respect of the 1993A Bonds was to be applied to pay interest on the 1993A Bonds on December 15, 1993.

The provisions of the Third Supplemental Indenture regarding the execution, authentication and delivery of the 1993A Bonds and the deposit and disbursement of the proceeds from the sale of the 1993A Bonds have been complied with and are hereby reaffirmed.

(d) Upon the execution and delivery of this Indenture and the satisfaction of the requirements of Section 2.11(f) of this Indenture, treating the 1994 Bonds as if they

were Additional Bonds, the Authority shall execute and deliver to the Trustee and the Trustee shall authenticate the 1994 Bonds and deliver them to the initial purchaser or purchasers thereof as directed by the Authority in an order delivered by the Authority to the Trustee upon receipt of the proceeds of the 1994 Bonds. Proceeds from the sale of the 1994 Bonds shall be received by the Trustee and deposited in the Settlement Fund and shall then be disbursed and transferred from the Settlement Fund as follows:

(1) To the account in the Debt Service Fund for the 1994 Bonds the accrued interest on the 1994 Bonds.

(2) To the account in the Debt Service Reserve Fund for the 1994 Bonds an amount equal to the initial Debt Service Reserve Requirement for the 1994 Bonds.

(3) To or upon the order of the Authority the amount specified by the Authority at or after the closing for the issuance of the 1994 Bonds as the costs of issuance of the 1994 Bonds (including, without limitation, fees and expenses of bond counsel, consultants, the Trustee and the Trustee's counsel, the City's counsel and consultants, and the Authority's counsel in connection with the issuance of the 1994 Bonds, fees payable to any Credit Facility Issuer or Bond Insurer, printing costs payable by the Authority and rating agency fees).

(4) To the account in the Capital Projects Fund for the 1994 Bonds \$106,773,000 for the capital projects listed on Schedule 7 attached hereto.

Any amount remaining in the Settlement Fund after the foregoing disbursements and transfers shall be disbursed or transferred by the Trustee to the Debt Service Fund.

The capital projects for which proceeds in the account in the Capital Projects Fund derived from the 1994 Bonds may be disbursed are those listed on Schedule 7 attached hereto, subject to revision as provided in Section 5.04(a) hereof.

Accrued interest deposited in the account in the Debt Service Fund in respect of the 1994 Bonds shall be applied to pay interest on the 1994 Bonds on June 15, 1995.

Section 2.07. Mutilated, Lost, Stolen or Destroyed Bonds.
Upon receipt by the Authority and the Trustee of evidence satisfactory to both of them that any Outstanding Bond has been mutilated, destroyed, lost or stolen, and of indemnity satisfactory to both of them, the Authority shall execute, and the Trustee shall authenticate and deliver, a new Bond of like tenor and denomination in exchange and in substitution for, and

upon surrender and cancellation of, the mutilated Bond, or in lieu of and in substitution for the Bond so destroyed, lost or stolen.

Any Bondholder requesting a new Bond authenticated and delivered under the provisions of this Section, shall pay the expenses, including printing costs, indemnity bond fees and charges, and counsel fees, which may be incurred by the Authority and the Trustee in connection therewith. In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Trustee, in its discretion, may, instead of issuing a new Bond, direct the payment thereof and shall thereupon pay the same.

Any Bond issued under the provisions of this Section 2.07 in exchange or substitution for any Bond alleged to be destroyed, lost or stolen, shall constitute an original additional contractual obligation on the part of the Authority, whether or not the Bond so alleged to be destroyed, lost or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with the Bond being replaced.

Section 2.08. Registration and Exchange of Bonds; Persons Treated as Bondholders. The Registrar shall maintain and keep on behalf of the Authority, at its Principal Office, books for the registration and registration of transfer of Bonds, which books shall, at all reasonable times, be open for inspection by the Authority and the Trustee; and, upon presentation for such purpose of any Bond entitled to registration or registration of transfer at the Principal Office of the Registrar, the Registrar shall register or register the transfer of such Bond in such books, under such reasonable regulations as the Registrar may prescribe. The Registrar shall make all necessary provisions to permit the exchange or registration of transfer of Bonds at its Principal Office.

The transfer of any Bond shall be registered in the registration books of the Registrar at the written request of the Bondholder thereof or his attorney duly authorized in writing, upon surrender and cancellation thereof at the Principal Office of the Registrar, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Bondholder or his duly authorized attorney. Upon the registration of transfer of any such Bond or Bonds, the Authority shall issue in the name of the transferee, in authorized denominations, a new fully registered Bond or Bonds in the same aggregate principal amount and of like tenor as the surrendered Bond or Bonds.

The Authority, the Trustee and the Registrar may deem and treat the Bondholder of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Bonds, upon surrender thereof at the Principal Office of the Registrar, may, at the option of the Bondholder thereof, be exchanged for an equal aggregate principal amount of any authorized denominations of Bonds of the same series and maturity and having the same interest rate as the surrendered Bonds.

In all cases in which the privilege of exchanging Bonds or registering the transfer of Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. For every such exchange or registration of transfer of Bonds, whether temporary or definitive, the Authority, the Registrar or the Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, which sum or sums shall be paid by the person requesting such exchange or registration of transfer as a condition precedent to the exercise of the privilege of making such exchange or registration of transfer.

The Registrar shall not be required to transfer or exchange any Bond during the period from a Record Date through the next Interest Payment Date, inclusive, nor to transfer or exchange any Bond selected for redemption in whole or in part.

Section 2.09. Destruction of Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount and interest represented thereby, or for replacement pursuant to Sections 2.07 and 2.08 hereof, such Bond shall be promptly cancelled and destroyed by the Trustee, and counterparts of a certificate of destruction shall be furnished by the Trustee to the Authority and the Registrar.

Section 2.10. Temporary Bonds. Until Bonds in definitive form are ready for delivery, the Authority may execute and, upon the request of the Authority, the Trustee shall authenticate and deliver to the purchasers thereof, subject to the provisions, limitations and conditions set forth above, one or more Bonds in

temporary form, whether printed, typewritten, lithographed or otherwise produced, substantially in the form of the definitive Bonds, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Indenture. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Authority shall, without unreasonable delay, prepare, execute and deliver to the Trustee, and the Trustee shall authenticate and deliver to the Holder or Holders thereof, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Trustee without making any charge therefor to the Holders of such Bonds in temporary form.

Section 2.11. Additional Bonds. The Authority may issue Additional Bonds from time to time, subject to the provisions of the Act, for any purpose permitted under the Act, including refunding part or all of the Outstanding Bonds of any Series. Such Additional Bonds shall be issued pursuant to a Supplemental Indenture and shall have such rights, preferences and other terms as shall be specified in such Supplemental Indenture, provided that such Additional Bonds shall not have a security interest in Pledged Revenues which is prior to the security interest of the Outstanding Bonds issued under this Indenture. The Supplemental Indenture authorizing Additional Bonds may contain provisions regarding the disbursement of proceeds of such Additional Bonds, including provisions for the establishment of additional funds under this Indenture. Notwithstanding the foregoing, no Additional Bonds shall be issued if an Event of Default has occurred and is continuing.

Prior to the delivery by the Trustee of any Additional Bonds there shall be delivered to the Trustee:

(a) Copies, duly certified by the Secretary of the Authority, of the resolutions adopted by the Authority authorizing the issuance of the Additional Bonds and the execution and delivery of the Supplemental Indenture related to the Additional Bonds, any agreement pursuant to which the proceeds of such Additional Bonds are to be made available to the City, any Tax Compliance Agreement related to such Additional Bonds, any supplement or amendment to the Intergovernmental Cooperation Agreement or any separate intergovernmental cooperation agreement executed in connection with the issuance of such Additional Bonds and any supplement or amendment to the PICA Tax Disbursement Agreement or any similar agreement executed in connection with the issuance of such Additional Bonds.

(b) Original executed counterparts of each of the agreements referred to in the preceding paragraph.

(c) A request and authorization to the Trustee on behalf of the Authority signed by its Chairperson or other authorized officer of the Authority to authenticate and deliver the Additional Bonds to the purchasers therein identified upon payment to the Trustee, but for the account of the Authority, of a sum specified in such request and authorization plus accrued interest, if any, thereon to the date of delivery.

(d) Copies, duly certified by the Chief Clerk of the Council of the City, of the resolution of the City Council of the City approving the request, executed by the Mayor of the City, for the Authority to issue such Additional Bonds, if required by the Act, and of the ordinance of the City approving any agreement pursuant to which proceeds of the Additional Bonds are to be made available to the City and the ordinance of the City, if any, enacting any additional PICA Taxes.

(e) In the case of the issuance of Additional Bonds for refunding Outstanding Bonds which are to be redeemed prior to maturity, evidence satisfactory to the Trustee that notice of redemption of such Bonds has been properly provided pursuant to this Indenture or irrevocable instructions for the provision of such notice have been given by the Authority.

(f) Except for Additional Bonds issued to refund Outstanding Bonds where the Maximum Annual Debt Service Requirement for the Additional Bonds and the total principal and interest payable on the Additional Bonds for the term thereof do not exceed the comparable amounts for the Bonds being refunded or Additional Bonds which have a security interest in the Pledged Revenues which is subordinate to the security interest granted to secure the 1992 Bonds, the 1993 Bonds, the 1993A Bonds and the 1994 Bonds, a certificate executed by the Authority, including a verification of the calculations by an independent certified public accountant, showing that (1) the PICA Taxes collected with respect to any 12 consecutive months during the 15 month period preceding the date of issuance of such Additional Bonds, after giving retroactive effect during each month of such 12 month period to any PICA Taxes which were not in effect (including for this purpose any increase in the rate of an existing tax) during each such month but which have been imposed prior to the issuance of the Additional Bonds, equaled at least 175% of the Maximum Annual Debt Service Requirement on Bonds to be Outstanding after the issuance of the Additional Bonds and (2) the PICA Taxes projected to be collected during the 12 months following issuance of the Additional Bonds, which projection may be based on the PICA Taxes projected for such period in the City's most recent Financial Plan (as defined in the Intergovernmental Cooperation Agreement) approved by the Authority, equal at least 175% of the Debt Service Requirement during such 12 month period on Bonds to

be Outstanding after the issuance of the Additional Bonds. In making the foregoing calculations, PICA Taxes other than the Income Tax shall not be included in the calculation unless each Bond Insurer then insuring Outstanding Bonds has consented to the inclusion of such other PICA Taxes in writing.

Section 2.12. Book Entry System for the Bonds.

(a) Unless otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, each Series of Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of each maturity of such Series, which Bonds shall be registered in the name of Philadep & Co., as nominee of Philadelphia Depository Trust Company ("PHILADEP"). Except as provided in paragraph (g) below, all of the Bonds of each such Series shall be registered in the books kept by the Trustee in the name of Philadep & Co., as nominee of PHILADEP; provided that if PHILADEP shall request that the Bonds of any such Series be registered in the name of a different nominee, the Trustee shall exchange all or any portion of the Bonds of such Series for an equal aggregate principal amount of Bonds of such Series registered in the name of such nominee or nominees of PHILADEP. No person other than PHILADEP or its nominee shall be entitled to receive from the Authority or the Trustee either a Bond of any such Series or any other evidence of ownership of such Bonds, or any right to receive any payment in respect thereof unless PHILADEP or its nominee shall transfer record ownership of all or any portion of the Bonds of any such Series on the books kept by the Trustee, in connection with discontinuing the book entry system as provided in paragraph (g) below or otherwise.

(b) So long as the Bonds of a Series or any portion thereof are registered in the name of PHILADEP or any nominee thereof, all payments of the principal of or premium or interest on the Bonds of such Series shall be made to PHILADEP or its nominee in accordance with the Letter of Representations relating to such Series from the Authority to PHILADEP (each a "Letter of Representations") on the dates provided for such payments under this Indenture. Each such payment to PHILADEP or its nominee shall be valid and effective to fully discharge all liability of the Authority or the Trustee with respect to the principal of and premium and interest on the Bonds of such Series to the extent of the sum or sums so paid.

(c) The Authority and the Trustee may treat PHILADEP (or its nominee) as the sole and exclusive owner of the Bonds of each Series registered in its name for the purposes of payment of the principal of or premium or interest on the Bonds of such Series, selecting the Bonds of such Series or portions thereof ::

be redeemed, giving any notice permitted or required to be given to Holders of Bonds of such Series under this Indenture, registering the transfer of Bonds of such Series, obtaining any consent or other action to be taken by Holders of Bonds of such Series and for all other purposes whatsoever; and neither the Authority nor the Trustee shall be affected by any notice to the contrary. Neither the Authority nor the Trustee shall have any responsibility or obligation to any participant in PHILADEP, any person claiming a beneficial ownership interest in the Bonds of any Series registered in the name of PHILADEP (or its nominee) under or through PHILADEP or any such participant, or any other person which is not shown on the Bond Register as being a Bondholder, with respect to (1) the Bonds of such Series; (2) the accuracy of any records maintained by PHILADEP or any such participant; (3) the payment by PHILADEP or any such participant of any amount in respect of the principal of or premium or interest on the Bonds of such Series; (4) any notice which is permitted or required to be given to Holders of the Bonds of such Series under this Indenture; (5) the selection by PHILADEP or any such participant of any person to receive payment in the event of a partial redemption of the Bonds of such Series; or (6) any consent given or other action taken by PHILADEP as Holder of the Bonds of such Series.

(d) So long as the Bonds of a Series or any portion thereof are registered in the name of PHILADEP or any nominee thereof, all notices required or permitted to be given to the Holders of the Bonds of such Series under this Indenture shall be given to PHILADEP as provided in the Letter of Representations.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Trustee with respect to any consent or other action to be taken by Holders of the Bonds of any Series to be registered in the name of PHILADEP (or its nominee), PHILADEP shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the Trustee may establish a special record date for such consent or other action. The Trustee shall give PHILADEP notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(f) At or prior to settlement for the Bonds of any Series to be registered in the name of PHILADEP (or its nominee), the Authority and the Trustee shall execute or signify their approval of the respective Letter of Representations. Any successor Trustee shall, in its written acceptance of its duties under this Indenture, agree to take any actions necessary from

time to time to comply with the requirements of each such Letter of Representations.

(g) The book entry system for registration of the ownership of the Bonds of a Series through PHILADEP shall be discontinued at any time that (1) PHILADEP determines to resign as securities depository for the Bonds of such Series and gives notice of such determination to the Authority and the Trustee or (2) the Authority determines that continuation of the system of book entry transfers through PHILADEP is not in the best interests of the Authority or the Holders of Bonds of such Series and gives notice of such determination to the Trustee and PHILADEP. In either of such events the Authority may appoint a successor securities depository; but if the Authority does not appoint a successor, the Bonds of such Series shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by PHILADEP, but without any liability on the part of the Authority or the Trustee for the accuracy of such designation. If a successor securities depository is appointed, this Section 2.12 shall be amended as necessary to reflect such succession and to incorporate provisions required by the successor.

ARTICLE III

REDEMPTION AND PURCHASE OF BONDS BEFORE MATURITY

Section 3.01. General Provisions for Redemption. Bonds issued hereunder shall be subject to redemption at such time, times and from time to time, in such order, at such redemption prices, upon such notice, unless waived, and upon such terms and conditions as may be expressed in the particular Bonds, or, as the case may be, in this Indenture or in the pertinent Supplemental Indenture. Whenever Bonds to be redeemed are required to be selected by lot, the Trustee shall be authorized to draw by lot the numbers of the Bonds to be redeemed in any manner deemed reasonable by the Trustee. In the case of a Bond of a denomination greater than the minimum authorized denomination, the Trustee shall treat each such Bond as representing such number of separate Bonds as is obtained by dividing the actual principal amount of such Bond by the minimum authorized denomination.

Section 3.02. Notice of Redemption. When the Authority shall determine to redeem Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of Bonds to be redeemed, or whenever the Trustee shall be required to redeem Bonds from moneys in the Bond Redemption Fund, without action on the part of the Authority, the Trustee, at the

Authority's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall specify (i) the complete official name of the Bonds, with series designation; (ii) if less than all then Outstanding Bonds are to be redeemed, the numbers, including CUSIP numbers if applicable, of the Bonds to be redeemed which may, if appropriate, be expressed in designated blocks of numbers, (iii) the date of issue of each Bond being redeemed as originally issued, (iv) the rate of interest borne by each Bond being redeemed, (v) the maturity date of each Bond being redeemed and (vi) any other descriptive information considered appropriate by the Authority to accurately identify the Bonds to be redeemed. Such notice shall also state the redemption price and the date fixed for redemption, that on such date the Bonds called for redemption will be due and become payable at the Principal Office of the Trustee, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of all Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption, without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Trustee, such notice shall be conditioned upon the deposit of moneys with the Trustee before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notices required to be given by this Section 3.02 shall state that no representation is made as to correctness or accuracy of the CUSIP numbers listed in such notice or stated on the Bonds.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days, unless otherwise provided with respect to any Series in the Supplemental Indenture authorizing such Series, prior to the redemption date, addressed to the Holders of Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Bonds.

When notice of redemption is mailed to the Bondholders, the Trustee shall mail a similar notice to The Bond Buyer, S&P, Moody's, Fitch and Kenny Information Service's Called Bond

Service so long as they maintain investment information services, but failure to mail any such notice referred to in this paragraph or defect in such mailed notice or in the mailing thereof shall not affect the validity of the redemption notice.

Not more than 60 days following the applicable redemption date, a further notice shall be mailed as provided above to the Bondholders of any Bonds called for redemption and not then presented for payment containing substantially the same information set forth above.

Section 3.03. Payment of Redemption Price. Whenever Bonds are to be redeemed, all redemption costs, including the amounts necessary to pay all costs of required mailing, any other costs incidental to the redemption and to pay the principal, premium, if any, and all interest accrued and to accrue to the date fixed for redemption, shall be set aside and held in separate trust by the Trustee exclusively for such purposes. Notice having been given in the manner hereinbefore provided, or written waivers of notice having been filed with the Trustee prior to the date set for redemption, the Bonds so called for redemption shall become due and payable on the redemption date so designated and interest on such Bonds shall cease to accrue from the redemption date whether or not such Bonds shall be presented for payment. The principal amount of all Bonds so called for redemption, together with the accrued and unpaid interest thereon to the date of redemption, shall be paid (upon presentation and surrender thereof) by the Trustee out of the funds set aside and held in special trust as described in this Section 3.03.

Section 3.04. Redemption of the Bonds.

(a) The 1992 Bonds, 1993 Bonds, 1993A Bonds and 1994 Bonds maturing, respectively, on and after June 15, 2003, June 15, 2004, June 15, 2004 and June 15, 2006 are redeemable by the Authority, on or after June 15, 2002, June 15, 2003, June 15, 2003 and June 15, 2005, respectively, in whole at any time, or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount, plus accrued interest to the redemption date.

(b) The 1992 Term Bonds, 1993 Term Bonds, 1993A Term Bonds and 1994 Term Bonds are subject to mandatory redemption in the amounts and on the dates set forth in Section 5.06 hereof.

(c) Each other Series may be subject to optional redemption and mandatory redemption as specified in the Supplemental Indenture authorizing such Series.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. Payment of Principal, Premium, if any, and Interest. The Authority covenants that it will promptly pay or cause to be paid the principal of, premium, if any, and interest on every Bond at the place, on the dates and in the manner provided herein and in said Bonds, according to the true intent and meaning thereof, but solely from the Pledged Revenues. The principal of, premium, if any, and interest on the Bonds are payable solely from the Pledged Revenues, which amounts are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds or in this Indenture shall be construed as pledging any other funds or assets of the Authority.

Section 4.02. Authority Covenants. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond and in all of its proceedings pertaining hereto. The Authority represents and warrants that it is duly authorized under the Constitution and laws of the Commonwealth, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Indenture and to pledge the Trust Estate in the manner and to the extent herein set forth, that all actions on its part for the issuance of the Bonds and the execution and delivery of this Indenture have been duly and effectively taken, and that the Bonds in the hands of the Holders thereof are and will be valid and enforceable limited obligations of the Authority according to the terms thereof and hereof. The Authority shall not enter into any interest rate exchange agreement, interest rate cap and floor agreement or other similar agreement permitted by Section 304(10) of the Act if entering into such agreement would materially adversely affect any rating of the Bonds by Moody's or S&P.

Section 4.03. Maintenance of Rights and Powers: Compliance With Laws. The Authority shall do and perform or cause to be done or performed all acts and things required to be done or performed by it under the Act, shall use its best efforts to maintain, preserve and renew all the rights and powers provided to it by the Act and shall comply with all valid acts, rules, regulations, orders and directions of any legislative,

executive, administrative or judicial body applicable to this Indenture.

Section 4.04 Prohibition on Pledge of Revenues. Except for the pledge of Pledged Revenues for the benefit of the Holders of Bonds and all Credit Facility Issuers permitted hereunder and any pledge of Pledged Revenues for subordinate debt which has the priority in payment specified in Section 5.05 hereof, the Pledged Revenues shall be free and clear of any pledge, lien, charge, encumbrance or interest therein and the Authority shall not pledge or otherwise grant or permit any lien, charge, encumbrance or interest in the Pledged Revenues. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the assignment and pledge of, and security interest in, the Trust Estate under this Indenture and all the rights of the Bondholders and all Credit Facility Issuers under this Indenture against all claims and demands of all Persons whomsoever.

Section 4.05. Notice to Trustee of Certain Events. The Authority agrees to notify the Trustee promptly after the Authority learns of any default (i) by the City in the performance of its obligations under the FICA Tax Ordinance, the Tax Compliance Agreement or the Tax Collection Agency Agreement, (ii) by the State Treasurer under the Act or the FICA Tax Disbursement Agreement or (iii) by the Department under the Act or the Tax Collection Agency Agreement. The Authority agrees to notify the Trustee promptly of the Authority's certification to the Secretary of the Budget of the Commonwealth that the City is not in compliance with an approved financial plan pursuant to the provisions of Section 210(e) of the Act.

Section 4.06. Instruments of Further Assurance. The Authority shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds. The Authority, except as herein provided, shall not sell, convey, mortgage, encumber or otherwise dispose of any part of the Trust Estate.

Section 4.07. Recording and Filing. The Authority shall cause all financing statements related to this Indenture and all supplements thereto, as well as such other security agreements, financing statements and all supplements thereto and other instruments as may be required from time to time to be kept, to be recorded and to be filed in such manner and in such places as may from time to time be required by law in order to preserve and

protect fully the security of Bondholders and the rights of the Trustee hereunder, and to take or cause to be taken any and all other action necessary to perfect the security interest created by this Indenture.

Section 4.08. Books and Records. The Authority shall maintain accurate books and records with respect to the Pledged Revenues. All books and records in the Authority's possession or under its control relating to the Pledged Revenues shall at all reasonable times be open to inspection by the Trustee or such accountants or other agents as the Trustee may designate from time to time.

Section 4.09. Bond Register. The Registrar will keep the Bond Register on file at its Principal Office. Neither the Trustee nor the Authority shall be under any responsibility with regard to the accuracy of the Bond Register. At reasonable times and under reasonable regulations established by the Registrar, the Bond Register may be inspected and copied by the Authority, the Trustee or Bondholders of fifteen percent (15%) or more in principal amount of Bonds then Outstanding (or a designated representative thereof), such possession or ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Registrar.

Section 4.10. Tax Covenants. The Authority hereby covenants with the Holders from time to time of the Bonds and the Authority shall cause the City to covenant with the Authority that they shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on any Series of Bonds which, when such Bonds were issued, was intended to be excluded from the gross income of the recipients thereof for purposes of federal income taxation shall be and remain so excludable and that they will refrain from doing or performing any act or thing that will cause such interest not to be so excludable.

The Authority hereby covenants with the Holders from time to time of the Bonds and the Authority shall cause the City to covenant with the Authority and the Trustee that they will not make any investment or other use of the proceeds (as that term is defined in Section 148 of the Code and all applicable regulations promulgated thereunder) of the Bonds which would cause the Bonds the interest on which, when such Bonds were issued, was intended to be excluded from gross income for federal income tax purposes to be "arbitrage bonds" (as that term is defined in Section 148 of the Code and all applicable regulations promulgated thereunder), and that they will comply with the requirements of such Code section and regulations throughout the term of all such Bonds.

The Authority hereby covenants with the holders from time to time of the Bonds that it will comply with the requirement for rebate to the United States as described herein and with other requirements in the Tax Compliance Agreement and that it will take all action within its power to cause the City to comply with its obligations under the Tax Compliance Agreement.

Section 4.11. Financial Statements. The Authority shall deliver to the Trustee and to Moody's, S&P, Fitch and any Credit Facility Issuer within 120 days after the end of each fiscal year, on the basis of an audit conducted by independent certified public accountants, financial statements of the Authority at the end of such fiscal year together with notes and exhibits thereto (which shall include exhibits showing (i) all Bonds of the Authority then Outstanding, (ii) a summary of total annual debt service requirements and (iii) a statement of debt service coverage), which financial statements shall be audited by a firm of independent certified public accountants in accordance with generally accepted auditing standards. The Trustee is authorized to deliver copies of such financial statements to Bondholders and to any other Person who requests such financial statements.

Section 4.12. Information to Bond Insurers. The Authority shall provide each Bond Insurer with the following information:

(a) within 120 days after the end of the Authority's fiscal year, the budget for the new year, the annual audited financial statements for the fiscal year most recently ended, a statement of the amount on deposit in the Debt Service Reserve Fund as of the last valuation, and, if not presented in the audited financial statements, a statement of the Pledged Revenues available for payment of Bonds in such fiscal year most recently ended;

(b) the official statement or other disclosure, if any, prepared in connection with the issuance of additional debt, whether or not it is on a parity with the 1992 Bonds, the 1993 Bonds, the 1993A Bonds or the 1994 Bonds, within 30 days after the sale thereof;

(c) notice of any draw upon, or deficiency due to market fluctuation in the amount, if any, on deposit in, the Debt Service Reserve Fund;

(d) notice of the redemption, other than mandatory sinking fund redemption, of any of the 1992 Bonds, the 1993 Bonds, the 1993A Bonds and the 1994 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(e) written notice of the resignation or removal of the Trustee or Bond Registrar and the appointment of any successor thereto; and

(f) such additional information as the Bond Insurer may reasonably request from time to time.

ARTICLE V

REVENUES AND FUNDS

Section 5.01. Source of Payment of Bonds. The Bonds herein authorized and all payments by the Authority hereunder are not general obligations of the Authority, but are limited obligations payable by the Authority solely from the Pledged Revenues. Payments of PICA Taxes collected by or on behalf of the Department and held by the State Treasurer when remitted to the Trustee shall be deposited in the Revenue Fund.

Section 5.02. Creation of Funds and Accounts. There are hereby created by the Authority and ordered established with the Trustee the following trust funds:

- (a) Deficit Fund;
- (b) Capital Projects Fund;
- (c) Revenue Fund;
- (d) Debt Service Fund;
- (e) Debt Service Reserve Fund;
- (f) Bond Redemption Fund;
- (g) Rebate Fund; and
- (h) Settlement Fund.

The Trustee shall establish such accounts and subaccounts within each of these funds as it or the Authority considers advisable to identify the source or nature of the amounts in such funds. The Trustee shall establish accounts in each of the above-mentioned funds to identify the Series providing the source of money in such account or in respect of which money in such account is available to pay debt service. Moneys in accounts in respect of a particular Series shall only be available to pay debt service or the redemption price of Bonds of such Series, except as may otherwise be provided herein or in the Supplemental Indenture

adopted at or prior to the time of issuance of such Series. All references herein to the transfer from certain funds to other funds shall be read to refer to transfers from the several accounts of the respective funds to the corresponding accounts of the other funds relating to the same Series, whether or not expressly stated herein.

The moneys and investments from time to time in the funds shall be trust funds under the terms hereof and shall not be subject to lien (other than the lien of this Indenture) or attachment by any creditor of the Authority. Such moneys and investments (other than those held in the Rebate Fund) shall be held by the Trustee, until disbursed as authorized by this Article V, in trust for the benefit of each Credit Facility Issuer and the Holders from time to time of the Bonds issued and Outstanding under this Indenture and shall be subject to a lien and charge for the further security of such Holders and each Credit Facility Issuer, provided, however, that whenever Bonds shall be selected for redemption out of moneys on deposit in the Bond Redemption Fund, moneys on deposit therein up to the amount necessary to pay principal, redemption premium, if any, and interest accrued to the date fixed for redemption of such Bonds shall be held by the Trustee in trust for payment to the respective Holders of the particular Bonds so selected for redemption or for reimbursement to the Credit Facility Issuer on account of the payment of such Bonds.

Section 5.03. Deficit Fund.

(a) At the time of issuance of each Series of Bonds, there shall be deposited in the Deficit Fund such amount as shall be specified herein or in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

(b) Proceeds of 1992 Bonds deposited in the Deficit Fund shall be disbursed by the Trustee to the City upon requisition signed by the Authority in the form attached hereto as Exhibit E for payment to the City in the following amounts at the following times:

(i) within 10 days following delivery by the City to the Authority of the City's financial statements for a fiscal year, certified by the Director of Finance, 90% of the City's General Fund deficit (determined before the transfer of the Authority grant of 1992 Bond proceeds for such fiscal year) shown on such financial statements for such fiscal year; and

(ii) within 10 days following delivery by the City to the Authority of the City's financial statements for a fiscal year, audited by the City Controller, the balance of the

City's General Fund deficit (determined before the transfer of the Authority grant of 1992 Bond proceeds for such fiscal year) shown on such financial statements for such fiscal year; provided, however, that the aggregate amount paid to the City in respect of the City's General Fund deficit for its 1992 fiscal year shall not exceed the amount of 1992 Bond proceeds which were allocated to the City's General Fund deficit for such fiscal year at the time the 1992 Bond proceeds were initially deposited with the Trustee.

(c) If, after making the payments required by Section 5.03(b) hereof for a particular fiscal year, there shall remain on deposit in the Deficit Fund 1992 Bond proceeds allocable to the City's General Fund deficit for such fiscal year, the Trustee, at the direction of the Authority, shall:

(i) apply such amount to such other use as the City shall request and the Authority shall approve and direct in writing, such request and direction to be accompanied by an opinion of Bond Counsel to the effect that such use is permitted by the Act and will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes; or

(ii) transfer such amount (or such portion thereof as the Authority shall direct) to the Debt Service Fund for payment of principal next becoming due on the 1992 Bonds.

(d) Notwithstanding the foregoing, the Authority may direct the Trustee by requisition to disburse 1992 Bond proceeds in the Deficit Fund to the City on earlier dates than those set forth in Section 5.03(b) hereof; provided that the final disbursement of the balance of the deficit for a City fiscal year shall be made no later than the date specified in Section 5.03(b)(ii) hereof; and provided further that the aggregate amount disbursed to the City for the City's General Fund deficit for each fiscal year shall not exceed the amount of such deficit (determined before the transfer of the Authority grant of 1992 Bond proceeds for such fiscal year) shown on the City's financial statements for such fiscal year as audited by the City Controller.

(e) Disbursements from the Deficit Fund of proceeds of other Series of Bonds shall be made at such times and in such amounts as the Supplemental Indenture authorizing such Series of Bonds shall provide.

(f) Notwithstanding any other provision of this Indenture, the Trustee shall not transfer any amounts from the Deficit Fund to the City if any provision of Section 202 of the

Act is held invalid by a court of competent jurisdiction and the Trustee has received notice thereof unless the Trustee receives a copy of an order from the Supreme Court of Pennsylvania indicating that such transfer can be made.

(g) Notwithstanding any other provision of this Indenture, to the extent that amounts in the Debt Service Fund are insufficient to make any payment of principal or interest due on the Bonds after all available amounts in the Debt Service Reserve Fund and the Capital Projects Fund have been used, the Trustee shall transfer amounts from the Deficit Fund to the Debt Service Fund to the extent necessary to eliminate such deficiency.

Section 5.04. Capital Projects Fund. . .

(a) At the time of issuance of each Series of Bonds, there shall be deposited in the Capital Projects Fund such amount as shall be specified herein or in the Supplemental Indenture authorizing the issuance of such Series of Bonds. Amounts in the account in the Capital Projects Fund derived from proceeds of a Series of Bonds shall be disbursed only for costs of the capital projects identified herein or in the Supplemental Indenture authorizing the issuance of such Series of Bonds. The capital projects for which proceeds in the accounts in the Capital Projects Fund derived from the 1992 Bonds, the 1993 Bonds and the 1994 Bonds may be disbursed are, respectively, those listed on Schedules 5, 6 and 7 attached hereto. The capital projects identified in Schedules 5, 6 and 7 hereto or in any schedule to a Supplemental Indenture may be revised upon delivery by the Authority, with the consent of the City, to the Trustee of a revised Schedule 5, 6 or 7 or revised schedule to a Supplemental Indenture accompanied by an opinion of Bond Counsel that such revision is permitted under the Act and will not adversely affect the excludability of interest on any Bonds from gross income for federal income tax purposes. Such revision of Schedule 5, 6 or 7 or any such schedule to a Supplemental Indenture shall not require the execution of a Supplemental Indenture and shall not be considered an amendment requiring the consent of any Bond Insurer or the Bondholders.

(b) The Trustee shall transfer amounts in the applicable account in the Capital Projects Fund to the Encumbered Funds Account upon the receipt of a requisition signed by the Authority accompanied by a notice from the City in substantially the form attached hereto as Exhibit F to the effect that the City is prepared to award a contract for or commence work on an approved capital project or projects, which notice shall identify in reasonable detail (i) the capital project or projects, (ii) the amount of the contract to be awarded or the cost of the work

to be encumbered, and (iii) the proposed date of award of such contract or the proposed date of commencement of the work. Notwithstanding the provisions of this Section 5.04, the Trustee shall not transfer any amounts from the Capital Projects Fund to the Encumbered Funds Account at any time when a suspension of payments from the Commonwealth to the City is in effect as a result of the Authority's certifying to the Commonwealth's Secretary of the Budget the City's noncompliance with an approved financial plan pursuant to the provisions of the Act and the Trustee has notice of such suspension. Also, notwithstanding the provisions of this Section 5.04, the Trustee shall not transfer any amounts from the Capital Projects Fund to the Encumbered Funds Account if any provision of Section 202 of the Act is held invalid by a court of competent jurisdiction and the Trustee has received notice thereof unless the Trustee receives a copy of an order of the Supreme Court of Pennsylvania indicating that such transfer can be made. Upon completion, termination or abandonment of any capital project with respect to which moneys shall have been disbursed to the Encumbered Funds Account, any unspent moneys deposited therein for such capital project shall, to the extent not approved by the Authority for application to other capital projects being funded from the Encumbered Funds Account, be deposited, at the direction of the Authority, in the applicable account of the Capital Projects Fund and applied in the manner provided in this Section 5.04.

(c) Amounts remaining in any account in the Capital Projects Fund after completion, termination or abandonment of the capital project or projects to be financed with the proceeds of the related Series of Bonds shall be transferred at the direction of the Authority to the Debt Service Fund for the payment of principal next becoming due on the applicable Series of Bonds or to the Bond Redemption Fund for redemption of Bonds of such Series at the earliest practicable date that Bonds of such Series can be redeemed without a premium unless the Trustee is directed by the Authority at the request of the City to apply such excess for a purpose permitted under the Act and the Trustee receives an opinion of Bond Counsel that such use is permitted under the Act and will not adversely affect the excludability of interest on any Bonds from gross income for federal income tax purposes.

(d) The Trustee shall retain all notices and requisitions provided under this Section 5.04 for a period of six (6) years following the discharge of this Indenture as provided in Article VII hereof.

(e) Notwithstanding any other provision of this Indenture, to the extent that amounts in the Debt Service Fund are insufficient to make any payment of principal or interest on the Bonds after all available amounts in the Debt Service

Reserve Fund have been used, the Trustee shall transfer amounts from the Capital Projects Fund to the Debt Service Fund to the extent necessary to eliminate such deficiency.

Section 5.05. Revenue Fund. All payments of PICA Taxes made to the Trustee by the State Treasurer shall be received by the Trustee, deposited in the Revenue Fund and disbursed as hereinafter provided.

Promptly after deposit of PICA Taxes or other moneys to the Revenue Fund as provided herein, the Trustee shall transfer any money in the Revenue Fund into the following funds in the following order and priority:

7. (a) to the Debt Service Fund the amount necessary to cause the aggregate amount deposited therein in each month to equal the sum of (i) the aggregate for all Series of Bonds of 1/6 (such fraction to be increased or decreased, as appropriate, for a Series to account for any initial or final interest period shorter or longer than six months) of the amount of interest that will be due and payable on each Series of Bonds on the next succeeding Interest Payment Date for the respective Series, (ii) the aggregate for all Series of Bonds of 1/12 (such fraction to be increased, as appropriate, for a Series to account for any initial or final principal payment period shorter than 12 months) of the amount of principal that will become due and payable on each Series of Bonds (whether upon maturity or mandatory redemption) on the next succeeding principal payment date (whether upon maturity or mandatory redemption) for the respective Series occurring within the next year following the date of such transfer, (iii) any deficiency in deposits required to be made in prior months under the preceding clauses (i) and (ii) which has not been eliminated and (iv) any amount owed to any Credit Facility Issuer in respect of payments made for principal and interest on Bonds;

(b) to the Debt Service Reserve Fund the amount necessary to eliminate deficiencies in the accounts therein (a deficiency being the amount by which the Debt Service Reserve Requirement applicable to a particular account exceeds the amount in such account);

(c) to any Person entitled to payment pursuant to an interest rate exchange agreement, interest rate cap or floor agreement or other similar agreement an amount equal to the net amount then required to be paid to such person by the Authority pursuant to such an agreement;

(d) as directed in a certificate of the Authority delivered to the Trustee, to the trustees or other depositories

in respect of subordinated debt, if any, payable from Pledged Revenues the amount necessary to cause the aggregate amount paid in respect of such subordinated debt from all sources to equal the amount then required to be paid in respect of each issue of subordinated debt;

(e) to the Authority the amount necessary to cause the aggregate amount transferred to the Authority during the fiscal year of the Authority in which such transfer is made to equal the operating expenses of the Authority for such fiscal year, as set forth in a certificate of the Authority (which certificate may be revised from time to time) delivered to the Trustee with respect to such fiscal year, to the extent that the amounts transferred from the Debt Service Reserve Fund pursuant to Section 5.07(c) hereof are not sufficient for such purpose provided that for the period from June 16, 1992 to December 31, 1992 the amount transferred pursuant to this paragraph shall not exceed \$600,000; and

(f) to the Rebate Fund the amounts required pursuant to Section 5.11 hereof, to the extent that the transfers from the earnings in the Debt Service Reserve Fund pursuant to Section 5.07(b) are insufficient for such purpose.

Notwithstanding the order of priority set forth in this Section 5.05 to the contrary, to the extent the Trustee is required to make payment of the Rebate Amount and Yield Reduction Amount, if any, to the United States of America pursuant to Section 5.14 hereof and there are insufficient amounts in the Rebate Fund on the date which is thirty days prior to the due date of such payment, the Trustee shall thereafter transfer moneys from the Revenue Fund to the Rebate Fund prior to making any other transfers of moneys to any other funds until the amount in the Rebate Fund equals the required Rebate Amount and Yield Reduction Amount.

Any moneys remaining in the Revenue Fund after all transfers required by paragraphs (a), (b), (c), (d), (e) and (f) have been made shall be transferred by the Trustee to the Depositary for deposit to the City Account.

Section 5.06. Debt Service Fund.

(a) On the date of settlement for each Series, there shall be deposited in the Debt Service Fund an amount equal to the accrued interest, if any, on such Series to the date of settlement therefor and any capitalized interest in respect of such Series.

Amounts received by the Trustee pursuant to an interest rate exchange agreement or other agreement permitted by Section 3.04(10) of the Act in respect of a Series of Bonds shall be credited to the accounts in respect of such Series of Bonds.

The Trustee shall use the moneys in the Debt Service Fund, both the initially deposited moneys and moneys subsequently deposited in the Debt Service Fund as provided herein, to pay the principal and mandatory sinking fund installments of and interest on the Bonds as it becomes due and payable and to pay any amount owed to the Credit Facility Issuer in respect of payments made for principal and interest on Bonds.

Accrued and capitalized interest deposited in respect of the 1992 Bonds shall be applied to pay interest on the 1992 Bonds on December 15, 1992 and June 15, 1993.

(b) The Trustee shall establish as a part of the Debt Service Fund a 1992 Bonds Sinking Fund Account (the "1992 Bonds Sinking Fund Account") for the retirement of 1992 Term Bonds. Moneys deposited in the 1992 Bonds Sinking Fund Account shall be held by the Trustee for the sole benefit of the registered owners of 1992 Term Bonds and shall be applied as hereafter provided.

77. The Trustee shall transfer moneys from the Debt Service Fund to the 1992 Bonds Sinking Fund Account on June 15 of the years set forth below in the amount required to retire 1992 Term Bonds in the following amounts through mandatory redemption, in direct order of maturities and within a maturity as chosen by the Trustee by lot at the principal amount thereof plus accrued interest, or through purchase as hereinafter provided:

1992 Term Bonds
Maturing June 15, 2002

<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2001	\$48,250,000
2002*	51,145,000

1992 Term Bonds
Maturing June 15, 2006**

<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2003	\$3,430,000
2004	3,655,000
2005	3,900,000
2006*	4,155,000

1992 Term Bonds
Maturing June 15, 2012**

<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2007	\$4,430,000
2008	4,730,000
2009	5,055,000
2010	5,400,000
2011	5,765,000
2012	6,155,000

1992 Term Bonds
Maturing June 15, 2022**

<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2013	\$6,575,000
2014	7,025,000
2015	7,500,000
2016	8,010,000
2017	8,555,000
2018	9,135,000
2019	9,760,000
2020	10,420,000
2021	11,130,000
2022*	11,885,000

* Maturity

** No longer Outstanding by virtue of refunding

Prior to May 1 of each year in which 1992 Term Bonds are subject to mandatory redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 1992 Bonds Sinking Fund Account of as many 1992 Term Bonds then subject to mandatory sinking fund redemption as can be purchased in the open market or pursuant to offers made at the time by the Bondholders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund). Prior to May 15 of each year or such date as will permit the Trustee to mail the notice of redemption required under Section 3.02 hereof, so long as any 1992 Term Bonds shall remain Outstanding, the Trustee shall draw by lot, for redemption on June 15 of such year a principal amount of 1992 Term Bonds as shall represent the difference between the principal amount of such 1992 Term Bonds

fixed for redemption on such date as described above and the principal amount thereof which the Trustee shall have purchased or agreed to purchase during the immediately preceding period, as above provided.

Upon selection by lot of the particular 1992 Term Bonds to be redeemed, as above provided, the Trustee shall send a notice, in the name of the Authority, to the Bondholders of such 1992 Term Bonds so drawn for redemption in the manner provided in Article III hereof, and, upon presentation by the Bondholders thereof, the Trustee shall pay the principal amount thereof out of moneys in the 1992 Bonds Sinking Fund Account and shall pay accrued interest due from moneys available therefor in the Debt Service Fund.

If at any time all the 1992 Term Bonds shall have been purchased, redeemed or paid, the Trustee shall make no further transfers to the 1992 Bonds Sinking Fund Account and shall transfer any balance then in such account to the Debt Service Fund. Whenever 1992 Term Bonds are to be purchased out of the 1992 Bonds Sinking Fund Account, if the Authority shall notify the Trustee that the Authority wishes to arrange for such purchase, the Trustee shall comply with the Authority's arrangements provided they conform to this Indenture.

(c) (1) If, on the third day preceding any Interest Payment Date for the 1992 Insured Bonds there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the 1992 Insured Bonds due on such date, the Trustee shall immediately notify the Bond Insurer for the 1992 Insured Bonds and its Fiscal Agent of the amount of such deficiency. If, by said Interest Payment Date, the Authority has not provided the amount of such deficiency, the Trustee shall simultaneously make available to such Bond Insurer and to its Fiscal Agent the registration books for the 1992 Insured Bonds maintained by the Trustee. In addition:

(A) The Trustee shall provide the Bond Insurer for the 1992 Bonds with a list of the Bondholders entitled to receive principal or interest payments from such Bond Insurer under the terms of the Bond Insurance Policy for the 1992 Insured Bonds and shall make arrangements for such Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to Bondholders of 1992 Insured Bonds entitled to receive full or partial interest payments from such Bond Insurer and (2) to pay principal of the 1992 Insured Bonds surrendered to such Fiscal Agent by the Bondholders entitled to receive full or partial principal payments from such Bond Insurer; and

(B) The Trustee shall, at the time it makes the registration books available to the Bond Insurer for the 1992 Insured Bonds pursuant to (A) above, notify Bondholders entitled to receive the payment of principal of or interest on the 1992

Insured Bonds from such Bond Insurer (1) as to the fact of such entitlement, (2) that such Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy for the 1992 Insured Bonds, (3) that, except as provided in paragraph (ii) below, in the event that any Bondholder is entitled to receive full payment of principal from such Bond Insurer, such Bondholder must tender his 1992 Insured Bond with the instrument of transfer in the form provided on the 1992 Insured Bond executed in the name of such Bond Insurer, and (4) that, except as provided in paragraph (ii) below, in the event that such Bondholder is entitled to receive partial payment of principal from such Bond Insurer, such Bondholder must tender his 1992 Insured Bond for payment first to the Trustee, which shall note on such 1992 Insured Bond the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of such Bond Insurer, to the Bond Insurer's Fiscal Agent, which will then pay the unpaid portion of principal to the Bondholder subject to the terms of the Bond Insurance Policy for the 1992 Insured Bonds.

(ii) In the event that the Trustee has notice that any payment of principal or of interest on a 1992 Insured Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer for the 1992 Insured Bonds, notify all Bondholders of such 1992 Insured Bonds that in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Bond Insurer for the 1992 Insured Bonds to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer for the 1992 Insured Bonds its records evidencing the payments of principal and interest on the 1992 Insured Bonds which have been made by the Trustee and subsequently recovered from Bondholders, and the dates on which such payments were made.

(iii) The Bond Insurer for the 1992 Insured Bonds shall, to the extent it makes payment of principal or of interest on the 1992 Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note such Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from such Bond Insurer of proof of the payment of interest thereon to the Bondholders of such 1992 Insured Bonds and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note such Bond Insurer's rights as subrogee on the registration books for the 1992 Insured Bonds maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Bondholders of such 1992 Insured Bonds. Notwithstanding anything in this Indenture or the 1992 Insured

Bonds to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to such Bond Insurer to the extent that such Bond Insurer is a subrogee with respect thereto.

(d) Accrued interest deposited in respect of the 1993 Bonds shall be applied to pay interest on the 1993 Bonds on December 15, 1993.

(e) The Trustee shall establish as a part of the Debt Service Fund a 1993 Bonds Sinking Fund Account (the "1993 Bonds Sinking Fund Account") for the retirement of certain of the 1993 Term Bonds. Moneys deposited in the 1993 Bonds Sinking Fund Account shall be held by the Trustee for the sole benefit of the registered owners of 1993 Term Bonds specified below and shall be applied as hereafter provided.

The Trustee shall transfer moneys from the Debt Service Fund to the 1993 Bonds Sinking Fund Account on June 15 of the years set forth below in the amount required to retire 1993 Term Bonds specified below in the following amounts through mandatory redemption, in direct order of maturities and within a maturity as chosen by the Trustee by lot at the principal amount thereof plus accrued interest, or through purchase as hereinafter provided:

1993 Insured Term Bonds
Maturing June 15, 2015
 (5.60% coupon)

<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2010	\$15,145,000
2011	12,860,000
2012	14,075,000
2013	15,375,000
2014	16,735,000
2015*	18,175,000

1993 Uninsured Term Bonds
Maturing June 15, 2015
 (5.75% coupon)

<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2010	\$9,060,000
2011	9,060,000
2012	9,065,000
2013	9,065,000
2014	9,065,000
2015*	9,065,000

* Maturity

1993 Insured Term Bonds
Maturing June 15, 2023
 (5 5/8% coupon)

<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2016	\$13,755,000
2017	25,360,000
2018	17,955,000
2019	10,535,000
2020	11,420,000
2021	12,355,000
2022	13,345,000
2023*	14,390,000

1993 Uninsured Term Bonds
Maturing June 15, 2023
 (5 7/8% coupon)

<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2016	\$5,000,000
2017	5,000,000
2018	5,000,000
2019	5,000,000
2020	5,000,000
2021	5,000,000
2022	5,000,000
2023*	5,000,000

*** Maturity**

Prior to May 1 of each year in which 1993 Term Bonds are subject to mandatory redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 1993 Bonds Sinking Fund Account of as many 1993 Term Bonds then subject to mandatory sinking fund redemption as can be purchased in the open market or pursuant to offers made at the time by the Bondholders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund). Prior to May 15 of each year or such date as will permit the Trustee to mail the notice of redemption required under Section 3.02 hereof, so long as any 1993 Term Bonds specified above shall remain Outstanding, the Trustee shall draw by lot, for redemption on June 15 of such year a principal amount of 1993 Term Bonds as shall represent the difference between the principal amount of such 1993 Term Bonds fixed for redemption on such date as described above and the principal amount thereof which the Trustee shall have purchased or agreed to purchase during the immediately preceding period, as above provided.

Upon selection by lot of the particular 1993 Term Bonds to be redeemed, as above provided, the Trustee shall send a notice, in the name of the Authority, to the Bondholders of such 1993 Term Bonds so drawn for redemption in the manner provided in Article III hereof, and, upon presentation by the Bondholders thereof, the Trustee shall pay the principal amount thereof out of moneys in the 1993 Bonds Sinking Fund Account and shall pay

accrued interest due from moneys available therefor in the Debt Service Fund.

If at any time all the 1993 Term Bonds eligible for redemption shall have been purchased, redeemed or paid, the Trustee shall make no further transfers to the 1993 Bonds Sinking Fund Account and shall transfer any balance then in such account to the Debt Service Fund. Whenever 1993 Term Bonds are to be purchased out of the 1993 Bonds Sinking Fund Account, if the Authority shall notify the Trustee that the Authority wishes to arrange for such purchase, the Trustee shall comply with the Authority's arrangements provided they conform to this Indenture.

(f) (i) If, on the third day preceding any Interest Payment Date for the 1993 Insured Bonds there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the 1993 Insured Bonds due on such date, the Trustee shall immediately notify the appropriate Bond Insurer for such 1993 Insured Bonds and its Fiscal Agent of the amount of such deficiency. If, by said Interest Payment Date, the Authority has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the appropriate Bond Insurer for such 1993 Insured Bonds and to its Fiscal Agent the registration books for such 1993 Insured Bonds maintained by the Trustee. In addition:

(A) The Trustee shall provide the appropriate Bond Insurer with a list of the Bondholders entitled to receive principal or interest payments from such Bond Insurer under the terms of the applicable Bond Insurance Policy for the 1993 Insured Bonds and shall make arrangements for such Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to Bondholders of 1993 Insured Bonds entitled to receive full or partial interest payments from such Bond Insurer and (2) to pay principal of the 1993 Insured Bonds surrendered to such Fiscal Agent by the Bondholders entitled to receive full or partial principal payments from such Bond Insurer; and

(B) The Trustee shall, at the time it makes the registration books available to the appropriate Bond Insurer for the 1993 Insured Bonds pursuant to A) above, notify Bondholders entitled to receive the payment of principal of or interest on the 1993 Insured Bonds from such Bond Insurer (1) as to the fact of such entitlement, (2) that such Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy for such 1993 Insured Bonds, (3) that, except as provided in paragraph (ii) below, in the event that any Bondholder is entitled to receive full payment of principal from the appropriate Bond Insurer, such Bondholder must tender his 1993 Insured Bond with the instrument of transfer in the form provided on the 1993 Insured Bond executed in the name of the appropriate Bond Insurer, and (4) that, except as provided in paragraph (ii) below, in the event that such

Bondholder is entitled to receive partial payment of principal from the appropriate Bond Insurer, such Bondholder must tender his 1993 Insured Bond for payment first to the Trustee, which shall note on such 1993 Insured Bond the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the appropriate Bond Insurer, to such Bond Insurer's Fiscal Agent, which will then pay the unpaid portion of principal to the Bondholder subject to the terms of the Bond Insurance Policy for such 1993 Insured Bonds.

(ii) In the event that the Trustee has notice that any payment of principal of or interest on a 1993 Insured Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer for such 1993 Insured Bonds, notify all Bondholders of such 1993 Insured Bonds that in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Bond Insurer for such 1993 Insured Bonds to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer for such 1993 Insured Bonds its records evidencing the payments of principal of and interest on the 1993 Insured Bonds which have been made by the Trustee and subsequently recovered from Bondholders, and the dates on which such payments were made.

(iii) Each Bond Insurer for 1993 Insured Bonds shall, to the extent it makes payment of principal of or interest on 1993 Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of its Bond Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note such Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Bondholders of 1993 Insured Bonds and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note such Bond Insurer's rights as subrogee on the registration books for the 1993 Insured Bonds maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Bondholders of 1993 Insured Bonds. Notwithstanding anything in this Indenture or the 1993 Insured Bonds to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to each Bond Insurer for the 1993 Insured Bonds to the extent that such Bond Insurer is a subrogee with respect thereto.

(g) Accrued interest deposited in respect of the 1993A Bonds shall be applied to pay interest on the 1993A Bonds on December 15, 1993.

(h) The Trustee shall establish as a part of the Debt Service Fund a 1993A Bonds Sinking Fund Account (the "1993A Bonds Sinking Fund Account") for the retirement of certain of the 1993 Term Bonds. Moneys deposited in the 1993A Bonds Sinking Fund Account shall be held by the Trustee for the sole benefit of the registered owners of 1993A Term Bonds specified below and shall be applied as hereafter provided.

The Trustee shall transfer moneys from the Debt Service Fund to the 1993A Bonds Sinking Fund Account on June 15 of the years set forth below in the amount required to retire 1993A Term Bonds specified below in the following amounts through mandatory redemption, in direct order of maturities and within a maturity (treating the 1993A Insured Term Bonds and the 1993A Uninsured Term Bonds maturing June 15, 2013 as separate maturities for this purpose) as chosen by the Trustee by lot at the principal amount thereof plus accrued interest, or through purchase as hereinafter provided:

1993A Insured Term Bonds
Maturing June 15, 2013

<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2009	\$2,160,000
2010	2,280,000
2011	2,400,000
2012	2,520,000
2013*	2,640,000

1993A Uninsured Term Bonds
Maturing June 15, 2013

<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2009	\$4,665,000
2010	4,885,000
2011	5,125,000
2012	5,380,000
2013*	5,655,000

* Maturity

1993A Insured Term Bonds
Maturing June 15, 2022

<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2014	\$ 8,710,000
2015	9,145,000
2016	9,600,000
2017	10,080,000
2018	10,585,000
2019	11,120,000
2020	11,670,000
2021	12,255,000
2022*	12,865,000

* Maturity

Prior to May 1 of each year in which 1993A Term Bonds are subject to mandatory redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 1993A Bonds Sinking Fund Account of as many 1993A Term Bonds then subject to mandatory sinking fund redemption as can be purchased in the open market or pursuant to offers made at the time by the Bondholders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund). Prior to May 15 of each year or such date as will permit the Trustee to mail the notice of redemption required under Section 3.02 hereof, so long as any 1993A Term Bonds specified above shall remain Outstanding, the Trustee shall draw by lot, for redemption on June 15 of such year a principal amount of 1993A Term Bonds as shall represent the difference between the principal amount of such 1993A Term Bonds fixed for redemption on such date as described above and the principal amount thereof which the Trustee shall have purchased or agreed to purchase during the immediately preceding period, as above provided.

Upon selection by lot of the particular 1993A Term Bonds to be redeemed, as above provided, the Trustee shall send a notice, in the name of the Authority, to the Bondholders of such 1993A Term Bonds so drawn for redemption in the manner provided in Article III hereof, and, upon presentation by the Bondholders thereof, the Trustee shall pay the principal amount thereof out of moneys in the 1993A Bonds Sinking Fund Account and shall pay

accrued interest due from moneys available therefor in the Debt Service Fund.

If at any time all the 1993A Term Bonds eligible for redemption shall have been purchased, redeemed or paid, the Trustee shall make no further transfers to the 1993A Bonds Sinking Fund Account and shall transfer any balance then in such account to the Debt Service Fund. Whenever 1993A Term Bonds are to be purchased out of the 1993A Bonds Sinking Fund Account, if the Authority shall notify the Trustee that the Authority wishes to arrange for such purchase, the Trustee shall comply with the Authority's arrangements provided they conform to this Indenture.

(i) (i) If, on the third day preceding any Interest Payment Date for the 1993A Insured Bonds there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the 1993A Insured Bonds due on such date, the Trustee shall immediately notify the Bond Insurer for the 1993A Insured Bonds and its Fiscal Agent of the amount of such deficiency. If, by said Interest Payment Date, the Authority has not provided the amount of such deficiency, the Trustee shall simultaneously make available to such Bond Insurer and to its Fiscal Agent the registration books for the 1993A Insured Bonds maintained by the Trustee. In addition:

(A) The Trustee shall provide the Bond Insurer for the 1993A Insured Bonds with a list of the Bondholders entitled to receive principal or interest payments from such Bond Insurer under the terms of the Bond Insurance Policy for the 1993A Insured Bonds and shall make arrangements for such Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to Bondholders of 1993A Insured Bonds entitled to receive full or partial interest payments from such Bond Insurer and (2) to pay principal of the 1993A Insured Bonds surrendered to such Fiscal Agent by the Bondholders entitled to receive full or partial principal payments from such Bond Insurer; and

(B) The Trustee shall, at the time it makes the registration books available to the Bond Insurer for the 1993A Insured Bonds pursuant to (A) above, notify Bondholders entitled to receive the payment of principal of or interest on the 1993A Insured Bonds from such Bond Insurer (1) as to the fact of such entitlement, (2) that such Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy for the 1993A Insured Bonds, (3) that, except as provided in paragraph (ii) below, in the event that any Bondholder is entitled to receive full payment of principal from such Bond Insurer, such Bondholder must tender his 1993A Insured Bond with the instrument of transfer in the form provided on the 1993A Insured Bond executed in the name of such Bond Insurer, and (4) that, except as provided in paragraph (ii) below, in the event that such Bondholder is entitled to receive partial payment of principal from such Bond Insurer, such Bondholder must tender

his 1993A Insured Bond for payment first to the Trustee, which shall note on such 1993A Insured Bond the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Bond Insurer's Fiscal Agent, which will then pay the unpaid portion of principal to the Bondholder subject to the terms of the Bond Insurance Policy for the 1993A Insured Bonds.

(ii) In the event that the Trustee has notice that any payment of principal of or interest on a 1993A Insured Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, non-appealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer for the 1993A Insured Bonds, notify all Bondholders of such 1993A Insured Bonds that in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Bond Insurer for the 1993A Insured Bonds to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer for the 1993A Insured Bonds its records evidencing the payments of principal of and interest on the 1993A Insured Bonds which have been made by the Trustee and subsequently recovered from Bondholders, and the dates on which such payments were made.

(iii). The Bond Insurer for the 1993A Insured Bonds shall, to the extent it makes payment of principal of or interest on the 1993A Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of its Bond Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note such Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from such Bond Insurer of proof of the payment of interest thereon to the Bondholders of such 1993A Insured Bonds and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note such Bond Insurer's rights as subrogee on the registration books for the 1993A Insured Bonds maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Bondholders of such 1993A Insured Bonds. Notwithstanding anything in this Indenture or the 1993A Insured Bonds to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to such Bond Insurer to the extent that such Bond Insurer is a subrogee with respect thereto.

(j) Accrued interest deposited in respect of the 1994 Bonds shall be applied to pay interest on the 1994 Bonds on June 15, 1995.

(k) The Trustee shall establish as a part of the Debt Service Fund a 1994 Bonds Sinking Fund Account (the "1994 Bonds Sinking Fund Account") for the retirement of certain of the 1994

Term Bonds. Moneys deposited in the 1994 Bonds Sinking Fund Account shall be held by the Trustee for the sole benefit of the registered owners of 1994 Term Bonds specified below and shall be applied as hereafter provided.

The Trustee shall transfer moneys from the Debt Service Fund to the 1994 Bonds Sinking Fund Account on June 15 of the years set forth below in the amount required to retire 1994 Term Bonds specified below in the following amounts through mandatory redemption, in direct order of maturities and within a maturity as chosen by the Trustee by lot at the principal amount thereof plus accrued interest, or through purchase as hereinafter provided:

1994 Term Bonds
Maturing June 15, 2014

<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2010	\$4,485,000
2011	4,795,000
2012	5,135,000
2013	5,490,000
2014*	5,875,000

1994 Term Bonds
Maturing June 15, 2021

<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2015	\$6,290,000
2016	6,710,000
2017	7,165,000
2018	7,650,000
2019	8,165,000
2020	8,715,000
2021*	9,305,000

* Maturity

Prior to May 1 of each year in which 1994 Term Bonds are subject to mandatory redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 1994 Bonds Sinking Fund Account of as many 1994 Term Bonds then subject to mandatory sinking fund redemption as can be purchased in the open market or pursuant to offers made at the time by the Bondholders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund). Prior to May 15 of each year or such date as will permit the Trustee to mail the notice of redemption required under Section 3.02 hereof, so long as any 1994 Term Bonds specified above shall remain Outstanding, the Trustee shall draw by lot, for redemption on June 15 of such year a principal amount of 1994 Term Bonds as shall represent the difference between the principal amount of such 1994 Term Bonds fixed for redemption on such date as described above and the principal amount thereof

which the Trustee shall have purchased or agreed to purchase during the immediately preceding period, as above provided.

Upon selection by lot of the particular 1994 Term Bonds to be redeemed, as above provided, the Trustee shall send a notice, in the name of the Authority, to the Bondholders of such 1994 Term Bonds so drawn for redemption in the manner provided in Article III hereof, and, upon presentation by the Bondholders thereof, the Trustee shall pay the principal amount thereof out of moneys in the 1994 Bonds Sinking Fund Account and shall pay accrued interest due from moneys available therefor in the Debt Service Fund.

If at any time all the 1994 Term Bonds eligible for redemption shall have been purchased, redeemed or paid, the Trustee shall make no further transfers to the 1994 Bonds Sinking Fund Account and shall transfer any balance then in such account to the Debt Service Fund. Whenever 1994 Term Bonds are to be purchased out of the 1994 Bonds Sinking Fund Account, if the Authority shall notify the Trustee that the Authority wishes to arrange for such purchase, the Trustee shall comply with the Authority's arrangements provided they conform to this Indenture.

(1) (i) If, on the third day preceding any Interest Payment Date for the 1994 Bonds there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the 1994 Bonds due on such date, the Trustee shall immediately notify the Bond Insurer for the 1994 Bonds and its Fiscal Agent of the amount of such deficiency. If, by said Interest Payment Date, the Authority has not provided the amount of such deficiency, the Trustee shall simultaneously make available to such Bond Insurer and to its Fiscal Agent the registration books for the 1994 Bonds maintained by the Trustee. In addition:

(A) The Trustee shall provide the Bond Insurer for the 1994 Bonds with a list of the Bondholders entitled to receive principal or interest payments from such Bond Insurer under the terms of the Bond Insurance Policy for the 1994 Bonds and shall make arrangements for such Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to Bondholders of 1994 Bonds entitled to receive full or partial interest payments from such Bond Insurer and (2) to pay principal of the 1994 Bonds surrendered to such Fiscal Agent by the Bondholders entitled to receive full or partial principal payments from such Bond Insurer; and

(B) The Trustee shall, at the time it makes the registration books available to the Bond Insurer for the 1994 Bonds pursuant to (A) above, notify Bondholders entitled to receive the payment of principal of or interest on the 1994 Bonds from such Bond Insurer (1) as to the fact of such entitlement, (2) that such Bond Insurer will remit to them all or

part of the interest payments coming due subject to the terms of the Bond Insurance Policy for the 1994 Bonds, (3) that, except as provided in paragraph (ii) below, in the event that any Bondholder is entitled to receive full payment of principal from such Bond Insurer, such Bondholder must tender his 1994 Bond with the instrument of transfer in the form provided on the 1994 Bond executed in the name of such Bond Insurer, and (4) that, except as provided in paragraph (ii) below, in the event that such Bondholder is entitled to receive partial payment of principal from such Bond Insurer, such Bondholder must tender his 1994 Bond for payment first to the Trustee, which shall note on such 1994 Bond the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of such Bond Insurer, to the Bond Insurer's Fiscal Agent, which will then pay the unpaid portion of principal to the Bondholder subject to the terms of the Bond Insurance Policy for the 1994 Bonds.

7. (ii) In the event that the Trustee has notice that any payment of principal of or interest on a 1994 Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, non-appealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer for the 1994 Bonds, notify all Bondholders of such 1994 Bonds that in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Bond Insurer for the 1994 Bonds to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer for the 1994 Bonds its records evidencing the payments of principal of and interest on the 1994 Bonds which have been made by the Trustee and subsequently recovered from Bondholders, and the dates on which such payments were made.

(iii) The Bond Insurer for the 1994 Bonds shall, to the extent it makes payment of principal of or interest on the 1994 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of its Bond Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note such Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from such Bond Insurer of proof of the payment of interest thereon to the Bondholders of such 1994 Bonds and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note such Bond Insurer's rights as subrogee on the registration books for the 1994 Bonds maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Bondholders of such 1994 Bonds. Notwithstanding anything in this Indenture or the 1994 Bonds to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to such Bond Insurer to the extent that such Bond Insurer is a subrogee with respect thereto.

(m) The Trustee shall establish such other sinking fund account for each Series of Additional Bonds as may be directed in the Supplemental Indenture establishing such Series.

Section 5.07. Debt Service Reserve Fund. At the time of issuance of each Series of Bonds, there shall be deposited into the Debt Service Reserve Fund in a separate account in respect of such Series and which shall secure only such Series an amount equal to the initial Debt Service Reserve Requirement for such Series of Bonds. In lieu of such deposit, at the time of issuance of a Series, subject to the written approval of the Bond Insurer (which approval shall be granted if, but only if, the proposed Credit Facility meets the then current credit requirements of the Bond Insurer with respect to such facilities), there may be provided a Credit Facility in such amount issued by a Credit Facility Issuer whose credit facilities are such that bonds secured by such credit facilities are rated in one of the three highest rating categories by Moody's and S&P. To the extent that additional amounts are required to be deposited in the Debt Service Reserve Fund, such moneys shall come from sources other than the proceeds of the Bonds. To the extent that there is an excess amount in any account in the Debt Service Reserve Fund as of the date any valuation is required to be made as hereinafter provided or as a result of a reduction described above, unless otherwise provided in the Supplemental Indenture authorizing the issuance of such Series, the excess (other than any Investment Earnings) shall be transferred, at the written direction of the Authority, either to the Debt Service Fund or to the Bond Redemption Fund for redemption of Bonds of such Series at the earliest possible date that Bonds of such Series can be redeemed without a premium.

All Investment Earnings derived from funds on deposit in the Debt Service Reserve Fund shall be retained or transferred, as applicable, in the following order and priority:

(a) the Trustee shall retain in the Debt Service Reserve Fund the amount necessary to eliminate deficiencies in any of the accounts therein;

(b) the Trustee shall transfer to the Rebate Fund in respect of each Bond Year such amount as is certified by the Authority to the Trustee pursuant to the applicable Tax Compliance Agreement as the Rebate Amount and Yield Reduction Amount, if any, for such Bond Year with respect to the 1992 Bonds, the 1993 Bonds, the 1993A Bonds and the 1994 Bonds and such additional amount for each other Series of Bonds as may be specified in the Supplemental Indenture authorizing the Series;

(c) the Trustee shall transfer to the Authority the amount necessary to cause the aggregate amount transferred to the Authority during the fiscal year of the Authority in which such transfer is made (together with transfers made pursuant to

Section 5.05) to equal the total operating expenses of the Authority for such fiscal year as set forth in the certificate of the Authority (which certificate may be revised from time to time) filed with the Trustee in respect of such fiscal year; and

(d) the Trustee shall transfer any remaining amount to the Revenue Fund.

If there are insufficient moneys to pay the Debt Service Requirement on any Series of Bonds on any Interest Payment Date or maturity date of such Series of Bonds, the Trustee shall transfer from the related account in the Debt Service Reserve Fund to the Debt Service Fund amounts necessary to make such payments from the Debt Service Fund.

In the event of any application of funds in the Debt Service Reserve Fund in accordance with the preceding paragraph causes the amount in any account in the Debt Service Reserve Fund to be less than the applicable Debt Service Reserve Requirement, the Trustee shall promptly notify the Authority.

The Investment Securities in the account in the Debt Service Reserve Fund in respect of a Series shall be valued by the Trustee at the end of each Bond Year for such Series and six months after the end of such Bond Year. If the value of such Investment Securities plus any moneys in such account in the Debt Service Reserve Fund (other than Investment Earnings which have not yet been transferred as provided herein) falls below the Debt Service Reserve Requirement with respect to such account, the Trustee shall promptly notify the Authority. Such deficiency shall be eliminated as provided above and if necessary by the transfer from the Revenue Fund specified in Section 5.05 hereof. If such valuation shows that there is an excess amount in such account in the Debt Service Reserve Fund, the Trustee shall promptly notify the Authority and shall apply such excess as provided in the first paragraph of this Section 5.07.

In connection with a redemption or final maturity of all of the Bonds of a Series, the moneys in the associated account in the Debt Service Reserve Fund shall be transferred to the Bond Redemption Fund or to the Debt Service Fund, respectively, to be used for purposes of such redemption or payment at final maturity, unless moneys for such redemption or payment are otherwise provided, in which event the moneys remaining in the Debt Service Reserve Fund shall be transferred as directed by the Authority. Also, in connection with the maturity of 1992 Bonds on June 15, 2002, moneys in the account in the Debt Service Reserve Fund in respect of the 1992 Bonds shall be transferred to the Debt Service Fund to be used for purposes of payment of such maturity to the extent that the moneys in such account exceed the Debt Service Reserve Requirement for the 1992 Bonds that will apply immediately following such maturity.

Section 5.08. Bond Redemption Fund. The Trustee shall deposit in the Bond Redemption Fund amounts received from any source for redemption of Bonds other than mandatory sinking fund payments.

Moneys deposited into the Bond Redemption Fund shall be used to redeem Bonds or, at the request of the Authority in writing, to purchase Bonds in the open market at a price not in excess of the principal amount thereof plus accrued interest thereon (or, in the case of zero coupon bonds, original issue price plus accrued original issue discount). Upon such deposit, to the extent such moneys are to be used to redeem Bonds, the Trustee shall promptly select and call Bonds for redemption.

Section 5.09. Rebate Fund. Amounts shall be deposited in the Rebate Fund as hereinafter specified in order to comply with rebate requirements of Section 148 of the Code. Notwithstanding any other provision of this Indenture, the Rebate Fund shall not be subject to any security interest, pledge, assignment, lien or charge in favor of the Trustee, any Bondholder, any Credit Facility Issuer or any other Person. Rules and definitions concerning the requirements of this fund are contained in the Tax Compliance Agreement. The provisions of Sections 5.10 through 5.14 hereof regarding the Rebate Fund may be amended upon receipt by the Trustee and the Authority of an opinion of Bond Counsel that such amendment will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any moneys released from the Rebate Fund as a result of any such amendment shall be applied by the Trustee as required or permitted (in which case such application shall be at the written direction of the Authority) by such opinion of Bond Counsel.

Section 5.10. Determinations, Notices and Records of Rebate Amount and Yield Reduction Amount.

(a) The Authority, with the cooperation of the Trustee in providing information concerning accounts, investments and earnings thereon, shall determine the Rebate Amount and Yield Reduction Amount; if any, in respect of each Series of Bonds or cause the same to be determined in the manner provided in Section 148 of the Code. Determinations of the Rebate Amount and Yield Reduction Amount, if any, shall be made at the end of each Bond Year and upon the retirement of the last Bond of a particular Series of Bonds as required by the Code. As of any computation date, the computation of the Rebate Amount and Yield Reduction Amount, if any, takes into account amounts previously paid to the United States of America by the Trustee on behalf of the Authority pursuant to Section 5.14 hereof. The Trustee, at the request of the Authority, shall provide the Authority information concerning accounts, investments and earnings thereon.

(b) Within 30 days after the end of each Bond Year and the retirement of the last bond of a particular Series of Bonds, the Authority shall furnish or cause to be furnished to the Trustee, a written notice specifying the Rebate Amount and Yield Reduction Amount, if any, as at the end of such Bond Year or such retirement. In connection with each such determination of the Rebate Amount and Yield Reduction Amount, if any, the Trustee shall report to the Authority (i) the amount, if any, theretofore paid to the United States of America by the Trustee on behalf of the Authority pursuant to Section 5.14 hereof, (ii) the amount in the Rebate Fund as at the end of the Bond Year or the retirement of the last bond of a particular Series of Bonds, (iii) the balance to be added to or removed from the Rebate Fund pursuant to Sections 5.11 and 5.12 hereof.

(c) The notice specifying the Rebate Amount and Yield Reduction Amount, if any, for a particular Series shall be retained by the Trustee until a date which is six (6) years after the retirement of the last Bond of such Series. The Trustee shall make such notice available for review by the Authority and the City upon reasonable notice.

Section 5.11. Deposit into Rebate Fund. Within 60 days after the end of each Bond Year in respect of each Series of Bonds or the retirement of the last bond of a particular Series, the Trustee, following receipt of notification from the Authority pursuant to Section 5.10(b), shall transfer amounts first from the Investment Earnings on the Debt Service Reserve Fund pursuant to Section 5.07(b) and then from the Revenue Fund pursuant to Section 5.05(e) to the Rebate Fund as may be necessary so that the amount in the Rebate Fund shall be equal to the Rebate Amount and Yield Reduction Amount, if any, as of the computation date.

Section 5.12. Excess Moneys in the Rebate Fund. In the event that as of the first day of any Bond Year in respect of each Series of Bonds, the amount on deposit in the Rebate Fund exceeds the Rebate Amount and Yield Reduction Amount, if any, (as reported in the notice furnished by the Authority pursuant to Section 5.10(b) with respect to such date), the Trustee, upon the receipt of written instructions from the Authority specifying the amount of the excess, shall transfer such excess amount into the Revenue Fund. If any amount shall remain in the Rebate Fund after the Trustee has made the final payment to the United States of America pursuant to Section 5.14 hereof in respect of each Series of Bonds, such amount shall be transferred to the Revenue Fund.

Section 5.13. Investment of Rebate Fund.

(a) Any moneys held as part of the Rebate Fund shall be invested or reinvested by the Trustee, as provided in Article VI hereof.

(b) Any investment of funds in the Rebate Fund shall mature or be redeemable by the Trustee at such times as may be necessary to provide funds when, at the time of the investment, it is anticipated the same will be needed to make payments from the Rebate Fund. The Trustee at any time as directed by the Authority, to the extent required for payments from the Rebate Fund, may sell any of such investments, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the Rebate Fund. Interest and other income received or losses on moneys or securities in the Rebate Fund shall be credited or charged to the Rebate Fund and shall become a part thereof, to be disbursed as provided for herein.

(c) Any and all moneys held as part of the Rebate Fund shall be considered proceeds of the Bonds for all purposes (except as otherwise specifically provided herein).

Section 5.14. Payment of Rebate Amount and Yield Reduction Amount to the United States.

(a) The Rebate Amount and Yield Reduction Amount, if any, for each Series of Bonds shall be paid to the United States of America by the Trustee on behalf of the Authority in installments in amounts and at times directed in writing by the Authority in accordance with this Indenture. The first installment shall be made not later than sixty (60) days after the end of the fifth Bond Year; each subsequent installment shall be made not later than five (5) years after the preceding installment was due. Each installment shall be in an amount, as calculated by or on behalf of the Authority, that ensures that the Yield Reduction Amount and at least 90% of the Rebate Amount (exclusive of Yield Reduction Amounts) as of the end of the immediately preceding Bond Year will have been paid to the United States of America. Not later than sixty (60) days after the retirement of the last Bond, the Trustee shall pay to the United States of America an amount, as calculated by or on behalf of the Authority which equals 100% of the Rebate Amount and Yield Reduction Amount determined as of the date of retirement of the last Bond.

(b) Each payment of an installment of the amount required to be paid to the United States of America pursuant to this Section 5.14 shall be paid at the Internal Revenue Service Center, Philadelphia, Pa. Each payment shall be accompanied by a Form 8038-T prepared by or on behalf of the Authority filed with respect to the Series of Bonds.

(c) The duty of the Trustee to make payments to the United States of America pursuant to this Section 5.14 shall be expressly limited to funds available in the Rebate Fund at the times such payments are required to be made (including all investment earnings on funds theretofore deposited by the Trustee).

in the Rebate Fund) and any other funds actually provided to the Trustee by the Authority for such payments. The Trustee shall not be under any duty to pay any amounts in excess of the amount available in the Rebate Fund or actually provided to it by the Authority. The Trustee shall be entitled to rely on the directions and calculations provided by or on behalf of the Authority, without further inquiry, and shall have no obligation to confirm the accuracy of any Rebate Amount or Yield Reduction Amount or the timing of any such payment.

Section 5.15. Discontinuance of Funds. After all Bonds and other sums required to discharge this Indenture shall have been paid or provision for their payment shall have been made as provided herein, all amounts required to be deposited in the Rebate Fund have been deposited and all sums owing to the Credit Facility Issuer shall have been paid and the Credit Facility surrendered to the Credit Facility Issuer, any balance remaining in the funds established hereunder (other than the Rebate Fund) shall be used to pay the Authority any amount owing in respect of operating expenses as set forth in the certificate of the Authority for such fiscal year and the balance shall be paid to the Depository for deposit in the City Account.

ARTICLE VI

INVESTMENT OF MONEYS

7. **Section 6.01. Investment of Funds.** Moneys in the funds established hereunder shall, to the extent permitted by law and at the written direction of the Authority and subject to any limitations imposed by the agreement pursuant to which the Credit Facility is issued, be invested and reinvested in Investment Securities or City Obligations, except that moneys in the Debt Service Fund, the Revenue Fund and the Rebate Fund shall only be invested in Government Obligations with maturities which will assure the availability of money at the time when needed and moneys in the account in the Debt Service Reserve Fund in respect of the 1992 Bonds, the 1993 Bonds, the 1993A Bonds and the 1994 Bonds shall only be invested as set forth below.

Subject to the further provisions of this Article VI, such investments shall be made by the Trustee as directed and designated by the Authority in a certificate of, or telephonic advice promptly confirmed by a certificate of, an Authority Representative. As and when any amounts thus invested may be needed for disbursements from the funds established hereunder, the Trustee shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of such fund as directed by an Authority Representative in writing. The Authority shall have the right to designate the investments to be made and to be sold and to otherwise direct the Trustee in the sale or conversion to cash of the investments made with the moneys in the funds established hereunder.

Notwithstanding anything herein to the contrary, capitalized interest deposited in the Debt Service Fund pursuant to subsection 2.06(a) hereof shall be invested only in Government Obligations described in clause (a) of such defined term.

Notwithstanding anything herein to the contrary, moneys in the accounts in the Debt Service Reserve Fund in respect of the 1992 Bonds, the 1993 Bonds, the 1993A Bonds and the 1994 Bonds shall only be invested in Investment Securities with a maturity of not more than five years; provided, however, that if moneys are invested in a guaranteed investment contract or a repurchase agreement which allows the full principal of and interest on the investment to be withdrawn at par on any principal or interest payment date for the 1992 Bonds, the 1993 Bonds, the 1993A Bonds or the 1994 Bonds, respectively, such guaranteed investment contract or repurchase agreement may have a maturity longer than five years but not longer than ten years. Accounts in the Debt Service Reserve Fund in respect of any other Series of Bonds shall be invested as specified in the Supplemental Indenture authorizing such Series.

The interest and income received from such investments, losses suffered by reason of such investments, and any interest paid by the Trustee or any other depository of any fund established hereunder, and any net profit or losses resulting from the sale of securities (collectively "Investment Earnings") shall be added or charged to the Revenue Fund when earned or realized; subject, however, to the provisions of Article VII hereof in the case of defeasance and provided that (i) Investment Earnings from investment of amounts in the Debt Service Reserve Fund shall be transferred as provided in Section 5.07 hereof; (ii) Investment Earnings from investment of amounts in the Rebate Fund shall remain in the Rebate Fund and become a part thereof, to be disbursed as provided in Article V and (iii) Investment Earnings from investment of amounts in the Capital Projects Fund shall remain in the Capital Projects Fund so long as costs of capital projects are to be paid therefrom.

Section 6.02. Valuation of Funds. In computing the assets of any fund, investments and interest earned thereon, unless otherwise provided herein, shall be deemed a part thereof. Such investments, except for investments in the Debt Service Reserve Fund other than any guaranteed investment contract, shall be valued at the amortized cost thereof plus accrued interest, or at the redemption price thereof, if then redeemable at the option of the holder. Investments in the Debt Service Reserve Fund other than any guaranteed investment contract shall be valued at the fair market value thereof.

Section 6.03. Information as to Status of Funds. The Trustee shall provide the Authority and the City with monthly statements of each fund. The Trustee shall provide the Authority and the City with such additional information as they may

reasonably request regarding the status of each fund held by the Trustee.

ARTICLE VII

DISCHARGE OF INDENTURE

7. If the Authority shall pay or cause to be paid, or there shall otherwise be paid or provision be made for payment, to the Holders of the Bonds the principal of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, and all fees, expenses and other amounts due to the Trustee, each Registrar and each Credit Facility Issuer, then these presents and the Trust Estate and rights hereby granted shall cease, determine and be void, whereupon the Trustee shall cancel and discharge this Indenture, and execute and deliver to the Authority such instruments in writing as shall be requisite to release this Indenture, and reconvey, release, assign and deliver unto the Authority any and all of the Trust Estate and all right, title and interest in and to any and all rights conveyed, assigned or pledged to the Trustee or otherwise subject to this Indenture, except amounts held in or payable to the Rebate Fund for payment to the United States of America and amounts held by the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds. Notwithstanding the foregoing, Bonds paid with the proceeds of any Credit Facility shall be Outstanding until the Credit Facility Issuer has been reimbursed for the amount of the payment.

Any Bond shall be deemed to be paid within the meaning of this Article VII and for all purposes of this Indenture when payment of the principal of, the redemption premium, if any, and the interest on such Bond to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) either (i) shall have been made or caused to be made in accordance with the terms hereof or (ii) shall have been provided for by irrevocably depositing with the Trustee (1) moneys sufficient to make such payment and/or (2) Government Obligations (only clause (a)), Refcorp interest strips, CATS, TIGRS, STRPS or defeased municipal bonds rated AAA by S&P or Aaa by Moody's, in each case non-callable and maturing as to principal and interest in such amount and at such time as will insure the availability of sufficient moneys to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until: (a) proper notice of redemption of such Bonds shall have been previously given in accordance with Section 3.02 of this Indenture or, in the event that such Bonds are not to be redeemed within the next succeeding sixty (60) days, until the Authority shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Holders of the Bonds, in accordance with Section 3.02 hereof, that the deposit required by clause (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article VII and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the redemption premium, if any, on such Bonds plus interest thereon to the due date thereof; or (b) the maturity of such Bonds.

In the event of a refunding in advance of the payment or mandatory sinking fund redemption date of the 1992 Bonds, the 1993 Bonds, the 1993A Bonds or the 1994 Bonds, the Authority shall cause to be delivered to the applicable Bond Insurer a verification report of an independent nationally recognized certified public accountant.

The provisions of this Indenture relating to the registration of transfer and exchange of Bonds shall remain in full force and effect with respect to all Bonds until the maturity date of the Bonds or the last date fixed for redemption of all Bonds prior to maturity, notwithstanding that all or any portion of the Bonds are deemed to be paid within the meaning of this Article VII.

Anything in Article X hereof to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to this Article VII for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article VII shall be made without the consent of the Bondholders affected thereby.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Each of the following events is hereby declared to constitute an "Event of Default":

(a) Default in the due and punctual payment of interest on any Bond after such payment has become due and payable; or

(b) Default in the due and punctual payment of the principal or mandatory sinking fund installment of any Bond, whether at the stated maturity thereof or upon proceedings for redemption thereof; or

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Authority contained in this Indenture, any Supplemental Indenture or in the Bonds; or

(d) Failure by the City to perform any of its covenants or agreements contained in the PICA Tax Ordinance or any other ordinance of the City enacting PICA Taxes; or

(e) Failure by the State Treasurer or the Department in the performance of any of their duties under the Act or covenants or agreements contained in the PICA Tax Disbursement Agreement or the Tax Collection Agency Agreement;

provided, however, that a default under (c) or (e) shall not constitute an Event of Default hereunder unless the Authority, the State Treasurer or the Department, as applicable, shall have had thirty (30) days after receipt of notice of such default from the Trustee or from the Bondholders of not less than twenty-five percent (25%) in aggregate principal amount of all Outstanding Bonds to correct said default or cause said default to be corrected and shall not have corrected said default or caused said default to be corrected within such period; provided that, if said default is such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Authority, the State Treasurer or the Department, as applicable, within the applicable period and diligently pursued until the default is corrected, subject to each Bond Insurer's approval of the grace period for the taking of such corrective action; provided, further, that the period to cure any of such defaults shall be only seven (7) days in the case of a default in the payment of money and shall be such shorter period as may be specified in the notice of such default in the case of any default which would have a material adverse effect on the tax exempt status of the 1992 Bonds, the 1993 Bonds, the 1993A Bonds or the 1994 Bonds if not cured sooner than the period specified in the notice. In determining whether a payment default has occurred or whether payment on the Bonds has been made, no effect shall be given to payments made under the Bond Insurance Policy.

The Trustee shall give each Bond Insurer notice of any default under (a) or (b) above immediately and notice of any other default known to the Trustee within thirty (30) days of the Trustee's knowledge thereof.

Section 8.02. Remedies: Rights of Bondholders. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity, including, without limitation, enforcement of the rights of the Trustee and the Bondholders under the PICA Tax Ordinance or the Tax Compliance Agreement, the remedies provided in Section 305 of the Act and the rights of enforcement provided in Section 310 of the Act, to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, the performance by the Authority of its obligations hereunder and the performance by the Department and by the State Treasurer of their obligations under the Act; provided, however, that there shall be no right to accelerate the time for payment of the Bonds. Without limiting the generality of the foregoing, if at any time the Trustee shall not receive the Pledged Revenues for transfer to the Debt Service Fund at the times and on the dates required by the Act and this Indenture, the Trustee shall promptly enforce the pledge of, security interest in and lien and charge on the Pledged Revenues against all government agencies (as defined in the Act) in possession of any of such Pledged Revenues at any time and shall send notice to the Department and the State Treasurer requesting that they take appropriate corrective actions.

If an Event of Default shall have occurred and be continuing and if directed in writing by the Bondholders of twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and upon being indemnified as provided in Section 9.01 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section 8.02 hereof, as directed, provided such direction shall not be otherwise than in accordance with law and the provisions of this Indenture and the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would prejudice Bondholders not parties to such direction.

No remedy conferred upon or reserved to the Trustee (or to the Bondholders) by the terms of this Indenture is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Section 8.03. Right of Bondholders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture. The Trustee shall not be required to follow any direction from the Bondholders in the absence of indemnification of the Trustee, in accordance with Section 9.01, in form and substance satisfactory to the Trustee.

Section 8.04. Application of Moneys. All moneys received by the Trustee pursuant to any right or remedy given or action taken under the provisions of this Article VIII shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of all expenses, fees (including, without limitation, reasonable counsel fees), liabilities and advances incurred or made by the Trustee under the terms of this Indenture, be deposited in the Debt Service Fund and applied as follows:

FIRST - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, including any amounts owed to any Credit Facility Issuer in respect of payments made for interest on the Bonds, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are otherwise held pursuant to the provisions of this Indenture, but including any amounts owed to any Credit Facility Issuer in respect of payments made for principal of the Bonds), with interest on such Bonds from the respective dates upon which they became due, in order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD - To deposit in the Revenue Fund for use as provided in Section 5.05 hereof.

Whenever moneys are to be applied pursuant to the provisions of this Section 8.04, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be the earliest practicable date it deems suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date to all Holders of Outstanding Bonds, and shall not be required to make payment to any Holder of a Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.05. Remedies Vested in the Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by Trustee shall be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any Bondholders, and any recovery of judgment shall be for the equal and ratable benefit of the Bondholders of the Outstanding Bonds.

Section 8.06. Rights and Remedies of Bondholders: No Bondholder shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless an Event of Default has occurred of which the Trustee has been notified as provided in subsection 9.01(h) hereof, or of which by said subsection it is deemed to have notice, unless the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own name or names, nor unless also they have offered to the Trustee indemnity as provided in subsection 9.01(k), nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding; and such notification, request and offer of indemnity are hereby declared in every case to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one more of the Bondholders shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this

Indenture by its, his, her or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the Bondholders of all Outstanding Bonds. However, nothing contained in this Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on any Bond upon and after the maturity thereof, or the obligation of the Authority to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to and for the equal benefit of all Bondholders at the time and place, from the source and in the manner expressed in the Bonds.

Section 8.07. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 8.08. Waivers of Events of Default. The Trustee may at its discretion waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the Bondholders of (1) not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of all Outstanding Bonds in respect of which default in the payment of principal or interest, or both, exists or (2) not less than a majority in aggregate principal amount of all Outstanding Bonds in the case of any other Event of Default; provided, however, that there shall not be waived any Event of Default in the payment of the principal of or interest on any Outstanding Bonds unless, prior to such waiver or rescission, all arrears of principal and interest, and all expenses of the Trustee in connection with such Event of Default shall have been paid or provided for and, in the case of any Bonds to which a Credit Facility applies, any amount drawn under the Credit Facility shall have been reinstated (if applicable) or the Credit Facility Issuer shall have been reimbursed. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee, the Credit Facility Issuer and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon. The foregoing notwithstanding, so long as a Credit Facility applies to the affected Bonds and the Credit Facility Issuer has not wrongfully

failed to honor a drawing thereunder, the consent of the Credit Facility Issuer must be obtained prior to any such waiver with respect to such Bonds. Also, notwithstanding the foregoing, the consent of the Bond Insurer of the Series of Bonds as to which such Event of Default exists, which consent may not unreasonably be withheld, must be obtained prior to any such waiver becoming effective.

Section 8.09. Rights of Bond Insurer. For all purposes of this Article VIII, except for the giving of notice of default to Bondholders, each Bond Insurer shall be deemed to be the sole holder of the 1992 Insured Bonds, the 1993 Insured Bonds, the 1993A Insured Bonds or the 1994 Bonds insured by it for so long as it has not failed to comply with its payment obligations under the applicable Bond Insurance Policy.

ARTICLE IX

TRUSTEE; REGISTRAR

Section 9.01. Acceptance of Trusts. Meridian Bank is hereby appointed Trustee. The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants shall be read into this Indenture against the Trustee. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in the exercise of such rights and powers as a prudent man would exercise under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys or agents, and shall not be answerable for the conduct of the same if such persons are selected in accordance with the standard specified above. The Trustee shall be entitled to advice of counsel concerning its duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Authority) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or

inaction in good faith in reliance upon such opinion or advice received in writing.

(c) The Trustee shall not be responsible for any recital, statement or representation herein or in the Bonds (except with respect to the certificate of the Trustee endorsed on the Bonds), or for the validity of the execution by the Authority of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for reviewing any financial statements, reports, audits or annual reports and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants or agreements on the part of the City, the Department or the State Treasurer; but the Trustee may require of the Authority full information and advice as to the performance of the aforesaid covenants and agreements. Notwithstanding the foregoing, if there is a deficit in the amount deposited in the Debt Service Fund in excess of one month's required deposit, the Trustee shall make inquiry to determine whether there has been an Event of Default under Section 8.01(d) or (e) hereof. The Trustee shall not be liable or responsible because of the failure of the Authority to perform any act required of it by this Indenture or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depository other than itself in which such moneys shall have been deposited under this Indenture. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with the provisions of this Indenture or for any loss resulting from any such investment or the sale or disposition of any such investment in accordance with the provisions of this Indenture. The Trustee shall not be liable in connection with the performance of its duties under this Indenture except for its own negligence, willful misconduct or bad faith. The immunities and exemptions from liability of the Trustee shall extend to its directors, officers, employees, agents and servants and persons under the Trustee's control or supervision.

(d) The Trustee shall not be accountable for the use of the proceeds of any Bonds disbursed in accordance with Section 2.06, 5.03 and 5.04 hereof or be accountable for any Bonds once authenticated and delivered in accordance herewith.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and believed by the Trustee to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond shall

be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as a Bondholder or to take any action at his request unless his Bond shall be deposited with the Trustee or satisfactory evidence of the ownership of such Bond shall be furnished to the Trustee.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by the Authority Representative as sufficient evidence of the facts therein contained and, prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in subsection 9.01(h) hereof, or of which by subsection 9.01(h) it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of an Authority Representative to the effect that a resolution in the form therein set forth has been adopted by the Authority as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its own negligence, willful misconduct or bad faith.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the Authority to cause to be made any of the payments to the Trustee required to be made by Article IV hereof, an Event of Default under subsections 8.01(a) or (b), or an Event of Default under subsections 8.01 (c), (d) or (e) as to which the Authority has notified the Trustee or failure by the Authority to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such Event of Default by the Authority, by Holders of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds or by a Bond Insurer, and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the Principal Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(i) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(j) Notwithstanding anything elsewhere in this Indenture with respect to the authentication of any Bonds, the withdrawal of any cash, the release of any property or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, deemed desirable by the Trustee for the purpose of establishing the right of the Authority to the authentication of any Bonds, the withdrawal of any cash or the taking of any other action by the Trustee.

(k) Before taking any action referred to in Section 8.02 hereof, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its own negligence, willful misconduct or bad faith in connection with any such action. Except as provided in the preceding sentence, the Trustee may not require indemnity prior to making payment on the Bonds when due or making a drawing under any Credit Facility or obtaining payment pursuant to any Credit Facility in accordance with the terms hereof.

(l) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received strictly in accordance with the provisions of the Act and this Indenture and shall not be commingled with any other funds of the Trustee.

(m) All books and records in the Trustee's possession or under its control relating to the Bonds shall at all reasonable times be open to inspection by the Authority and the City and such agents as either of them may designate from time to time and by such other Persons as may be entitled under the Act to examine such books and records.

Section 9.02. Compensation, Expenses and Advances. The Trustee shall be entitled to reasonable compensation for its services rendered hereunder (not limited by any provision of law in regard to the compensation of the trustee of an express trust and to reimbursement for its actual out-of-pocket expenses (including counsel fees) reasonably incurred in connection therewith except as a result of its own negligence, willful misconduct or bad faith. The obligation of the Authority to pay or reimburse the Trustee for expenses, fees, disbursements and advances shall survive the satisfaction and discharge of this Indenture and the resignation, removal and succession of the Trustee. If the Authority shall fail to perform any of the covenants or agreements contained in this Indenture, other than the covenants or agreements in respect of the payment of the principal of and interest on the Bonds, the Trustee may, in its

discretion and without notice to the Bondholders, but with notice to the Authority, at any time and from time to time, make advances to effect performance of the same on behalf of the Authority, but the Trustee shall be under no obligation to do so; and any and all such advances may bear interest at a rate per annum not exceeding the base rate then in effect for 90-day commercial loans by the Trustee in the city in which is located the Principal Office of the Trustee to borrowers of the highest credit standing; but no such advance shall operate to relieve the Authority from any default hereunder. The Authority shall pay the Trustee all such fees, expenses and reimbursement.

Section 9.03. Notices by Trustee.

(a) If an Event of Default occurs of which the Trustee is by subsection 9.01(h) hereof required to take notice or if notice of an Event of Default be given as therein provided, then the Trustee shall as soon as practicable give written notice thereof to all Holders of Outstanding Bonds, the Authority, the City and any Credit Facility Issuer.

(b) The Trustee shall give notice to the Authority and the City whenever it is required hereby to give notice to either of them and, additionally, shall furnish to the Authority and the City copies of any other notice given by it pursuant to any provision hereof. The Trustee shall send copies of all notices which it gives or receives under this Indenture to any Credit Facility Issuer.

(c) The Trustee shall send copies of any notices given pursuant to Sections 9.03(a) or (b) to S&P, Moody's, Fitch and any Credit Facility Issuer.

Section 9.04. Intervention by Trustee. The Authority shall notify the Trustee and each Bond Insurer then insuring Outstanding Bonds promptly of any judicial proceeding to which the Authority is a party. In any judicial proceeding to which the Authority is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Bondholders, the Trustee may intervene on behalf of Bondholders and shall do so, upon receipt of indemnity satisfactory to it, if requested in writing by the Holders of at least twenty-five percent (25%) of the aggregate principal amount of Outstanding Bonds or by a Bond Insurer then insuring Outstanding Bonds.

Section 9.05. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Trustee hereunder and vested with all of the title to the Trust

Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided such successor corporation or association meets the requirements of Section 9.08 hereof.

Section 9.06. Resignation by the Trustee. The Trustee may resign and be discharged of the trusts created by this Indenture by executing an instrument in writing resigning such trust and specifying the date when such resignation shall take effect, and filing the same with the Authority and the Commonwealth not less than thirty (30) days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation, not less than three weeks prior to such resignation date, to all Bondholders. Such resignation shall take effect on the day specified in such instrument and notice, unless previously a successor Trustee shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor Trustee; provided that such resignation shall not take effect until the appointment of a temporary or successor Trustee by the Bondholders, by the Authority or by a court of competent jurisdiction and the acceptance of such appointment by such successor. The Trustee shall be reimbursed for all reasonable costs incurred by it if it is necessary for the Trustee to apply to any court for the appointment of a successor.

Section 9.07. Removal of Trustee. The Trustee may be removed at any time by (a) an instrument or concurrent instruments in writing delivered to the Trustee, the Commonwealth, the Authority and the City and signed by the Holders of a majority in aggregate principal amount of Outstanding Bonds or (b) provided no Event of Default exists, by the Authority in its discretion by an instrument in writing delivered to the Trustee, the Commonwealth and the Bondholders; provided that such removal shall not become effective until a successor has been appointed and has accepted the duties of Trustee.

Section 9.08. Appointment of Successor Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court or any regulatory authority, a successor may be appointed by the Authority, by an instrument executed, attested and sealed by an Authority Representative. Notwithstanding anything herein to the contrary, if any Credit Facility is in effect and such Credit Facility Issuer has not wrongfully failed to honor a drawing under the

Credit Facility or otherwise defaulted thereunder; no successor Trustee shall be appointed unless approved by such Credit Facility Issuer. If no successor Trustee shall have been so appointed and have accepted appointment within thirty (30) days after the giving of the notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a temporary Trustee. Such temporary Trustees so appointed by a court of competent jurisdiction shall immediately and without further act be superseded by the Trustee appointed by the Authority. After any appointment by the Authority, it shall cause notice of such appointment to be given to the Commonwealth and the City and to be given to all Bondholders. Every such Trustee appointed pursuant to the provisions of this Section 9.08 shall be a trust company or bank with trust powers in good standing with a place of business in the Commonwealth having a reported capital and surplus of not less than \$50,000,000 if there be such an institution willing, qualified and able to accept the trust upon customary terms.

Section 9.09. Acceptance by Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority and the Commonwealth an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Authority, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. The predecessor Trustee shall take all steps necessary to be taken on the Trustee's part to cause any Credit Facility outstanding to be transferred to the successor Trustee. Should any instrument in writing from the Authority be required by any successor Trustee to more fully and certainly vest in such successor Trustee the Trust Estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. If applicable, the successor Trustee shall cause any Credit Facility to be transferred to it pursuant to the terms thereof. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed or recorded by the successor Trustee in each recording office where the Indenture shall have been filed or recorded.

Section 9.10. Several Capacities. Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Trustee and Registrar, to the extent permitted by law.

Section 9.11. Dealings in Bonds and With the Authority and the City. The Trustee and the Registrar, in their individual capacities, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder, and may join in any action which any Bondholder may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee and the Registrar, in their individual capacities, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority, and may act as depository, trustee, or agent for any committee or body of Bondholders secured hereby as freely as if it did not act in any capacity hereunder.

Section 9.12. Registrar. The Trustee is hereby appointed as the initial Registrar for the Bonds. The Authority may appoint one or more additional Registrars. The Authority shall appoint any successor Registrar for the Bonds subject to the conditions set forth in Section 9.13 hereof. Each Registrar other than the Trustee shall designate to the Authority and the Trustee its Principal Office and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Authority and the Trustee under which such Registrar will agree, particularly, to keep the Bond Register and such other books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Authority and the Trustee at all reasonable times.

The Authority shall cooperate with the Trustee to cause the necessary arrangements to be made and to be thereafter continued whereby Bonds executed by the Authority and authenticated by the Trustee shall be made available for exchange, registration and registration of transfer at the Principal Office of the Registrar.

Section 9.13. Qualifications of Registrar; Resignation; Removal. Each Registrar shall be a corporation or national association duly organized under the laws of the United States of America or any state or territory thereof, having a reported capital and surplus of not less than \$50,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The Registrar may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days' notice to the Authority, the Trustee and the Commonwealth. The Registrar may be removed at any time by an instrument, signed by the Authority, filed with the Registrar and the Trustee.

In the event of the resignation or removal of the Registrar, the Registrar shall deliver any Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Authority shall fail to appoint a Registrar hereunder, or in the event that the Registrar shall resign or be removed, or be dissolved, or if the property or affairs or the Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Trustee may petition any court of competent jurisdiction for the appointment of a Registrar and shall be reimbursed by the Authority for all costs and expenses incurred in connection therewith.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures Not Requiring Consent of Bondholders. The Authority and the Trustee may, without consent of or notice to any of the Bondholders, enter into a Supplemental Indenture for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Indenture;

(b) To grant to or confer upon the Bondholders or the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee;

(c) To subject to this Indenture additional revenues or collateral;

(d) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America;

(e) To provide for the adoption of a book-entry registration of any Series of Bonds;

(f) To evidence the appointment of a separate or co-Trustee or the succession of a new Trustee hereunder;

(g) To authorize the issuance and establish the terms of Additional Bonds and to effect an interest rate swap agreement, an interest rate cap or floor agreement or other similar agreement;

(h) To make any other change in this Indenture, including changes in connection with the Authority's issuance of subordinated debt, which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Bondholders;

(i) To secure or maintain the rating for the Bonds from S&P and/or Moody's and/or Fitch;

(j) To cure any defects in this Indenture which would, if not cured, cause the interest on Bonds which at the time of issuance was intended to be excluded from gross income for federal income tax purposes not to be so excluded;

(k) To make any change permitted under Section 5.09;
or

(l) To make any other change in this Indenture which is approved by the Credit Facility Issuer if at the time of such change a Credit Facility is in effect and there has been no failure by the Credit Facility Issuer to make any payment under the Credit Facility or, if a new Credit Facility is being obtained, which is requested by the new Credit Facility Issuer and is to be effective only at the time the new Credit Facility becomes effective, except a change specified in Section 10.02 hereof as requiring the consent of the Holders of all Outstanding Bonds or a change which would affect the rights of the Authority unless the Authority approves of such change.

In exercising its discretion under this Section 10.01, the Trustee shall not unreasonably withhold its consent to any Supplemental Indenture for any of the foregoing purposes. The Trustee shall have the right to require an opinion of counsel that such Supplemental Indenture is authorized and permitted under this Indenture.

Section 10.02. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of Supplemental Indentures permitted by Section 10.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the Bondholders of not less than a majority in aggregate principal amount of the Outstanding Bonds which would be adversely affected thereby shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Trustee of such other Supplemental Indentures as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in

any Supplemental Indenture; provided, however, that nothing in this Section 10.02 or in Section 10.01 hereof shall permit, or be construed as permitting, without the consent of the Holders of all Bonds Outstanding which would be adversely affected thereby, (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or a change in the terms of redemption of the Bonds, (c) a privilege or priority of any Bond or Bonds over any Outstanding Bond or Bonds, (d) a reduction in the aggregate principal amount of the Bonds required for consent to Supplemental Indentures, (e) the creation of any lien ranking prior to or on a parity with the lien of this Indenture on the Trust Estate or any part thereof, except as hereinbefore expressly permitted, (f) the deprivation of the Bondholder of any Outstanding Bond of the lien hereby created on the Trust Estate or (g) an adverse affect on the interest of the Bondholders in any Credit Facility; and further provided that no amendment shall be permitted by this Section without the consent of the Credit Facility Issuer so long as the Credit Facility Issuer has not wrongfully failed to honor a drawing under the Credit Facility or otherwise defaulted thereunder.

If at any time the Authority shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section 10.02, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be given to all Holders of Outstanding Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Bondholders. If, within sixty (60) days or such longer period as shall be prescribed by the Authority following such notices, the Holders of not less than a majority in aggregate principal amount of affected Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Bondholder shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Notwithstanding any other provisions of this Indenture, including the provisions of this Section 10.02, upon receipt of consent of the Holders of the applicable percentage of principal amount of Outstanding 1992 Bonds and 1993 Bonds and compliance with the other requirements of this Indenture for amendments with Bondholder consent, but without the need for consent of any

1
Holders of 1993A Bonds or 1994 Bonds, (1) the term "Debt Service Reserve Requirement" may be amended to mean, with respect to all Bonds, an amount equal to the lesser of (i) the Maximum Annual Debt Service Requirement with respect to all Bonds Outstanding under this Indenture and (ii) the maximum amount permitted by the Internal Revenue Code of 1986, as amended, (2) the provisions of this Indenture regarding the Debt Service Reserve Fund may be amended to eliminate the need for separate accounts in respect of each series of Bonds, and (3) any surplus funds in the Debt Service Reserve Fund upon the effectiveness of the foregoing amendments shall be applied by the Trustee as directed in writing by the Authority, provided that, if such direction is other than to deposit such surplus funds in the Debt Service Fund or the Bond Redemption Fund, the Authority shall provide the Trustee with an opinion of nationally recognized bond counsel that the proposed application is permitted under the Act and will not adversely affect the exclusion of interest on any Bonds from gross income for purposes of federal income taxation.

Section 10.03. Consent of City. Notwithstanding any other provision in this Article X, no amendment or supplement to Section 5.05 of this Indenture which affects the payments to the City Account shall be effective unless the prior written consent of the City to such amendment or supplement is obtained. Copies of all amendments or supplements to this Indenture shall be filed with the City prior to the execution and delivery thereof.

Section 10.04. Consent of Bond Insurer. Notwithstanding any other provision in this Article X, no amendment or supplement shall be effective unless the prior written consent of each Bond Insurer to such amendment or supplement is obtained, provided that a Bond Insurer may not unreasonably withhold its consent to an amendment or supplement pursuant to Section 10.01(j). The Authority shall provide each Bond Insurer with a full transcript of all proceedings relating to the execution of any such amendment or supplement.

Section 10.05. Notice to Rating Agencies. At least fifteen (15) days prior to the execution of any amendment or supplement to the Indenture, the Authority shall provide notice thereof to S&P, Moody's and Fitch. The Authority shall send copies of all amendments and supplements to the Indenture to S&P, Moody's, Fitch and any Credit Facility Issuer.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Consents of Bondholders. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of counterparts and may be

executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the written appointment of any such agent or of the ownership of Bonds shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the Bond Register.

Section 11.02. Limitation of Rights. With the exception of any rights herein expressly conferred, nothing expressed or implied in this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Credit Facility Issuer, and the Holders of the Bonds, any legal or equitable right, remedy or claim under or with respect to this Indenture or any covenants, conditions and provisions herein contained, this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Credit Facility Issuer and the Holders of the Bonds as herein provided. Notwithstanding the foregoing, the City shall have the right to enforce the provisions of Section 10.03 hereof and Section 5.05 hereof relating to transfers to the City after application in accordance with the terms of such section, which provisions are hereby declared to be for the benefit of the City.

Section 11.03. Severability. If any provision of this Indenture shall be held or deemed to be illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not affect any other provision or provisions hereof, and this Indenture shall be construed as if such illegal, invalid, or unenforceable provision had never been contained herein.

Section 11.04. No Personal Liability of Authority Officials. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any official, officer, agent or employee of the Authority in his individual capacity, and neither the members of the Board of the Authority nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 11.05. Bonds Owned by the Authority. In determining whether Bondholders of the requisite aggregate principal amount of the Bonds have concurred in any direction, consent or waiver under this Indenture, Bonds which are owned by the Authority (unless the Authority owns all Bonds which are then Outstanding) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Bonds which the Trustee's records establish conclusively as so owned shall be so disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Authority. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 11.06. Successors and Assigns. All the covenants, promises and agreements in this Indenture contained by or on behalf of the Authority, or by or on behalf of the Trustee, shall bind and inure to the benefit of their respective successors and assigns, whether or not so expressed.

Section 11.07. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed as follows:

If to the Authority:

Pennsylvania Intergovernmental
Cooperation Authority
1429 Walnut Street
14th Floor
Philadelphia, PA 19102

Attention: Executive Director

If to the Trustee or Registrar:

Meridian Bank
35 North Sixth Street
Reading, PA 19601
Attention: Corporate Trust Administration

If to the City:

City of Philadelphia
Municipal Services Building
1401 J.F. Kennedy Boulevard
Philadelphia, PA 19102

Attention: Director of Finance

If to Moody's:

Moody's Investors Service
99 Church Street
New York, NY 10007

If to S&P:

Standard & Poor's Ratings Group
25 Broadway
New York, NY 10004

If to Fitch:

Fitch Investors Service, Inc.
One State Street Plaza
New York, NY 10004

If to the State Treasurer:

The Honorable Treasurer of the
Commonwealth of Pennsylvania
Office of the State Treasurer
129 Finance Building
Harrisburg, PA 17120

If to the Department:

Secretary of Revenue
Pennsylvania Department of Revenue
Dept. 281100
Harrisburg, PA 17128

If to the Bond Insurer (as applicable):

Financial Guaranty Insurance Company
115 Broadway
New York, NY 10006

Attention: Managing Counsel

Municipal Bond Investors Assurance
Corporation
113 King Street
Armonk, NY 10504

Attention: General Counsel

If to the Fiscal Agent for FGIC:

State Street Bank and Trust Company, N.A.
61 Broadway
New York, NY 10006

Attention: Corporate Trust Department

If to the Fiscal Agent for MBIA:

State Street Bank and Trust Company, N.A.
61 Broadway
New York, NY 10006

Attention: Corporate Trust Department

The above parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 11.08. Payments Due on Saturdays, Sundays and Holidays. In any case where the Interest Payment Date or date of maturity of principal of the Bonds or the date fixed for redemption or purchase upon tender of any Bonds shall not be a Business Day, then payment of principal, premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date or date of maturity of principal or the date fixed for redemption, and no interest shall accrue for the period after such Interest Payment Date, date of maturity of principal or redemption date.

Section 11.09. Credit Facility Issuer's Rights. Any Credit Facility Issuer is hereby explicitly recognized as a third party beneficiary of this Indenture and shall be entitled to enforce the obligations of the Trustee and the Authority hereunder. In the event any Credit Facility shall have terminated without being replaced by another Credit Facility and such Credit Facility shall have been cancelled and surrendered to the related Credit Facility Issuer, then no further action with respect to such Credit Facility or notice to or consent of such Credit Facility Issuer shall be required under the terms of this

Indenture and such Credit Facility Issuer shall cease to be a third party beneficiary of this Indenture.

Section 11.10. Bond Insurers' Rights. Each Bond Insurer is hereby explicitly recognized as a third party beneficiary of this Indenture and shall be entitled to enforce the obligations of the Trustee and the Authority hereunder. When the 1992 Insured Bonds, the 1993 Insured Bonds, the 1993A Insured Bonds or the 1994 Bonds are no longer Outstanding, no further notice to or consent or approval of the respective Bond Insurer shall be required under the terms of this Indenture and such Bond Insurer shall cease to be a third party beneficiary of this Indenture. In addition, no consent or approval of a Bond Insurer shall be required under the terms of this Indenture unless a Bond Insurance Policy issued by such Bond Insurer is in full force and effect and such Bond Insurer is not in default of its payment obligations under its Bond Insurance Policy.

Section 11.11. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.12. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the Commonwealth.

Section 11.13. Rules of Interpretation. Unless expressly indicated otherwise, references to Sections or Articles are to be construed as references to Sections or Articles of this Indenture as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinafter," "hereinbefore," "hereinafter" and other equivalent words refer to this Indenture and not solely to the particular portion in which any such word is used.

Section 11.14. Captions. The captions and headings in this Indenture are for reference purposes only and shall not control or affect the meaning or interpretation of any provisions of this Indenture.

IN WITNESS WHEREOF, the Authority has caused these presents to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its name and

with its corporate seal hereunto affixed and attested by its
respective duly authorized signers, as of the date first above
written.

[SEAL]

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

Attest:

By: Charnice R. J. [Signature]
Title:

By: [Signature]
Title: (Vice) Chairperson

[SEAL]

MERIDIAN BANK, as Trustee

Attest:

By: [Signature]
Title: VICE PRESIDENT

By: LYN
Title: LYNN S. ANDERSON
VICE PRESIDENT

EXHIBIT A

(Form of Fully Registered Bond)

No. R

\$

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

**Special Tax Revenue Bonds
(City of Philadelphia Funding Program)**

Series of 1992

<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Dated</u> <u>Date</u>	<u>CUSIP</u>
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REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6) (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 1, 1992, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 1992, until payment of the principal sum or provision therefor shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of _____, or its successor, as Trustee (the "Trustee"). Interest on this Bond

will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by CoreStates Bank, N.A. or its successor as Registrar and at the address appearing thereon on the last day of the month preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a Bondholder of \$1,000,000 or more in aggregate principal amount of Bonds, by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States of America.

Interest on the Series 1992 Bonds (as hereinafter defined) shall be paid on each Interest Payment Date and shall be computed on the basis of a year of 360 days consisting of twelve 30-day months and the actual number of days elapsed.

THIS BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAKING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, EXCEPT THE AUTHORITY, BUT INCLUDING THE CITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF ANY EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE SERIES 1992 BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER, OTHER THAN FOR THE ADVANCE OF FUNDS FOR INITIAL OPERATING EXPENSES OF THE AUTHORITY AS PROVIDED IN THE ACT, WHICH ADVANCE IS TO BE REPAID BY THE AUTHORITY AS SET

FORTH IN THE ACT. OBLIGERS OF THE AUTHORITY, INCLUDING HOLDERS OF BONDS, SHALL HAVE NO RECOURSE, EITHER LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, INCLUDING THE CITY, FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 1992 BONDS.

This Bond is fully registered in the name of the owner on the Bond Register kept for that purpose at the Principal Office of the Registrar. No transfer shall be valid as against the Authority or the Trustee unless made by the registered owner in person or by his duly authorized attorney or legal representative and similarly noted upon the Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the order of the registered owner, a new registered Bond or Bonds, in authorized denominations aggregating the principal amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this Bond and registered in such names as shall be requested.

The Authority, the Trustee and the Registrar may treat the person in whose name this Bond is registered as the absolute owner of this Bond for all purposes whether or not this Bond shall be overdue, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All payments of the principal, interest or redemption price made to the registered owner hereof in the manner set forth herein and in the Indenture shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Indenture shall be conclusive and binding upon such registered owner; his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF AND SUCH FURTHER PROVISIONS SHALL, FOR ALL PURPOSES, HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the Commonwealth of Pennsylvania to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Bond, exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Authority in his individual capacity, and neither the members of the Board of the Authority nor any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Indenture or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the execution of the Indenture and the issuance of this Bond.

This Bond shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this Bond to be executed with the facsimile signature of its Chairperson and a facsimile of its official seal to be imprinted hereon and attested with the facsimile signature of its Secretary or Assistant Secretary.

[SEAL]

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

Attest:

By: _____
Chairperson

Secretary

AUTHENTICATION CERTIFICATE

This Bond is one of the Series 1992 Bonds described in the within mentioned Indenture. The text of the opinion of Bond Counsel printed on this Bond is the complete text of the opinion of Wolf, Block, Schorr and Solis-Cohen and Drinker Biddle & Reath, both of Philadelphia, Pennsylvania, a signed original of which is on file with the undersigned, which was dated and delivered on the date of the original delivery of and payment for the Series 1992 Bonds.

_____, Trustee

By: _____
Authorized Signature

Date of Authentication:

[FORM OF REVERSE OF BOND]

This Bond is one of a duly authorized issue of \$474,555,000 Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992 (the "Series 1992 Bonds"), all of like date and tenor. The Series 1992 Bonds are issued to make grants to the City of Philadelphia, Pennsylvania (the "City") to finance certain deficits of the City, to finance certain capital projects of the City and to provide funds to enable the City to enhance productivity in the operation of City government and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The Series 1992 Bonds are issued under and pursuant to the Act and a resolution of the Authority duly adopted June 4, 1992 (the "Resolution") and under an Indenture of Trust dated as of June 1, 1992 (the "Indenture"), executed and delivered by the Authority to the Trustee, and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the "Pledged Revenues").

Initial capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Optional Redemption

The Series 1992 Bonds maturing on and after June 15, 2003 are redeemable by the Authority, on or after June 15, 2002, in whole at any time or in part at any time, and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

The Series 1992 Bonds maturing on June 15, 2002, 2006, 2012 and 2022 are subject to mandatory sinking fund redemption prior to maturity on June 15 of the years and in the amounts set forth below in direct order of maturity and within a maturity as chosen by the Trustee by lot at 100% of the principal amount

thereof plus accrued interest, or to redemption through purchase as hereinafter provided:

<u>2002 Maturity</u>		<u>2006 Maturity</u>	
<u>Year</u> <u>(June 15)</u>	<u>Amount</u>	<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2001	\$48,250,000	2003	\$3,430,000
		2004	3,655,000
		2005	3,900,000
<u>2012 Maturity</u>		<u>2022 Maturity</u>	
<u>Year</u> <u>(June 15)</u>	<u>Amount</u>	<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2007	\$4,430,000	2013	\$6,575,000
2008	4,730,000	2014	7,025,000
2009	5,055,000	2015	7,500,000
2010	5,400,000	2016	8,010,000
2011	5,765,000	2017	8,555,000
		2018	9,135,000
		2019	9,760,000
		2020	10,420,000
		2021	11,130,000

Prior to May 1 of each year in which Series 1992 Bonds are subject to mandatory redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 1992 Bonds Sinking Fund Account of as many Series 1992 Bonds then subject to mandatory sinking fund redemption on the next June 15 as can be purchased in the open market or pursuant to offers made at the time by the Bondholders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund).

Notice of Redemption

When the Authority shall determine to redeem Series 1992 Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of Series 1992 Bonds to be redeemed, or whenever the Trustee shall be required to redeem Series 1992 Bonds from moneys in the Bond Redemption Fund, without action on the part of the Authority, the Trustee, at the Authority's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall, among other things, state the redemption price and the date fixed for

redemption, that on such date the Series 1992 Bonds called for redemption will be due and become payable at the Principal Office of the Trustee, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of all Series 1992 Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Series 1992 Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption, without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Trustee, such notice shall be conditioned upon the deposit of moneys with the Trustee before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days prior to the redemption date, addressed to the Holders of Series 1992 Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any Series 1992 Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Series 1992 Bonds.

Reference is made to the Act, the Resolution, the Indenture and the FICA Tax Ordinance, executed or certified counterparts of which are on file at the principal corporate trust office of the Trustee, for statements of the purposes for which the Bonds are issued, a description of the Pledged Revenues assigned and pledged for the security of the Bonds (including the Income Tax) and the nature, extent and manner of enforcement of such security, certain covenants of the Authority and the City made for the benefit of Bondholders, the terms and conditions under which the Indenture may be amended or modified, the rights and duties of the Authority and the Trustee, and the extent of the rights of the registered owners of the Bonds issued under the Indenture.

STATEMENT OF INSURANCE*

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992 which are scheduled to mature on June 15 in each of the years 1996 through 2000 and 2002 (the "Insured Bonds"), such policy being on file at the principal office of the Trustee, as paying agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders of the Insured Bonds that portion of the principal of and interest on the Insured Bonds which is then due for payment and which the issuer of the Insured Bonds (the "Issuer"), shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which the payment of principal of the Insured Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein, the term "Bondholder" means the person other than the Issuer or the City, as such term is defined in the bond documents, who at the time of nonpayment of an Insured Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

* To be printed only on 1992 Insured Bonds

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ whose taxpayer identification number is _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books of the Registrar, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B

(Form of Fully Registered 1993 Bond)

No. R

\$

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

**Special Tax Revenue Bonds
(City of Philadelphia Funding Program)**

Series of 1993

Interest
Rate

Maturity
Date

Dated
Date

CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6) (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from August 1, 1993, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 1993, until payment of the principal sum or provision therefor shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of Meridian Bank, or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond

Register") maintained by Meridian Bank or its successor as Registrar and at the address appearing thereon on the last day of the month preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a Bondholder of \$1,000,000 or more in aggregate principal amount of Series 1993 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States of America.

Interest on the Series 1993 Bonds shall be paid on each Interest Payment Date and shall be computed on the basis of a year of 360 days consisting of twelve 30-day months.

THIS BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, EXCEPT THE AUTHORITY, BUT INCLUDING THE CITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF ANY EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE SERIES 1993 BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGEEs OF THE AUTHORITY, INCLUDING HOLDERS OF SERIES 1993 BONDS, SHALL HAVE NO RECOURSE, EITHER LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, INCLUDING THE CITY, FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 1993 BONDS.

This Bond is fully registered in the name of the owner on the Bond Register kept for that purpose at the Principal Office of the Registrar. No transfer shall be valid as against the

Authority or the Trustee unless made by the registered owner in person or by his duly authorized attorney or legal representative and similarly noted upon the Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the order of the registered owner, a new registered Bond or Bonds, in authorized denominations aggregating the principal amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this Bond and registered in such names as shall be requested.

The Authority, the Trustee and the Registrar may treat the person in whose name this Bond is registered as the absolute owner of this Bond for all purposes whether or not this Bond shall be overdue, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All payments of the principal, interest or redemption price made to the registered owner hereof in the manner set forth herein and in the Indenture shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Indenture shall be conclusive and binding upon such registered owner, his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF AND SUCH FURTHER PROVISIONS SHALL, FOR ALL PURPOSES, HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the Commonwealth of Pennsylvania to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Bond, exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Authority in his individual capacity, and neither the members of the Board of the Authority nor any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Indenture or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the execution of the Indenture and the issuance of this Bond.

This Bond shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this Bond to be executed with the facsimile signature of its Chairperson and a facsimile of its official seal to be imprinted hereon and attested with the facsimile signature of its Secretary or Assistant Secretary.

[SEAL]

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

Attest:

By:

Chairperson

Secretary

AUTHENTICATION CERTIFICATE

This Bond is one of the Series 1993 Bonds described in the within mentioned Indenture. The text of the opinion of Bond Counsel printed on this Bond is the complete text of the opinion of Dilworth, Paxon, Kalish & Kauffman and Wolf, Block, Schorr and Solis-Cohen, both of Philadelphia, Pennsylvania, a signed original of which is on file with the undersigned, which was dated and delivered on the date of the original delivery of and payment for the Series 1993 Bonds.

Meridian Bank, Trustee

By: _____
Authorized Signature

Date of Authentication:

[FORM OF REVERSE OF BOND]

This Bond is one of a duly authorized issue of \$643,430,000 Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1993 (the "Series 1993 Bonds"). [This Bond is one of the Series 1993 Bonds issued as serial bonds, all of like date and tenor, except as to maturity date and interest rate. This Bond is one of the Series 1993 Bonds term bonds maturing on June 15, _____, all of like date and tenor. This Bond is [not] one of the term bonds insured by a financial guaranty insurance policy.] The Series 1993 Bonds are issued to make grants to the City of Philadelphia, Pennsylvania (the "City") to finance certain capital projects of the City and to provide funds to enable the City to refund certain of its general obligation bonds and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The Series 1993 Bonds are issued under and pursuant to the Act and a resolution of the Authority duly adopted on July 23, 1993 (the "Resolution") and under an Indenture of Trust dated as of June 1, 1992, as amended and supplemented by a First Supplemental Indenture of Trust dated as of June 22, 1992 and by a Second Supplemental Indenture of Trust dated as of July 15, 1993 (collectively, the "Indenture"), between the Authority and the Trustee, and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the "Pledged Revenues").

Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Optional Redemption

The Series 1993 maturing on and after June 15, 2004 are redeemable by the Authority, on or after June 15, 2003, in whole at any time or in part at any time, and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount, plus accrued interest to the redemption date.

Insert provisions regarding serial bonds as insured and uninsured term bonds, as appropriate.

Mandatory Sinking Fund Redemption

The Series 1993 Bonds maturing on June 15, 2015, consisting of \$_____ which are insured and \$_____ which are uninsured, and June 15, 2023, consisting of \$_____ which are insured and \$_____ which are uninsured, are subject to mandatory sinking fund redemption prior to maturity on June 15 of the years and in the amounts set forth below in direct order of maturity and within a maturity as chosen by the Trustee by lot at 100% of the principal amount thereof plus accrued interest, or to redemption through purchase as hereinafter provided:

<u>Maturity</u>		<u>Maturity</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
<u>(June 15)</u>		<u>(June 15)</u>	

Prior to May 1 of each year in which Series 1993 Bonds are subject to mandatory redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 1993 Bonds Sinking Fund Account of as many Series 1993 Bonds then subject to mandatory sinking fund redemption on the next June 15 as can be purchased in the open market or pursuant to offers made at the time by the Bondholders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund).

Notice of Redemption

When the Authority shall determine to redeem Series 1993 Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of Series 1993 Bonds to be redeemed, or whenever the Trustee shall be required to redeem Series 1993 Bonds from moneys in the Bond Redemption Fund, without action on the part of the Authority, the Trustee, at the Authority's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall, among other things, state the redemption price and the date fixed for redemption, that on such date the Series 1993 Bonds called for redemption will be due and become payable at the Principal Office of the Trustee, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of all Series 1993 Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Series 1993 Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such

redemption, without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Trustee, such notice shall be conditioned upon the deposit of moneys with the Trustee before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days prior to the redemption date, addressed to the Holders of Series 1993 Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any Series 1993 Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Series 1993 Bonds.

Reference is made to the Act, the Resolution, the Indenture and the PICA Tax Ordinance, executed or certified counterparts of which are on file at the principal corporate trust office of the Trustee, for statements of the purposes for which the Bonds are issued, a description of the Pledged Revenues assigned and pledged for the security of the Bonds (including the Income Tax) and the nature, extent and manner of enforcement of such security, certain covenants of the Authority and the City made for the benefit of Bondholders, the terms and conditions under which the Indenture may be amended or modified, the rights and duties of the Authority and the Trustee, and the extent of the rights of the registered owners of the Bonds issued under the Indenture.

STATEMENT OF INSURANCE

[To come]

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ whose taxpayer identification number is _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books of the Registrar, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT C

(Form of Fully Registered 1993A Bond)

No. R-

\$

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

**Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)**

Series of 1993A

<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Dated</u> <u>Date</u>	<u>CUSIP</u>
--------------------------------	--------------------------------	-----------------------------	--------------

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6) (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from August 15, 1993, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 1993, until payment of the principal sum or provision therefor shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of Meridian Bank, or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond

Register") maintained by Meridian Bank or its successor as Registrar and at the address appearing thereon on the last day of the month preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a Bondholder of \$1,000,000 or more in aggregate principal amount of Series 1993A Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States of America.

Interest on the Series 1993A Bonds shall be paid on each Interest Payment Date and shall be computed on the basis of a year of 360 days consisting of twelve 30-day months.

THIS BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, EXCEPT THE AUTHORITY, BUT INCLUDING THE CITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF ANY EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE SERIES 1993A BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGES OF THE AUTHORITY, INCLUDING HOLDERS OF SERIES 1993A BONDS, SHALL HAVE NO RECOURSE, EITHER LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, INCLUDING THE CITY, FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 1993A BONDS.

This Bond is fully registered in the name of the owner on the Bond Register kept for that purpose at the Principal Office of the Registrar. No transfer shall be valid as against the

Authority or the Trustee unless made by the registered owner in person or by his duly authorized attorney or legal representative and similarly noted upon the Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the order of the registered owner, a new registered Bond or Bonds, in authorized denominations aggregating the principal amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this Bond and registered in such names as shall be requested.

The Authority, the Trustee and the Registrar may treat the person in whose name this Bond is registered as the absolute owner of this Bond for all purposes whether or not this Bond shall be overdue, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All payments of the principal, interest or redemption price made to the registered owner hereof in the manner set forth herein and in the Indenture shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Indenture shall be conclusive and binding upon such registered owner, his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF AND SUCH FURTHER PROVISIONS SHALL, FOR ALL PURPOSES, HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the Commonwealth of Pennsylvania to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Bond, exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Authority in his individual capacity, and neither the members of the Board of the Authority nor any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Indenture or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the execution of the Indenture and the issuance of this Bond.

This Bond shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this Bond to be executed with the facsimile signature of its Chairperson or Vice Chairperson and a facsimile of its official seal to be imprinted hereon and attested with the facsimile signature of its Secretary or Assistant Secretary.

[SEAL]

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

Attest:

By: _____
(Vice) Chairperson

(Assistant) Secretary

AUTHENTICATION CERTIFICATE

This Bond is one of the Series 1993A Bonds described in the within mentioned Indenture. The text of the opinion of Bond Counsel printed on this Bond is the complete text of the opinion of Dilworth, Paxson, Kalish & Kauffman and Wolf, Block, Schorr and Solis-Cohen, both of Philadelphia, Pennsylvania, a signed original of which is on file with the undersigned, which was dated and delivered on the date of the original delivery of and payment for the Series 1993A Bonds.

Meridian Bank, Trustee

By: _____

Authorized Signature

Date of Authentication:

[FORM OF REVERSE OF BOND]

This Bond is one of a duly authorized issue of \$178,675,000 Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A (the "Series 1993A Bonds"). [This Bond is one of the Series 1993A Bonds issued as serial bonds, all of like date and tenor, except as to maturity date and interest rate.] [This Bond is one of the Series 1993A Bonds issued as term bonds maturing on June 15, _____, all of like date and tenor.] This Bond is [not] one of the Series 1993A Bonds insured by a financial guaranty insurance policy. The Series 1993A Bonds are issued to refund certain of the Authority's Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992.

The Series 1993A Bonds are issued under and pursuant to the Act and resolutions of the Authority duly adopted on August 19, 1993 and September 8, 1993 (the "Resolutions") and under an Indenture of Trust dated as of June 1, 1992, as amended and supplemented by a First Supplemental Indenture of Trust dated as of June 22, 1992, a Second Supplemental Indenture of Trust dated as of July 15, 1993 and a Third Supplemental Indenture of Trust dated as of August 15, 1993 (collectively, the "Indenture"), between the Authority and the Trustee, and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the "Pledged Revenues").

Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Optional Redemption

The Series 1993A Bonds maturing on and after June 15, 2004 are redeemable by the Authority, on or after June 15, 2003, in whole or in part at any time, and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

The Series 1993A Bonds maturing on June 15, 2013 and June 15, 2022 are subject to mandatory sinking fund redemption prior to maturity on June 15 of the years and in the amounts set forth

below in direct order of maturity and within a maturity (treating the 1993A Insured Term Bonds and the 1993A Uninsured Term Bonds maturing June 15, 2013 as separate maturities for this purpose) as chosen by the Trustee by lot at 100% of the principal amount thereof plus accrued interest, or to redemption through purchase as hereinafter provided:

**1993A Insured Term Bonds
Maturing June 15, 2013**

Year (June 15)	Amount
2009	\$2,160,000
2010	2,280,000
2011	2,400,000
2012	2,520,000
2013*	2,640,000

**1993A Uninsured Term Bonds
Maturing June 15, 2013**

Year (June 15)	Amount
2009	\$4,665,000
2010	4,885,000
2011	5,125,000
2012	5,380,000
2013*	5,655,000

**1993A Insured Term Bonds
Maturing June 15, 2022**

Year (June 15)	Amount
2014	\$ 8,710,000
2015	9,145,000
2016	9,600,000
2017	10,080,000
2018	10,585,000
2019	11,120,000
2020	11,670,000
2021	12,255,000
2022*	12,865,000

*** Maturity**

Prior to May 1 of each year in which Series 1993A Bonds are subject to mandatory redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 1993A Bonds Sinking Fund Account of as many Series 1993A Bonds then subject to mandatory sinking fund redemption on the next June 15 as can be purchased in the open market or pursuant to offers made at the time by the Bondholders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund).

Notice of Redemption

When the Authority shall determine to redeem Series 1993A Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of Series 1993A Bonds to be redeemed, or whenever the Trustee shall be required to redeem Series 1993A Bonds from moneys in the Bond Redemption Fund, without action on the part of the Authority, the Trustee, at the Authority's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall, among other things, state the redemption price and the date fixed for redemption, that on such date the Series 1993A Bonds called for redemption will be due and become payable at the Principal Office of the Trustee, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of all Series 1993A Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Series 1993A Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption, without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Trustee, such notice shall be conditioned upon the deposit of moneys with the Trustee before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days prior to the redemption date, addressed to the Holders of Series 1993A Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any Series 1993A Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Series 1993A Bonds.

Reference is made to the Act, the Resolutions, the Indenture and the PICA Tax Ordinance, executed or certified counterparts of which are on file at the principal corporate trust office of the Trustee, for statements of the purposes for which the Series 1993A Bonds are issued, a description of the Pledged Revenues assigned and pledged for the security of the Series 1993A Bonds (including the Income Tax) and the nature, extent and manner of enforcement of such security, certain covenants of the Authority and the City made for the benefit of Bondholders, the terms and conditions under which the Indenture may be amended or modified, the rights and duties of the Authority and the Trustee, and the extent of the rights of the registered owners of the Bonds issued under the Indenture.

STATEMENT OF INSURANCE

[To come]

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____, whose taxpayer identification number is _____, the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books of the Registrar, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT D

(Form of Fully Registered 1994 Bond)

No. R

\$

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

**Special Tax Revenue Bonds
(City of Philadelphia Funding Program)**

Series of 1994

Interest
Rate

Maturity
Date

Dated
Date

CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended, (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from December 1, 1994, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing June 15, 1995, until payment of the principal sum or provision therefor shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of Meridian Bank, or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by Meridian Bank or its successor as

Registrar and at the address appearing thereon on the last day of the month preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a Bondholder of \$1,000,000 or more in aggregate principal amount of Series 1994 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States of America.

Interest on the Series 1994 Bonds shall be paid on each Interest Payment Date and shall be computed on the basis of a year of 360 days consisting of twelve 30-day months.

THIS BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, EXCEPT THE AUTHORITY, BUT INCLUDING THE CITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF ANY EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE SERIES 1994 BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGEEES OF THE AUTHORITY, INCLUDING HOLDERS OF SERIES 1994 BONDS, SHALL HAVE NO RECOURSE, EITHER LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, INCLUDING THE CITY, FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 1994 BONDS.

This Bond is fully registered in the name of the owner on the Bond Register kept for that purpose at the Principal Office of the Registrar. No transfer shall be valid as against the Authority or the Trustee unless made by the registered owner in

person or by his duly authorized attorney or legal representative and similarly noted upon the Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the order of the registered owner, a new registered Bond or Bonds, in authorized denominations aggregating the principal amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this Bond and registered in such names as shall be requested.

The Authority, the Trustee and the Registrar may treat the person in whose name this Bond is registered as the absolute owner of this Bond for all purposes whether or not this Bond shall be overdue, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All payments of the principal, interest or redemption price made to the registered owner hereof in the manner set forth herein and in the Indenture shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Indenture shall be conclusive and binding upon such registered owner, his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF AND SUCH FURTHER PROVISIONS SHALL, FOR ALL PURPOSES, HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the Commonwealth of Pennsylvania to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Bond, exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Authority in his individual capacity, and neither the members of the Board of the Authority nor any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Indenture or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the execution of the Indenture and the issuance of this Bond.

This Bond shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this Bond to be executed with the manual or facsimile signature of its Chairperson and its official seal to be affixed hereto or a facsimile of said seal to be imprinted hereon and attested with the manual or facsimile signature of its Secretary or Assistant Secretary.

[SEAL]

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

Attest:

By: _____

Chairperson

Secretary

AUTHENTICATION CERTIFICATE

This Bond is one of the Series 1994 Bonds described in the within mentioned Indenture. The text of the opinion of Bond Counsel printed on this Bond is the complete text of the opinion of Ronald A. White, P.C. and Wolf, Block, Schorr and Solis-Cohen, both of Philadelphia, Pennsylvania, a signed original of which is on file with the undersigned, which was dated and delivered on the date of the original delivery of and payment for the Series 1994 Bonds.

Meridian Bank, Trustee

By: _____
Authorized Signature

Date of Authentication:

[FORM OF REVERSE OF BOND]

This Bond is one of a duly authorized issue of \$122,020,000 Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994 (the "Series 1994 Bonds"). [This Bond is one of the Series 1994 Bonds issued as serial bonds, all of like date and tenor, except as to maturity date and interest rate.] [This Bond is one of the Series 1994 Bonds issued as term bonds maturing on June 15, _____, all of like date and tenor.]^{***} The Series 1994 Bonds are issued to make grants to the City of Philadelphia, Pennsylvania (the "City") to finance certain capital projects of the City and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The Series 1994 Bonds are issued under and pursuant to the Act and a resolution of the Authority duly adopted on December 1, 1994 (the "Resolution") and under an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "Indenture"), between the Authority and the Trustee, and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the "Pledged Revenues").

Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Optional Redemption

The Series 1994 Bonds maturing on and after June 15, 2006 are redeemable by the Authority, on or after June 15, 2005, in whole at any time or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

The Series 1994 Bonds maturing on June 15, 2014 and June 15, 2021 are subject to mandatory sinking fund redemption prior to maturity on June 15 of the years and in the amounts set forth

^{***} Insert provision regarding serial bonds or provision regarding term bonds, as appropriate.

below in direct order of maturity and within a maturity as chosen by the Trustee by lot at 100% of the principal amount thereof plus accrued interest, or to redemption through purchase as hereinafter provided:

<u>2014 Maturity</u>		<u>2021 Maturity</u>	
<u>Year</u> <u>(June 15)</u>	<u>Amount</u>	<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2010	\$4,485,000	2015	\$6,290,000
2011	4,795,000	2016	6,710,000
2012	5,135,000	2017	7,165,000
2013	5,490,000	2018	7,650,000
2014*	5,875,000	2019	8,165,000
		2020	8,715,000
		2021*	9,305,000

• Maturity

Prior to May 1 of each year in which Series 1994 Bonds are subject to mandatory redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 1994 Bonds Sinking Fund Account of as many Series 1994 Bonds then subject to mandatory sinking fund redemption on the next June 15 as can be purchased in the open market or pursuant to offers made at the time by the Bondholders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund).

Notice of Redemption

When the Authority shall determine to redeem Series 1994 Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of Series 1994 Bonds to be redeemed, or whenever the Trustee shall be required to redeem Series 1994 Bonds from moneys in the Bond Redemption Fund, without action on the part of the Authority, the Trustee, at the Authority's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall, among other things, state the redemption price and the date fixed for redemption, that on such date the Series 1994 Bonds called for redemption will be due and become payable at the Principal Office of the Trustee, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of all Series 1994 Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Series 1994 Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such

redemption, without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Trustee, such notice shall be conditioned upon the deposit of moneys with the Trustee before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days, prior to the redemption date, addressed to the Holders of Series 1994 Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any Series 1994 Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Series 1994 Bonds.

Reference is made to the Act, the Resolution, the Indenture and the PICA Tax Ordinance, executed or certified counterparts of which are on file at the principal corporate trust office of the Trustee, for statements of the purposes for which the Bonds are issued, a description of the Pledged Revenues assigned and pledged for the security of the Bonds (including the Income Tax) and the nature, extent and manner of enforcement of such security, certain covenants of the Authority and the City made for the benefit of Bondholders, the terms and conditions under which the Indenture may be amended or modified, the rights and duties of the Authority and the Trustee, and the extent of the rights of the registered owners of the Bonds issued under the Indenture.

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994 (the "Series 1994 Bonds"), such policy being on file at the principal office of the Trustee, as paying agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders of the Series 1994 Bonds that portion of the principal of and interest on the Series 1994 Bonds which is then due for payment and which the issuer of the Series 1994 Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which the payment of principal of the Series 1994 Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein, the term "Bondholder" means the person other than the Issuer or the City, as such term is defined in the bond documents, who at the time of nonpayment of a Series 1994 Bond is entitled under the terms of such Series 1994 Bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____, whose taxpayer identification number is _____, the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books of the Registrar, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: The signature on this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

DEFICIT FUND

REQUISITION

[Name of Trustee]
Trustee under [Insert
designation of Indenture]
Philadelphia, Pennsylvania

Requisition No. _____

Ladies and Gentlemen:

You are hereby directed to make disbursement of moneys from the Deficit Fund of the Pennsylvania Intergovernmental Cooperation Authority ("Authority") created under the Indenture above referred to as follows:

Amount: \$ _____

Payee: City of Philadelphia
Name of Bank:
Account No.:

Purpose: Payment of _____ + [final balance] of the City of Philadelphia's General Fund deficit for the Fiscal Year ended June 30, 199_ pursuant to Section 5.03(b)(i) [5.03(b)(ii)] of the Indenture, as shown on the City's certified [audited] financial statements for such Fiscal Year.

Date of Requisition:

The above date is no later than _____ days following receipt by the Authority of the City's certified [audited] financial statements for the Fiscal Year ended June 30, 199_.

AUTHORITY CERTIFICATION

The undersigned officer of the Pennsylvania Intergovernmental Cooperation Authority hereby certifies that, based upon the financial statements of the City of Philadelphia described above, the amount to be paid pursuant to this Requisition does not exceed the amount permitted to be paid pursuant to Section 5.03(b)(i) [5.03(b)(ii)] of the Indenture.

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

By: _____
Name/Title

EXHIBIT F

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

CAPITAL PROJECTS FUND

REQUISITION

Meridian Bank
Trustee under Amended and Restated
Indenture of Trust dated as of
December 1, 1994
Philadelphia, Pennsylvania

Requisition No. _____

Ladies and Gentlemen:

You are hereby directed to make disbursement of moneys from the Capital Projects Fund of the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") created under the above-referenced Amended and Restated Indenture of Trust (the "Indenture") as follows:

Amount: \$ _____

Payee: ENCUMBERED FUNDS ACCOUNT, established pursuant to agreement dated as of June 1, 1992, as amended by agreement dated as of July 15, 1993 and as amended and restated by agreement dated as of December 1, 1994 between the Authority and CoreStates Bank, N.A.
Account No.:

Purpose: To enable the City of Philadelphia (the "City") to encumber funds for the Capital Project described in the Notice of the City dated _____, attached hereto and made a part hereof.

Date of Requisition:

AUTHORITY CERTIFICATION

The undersigned officer of the Pennsylvania Intergovernmental Cooperation Authority hereby certifies that, based upon the Notice of the City attached hereto and made a part hereof, (i) the Capital Project for which the City is encumbering funds is listed on Schedule ____ to the Indenture and (ii) the disbursement directed by this requisition is permitted pursuant to Section 5.04(b) of the Indenture.

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

By: _____
Name/Title

**CITY OF PHILADELPHIA
NOTICE REQUESTING TRANSFER FROM
CAPITAL PROJECTS FUNDS TO
ENCUMBERED FUNDS ACCOUNT**

Pennsylvania Intergovernmental
Cooperation Authority
1429 Walnut Street
Philadelphia, PA 19102

Ladies and Gentlemen:

The City of Philadelphia hereby gives notice, pursuant to Section 5.04(b) of the Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "Indenture") between the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") and Meridian Bank, as trustee (the "Trustee"), that the City is ready to encumber funds for the Capital Project of the City set forth below, and therefore requests that the Authority requisition the amount set forth below from the Capital Projects Fund established under the Indenture for deposit in the [insert name of account within the Encumbered Funds Account] of the Encumbered Funds Account established pursuant to an agreement dated as of June 1, 1992, as amended by agreement dated as of July 15, 1993, as amended and restated by an agreement dated as of December 1, 1994, between the Authority and CoreStates Bank, N.A.

1. Capital Project: [describe project here or on Schedule to be attached]
2. Amount to be Requisitioned: [cost of contract or cost of work]
3. Nature of contract to be awarded or work to be performed: [describe here or on Schedule to be attached]
4. Proposed date of contract award or date of commencement of work:

CITY CERTIFICATION

It is hereby certified (i) that the Capital Project of the City is a capital project listed on Schedule ___ to the Indenture and (ii) that the information set forth in items 1 through 4 above is true, correct and complete as of the date of this notice.

CITY OF PHILADELPHIA

By: _____

**Director of Finance
or Authorized Designee**

Approved: _____

Mayor

President of City Council

City Controller

SCHEDULE 1

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

\$474,555,000

**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION
AUTHORITY**

**SPECIAL TAX REVENUE BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 1992**

\$238,490,000 Serial Bonds

<u>Due</u> <u>(June 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>
1995	\$33,725,000	9.000%	5.25%
1996	36,765,000	5.200	5.25
1997	38,670,000	5.400	5.50
1998	40,765,000	5.600	5.70
1999	43,045,000	5.750	5.85
2000	45,520,000	6.000	100

\$99,395,000 6% Term Bonds Due June 15, 2002 at 6-1/8%
\$15,140,000 6-5/8% Term Bonds Due June 15, 2006 at 6.68% *
\$31,535,000 6.80% Term Bonds Due June 15, 2012 at 99.70% *
\$89,995,000 6.80% Term Bonds Due June 15, 2022 at 99% *

* No longer Outstanding by virtue of refunding

SCHEDULE 2

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

\$643,430,000

**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION
AUTHORITY**

**SPECIAL TAX REVENUE BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 1993**

\$327,570,000 Serial Bonds

<u>Due (June 15)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
1995	\$ 4,225,000	3.300%	3.400%
1996	8,605,000	3.750	3.850
1997	9,785,000	4.000	4.100
1998	10,085,000	4.200	4.300
1999	10,530,000	4.400	4.500
2000	11,005,000	4.550	4.650
2001	11,455,000	4.700	4.800
2002	12,095,000	4.800	4.900
2003	25,440,000	4.900	5.000
2004	23,860,000	5.050	5.150
2005	36,615,000	5.150	5.250
2006	47,920,000	5.250	5.350
2007	50,460,000	5.350	5.450
2008	36,075,000	5.450	5.550
2009	29,415,000	5.500	5.600

\$92,365,000 5.60% Term Bonds Due June 15, 2015 at 97.895%
\$54,380,000 5.75% Term Bonds Due June 15, 2015 at 5.95%
\$10,000,000 5.60% Term Bonds Due June 15, 2016 at 97.848%
\$119,115,000 5-5/8% Term Bonds Due June 15, 2023 at 97.245%
\$40,000,000 5-7/8% Term Bonds Due June 15, 2023 at 6.00%

SCHEDULE 3

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

\$178,675,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

SPECIAL TAX REVENUE REFUNDING BONDS (CITY OF PHILADELPHIA FUNDING PROGRAM) SERIES OF 1993A

\$44,935,000 Serial Bonds

<u>Due</u> <u>(June 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>
1994	\$3,325,000	2.80%	100%
1995	1,380,000	3.40	100
1996	1,425,000	3.80	100
1997	645,000	4.00	100
1998	665,000	4.05	4.15
1999	695,000	4.20	4.30
2000	735,000	4.35	4.45
2001	750,000	4.50	4.60
2002	775,000	4.60	4.70
2003	5,095,000	4.75	4.85
2004	5,335,000	4.85	4.95
2005	5,595,000	4.95	5.05
2006	5,870,000	5.05	5.13
2007	6,165,000	5.15	5.23
2008	6,480,000	5.25	5.33

\$12,000,000 5.00% Term Bond Due June 15, 2013 at 5.47%

\$25,710,000 5.00% Term Bond Due June 15, 2013 at 5.62%*

\$96,030,000 5.00% Term Bond Due June 15, 2022 at 5.55%

* Payment of principal of and interest on these 1993A Bonds is not insured. Payment of principal of and interest on all other Bonds is insured by a financial guaranty insurance policy issued by Municipal Bond Investors Assurance Corporation.

SCHEDULE 4

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

\$122,020,000

**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION
AUTHORITY**

**SPECIAL TAX REVENUE BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 1994**

\$42,240,000 Serial Bonds

<u>Due (June 15)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
1995	\$1,840,000	5.00%	4.20%
1996	1,935,000	5.20	5.20
1997	2,035,000	5.40	5.40
1998	2,145,000	5.60	5.65
1999	2,265,000	5.70	5.80
2000	2,395,000	5.90	5.95
2001	2,535,000	6.00	6.05
2002	2,685,000	6.10	6.15
2003	2,850,000	6.20	6.25
2004	3,025,000	7.00	6.35
2005	3,240,000	7.00	6.45
2006	3,465,000	6.50	6.55
2007	3,690,000	6.60	6.65
2008	3,935,000	6.70	6.75
2009	4,200,000	6.80	6.85

\$25,780,000 7.00% Term Bonds Due June 15, 2014 at 99.474%
\$54,000,000 6.75% Term Bonds Due June 15, 2021 at 95.500%

Schedule 5

**Capital Financing
Approved Section 301(e) (1) Projects**

Qualified	Amount (\$ Millions)
58a Penn's Landing Sea Wall	0.250
72a Computer Aided Dispatch-Fire Department	0.400
72b Fire Station Rehabilitation-Overhead Doors	0.280
72c Fire Administration Building-3rd Spring Garden	0.050
72d Fire Station Rehab. Engine 50	0.258
72e Fire Station Rehab.-engine 69	0.448
72f Fire Station Rehab.-Engine 37	0.279
72g Fire Station Rehab.-Engine 44	0.288
73 Library Facility-Structural Renovations	0.200
75a Rehab. Branch Libraries-Various	0.307
75b Cecil B. Moore Library-Renovations	0.175
75c Katharine Drexel Library	0.040
75d Lehigh Ave. Branch Library	0.138
75e Northeast Regional Library	0.190
75g Richmond Branch Library	0.025
75h Roxborough Branch Library	0.100
75i Walnut West Branch Library	0.200
76a Health Center Rehabilitation-HVAC Renovations	0.910
76b Health Center 1 Laboratory	0.205
76c Viewing & Autopsy Areas	0.185
76d Laboratory & Body Storage Improvements	0.200
76e Philadelphia Nursing Home	1.100
80a Riverview Home-7979 State Rd.	0.400
80b Riverview Home Bathroom Renovations	0.200
81a Youth Study Center-Fire Alarm	0.175
83 Critical Roof Renovations	0.088
88a Police Station Rehabilitation-Cell Toilets	0.180
88b Police Stations Rehab. Female Locker Rooms	0.978
88c Police Station -6th District	0.055
88d Police Station-8th District	0.040
88e Police Academy-Propane Tank	0.033
88f Police Support Buildings	0.010
88g Police Assist Alarm System	0.075
88h Police Administration Bldg.	0.205
89a House of Correction	0.750
89b Prisons-Asbestos Removal	0.500
90 Capital Program Administration	1.967
91 City Hall-Structural Renovations	7.500
92 Underground Fuel Storage	3.000
93 Asbestos Abatement Program	2.177
94 PCB Filled Transformers	0.200

**Capital Financing
Approved Section 301(e) (1) Projects**

Qualified	Amount (\$ Millions)
97 Citywide Radio System	1.500
99c Police/Fire Station 24 & Wolf	7.500
99a Radio Alarm System	0.020
130 Concourse Improvements	1.000
148 Veterans Stadium	11.040
149 Betsy Ross House	0.150
150 Atwater Kent Museum	0.300
151 Robin Hood Dell East	0.200
153 Capital Program Administration	1.736
154 Improvements to Existing Buildings	3.328
155a 12th and Cambia St. Roof Renovations	0.150
155c 39th and Olive St.-Pool Improvements	0.100
155g Barrett Playground	0.150
155h Belfield Recreation Center	0.453
155j Chalfont & Deerpath Playground.	0.150
155k Clemente Playground	0.200
155l Cruz Recreation Center	0.130
155m Finlay Playground	0.150
155n Fishlow Recreation Center	0.080
155q Francis Myers Recreation Center	0.200
155r Francisville Playground	0.125
155s Frank Glavin Playground	0.150
155t Franklin Playground	0.184
155u Guerin Recreation Center	0.125
155v Happy Hollow Recreation Center	0.125
155w Heitzman Recreation Center	0.100
155x Herron Playground	0.207
155y Jacobs Playground	0.150
155z Jarde Recreation Center	0.123
156a Junod Playground	0.250
156b Kendrick Recreation Center	0.095
156d King Recreation Center	0.175
156e Lanier Playground	0.100
156f Lee Recreation	0.095
156g Lonnie Young Playground	0.762
156h Mantua Recreation Center	0.120
156i Marian Recreation Center	0.150
156j Max Myers Playground	0.100
156k Mcalpin Playground	0.064
156l Mc Veigh Recreation	0.250
156m Mitchell Playground	0.218

**Capital Financing
Approved Section 301(a) (1) Projects**

<u>Qualified</u>	<u>Amount</u>
156n Morris Estate Recreation Center	0.279
156o Murphy Recreational Center	0.200
156p Olney Recreation Center	0.080
156q Palmer Recreation Center	0.411
156r Penrose Playground	0.150
156s Picarello Playground	0.575
156t Piccoli Playground	0.130
156u Rambler Playground	0.137
156v Rizzo Ice Rink	0.200
156w Roosevelt Playground	0.250
156x Samuel Recreation Center	0.175
156y Sherwood Recreation Center	0.075
156z Stokely Playground	0.075
157b Vare Recreation Center	0.100
157c Vogt Recreation Center	0.080
157d Watertown Recreation Center	0.234
157e Whittier Playground	0.060
165 Capital Program Administration	1.020
166 Parkland Facilities	0.250
166a Park Facilities	2.000
167 Recreation Path Improvements	0.688
171 Belmont Mansion	0.400
172 Bridge Improvements	0.063
173 Tree Removal	0.200
174 River Drives Improvements	0.500
175 Public Restrooms	0.280
176 Electrical Improvements	0.200
177 Flood, Drainage Improvements	0.200
177a Flood Improvements-Schuykill	0.300
177b Flood Drainage-Wissahickon	0.160
180 Historic Park Buildings	0.500
181 Historic Park Squares	0.099
182 Athletic & Play Improvements	0.200
183 Maintenance Buildings Improvements	0.157
184 Security Improvements	0.300
184a Plalsted Hall	0.851
184b Memorial Hall	0.198
184c Picnic Areas	0.100
184d Hunting Park Pool Improvements	0.150
184e JFK Plaza-Paver Replacement	0.100
184f Pennypack Park	0.150
184g Andorra Nature Center	0.075
184h Kemble Park	0.100
184i Hunting Park	0.700

**Capital Financing
Approved Section 301(e) (1) Projects**

Qualified	Amount (\$ Millions)
184k Pennypack Park	0.100
185a Philadelphia Zoo	0.600
185b Philadelphia Zoo	0.388
188 Art Museum	0.850
187 Bridge Reconstruction-Design	0.140
188 Bridge Reconstruction Program	0.959
189 Federal Highway Program	0.211
190 Federal Highway Program	4.320
191 Reconstruction of Streets	7.000
192 Streets Department	1.000
194 Ramps for the Handicap	0.200
195 Transit First Policy Projects	0.200
197a Street Lighting	3.000
197b North Philadelphia Station	0.100
197d Street Openings	0.100
199a Underground Tank Replacement	0.200
199b Northwest Sanitation Facility	0.150
199c Northeast Transfer Station	0.250
199d Automotive Shop Equipment	0.150
199e Heavy Duty Vehicle Lifts	0.250
Sub-Total-Qualified	90.273

**Capital Financing
Approved Section 301(e)(2)**

<u>Qualified</u>	<u>Amount</u> (\$ Millions)
58 - Penn's Landing Walnut Street Plaza, etc.	3.400
58B-Penn's Landing Dredging	0.150
58C- Penn's Landing Utility Relocation	0.200
65B-Ridgeway Library	3.000
98 - Energy Cost Reduction Program	1.000
100 - 9th Street - Bridge/Systems	11.411
101 - 9th Street Engineering	0.146
102 - Temple University Rail Station	1.370
103 - Bridge Improvement - FRA funded	0.350
104 - FRA Bridges 1991	0.156
105 - Bridge Improvement Program - FFY1988	0.390
106- Overbrook Rail Maintenance Facility	0.567
107 - RR Facilities Improv. - FFY1988 - Discretionary	0.389
108 - RR Facilities Improv. - FFY1988 - Formula	0.157
109 - FRA Mandated Speed Control Installation	0.431
110 - University City Rail Station	0.693
111 - 30th Street Station - Signs	0.019
112 - 30th Street Station - Upper Platforms	0.001
113 - Broad Street Subway - Susquehanna/Dauphin	0.374
114 - Frankford El Relocation - 2nd St. Elevators	0.142
115 - Columbia Station - Handicapped Accessibility	0.002
116-North Philadelphia Amtrak Station	0.060
118 - FRA/EPA mandated car modifications	0.170
119-Amtrak - Septa centralized traffic controls	0.167
120 - Wayne Junction Substation Modernization	0.021
122 - Regional Railroad Signal Modern. - Engineering	0.017
123 - RRD Engineering and Development Program	0.012
124 - Commuter Operating Facilities Modernization	0.022
129 - Regional RR - Creshelm Valley Bridge	0.100
131 - Chestnut Street Transitway	0.029
133 - Erie Avenue Subway Station	0.012
147B - Tourist Shuttle	1.000
193-Convention Center Area Street improvements	2.375
196- Stadium Complex Roadway	2.355
197C - Delaware Avenue Access Road - Packer	0.400
 Sub-Total-Qualified	 <u>31.088</u>

Schedule 6

**Capital Financing
Approved Section 301(e) (1) Projects**

Qualified	Amount (\$ millions)
59 Convention Hall - Fire Alarm System	0.158
79 Engineering Assessment of Fire Department	0.050
80 Fire Station Rehabilitation - Critical Renovations - Various	0.500
81 Fire Station Rehabilitation - Overhead Door and Window Replacement	0.420
84 Fire Administration Building - 240 Spring Garden Street	0.280
86 Replacement of Computer Systems	0.500
87 Rehabilitation of Branch Libraries - Various	1.350
88 Central Library Improvements - Logan Square	0.200
95 Health Center Rehabilitation - HVAC Renovations - Various	0.395
96 Medical Examiner's Building - Renovations - 321 University Ave.	0.300
97 Philadelphia Nursing Home - Girard and Corinthian Aves.	0.400
98 Critical Renovations - Stanton Family and Woodstock Shelters	0.180
104 Riverview Renovations - 7979 State Rd.	0.600
107 Youth Study Center - 2020 Pennsylvania Ave.	0.871
109 Facility Improvements - ADA Compliance - Citywide	3.000
112 Police Facilities - Rehabilitation - Various	2.000
113 Police Station Renovations to Accommodate Female Officers	0.750
114 Police Station Rehab. - Suicide Prevention Cells and Emergency Generators	0.440
116 Prisons - Critical Renovations and Asbestos Abatement	2.550
116a Prison Expansion Phase II - Additional 1,000 Beds/Youth Study Center	53.578
120 Capital Program Administration, Design and Engineering	2.914
121 City Hall - Electrical, Mechanical and Structural Renovations	8.690
121a Municipal Services Building - Rehabilitation	11.828
122 Underground Fuel Storage Tanks - EPA Compliance Program	4.400
123 Underground Non-Fuel Storage Tanks - EPA Compliance Program	1.000
124 Citywide Radio System - 800 mhz	0.268
127 City Hall - Elevator Telephones	0.080
131 Conservation of Art	0.100
149 Broad Street Subway - Emergency Renovations	0.600
172 Veterans Stadium - Critical Renovations	7.500
173 Fort Mifflin - Renovations - Old Fort Mifflin Rd.	0.150
175 Betsy Ross House - Renovations - 239 Arch St.	0.250
177 Capital Program Administration, Design and Engineering	2.388
178 Improvements to Existing Facilities - Site Renovations	5.875
179 Improvements to Existing Facilities - Building Renovations	6.000
180 Improvements to Existing Facilities - HVAC - Renovations	0.350
181 Improvements to Existing Facilities - Fire/Safety/Security Systems	0.500
182 Improvements to Existing Facilities - Swimming Pools - Renovations	0.650
183 Improvements to Existing Facilities - Court Reconstruction	0.363
184 Improvements to Existing Facilities - Outdoor Lighting and Electrical Renovations	2.330
185 Improvements to Existing Facilities - Play Area Renovations	2.400
186 Improvements to Existing Facilities - Roof Replacements	0.870
187 RIRA State Grant - Various	0.170

**Capital Financing
Approved Section 301(a) (1) Projects**

Qualified	Amount (\$ millions)
188 Francis Myers Recreation Center - 58th St. and Kingsessing Ave.	0.135
189 Lee Recreation Center - 4400 Haverford Ave.	0.135
190 Lonnie Young Recreation Center - Chelton Ave. and Ardleigh St.	0.135
192 Replacement Maintenance Facility - 25th and Sedgley Sts.	0.175
193 Capital Program Administration, Design and Engineering - Fairmount Park Comm.	0.789
194 Park Facilities - Structural Renovations	2.400
195 Parkland and Park Facilities - Critical Renovations	1.500
196 Tree Planting and Removal - Various	0.500
197 Public Restroom, Plumbing and Drinking Fountain Rehabilitation - Various	0.478
198 Flood, Drainage and Trail Improvements - Various	0.133
199 Flood, Drainage and Trail Improvements - Wissahickon	0.200
200 Flood, Drainage and Trail Improvements - Pennypack	0.200
201 Paving - Various	0.200
202 Electrical Improvements - Various	0.250
203 RIRA Grant Funding for Park Projects	0.150
204 ISTEPA Grant Funding - Manayunk Canal Recreational Path Improvements	0.200
205 Plaisted Hall - Facility Replacement - Kelly Drive	1.517
206 Belmont Mansion	0.200
207 Benjamin Franklin Parkway - Improvements	0.400
208 Memorial Hall - Renovations	0.200
210 Bluebell Park - Roadway and Picnic Area Renovations	0.150
211 Washington Square - Walkway Renovations	0.500
215 Philadelphia Zoo - Utility Replacement	0.100
216 Philadelphia Zoo - Trunk Line Replacement	0.070
217 Philadelphia Zoo - Heating System Replacement - Giraffe House	0.080
218 Philadelphia Zoo - Boiler Replacement	0.070
219 Philadelphia Zoo - Underground Tank Removal	0.100
220 Philadelphia Zoo - Handicapped Access	0.097
225 Art Museum - Critical Renovations	0.500
226 Federal Aid Highway Program and Transportation Projects - Design and Engineering	0.170
227 Bridge Reconstruction Program - Design and Engineering	0.073
227a Facilities Improvements - Design and Engineering	0.150
228 Federal Aid Highway Program - Improvements to Existing Streets	0.870
229 Bridge Reconstruction Program	1.833
230 Reconstruction and Resurfacing of Streets	15.000
231 Traffic Signals, Controls and Directional Devices	0.700
232 Ramps for the Disabled	0.400
232a Street Reconstruction and Resurfacing - Handicapped Access	8.750
233 Street Lighting Replacement	3.278
234 Street Name Signs	0.200
236 Island Construction, Rehabilitation and Removal	0.075
237 Transit First Policy Projects	0.200
238 Reconstruction of Track Streets	0.250

**Capital Financing
Approved Section 301(e) (1) Projects**

Qualified	Amount (\$ millions)
239 Delaware Avenue - Reconstruction - Read St. to Richmond St.	0.008
242 Logan Circle Pedestrian Access Improvements	0.114
246 Traffic Engineering Shop - Renovation	0.069
258 Sanitation Facilities - Critical Structural, Mechanical, and Electrical Renovations	0.500
259 Underground Tank Replacement Project	0.300
260 Automotive Equipment - Various	0.150
261 Fairmount Park - Leaf Recycling Center - Ford Rd. and Chamounix Dr.	0.050
Subtotal Qualified 301(e)(1)	172.800

**Capital Financing
Approved Section 301(e) (2) Projects**

Qualified	Amount (\$ millions)
57 Penn's Landing - South Street Bridge	0.750
58 Penn's Landing - Lighting and Walkway Renovations	0.100
62 Industrial Sites - Acquisition and Development - Enterprise Zones	0.475
65 GSA Project Site Development - Extension of Townsend Road	0.750
68 Food Distribution Center - Improvements	0.200
69 Avenue of the Arts - Recital Hall - Acquisition and Construction	7.000
70 Avenue of the Arts - Ridgeway Library Rec Center Replacement	0.500
71 Convention Center Area Renewal	4.000
132 Tourist Shuttle - Entertainment Loop	0.053
133 Riverfront Shuttle Transit	0.042
135 City Hall Station - Renovation	1.000
136 Regional Rail Division - Lease-Purchases	0.696
137 City Transit Division - Lease-Purchases	1.406
138 Lease Purchase of Transit Vehicles and Facilities - Act 26	0.846
140 North Philadelphia Amtrak Station - Platform Renovations	0.045
141 Commuter Rail Facilities - Catenary Replacement - Chestnut Hill West Line	0.012
142 Regional Railroad Bridge Improvement Program	0.300
143 Railroad Facilities Improvement Program - Discretionary Grant	0.510
144 Overbrook Rail Maintenance Facility	0.600
145 Amtrak - SEPTA Centralized Traffic Control	0.287
146 FRA Mandated Speed Control Installation	0.086
147 30th Street Station - Handicapped Accessibility and Other Circulation Improv.	0.536
148 Overbrook Station - Restoration	0.020
150 Manayunk Viaduct and Bridge - Rehabilitation	0.100
151 Chestnut Street Transitway - Reconstruction and Extension	0.075
152 Wayne Junction Substation Modernization - Phase III	0.021
153 Transit Vehicle and Equipment Procurement - Act 26	0.338
154 Transit Facilities Modernization - Act 26	0.550
155 Regional Rail Station Accessibility	0.058
156 Light Rail Vehicle Purchase	0.017
157 Light Rail Vehicle Infrastructure	0.100
174 Afro-American Museum - Interior Renovations	0.250
176 Atwater Kent Museum - Renovations - 15 S. 7th St.	0.075
240 Convention Center Area - Street Widening and Reconstruction	0.600
241 Avenue of the Arts - Streetscaping Improvements - South Broad Street	1.200
243 26th Street Gateway Improvements	0.100
Subtotal Qualified 301(e)(2)	23.698
Total Qualified	196.499

SCHEDULE 7**Capital Financing
Approved Section 301(a)(1)
Emergency Projects**

Qualified		Amount
Line No.		(\$ Millions)
1	Fire and Life Safety Improvements	1.500
2	Perimeter Heating System	0.150
3	Asbestos Abatement	0.250
4	Handicapped Access	0.230
5	Rodin Museum	0.250
68	Penn's Landing Sea Wall	0.200
70	Penn's Landing Riverwalk Improvements	0.075
106	Capital Program Administration	0.736
107	Park Facilities Structural Renovations	0.790
108	Flood Drainage and Trail Improvements	1.350
109	Fairmount Waterworks Rehabilitation	0.200
110	West Park Improvements	0.150
111	Tree Planting and Removal	0.500
115	Recreation Path Improvements Kelly and West Drives	0.100
118	Loudon Mansion	0.235
120	Hunting Park - Improvements	0.100
121	Flood, Drainage, and Trail Improvements	0.150
123	Memorial Hall - Renovations	0.100
124	Athletic and Play Area Improvements	0.150
125	Paving - Various Sites	0.100
136	Fire Station Rehabilitation Critical Renovations	1.455
138	Underground Automotive Fuel and Non-Fuel Tanks	1.400
139	Fuel Control Systems	2.000
142	Rehabilitation Branch Libraries	0.750
143	Central Library Improvements - Logan Square	0.450
144	Replacement of Computer System	0.300
148	Health Centers - Rehabilitation - Various Locations	0.775
149	Medical Examiner's Building - Renovations	0.050
151	Health Support Facilities Renovations	0.400
152	Health Facilities - ADA Compliance	0.075
153	Critical Renovations Stenton and Woodstock Shelters	0.250
156	Riverview Renovations	0.180
157	Youth Study Center	0.160
158	Facility Improvements ADA Compliance	1.500
160	Local Match for Transportation Enhancement Grants	0.800
164	Police Facilities Rehabilitation	4.000
165	Police Station - Emergency Generators	0.200
167	Industrial Correctional Facilities	1.440
168	Detention Center Renovations	0.790
169	New House of Corrections	5.000
171	Training Academy Building Renovations	0.120
177	Capital Program Administration and Design	2.494
178	City Hall Renovations	10.000

179	Asbestos Abatement - City-Wide	0.750
180	Germantown Hall	0.175
196	Market Street East	0.850
200	Amtrak - SEPTA Centralized Control	0.300
201	FRA Mandated Speed Control	0.040
206	Manayunk Viaduct and Bridge Rehabilitation	0.200
207	SEPTA Consolidated Control Center	0.047
208	Reading Trunk Line-Systems Improvements	0.047
209	Station Accessibility Program	0.057
210	Regional Rail Division Bridge Improvement Program	0.117
211	Light Rail Vehicle Purchase	0.100
212	Light Rail Vehicle Infrastructure	0.266
213	Broad St. Subway Emergency Renovations	0.500
214	Regional Rail Division	0.283
215	City Transit Division	0.641
216	Lease - Purchase of Vehicle and Facilities	1.157
217	Vehicle and Equipment Procurement	0.334
218	Lease - Purchase of Vehicles and Facilities	0.550
219	Vehicle and Equipment Procurement	1.261
220	Rail and Transit Facilities	0.110
221	Lease - Purchase of Vehicle and Facilities	0.550
222	Rail and Transit Facilities Modernization	0.110
245	Veterans Stadium	6.422
246	Capital Program Administration	2.396
247	Improvements to Existing Facilities-HVAC	1.000
248	Improvements to Existing Facilities-Site Improvements	2.625
249	Improvements to Existing Facilities-Bldg. Improvements	1.060
250	Improvements to Existing Facilities-Outdoor Lights	0.950
251	Improvements to Existing Facilities-Play Areas	1.500
252	Improvements to Existing Facilities-Roof Replacement	0.750
253	Improvements to Existing Facilities-Court Reconstruction	0.500
254	Improvements to Existing Facilities-Pool Renovations	0.500
255	Improvements to Existing Facilities-Safety/Security	0.200
261	Bridge Reconstruction Program	0.084
262	Bridge Reconstruction Program Design and Engineering	0.079
263	Federal Aid Highway Program	1.762
264	Federal Aid Highway - Design and Engineering	0.229
266	Reconstruction and Resurfacing of Streets	16.000
267	Ramps for the Disabled	0.400
268	Street Lighting Replacement	0.750
269	Traffic Signals, Control Devices	0.500
270	Street Name Signs	0.075
272	Traffic Engineering Shop	0.050
281	Sanitation Facilities	0.275
292	Philadelphia Zoo - Critical Renovations	0.610
293	Philadelphia Zoo - Handicapped Access	0.100
294	Philadelphia Zoo - Utility Replacement	0.250
295	Philadelphia Zoo - HVAC	0.250
	Sub - Total Qualified - Section 301(e)(1)	<u>89.667</u>

**Capital Financing
Approved Section 301(e)(2)
Productivity/Deficit Reduction**

<u>Qualified</u>	<u>Amount</u>
<u>Line No.</u>	<u>(\$ Millions)</u>
92 Convention Center Area Renewal	6.000
93 Avenue of the Arts-Economic Revitalization	9.000
194 Tourist Shuttle	0.567
197 FRA Bridges 1991	0.233
198 Overbrook Rail Maintenance Facility	0.606
199 Railroad Facility Improvement Program FY88	0.588
203 Overbrook Station Renovations	0.080
204 Regional Rail Division Grade	<u>0.032</u>
Sub - Total Qualified - Section 301(e)(2)	<u>17.106</u>
Total FY95 PICA Funded Capital Projects	<u><u>106.773</u></u>

SCHEDULE B

SUMMARY OF BONDS REFUNDED

City of Philadelphia: General Obligation Bonds
Final City G.O. Refunding

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series of 1977 Dated 8/15/77:					
SERIALS	8/15/1983	7.400%	2,440,000.00	8/15/1983	100.500
SERIALS	8/15/1986	7.400%	2,440,000.00	8/15/1983	100.750
SERIALS	8/15/1987	7.500%	2,440,000.00	8/15/1983	101.000
SERIALS	8/15/1988	7.500%	2,440,000.00	8/15/1983	101.250
SERIALS	8/15/1989	7.500%	2,440,000.00	8/15/1983	101.500
SERIALS	8/15/2000	7.500%	2,440,000.00	8/15/1983	101.750
SERIALS	8/15/2001	7.500%	2,440,000.00	8/15/1983	102.000
SERIALS	8/15/2002	7.400%	2,440,000.00	8/15/1983	102.250
			18,820,000.00		
Series of 1978 (#82,#83) Dated 2/1/78:					
SERIALS	8/01/1984	7.100%	3,145,000.00	2/01/1984	100.750
SERIALS	8/01/1987	7.200%	3,145,000.00	2/01/1984	101.000
SERIALS	8/01/1988	7.200%	3,145,000.00	2/01/1984	101.250
SERIALS	8/01/1989	7.250%	3,145,000.00	2/01/1984	101.500
SERIALS	8/01/2000	7.250%	3,145,000.00	2/01/1984	101.750
SERIALS	8/01/2001	7.250%	3,145,000.00	2/01/1984	102.000
SERIALS	8/01/2002	7.250%	3,150,000.00	2/01/1984	102.250
SERIALS	8/01/2003	7.250%	3,150,000.00	2/01/1984	102.500
			25,170,000.00		
Series of 1978A (#81) Dated 2/1/78:					
SERIALS	8/01/1986	7.500%	1,370,000.00	8/01/1984	100.500
SERIALS	8/01/1987	7.500%	1,470,000.00	8/01/1984	100.750
SERIALS	8/01/1988	7.500%	1,540,000.00	8/01/1984	101.000
SERIALS	8/01/1989	7.500%	1,700,000.00	8/01/1984	101.250
SERIALS	8/01/2000	7.500%	1,830,000.00	8/01/1984	101.500
SERIALS	8/01/2001	7.500%	1,885,000.00	8/01/1984	101.750
SERIALS	8/01/2002	7.500%	2,115,000.00	8/01/1984	102.000
SERIALS	8/01/2003	7.500%	2,270,000.00	8/01/1984	102.250
SERIALS	8/01/2004	7.500%	2,440,000.00	8/01/1984	102.500
SERIALS	8/01/2005	7.500%	2,825,000.00	8/01/1984	102.500
SERIALS	8/01/2006	7.500%	2,820,000.00	8/01/1984	102.500
SERIALS	8/01/2007	7.500%	3,035,000.00	8/01/1984	102.500
SERIALS	8/01/2008	7.500%	3,280,000.00	8/01/1984	102.500
SERIALS	8/01/2009	7.500%	3,505,000.00	8/01/1984	102.500
			31,885,000.00		
Series of 1978B (#85-86) Dated 1/1/78:					
SERIALS	1/01/1986	7.500%	885,000.00	1/01/1984	100.500
SERIALS	1/01/1987	7.500%	885,000.00	1/01/1984	100.750
SERIALS	1/01/1988	7.500%	885,000.00	1/01/1984	101.000
SERIALS	1/01/1989	7.500%	885,000.00	1/01/1984	101.250
SERIALS	1/01/2000	7.500%	885,000.00	1/01/1984	101.500
SERIALS	1/01/2001	7.500%	885,000.00	1/01/1984	101.750
SERIALS	1/01/2002	7.500%	885,000.00	1/01/1984	102.000
SERIALS	1/01/2003	7.500%	885,000.00	1/01/1984	102.250
SERIALS	1/01/2004	7.500%	885,000.00	1/01/1984	102.500
			8,885,000.00		
Series of 1988 Dated 8/1/88:					
OUTERM	2/15/2005	8.250%	15,340,000.00	2/15/1988	102.000
OUTERM	2/15/2008	8.250%	20,280,000.00	2/15/1988	102.000

Capital Financing
Approved Section 301(e)(2)
Productivity/Deficit Reduction

Qualified

Line No.

92	Convention Center Area Renewal	
93	Avenue of the Arts-Economic Revitalization	
194	Tourist Shuttle	
197	FRA Bridges 1991	
198	Overbrook Rail Maintenance Facility	
199	Railroad Facility Improvement Program FY88	
203	Overbrook Station Renovations	
204	Regional Rail Division Grade	-

Sub - Total Qualified - Section 301(e)(2) -

Total FY95 PICA Funded Capital Projects =

67#

SCHEDULE 8

SUMMARY OF BONDS REFUNDING

City of Philadelphia; General Obligation Bonds
Final City G.O. Refunding

OUT
(CHS)
.000
.000
.567
.233
.608
.588
.080
.032
.106

.773

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series of 1977 Dated 8/15/77:					
SERIALS	8/15/1985	7.400%	2,440,000.00	8/15/1983	100.500
SERIALS	8/15/1986	7.400%	2,440,000.00	8/15/1983	100.750
SERIALS	8/15/1987	7.500%	2,440,000.00	8/15/1983	101.000
SERIALS	8/15/1988	7.500%	2,440,000.00	8/15/1983	101.250
SERIALS	8/15/1989	7.500%	2,440,000.00	8/15/1983	101.500
SERIALS	8/15/2000	7.500%	2,440,000.00	8/15/1983	101.750
SERIALS	8/15/2001	7.500%	2,440,000.00	8/15/1983	102.000
SERIALS	8/15/2002	7.500%	2,440,000.00	8/15/1983	102.250
			18,820,000.00		
Series of 1978 (#82, #83) Dated 3/1/78:					
SERIALS	8/01/1986	7.100%	3,145,000.00	2/01/1984	100.750
SERIALS	8/01/1987	7.200%	3,145,000.00	2/01/1984	101.000
SERIALS	8/01/1988	7.200%	3,145,000.00	2/01/1984	101.250
SERIALS	8/01/1989	7.250%	3,145,000.00	2/01/1984	101.500
SERIALS	8/01/2000	7.250%	3,145,000.00	2/01/1984	101.750
SERIALS	8/01/2001	7.250%	3,145,000.00	2/01/1984	102.000
SERIALS	8/01/2002	7.250%	3,150,000.00	2/01/1984	102.250
SERIALS	8/01/2003	7.250%	3,150,000.00	2/01/1984	102.500
			25,170,000.00		
Series of 1978A (#81) Dated 2/1/78:					
SERIALS	8/01/1986	7.500%	1,370,000.00	8/01/1984	100.500
SERIALS	8/01/1987	7.500%	1,470,000.00	8/01/1984	100.750
SERIALS	8/01/1988	7.500%	1,580,000.00	8/01/1984	101.000
SERIALS	8/01/1989	7.500%	1,700,000.00	8/01/1984	101.250
SERIALS	8/01/2000	7.500%	1,830,000.00	8/01/1984	101.500
SERIALS	8/01/2001	7.500%	1,885,000.00	8/01/1984	101.750
SERIALS	8/01/2002	7.500%	2,115,000.00	8/01/1984	102.000
SERIALS	8/01/2003	7.500%	2,270,000.00	8/01/1984	102.250
SERIALS	8/01/2004	7.500%	2,440,000.00	8/01/1984	102.500
SERIALS	8/01/2005	7.500%	2,625,000.00	8/01/1984	102.500
SERIALS	8/01/2006	7.500%	2,820,000.00	8/01/1984	102.500
SERIALS	8/01/2007	7.500%	3,035,000.00	8/01/1984	102.500
SERIALS	8/01/2008	7.500%	3,280,000.00	8/01/1984	102.500
SERIALS	8/01/2009	7.500%	3,505,000.00	8/01/1984	102.500
			31,085,000.00		
Series of 1978B (#88-89) Dated 1/1/78:					
SERIALS	1/01/1986	7.500%	885,000.00	1/01/1984	100.500
SERIALS	1/01/1987	7.500%	885,000.00	1/01/1984	100.750
SERIALS	1/01/1988	7.500%	885,000.00	1/01/1984	101.000
SERIALS	1/01/1989	7.500%	885,000.00	1/01/1984	101.250
SERIALS	1/01/2000	7.500%	885,000.00	1/01/1984	101.500
SERIALS	1/01/2001	7.500%	885,000.00	1/01/1984	101.750
SERIALS	1/01/2002	7.500%	885,000.00	1/01/1984	102.000
SERIALS	1/01/2003	7.500%	885,000.00	1/01/1984	102.250
SERIALS	1/01/2004	7.500%	885,000.00	1/01/1984	102.500
			5,885,000.00		
Series of 1988 Dated 3/1/88:					
OSTERN	2/15/2005	8.250%	16,540,000.00	2/15/1986	102.000
OSTERN	2/15/2008	8.250%	20,280,000.00	2/15/1986	102.000

SUMMARY OF BONDS REFUNDED

City of Philadelphia: General Obligation Bonds
Final City G.O. Refunding

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
08TERM	2/15/2007	8.250%	28,470,000.00	2/15/1998	102.000
08TERM	2/15/2008	8.250%	13,750,000.00	2/15/1998	102.000
08TERM	2/15/2009	8.250%	8,280,000.00	2/15/1998	102.000
			50,500,000.00		
Series of 1988A (P88) Dated 8/1/88:					
08TERM	8/01/2002	7.800%	3,145,000.00	8/01/1988	102.000
08TERM	8/01/2003	7.800%	3,345,000.00	8/01/1988	102.000
08TERM	8/01/2004	7.800%	3,840,000.00	8/01/1988	102.000
08TERM	8/01/2005	7.800%	3,820,000.00	8/01/1988	102.000
08TERM	8/01/2006	7.800%	4,215,000.00	8/01/1988	102.000
18TERM	8/01/2007	7.825%	4,835,000.00	8/01/1988	102.000
18TERM	8/01/2008	7.825%	4,880,000.00	8/01/1988	102.000
18TERM	8/01/2009	7.825%	8,255,000.00	8/01/1988	102.000
18TERM	8/01/2010	7.825%	5,855,000.00	8/01/1988	102.000
18TERM	8/01/2011	7.825%	8,085,000.00	8/01/1988	102.000
18TERM	8/01/2012	7.825%	8,550,000.00	8/01/1988	102.000
18TERM	8/01/2013	7.825%	7,850,000.00	8/01/1988	102.000
18TERM	8/01/2014	7.825%	7,585,000.00	8/01/1988	102.000
18TERM	8/01/2015	7.825%	8,145,000.00	8/01/1988	102.000
18TERM	8/01/2016	7.825%	8,780,000.00	8/01/1988	102.000
			82,855,000.00		
Series of 1987B (P87) Dated 7/1/87:					
07TERM	8/01/2001	8.100%	2,280,000.00	8/01/1987	102.000
07TERM	8/01/2002	8.100%	2,480,000.00	8/01/1987	102.000
07TERM	8/01/2003	8.100%	2,880,000.00	8/01/1987	102.000
07TERM	8/01/2004	8.100%	2,820,000.00	8/01/1987	102.000
07TERM	8/01/2005	8.100%	3,185,000.00	8/01/1987	102.000
07TERM	8/01/2006	8.100%	3,425,000.00	8/01/1987	102.000
07TERM	8/01/2007	8.100%	3,720,000.00	8/01/1987	102.000
17TERM	8/01/2008	8.125%	4,835,000.00	8/01/1987	102.000
17TERM	8/01/2009	8.125%	4,380,000.00	8/01/1987	102.000
17TERM	8/01/2010	8.125%	4,750,000.00	8/01/1987	102.000
17TERM	8/01/2011	8.125%	5,150,000.00	8/01/1987	102.000
17TERM	8/01/2012	8.125%	5,580,000.00	8/01/1987	102.000
17TERM	8/01/2013	8.125%	6,000,000.00	8/01/1987	102.000
17TERM	8/01/2014	8.125%	6,875,000.00	8/01/1987	102.000
17TERM	8/01/2015	8.125%	7,130,000.00	8/01/1987	102.000
17TERM	8/01/2016	8.125%	7,735,000.00	8/01/1987	102.000
17TERM	8/01/2017	8.125%	8,320,000.00	8/01/1987	102.000
			80,485,000.00		
			338,325,000.00		

SUMMARY OF REFUNDING RESULTS

**City of Philadelphia: General Obligation Bonds
Final City G.O. Refunding**

Dated Date	7/15/1993
Delivery Date	7/29/1993
Arbitrage yield	8.802802%
Escrow yield	-
Bond Par Amount	335,600,000.00
True Interest Cost	8.865180%
Net Interest Cost	8.508706%
Average Coupon	8.384188%
Average Life	14.815
Par amount of refunded bonds	338,325,000.00
Average coupon of refunded bonds	7.808187%
Average life of refunded bonds	14.044
PV of prior debt to 7/29/1993 @ 8.802802%	420,281,713.45
Net PV Savings	34,772,418.89
Percentage savings of refunded bonds	10.338834%
Percentage savings of refunding bonds	8.788782%

0.001 45

**FIRST SUPPLEMENT TO THE AMENDED AND
RESTATED INDENTURE OF TRUST**

between

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

and

MERIDIAN BANK, as Trustee

Dated as of May 15, 1996

**FIRST SUPPLEMENT TO THE AMENDED AND
RESTATED INDENTURE OF TRUST**

THIS FIRST SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST, dated as of May 15, 1996, between the PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania under and by virtue of the Constitution and laws of the Commonwealth of Pennsylvania, and MERIDIAN BANK, a bank and trust company organized and existing under the laws of the Commonwealth of Pennsylvania, as trustee (the "Trustee"),

W I T N E S S E T H:

WHEREAS, the Authority is authorized and empowered under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (as such Act may be further amended from time to time, the "Act"), to issue its bonds in accordance with the Act for various purposes, including, without limitation, providing financial assistance to a city of the first class to finance a deficit other than a cash flow deficit, to finance capital projects and to otherwise assist such a city and to refund outstanding indebtedness of the Authority; and

WHEREAS, the Authority and CoreStates Bank, N.A. as trustee (the "Initial Trustee") entered into an Indenture of Trust, dated as of June 1, 1992 (the "Original Indenture"), to provide for the issuance and securing of Bonds (as defined in the Original Indenture); and

WHEREAS, pursuant to the Original Indenture and at the request of the City of Philadelphia, Pennsylvania (the "City"), the Authority issued and sold \$474,555,000 aggregate principal amount of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992 (the "1992 Bonds") for the purpose of financing certain deficits of the City, financing certain capital projects of the City, providing financial assistance to the City to enhance productivity in the operation of the City government, and for certain other purposes permitted under the Act; and

WHEREAS, the Authority and the Initial Trustee entered into a First Supplemental Indenture of Trust dated as of June 22, 1992 amending certain provisions of the Original Indenture (the Original Indenture as so amended is referred to herein as the "Amended Indenture"); and

WHEREAS, Meridian Bank succeeded the Initial Trustee as trustee under the Amended Indenture; and

WHEREAS, the Authority and the Trustee entered into a Second Supplemental Indenture of Trust dated as of July 15, 1993 (the "Second Supplemental Indenture") amending and supplementing the Amended Indenture (the Amended Indenture as so amended and supplement is referred to herein as the "Second Amended Indenture"); and

WHEREAS, pursuant to the Second Amended Indenture and at the request of the City, the Authority issued \$643,430,000 aggregate principal amount of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1993 (the "1993 Bonds") for the purpose of providing grants to the City to pay costs of certain capital projects included in the City's Fiscal Year 1994 Capital Budget, paying the costs of certain capital improvements to the City's criminal justice and correctional facilities and paying the costs of refunding certain of the City's general obligation bonds; and

WHEREAS, the Authority and the Trustee entered into a Third Supplemental Indenture of Trust dated as of August 15, 1993 (the "Third Supplemental Indenture") amending and supplementing the Second Amended Indenture (the Second Amended Indenture as so amended and supplemented is referred to herein as the "Third Amended Indenture"); and

WHEREAS, pursuant to the Third Amended Indenture, the Authority issued \$178,675,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A (the "1993A Bonds") for the purpose of refunding \$136,670,000 aggregate principal amount of 1992 Bonds maturing on June 15 of the years 2006, 2012 and 2022; and

WHEREAS, the Authority amended and restated the Third Amended Indenture pursuant to an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "Amended and Restated Indenture") in order to, *inter alia*, incorporate in one document all of the provisions thereof (including changes in the schedules of capital projects to be funded with proceeds of the 1992 Bonds and the 1993 Bonds effected through substitution requests); and

WHEREAS, pursuant to the Amended and Restated Indenture, the Authority issued \$122,020,000 aggregate principal amount of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994 (the "1994 Bonds") in order to pay costs of certain capital projects included in the City's Fiscal Year 1995 Capital Budget; and

WHEREAS, the Authority has undertaken to issue Additional Bonds to (i) pay the costs of advance refunding the outstanding 1992 Bonds and the 1994 Bonds, and (ii) pay the costs of issuing such Additional Bonds (the "1996 Refunding"); and

WHEREAS, by Resolution adopted on April 30, 1996, the Authority determined to issue and sell its Special Tax Revenue

Refunding Bonds (City of Philadelphia Funding Program), Series of 1996 (the "1996 Bonds") for the purpose of financing the 1996 Refunding pursuant to the terms of this First Supplement to the Amended and Restated Indenture (the "First Supplement to the Amended and Restated Indenture", and together with the Amended and Restated Indenture, the "Indenture"); and

WHEREAS, in order to accomplish the advance refunding of the outstanding 1992 Bonds and the 1994 Bonds, the Authority and the Trustee will enter into an Escrow Deposit Agreement (the "Escrow Deposit Agreement"), pursuant to which the Authority shall deposit in escrow with the Trustee, from the proceeds of the 1996 Bonds, an amount of cash which, when added to certain funds held by the Trustee for the benefit of the 1992 Bonds and the 1994 Bonds, and the investment earnings thereon, will be sufficient to (a) pay the maturing principal of and interest on the 1992 Bonds through and including June 15, 2002, and (b) pay the principal of and interest on the 1994 Bonds maturing on or prior to June 15, 2005 and to pay the redemption price of all outstanding 1994 Bonds, all of which will be called for redemption on June 15, 2005; and

WHEREAS, the execution and delivery of this First Supplement to the Amended and Restated Indenture and of the 1996 Bonds have been duly authorized and all things necessary to make the 1996 Bonds, when executed by the Authority and authenticated by the Trustee, valid and binding legal obligations of the Authority and to make this First Supplement to the Amended and Restated Indenture of Trust a valid and binding agreement have been done.

NOW, THEREFORE, THIS FIRST SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE WITNESSETH:

That, in order to secure the principal of and interest and premium, if any, on the 1996 Bonds issued hereunder according to their tenor and effect and to secure the performance and observance by the Authority of all the covenants and conditions contained herein and in the Amended and Restated Indenture and to declare the terms and conditions upon and subject to which the 1996 Bonds are issued and secured, and for and in consideration of the mutual covenants contained herein and in the Amended and Restated Indenture, the Authority and the Trustee are entering into this First Supplement to the Amended and Restated Indenture of Trust, which shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of the 1996 Bonds.

ARTICLE I

AUTHORITY AND DEFINITIONS

Section 1.01 Supplemental Indenture of Trust. This First Supplement to the Amended and Restated Indenture is supplemental to the Amended and Restated Indenture.

Section 1.02 Authority for this First Supplement to the Amended and Restated Indenture. This First Supplement to the Amended and Restated Indenture is adopted (i) pursuant to the provisions of the Act and (ii) in accordance with Article X of the Amended and Restated Indenture.

Section 1.03 Definitions.

1. Except as provided in this First Supplement to the Amended and Restated Indenture, all terms which are defined in Article I of the Amended and Restated Indenture shall have the same meanings, respectively, in this First Supplement to the Amended and Restated Indenture as such terms are given in said Article I of the Amended and Restated Indenture.

2. Article I of the Amended and Restated Indenture is hereby amended by adding the following definitions:

The following terms shall have the definitions set forth in the recitals hereof:

Initial Trustee	Amended and Restated Indenture
1996 Bonds	1996 Refunding
First Supplement to the	Escrow Deposit Agreement
Amended and Restated Indenture	

"1996 Term Bonds" means the 1996 Bonds maturing on June 15, 2020.

3. Pursuant to the respective defined terms in the Amended and Restated Indenture, the terms "Bond Insurance Policy", "Bond Insurer", "Credit Facility", "Credit Facility Issuer", "Interest Payment Date", "Letter of Representations" and "Record Date" shall have the following meanings with respect to the 1996 Bonds:

"Bond Insurance Policy" means, with respect to the 1996 Bonds, the municipal bond new issue insurance policy issued by the Bond Insurer for the 1996 Bonds that guarantees payment of principal of and interest on the 1996 Bonds.

"Bond Insurer" means, with respect to the 1996 Bonds Financial Guaranty Insurance Company, or any successor thereto.

"Credit Facility" means, with respect to the account within the Debt Service Reserve Fund for the 1996 Bonds, the Municipal Bond Debt Service Reserve Fund Policy issued by the Credit Facility Issuer for the 1996 Bonds to fund the Debt Service Reserve Requirement for the 1996 Bonds.

"Credit Facility Issuer" means, with respect to the Credit Facility issued to fund the account within the Debt Service Reserve Fund for the 1996 Bonds, Financial Guaranty Insurance Company, or any successor thereto.

"Interest Payment Date" means, with respect to the 1996 Bonds, December 15, 1996 and each June 15 and December 15 thereafter so long as any 1996 Bonds remain outstanding hereunder.

"Letter of Representations" shall have the meaning specified in Section 2.04(b) of this First Supplement to the Amended and Restated Indenture when referring to the 1996 Bonds.

"Record Date" means, with respect to the 1996 Bonds, the last day (whether or not a Business Day) of the calendar month next preceding any Interest Payment Date or any redemption date.

4. The definition of the term **"Investment Securities"** is amended as follows:

Subsection (d) is amended and restated in its entirety as follows: "(d) (i) direct obligations of, or (ii) obligations the principal of and interest on which are unconditionally guaranteed by, any state of the United States of America or any political subdivision or agency thereof, other than the City, (or upon the approval of the Bond Insurer for the 1996 Bonds, the District of Columbia or the Commonwealth of Puerto Rico or any political subdivision or agency thereof), whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and "A" or better by S&P,"

In the twelfth to last line of subsection (f), after the words "1993A Insured Bonds", delete the word "or" and replace it with ",", and after the words "1994 Bonds", add the words "or 1996 Bonds". In the third to last line in subsection (f), after the words "1993A Insured Bonds", delete the word "or" and replace it with ",", and after the words "1994 Bonds", add the words "or 1996 Bonds".

ARTICLE II

THE 1996 BONDS

Section 2.01 Authorization of 1996 Bonds. The 1996 Bonds are authorized to be issued in an aggregate principal amount of \$343,030,000.

Section 2.02 Description of 1996 Bonds.

(a) The 1996 Bonds (i) shall be designated "Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996", (ii) shall be issued as fully registered bonds, and (iii) shall be in denominations of \$5,000 principal amount and integral multiples thereof.

(b) The 1996 Bonds shall be substantially in the form of Exhibit A hereto, with appropriate insertions, omissions and variations, including, without limitation, provisions for optional and mandatory redemption, as permitted or required by this First Supplement to the Amended and Restated Indenture, and appropriate statements of insurance.

(c) The 1996 Bonds shall be dated May 15, 1996. The principal of and interest on the 1996 Bonds shall be payable on the dates and the 1996 Bonds shall be subject to redemption in the manner and subject to the conditions stated herein and in the 1996 Bonds.

(d) The 1996 Bonds shall mature on the dates and in the amounts and shall bear interest at the annual rates set forth in Schedule 1 hereto, such interest to be payable on each December 15 and June 15, commencing December 15, 1996, until maturity or such later date as payment of the principal amount thereof shall have been made or provided for.

(e) All provisions of Article II of the Amended and Restated Indenture which are applicable to Bonds shall apply to the 1996 Bonds.

Section 2.03 Delivery of the 1996 Bonds and Disposition of Proceeds Thereof.

(a) Upon the execution and delivery of this First Supplement to the Amended and Restated Indenture, the Authority shall execute and deliver the 1996 Bonds to the Trustee and the Trustee shall authenticate the 1996 Bonds and deliver them to the initial purchaser or purchasers thereof as directed by the Authority in an order delivered by the Authority to the Trustee upon receipt of the proceeds of the 1996 Bonds. Proceeds from the sale of the 1996 Bonds shall be received by the Trustee and deposited in the Settlement Fund and shall then be disbursed and transferred from the Settlement Fund as follows:

(1) To an account in the Debt Service Fund to be established in respect of the 1996 Bonds, the accrued interest on the 1996 Bonds.

(2) To or upon the order of the Authority, the amount specified by the Authority at or after the closing for the issuance of the 1996 Bonds as the costs of issuance of the 1996 Bonds (including, without limitation, fees and expenses of bond counsel, consultants, the Trustee and the Trustee's counsel, the City's counsel and consultants, and the Authority's counsel in connection with the issuance of the 1996 Bonds, fees payable to any Credit Facility Issuer and Bond Insurer, printing costs payable by the Authority and rating agency fees).

(3) To the Trustee, to be deposited in the Escrow Fund, an amount equal to \$345,137,258.71, which will be applied in accordance with the terms of the Escrow Deposit Agreement.

Any amount remaining in the Settlement Fund after the foregoing disbursements and transfers shall be disbursed or transferred by the Trustee to the Debt Service Fund in respect of the 1996 Bonds.

(b) Accrued interest deposited in the account in the Debt Service Fund in respect of the 1996 Bonds shall be applied to pay interest on the 1996 Bonds on December 15, 1996.

(c) Pursuant to Section 5.09 of the Amended and Restated Indenture, there shall be delivered to the Trustee for deposit in a separate account of the Debt Service Reserve Fund in respect of the 1996 Bonds, a Credit Facility meeting the requirements of such Section in the amount of the Debt Service Reserve Requirement for the 1996 Bonds.

Section 2.04 Book Entry System for the 1996 Bonds.

(a) The 1996 Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the 1996 Bonds of each maturity, which 1996 Bonds shall be registered in the name of Philadep & Co., as nominee of Philadelphia Depository Trust Company ("PHILADEP"). Except as provided in paragraph (g) below, all of the 1996 Bonds shall be registered in the books kept by the Trustee in the name of Philadep & Co., as nominee of PHILADEP; provided that if PHILADEP shall request that the 1996 Bonds be registered in the name of a different nominee, the Trustee shall exchange all or any portion of the 1996 Bonds for an equal aggregate principal amount of 1996 Bonds registered in the name of such nominee or nominees of PHILADEP. No person other than PHILADEP or its nominee shall be entitled to receive from the Authority or the Trustee either a 1996 Bond or any other evidence of ownership of the 1996 Bonds, or any right to receive any payment in respect thereof unless

PHILADEP or its nominee shall transfer record ownership of all or any portion of the 1996 Bonds on the books kept by the Trustee, in connection with discontinuing the book entry system as provided in paragraph (g) below or otherwise.

(b) So long as the 1996 Bonds or any portion thereof are registered in the name of PHILADEP or any nominee thereof, all payments of the principal of or premium or interest on such 1996 Bonds shall be made to PHILADEP or its nominee in accordance with the Letter of Representations from the Authority to PHILADEP (the "Letter of Representations") on the dates provided for such payments under the Indenture. Each such payment to PHILADEP or its nominee shall be valid and effective to fully discharge all liability of the Authority or the Trustee with respect to the principal of and premium and interest on the 1996 Bonds to the extent of the sum or sums so paid.

(c) The Authority and the Trustee may treat PHILADEP (or its nominee) as the sole and exclusive owner of the 1996 Bonds registered in its name for the purposes of payment of the principal of or premium or interest on the 1996 Bonds, selecting the 1996 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of 1996 Bonds under the Indenture, registering the transfer of 1996 Bonds, obtaining any consent or other action to be taken by Holders of 1996 Bonds and for all other purposes whatsoever; and neither the Authority nor the Trustee shall be affected by any Notice to the contrary. Neither the Authority nor the Trustee shall have any responsibility or obligation to any participant in PHILADEP, any person claiming a beneficial ownership interest in the 1996 Bonds under or through PHILADEP or any such participant, or any other person which is not shown on the Bond Register as being a Bondholder, with respect to (1) the 1996 Bonds; (2) the accuracy of any records maintained by PHILADEP or any such participant; (3) the payment by PHILADEP or any such participant of any amount in respect of the principal of or premium or interest on the 1996 Bonds; (4) any notice which is permitted or required to be given to Holders of 1996 Bonds under the Indenture; (5) the selection by PHILADEP or any such participant of any person to receive payment in the event of a partial redemption of the 1996 Bonds; or (6) any consent given or other action taken by PHILADEP as Holder of 1996 Bonds.

(d) So long as the 1996 Bonds or any portion thereof are registered in the name of PHILADEP or any nominee thereof, all notices required or permitted to be given to the Holders of 1996 Bonds under the Indenture shall be given to PHILADEP as provided in the Letter of Representations.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Indenture by the Trustee with respect to any consent or other action to be taken by Holders of 1996 Bonds, PHILADEP shall consider the date of receipt of notice requesting such consent or

other action as the record date for such consent or other action, provided that the Trustee may establish a special record date for such consent or other action. The Trustee shall give PHILADEP notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(f) At or prior to settlement for the 1996 Bonds, the Authority and the Trustee shall execute or signify their approval of the Letter of Representations. Any successor Trustee shall, in its written acceptance of its duties under the Indenture, agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(g) The book entry system for registration of the ownership of the 1996 Bonds through PHILADEP shall be discontinued at any time that (1) PHILADEP determines to resign as securities depository for the 1996 Bonds and gives notice of such determination to the Authority and the Trustee or (2) the Authority determines that continuation of the system of book entry transfers through PHILADEP is not in the best interests of the Authority or the Holders of 1996 Bonds and gives notice of such determination to the Trustee and PHILADEP. In either of such events the Authority may appoint a successor securities depository; but if the Authority does not appoint a successor, the 1996 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by PHILADEP, but without any liability on the part of the Authority or the Trustee for the accuracy of such designation. If a successor securities depository is appointed, this Section 2.04 shall be amended as necessary to reflect such succession and to incorporate provisions required by the successor.

ARTICLE III

REDEMPTION/REVENUES AND FUNDS

Section 3.01 Optional Redemption. The 1996 Bonds maturing on and after June 15, 2007 are redeemable on and after June 15, 2006, in whole at any time, or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount of the 1996 Bonds to be redeemed, plus accrued interest to the redemption date.

Section 3.02 Debt Service Fund.

(a) The Trustee shall establish as a part of the Debt Service Fund in respect of the 1996 Bonds a 1996 Bonds Sinking Fund Account (the "1996 Bonds Sinking Fund Account") for the retirement of certain of the 1996 Term Bonds. Moneys

deposited in the 1996 Bonds Sinking Fund Account shall be held by the Trustee for the sole benefit of the registered owners of 1996 Term Bonds specified below and shall be applied as hereafter provided.

The Trustee shall transfer moneys from the Debt Service Fund in respect of the 1996 Bonds to the 1996 Bonds Sinking Fund Account on June 15 of the years set forth below in the amount required to retire 1996 Term Bonds specified below in the following amounts through mandatory redemption, in direct order of maturity and within a maturity as chosen by the Trustee by lot, at the principal amount thereof plus accrued interest, or through purchase as hereinafter provided:

<u>1996 Term Bonds Maturing</u> <u>June 15, 2016</u>		<u>1996 Term Bonds Maturing</u> <u>June 15, 2020</u>	
<u>Year</u> <u>(June 15)</u>	<u>Amount</u>	<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2014	\$6,450,000	2017	\$7,575,000
2015	6,810,000	2018	7,990,000
2016*	7,180,000	2019	8,430,000
		2020*	8,895,000

* Final Maturity

Prior to May 1 of each year in which 1996 Term Bonds are subject to mandatory redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 1996 Bonds Sinking Fund Account of as many 1996 Term Bonds then subject to mandatory sinking fund redemption as can be purchased in the open market or pursuant to offers made at the time by the holders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund in respect of the 1996 Bonds). Prior to May 15 of each year or such date as will permit the Trustee to mail the notice of redemption required under Section 3.02 of the Indenture, so long as any 1996 Term Bonds specified above shall remain Outstanding, the Trustee shall draw by lot, for redemption on June 15 of such year, a principal amount of 1996 Term Bonds as shall represent the difference between the principal amount of such 1996 Term Bonds fixed for redemption on such date as described above and the principal amount thereof which the Trustee shall have purchased or agreed to purchase during the immediately preceding period, as above provided.

Upon selection by lot of the particular 1996 Term Bonds to be redeemed, as above provided, the Trustee shall send a notice, in the name of the Authority, to the holders of such 1996 Term Bonds so drawn for redemption in the manner provided in Article III of the Indenture, and, upon presentation by the holders thereof, the Trustee shall pay the principal amount thereof out of moneys in the 1996 Bonds Sinking Fund Account and shall pay accrued interest due from moneys available therefor in the Debt Service Fund in respect of the 1996 Bonds.

If at any time all the 1996 Term Bonds eligible for redemption shall have been purchased, redeemed or paid, the Trustee shall make no further transfers to the 1996 Bonds Sinking Fund Account and shall transfer any balance then in such account to the Debt Service Fund in respect of the 1996 Bonds. Whenever 1996 Term Bonds are to be purchased out of the 1996 Bonds Sinking Fund Account, if the Authority shall notify the Trustee that the Authority wishes to arrange for such purchase, the Trustee shall comply with the Authority's arrangements provided they conform to the Indenture.

(b) (i) If, on the third day preceding any Interest Payment Date for the 1996 Bonds there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the 1996 Bonds due on such date, the Trustee shall immediately notify the Bond Insurer and State Street Bank and Trust Company, N.A., or its successor as the Fiscal Agent for the Bond Insurer of the amount of such deficiency. If, by said Interest Payment Date, the Authority has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the 1996 Bonds maintained by the Trustee. In addition:

(A) The Trustee shall provide the Bond Insurer with a list of the Bondholders entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Bond Insurer and the Fiscal Agent (1) to mail checks or drafts to Bondholders entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the 1996 Bonds surrendered to the Fiscal Agent by the Bondholders entitled to receive full or partial principal payments from the Bond Insurer; and

(B) The Trustee shall, at the time it makes the registration books available to the Bond Insurer pursuant to (A) above, notify Bondholders entitled to receive the payment of principal of or interest on the 1996 Bonds from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy, (3) that, except as provided in paragraph (ii) below, in the event that any Bondholder is entitled to receive full payment

of principal from the Bond Insurer, such Bondholder must tender his 1996 Bond with the instrument of transfer in the form provided on the 1996 Bond executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (ii) below, in the event that such Bondholder is entitled to receive partial payment of principal from the Bond Insurer, such Bondholder must tender his 1996 Bond for payment first to the Trustee, which shall note on such 1996 Bond the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Bondholder subject to the terms of the Bond Insurance Policy.

(ii) In the event that the Trustee has notice that any payment of principal of or interest on a 1996 Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Bondholders of such 1996 Bonds that in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the 1996 Bonds which have been made by the Trustee and subsequently recovered from Bondholders, and the dates on which such payments were made.

(iii) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the 1996 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Bondholders of such 1996 Bonds and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the 1996 Bonds maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Bondholders of such 1996 Bonds. Notwithstanding anything in the Indenture (including, without limitation, Section 2.04 of this First Supplement to the Amended and Restated Indenture) or the 1996 Bonds to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

Section 3.03 Credit Facility for the Debt Service Reserve Fund for the 1996 Bonds.

The Credit Facility will be issued by the Credit Facility Issuer in lieu of a deposit in the Debt Service Reserve Fund at the time of the issuance of the 1996 Bonds. The Credit Facility shall be payable (upon the giving of notice by the Trustee to the Credit Facility Issuer in accordance with the terms of the Credit Facility at least two business days prior to each Interest Payment Date) on any date on which moneys are required to be withdrawn from the Debt Service Reserve Fund for the 1996 Bonds and applied to the payment of principal of or interest on the 1996 Bonds. If a disbursement is made pursuant to the Credit Facility, the Credit Facility Issuer shall furnish to the Authority written instructions as to the manner in which repayment of amounts owed to the Credit Facility Issuer as a result of such disbursement shall be made.

In the event of any such disbursement, the Authority shall either (i) cause the maximum limits of the Credit Facility to be reinstated or (ii) deposit into the account within the Debt Service Reserve Fund for the 1996 Bonds an amount, from transfers from the Revenue Fund pursuant to Section 5.05 of the Indenture, equal to the amount of the draw made under the Credit Facility, or a combination of (i) and (ii), so that the amount of cash (or permitted investments under the Indenture), together with the Credit Facility in the Debt Service Reserve Fund for the 1996 Bonds equals the Debt Service Reserve Requirement for the 1996 Bonds.

Repayment of draws under the Credit Facility, expenses of the Credit Facility Issuer relating thereto and the interest thereon, accruing at a rate equal to the lower of (i) the prime rate per annum of Morgan Guaranty Trust Company of New York in effect from time to time plus two percent (2%) and (ii) the highest rate permitted by law (such draws, expenses and interest are collectively referred to as the "Policy Costs"). Amounts paid to the Credit Facility Issuer shall be credited first to interest due under the Credit Facility, then to the expenses due under the Credit Facility and then to reimbursement of the draws under the Credit Facility. As and to the extent that payments are made to the Credit Facility Issuer on account of reimbursement of any draws under the Credit Facility, the coverage under the Credit Facility will be increased by a like amount.

If the Authority shall fail to repay any Policy Costs as described above, the Credit Facility Issuer shall be entitled to exercise any and all remedies available at law or under the Indenture other than (i) acceleration of the maturity of the 1996 Bonds, or (ii) remedies which would adversely affect holders of the 1996 Bonds.

If and to the extent that cash has also been deposited in the Debt Service Reserve Fund for the 1996 Bonds, all such cash shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any draw under the Credit Facility, and repayment of any Policy Costs shall be made prior to replenishment of any such cash amounts. If, in addition to the Credit Facility, any other reserve fund substitute instrument is provided with respect to the 1996 Bonds, drawings under the Credit Facility and any such other reserve fund substitute instruments, shall be made on a pro rata basis (calculated by reference to the maximum amounts available thereunder) after applying all available cash in the Debt Service Reserve Fund for the 1996 Bonds and prior to replenishment of any such cash draws, respectively.

For so long as the Credit Facility is in effect (a) the Indenture shall not be modified or amended without the prior written consent of the Credit Facility Issuer, (b) the Credit Facility Issuer shall be provided with written notice of the resignation or removal of the Trustee and the appointment of a successor thereto and of the issuance of additional indebtedness of the Authority, and (c) the Indenture shall not be discharged if any Policy Costs are owed by the Authority to the Credit Facility Issuer.

For so long as the Credit Facility for the 1996 Bonds on account of the Debt Service Reserve Fund is in effect, the amount available to be drawn thereunder shall be taken into account when computing the value of the assets in such account for purposes of determining whether the Debt Service Reserve Requirement for the 1996 Bonds is satisfied.

ARTICLE IV

AMENDMENT OF INDENTURE

Section 4.01 Amendment of Section 2.11. Section 2.11 of the Amended and Restated Indenture is amended as follows:

In the eighth line of subsection 2.11(f) after the words "1993A Bonds", delete with word "and" and replace it with ",". In the ninth line of subsection 2.11(f), after the words "1994 Bonds", add the words "and the 1996 Bonds". In the nineteenth line of subsection 2.11(f), after the word "Requirement", add the words "(including the Authority's obligations with respect to repayment of Policy Costs then due and owing with respect to the Credit Facility issued in connection with the Debt Service Reserve Fund for the 1996 Bonds)".

Add a new subsection 2.11(g) which shall read in its entirety as follows:

"(g) In the event that any Policy Costs are past due and owing to a Credit Facility Issuer, the written consent of such Credit Facility Issuer".

Section 4.02 Amendment of Section 4.12. Section 4.12 of the Amended and Restated Indenture is amended as follows:

In the fourth line of subsection 4.12(b), after the words "1993A Bonds", delete the word "or" and replace it with ",", and after the words "1994 Bonds", add the words "or the 1996 Bonds". In the third line of subsection 4.12(d), after the words "1993A Bonds", delete the word "and" and replace it with ",", and after the words "1994 Bonds", add the words "and the 1996 Bonds".

Section 4.03 Amendment of Section 5.04. Section 5.04 of the Amended and Restated Indenture is amended by adding a new subsection (f) which reads in its entirety as follows:

"(f) The fees and costs for any opinion of Bond Counsel required to be given pursuant to paragraphs (a) or (c) of this Section 5.04 or any other costs incurred by the Authority in connection with a revision of Schedule 5, 6 or 7 shall be a proper charge against such account within the Capital Projects Fund as the Authority may designate and shall be paid therefrom."

Section 4.04 Amendment of Section 5.07. Subsection 5.07 of the Amended and Restated Indenture is amended as follows:

In the eighth line of the first paragraph of Section 5.07, after the word "Insurer", add the words "for such Series of Bonds". In the tenth line of the first paragraph of Section 5.07 after the word "Insurer", add the words "for such Series of Bonds".

In the sixth line of subsection 5.07(b), after the words "1993A Bonds", delete the word "and" and replace it with ",", and after the words "1994 Bonds", add the words "and the 1996 Bonds".

Section 4.05 Amendment of Section 5.10. Section 5.10 of the Amended and Restated Indenture is amended as follows:

In the first line of subsection 5.10 (b), delete the word "30" and replace it with the word "45".

Section 4.06 Amendment of Section 6.01. Section 6.01 of the Amended and Restated Indenture is amended as follows:

In the second to last line of the first paragraph of Section 6.01, after the words "1993A Bonds", delete the word "and" and replace it with ",". In the last line of the first paragraph of Section 6.01, after the word "Bonds", add the words "and the 1996 Bonds".

In the third line of the fourth paragraph of Section 6.01, after the words "1993A Bonds", delete the word "and" and replace it with ",", and after the words "1994 Bonds", add the words "and the 1996 Bonds". In the ninth line of the fourth paragraph of Section 6.01, after the words "1993A Bonds", delete the word "or" and replace it with ",", and in the tenth line of the fourth paragraph of Section 6.01, after the words "1994 Bonds", add the words "or the 1996 Bonds".

Section 4.07 Amendment of Section 6.02. Section 6.02 of the Amended and Restated Indenture is amended as follows:

At the end of Section 6.02, add a new sentence which reads as follows: "Any Credit Facility deposited in the Debt Service Reserve Fund pursuant to Section 5.07 herein shall be valued at the stated coverage amount."

Section 4.08 Amendment of Article VII. The fourth paragraph of Article VII of the Amended and Restated Indenture is amended as follows:

In the third line of the fourth paragraph of Article VII, after the words, "1993A Bonds", delete the word "or" and replace it with ",", and after the words "1994 Bonds", add the words "or the 1996 Bonds".

Section 4.09 Amendment of Section 8.01. Section 8.01 of the Amended and Restated Indenture is amended as follows:

In the fifth to last line of the paragraph following subsection 8.01(e), after the words "1993A Bonds", delete the word "or" and replace it with ",", and after the words "1994 Bonds", add the words "or in the 1996 Bonds".

Section 4.10 Amendment of Section 8.09. Section 8.09 of the Amended and Restated Indenture is amended as follows:

In the fifth line of Section 8.09, after the words "1993A Insured Bonds", delete the word "or" and replace it with ",", and after the words "1994 Bonds", add the words "or the 1996 Bonds".

Section 4.11. Amendment of Section 10.02. The last paragraph of Section 10.02 of the Amended and Restated Indenture is amended as follows:

In the seventh line of the last paragraph of Section 10.02, after the words "1993A Bonds", delete the word "or" and replace it with ",", and after the words "1994 Bonds" add the words "or the 1996 Bonds".

Section 4.12 Amendment of Section 11.07. Section 11.07 of the Amended and Restated Indenture is amended to add the following addresses as the addresses for the Credit Facility Issuer with respect to the 1996 Bonds:

If to the Credit Facility Issuer:

Financial Guaranty Insurance Corporation
115 Broadway
New York, NY 10006
Attention: Research and Risk Management

Section 4.13 Amendment of Section 11.10. Section 11.10 of the Amended and Restated Indenture is amended as follows:

In the fifth line of Section 11.10, after the words "1993A Insured Bonds", delete the word "or" and replace it with ",". In the sixth line of Section 11.10, after the words "1994 Bonds", add the words "or the 1996 Bonds".

ARTICLE V

INDENTURE TO REMAIN IN EFFECT; MISCELLANEOUS

Section 5.01 Indenture to Remain in Effect. Except as amended and supplemented by this First Supplement to the Amended and Restated Indenture, the Amended and Restated Indenture shall remain in full force and effect and is in all respects ratified, approved and confirmed, and the Amended and Restated Indenture and this First Supplement to the Amended and Restated Indenture shall be read, taken and construed as one and the same instrument so that all of the rights, remedies, terms, conditions, covenants and agreements of the Amended and Restated Indenture shall apply and remain in full force and effect with respect to this First Supplement to the Amended and Restated Indenture, the 1992 Bonds, the 1993 Bonds, the 1993A Bonds, the 1994 Bonds and the 1996 Bonds, as appropriate. In case of any conflict between the provisions of the Amended and Restated Indenture and this First Supplement to the Amended and Restated Indenture of Trust, the provisions of this First Supplement to the Amended and Restated Indenture shall apply. Without limiting the foregoing, the Authority hereby assigns, pledges and grants to the Trustee and confirms its prior grant to the Trustee a lien on and security interest in all right, title and interest of the Authority in and to the Pledged Revenues in order to secure (i) the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect, and (ii) the performance and observance by the Authority expressed herein and in the Bonds.

Section 5.02 Counterparts. This First Supplement to the Amended and Restated Indenture may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.03 Governing Law. This First Supplement to the Amended and Restated Indenture shall be governed by and construed in accordance with the laws of the Commonwealth.

Section 5.04 Captions. The captions and headings in this First Supplement to the Amended and Restated Indenture are for reference purposes only and shall not control or affect the meaning or interpretation of any provisions of this First Supplement to the Amended and Restated Indenture.

IN WITNESS WHEREOF, the Authority has caused this First Supplement to the Amended and Restated Indenture of Trust to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials and the Trustee has caused this First Supplement to the Amended and Restated Indenture of Trust to be executed in its name and with its corporate seal hereunto affixed and attested by its respective duly authorized signers, as of the date first above written.

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

[SEAL]

By: Charisse R. Gillie
Title: (Vice) Chairperson

Attest:

By: [Signature]
Title: Secretary

[SEAL]

MERIDIAN BANK, as Trustee

By: [Signature]
Title: Vice President

EXHIBIT A

(Form of Fully Registered 1996 Bond)

No. R

\$

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

**Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)**

Series of 1996

Interest Rate	Maturity Date	Dated Date	CUSIP
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REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from May 15, 1996, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 1996, until payment of the principal sum shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of Meridian Bank, or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by Meridian Bank or its successor as Registrar and at the address appearing thereon on the last day of the month preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 1996 Bonds (as

hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Amended and Restated Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States of America.

Interest on the Series 1996 Bonds shall be paid on each Interest Payment Date and shall be computed on the basis of a year of 360 days consisting of twelve 30-day months.

THIS BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, INCLUDING THE CITY, EXCEPT THE AUTHORITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE SERIES 1996 BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGEEES OF THE AUTHORITY, INCLUDING HOLDERS OF SERIES 1996 BONDS, SHALL HAVE NO RECOURSE, LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, EXCEPT THE AUTHORITY, BUT INCLUDING THE CITY, FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 1996 BONDS.

This Bond is fully registered in the name of the owner on the Bond Register kept for that purpose at the Principal Office of the Registrar. No transfer shall be valid as against the Authority or the Trustee unless made by the registered owner in person or by his duly authorized attorney or legal representative and similarly noted upon the Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the

order of the registered owner, a new registered Bond or Bonds, in authorized denominations aggregating the principal amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as if this Bond and registered in such names as shall be requested.

The Authority, the Trustee and the Registrar may treat the person in whose name this Bond is registered as the absolute owner of this Bond for all purposes whether or not this Bond shall be overdue, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All payments of the principal, interest or redemption price made to the registered owner hereof in the manner set forth herein and in the Indenture shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Indenture shall be conclusive and binding upon such registered owner, his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the Commonwealth of Pennsylvania to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Bond, exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Authority in his individual capacity, and neither the members of the Board of the Authority nor any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Indenture or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the execution of the First Supplement to the Amended and Restated Indenture (hereinafter defined) and the issuance of this Bond.

This Bond shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

This Bond is one of a duly authorized issue of \$343,030,000 Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program),

Series of 1996 (the "Series 1996 Bonds"). The Series 1996 Bonds are issued to enable the Authority to refund certain of its outstanding bonds and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The Series 1996 Bonds are issued under and pursuant to the Act and a resolution of the Authority duly adopted on April 30, 1996 (the "Resolution") and under an Amended and Restated Indenture dated as of December 1, 1994, as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996 (collectively, the "Indenture"), between the Authority and the Trustee, and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the "Pledged Revenues").

Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Optional Redemption

The Series 1996 Bonds maturing on and after June 15, 2007 are redeemable by the Authority, on or after June 15, 2006, in whole at any time, or in part at any time, and from time to time, in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount of Series 1996 Bonds to be redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

The Series 1996 Bonds maturing on June 15, 2016 and June 15, 2026 are subject to mandatory sinking fund redemption prior to maturity on June 15 of the years and in the amounts set forth below in direct order of maturity and within a maturity as chosen by the Trustee by lot at 100% of the principal amount thereof plus accrued interest, or through purchase as hereinafter provided:

Maturity <u>June 15, 2016</u>		Maturity <u>June 15, 2020</u>	
<u>Year</u> <u>(June 15)</u>	<u>Amount</u>	<u>Year</u> <u>(June 15)</u>	<u>Amount</u>
2014	\$ 6,450,000	2017	\$7,575,000
2015	6,810,000	2018	7,990,000
2016*	7,180,000	2019	8,430,000
		2020*	8,895,000

*** Final Maturity**

Prior to May 1 of each year in which Series 1996 Bonds are subject to mandatory redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 1996 Bonds Sinking Fund Account of as many Series 1996 Bonds then subject to mandatory sinking fund redemption on the next June 15 as can be purchased in the open market or pursuant to offers made at the time by the Bondholders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund in respect of).

Notice of Redemption

When the Authority shall determine to redeem Series 1996 Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of Series 1996 Bonds to be redeemed, or whenever the Trustee shall be required to redeem Series 1996 Bonds from moneys in the Bond Redemption Fund, without action on the part of the Authority, the Trustee, at the Authority's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall, among other things, state the redemption price and the date fixed for redemption, that on such date the Series 1996 Bonds called for redemption will be due and become payable at the Principal Office of the Trustee, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of all Series 1996 Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Series 1996 Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption, without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Trustee, such notice shall be conditioned upon the deposit of moneys with the Trustee before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days prior to the redemption date, addressed to the Holders of Series 1996 Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any Series 1996 Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Series 1996 Bonds.

Reference is made to the Act, the Resolution, the Indenture and the FICA Tax Ordinance, executed or certified counterparts of which are on file at the principal corporate trust office of the Trustee, for statements of the purposes for which the Series 1996 Bonds are issued, a description of the Pledged Revenues assigned and pledged for the security of the Series of 1996 Bonds (including the FICA Tax) and the nature, extent and manner of enforcement of such security, certain covenants of the Authority and the City made for the benefit of Bondholders, the terms and conditions under which the Indenture may be amended or modified, the rights and duties of the Authority and the Trustee, and the extent of the rights of the registered owners of the Series 1996 Bonds issued under the Indenture.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this Bond to be executed with the manual or facsimile signature of its Chairperson and its official seal or a facsimile thereof to be imprinted hereon and attested with the manual or facsimile signature of its Secretary or Assistant Secretary.

[SEAL]

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____
(Vice) Chairperson

Attest:

(Assistant) Secretary

AUTHENTICATION CERTIFICATE

This Bond is one of the Series 1996 Bonds described in the within mentioned Indenture. The text of the opinion of Co-Bond Counsel printed on or attached to this Bond is the complete text of the opinion of Fox, Rothschild, O'Brien & Frankel and Ronald A. White, P.C., both of Philadelphia, Pennsylvania, a signed original of which is on file with the undersigned, which was dated and delivered on the date of the original delivery of and payment for the Series 1996 Bonds.

Meridian Bank, Trustee

By: _____
Authorized Signature

Date of Authentication:

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Pennsylvania Intergovernmental Cooperation Authority, Pennsylvania, Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996 (the "Bonds"), such policy being on file at the principal office of Meridian Bank (the "Trustee"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholder that portion of principal of and interest on the Bonds which is then due for payment and which the Issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which the payment of principal of the Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Trustee to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Trustee, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

TEXT OF OPINION OF CO-BOND COUNSEL

May 30, 1996

Pennsylvania Intergovernmental
Cooperation Authority
1429 Walnut Street, 14th Floor
Philadelphia, PA 19102

Re: \$343,030,000 Pennsylvania Intergovernmental
Cooperation Authority Special Tax Revenue
Refunding Bonds (City of Philadelphia Funding
Program), Series of 1996

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance and sale by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of \$343,030,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996 (the "1996 Bonds") pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L. 9, No. 6), as amended (the "Act"), and an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "Amended and Restated Indenture"), between the Authority and Meridian Bank, as Trustee (the "Trustee"), as amended pursuant to the First Supplement to the Amended and Restated Indenture dated as of May 15, 1996 (the "First Supplement to the Amended and Restated Indenture" and, together with the Amended and Restated Indenture, the "Indenture").

The proceeds of the Bonds will be used, together with certain monies held by the Trustee on account of the 1992 Bonds and the 1994 Bonds (defined below) to (i) advance refund the aggregate outstanding balance of the Authority's Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992 (the "1992 Bonds"), (ii) advance refund the aggregate outstanding balance of the Authority's Special Tax Revenue Bonds (City of Philadelphia Funding Project), Series of 1994 (the "1994 Bonds"); (iii) pay the premium for a debt service reserve fund insurance policy to satisfy the Debt Service Reserve Fund Requirement in respect of the 1996 Bonds and (iv) pay the costs of issuing the 1996 Bonds (collectively, the "Refunding Project").

As Co-Bond Counsel, we have examined the Act, the relevant provisions of the Constitution and such statutes of the

Commonwealth of Pennsylvania and such resolutions of the Authority and ordinances of the City of Philadelphia (the "City") and proceedings relating thereto as we have deemed necessary to enable us to render the opinion set forth below. We have also examined and relied upon the proceedings authorizing the issuance of the 1996 Bonds and certain certifications and agreements (including a Tax Compliance Agreement intended to satisfy certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable Treasury Regulations), affidavits, receipts and other documents which we have considered relevant. We have also examined a specimen of the 1996 Bonds and have relied on the certification of the Trustee as to its authentication of the 1996 Bonds.

In rendering our opinion set forth below, we have assumed (i) that all documents, records and other instruments examined by us are genuine, accurate and complete and we have not undertaken to verify all of the factual matters set forth in any certificates or other documents by independent investigation, (ii) that the signatures on documents and instruments examined by us are original or genuine, (iii) that all documents submitted to us as copies conform to the originals thereof, and (iv) that all documents referred to herein have been duly authorized, executed, and delivered by all parties thereto other than the Authority.

On the basis of the foregoing and subject to the qualifications stated herein, we are of the opinion that, under existing law, as presently enacted and construed:

1. The Authority is a body corporate and politic validly existing under the laws of the Commonwealth of Pennsylvania, and has the full power and authority under the Act to undertake the Refunding Project, to execute and deliver the First Supplement to the Amended and Restated Indenture and to issue the 1996 Bonds.

2. The First Supplement to the Amended and Restated Indenture has been duly authorized, executed and delivered by the Authority and the obligations of the Authority under the First Supplement to the Amended and Restated Indenture constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their terms.

3. The 1996 Bonds have been duly authorized, executed, issued and delivered by the Authority and are the legal, valid and binding limited obligations of the Authority, entitled to the benefit and security of the Indenture, and are enforceable against the Authority in accordance with their terms.

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4. The Indenture creates a valid lien on, and a valid and binding security interest in, the Pledged Revenues (as defined in the Indenture) for the security of the Bonds.

5. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the interest on the 1996 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax and the 1996 Bonds are exempt from personal property taxes in Pennsylvania.

6. Under existing statutes, regulations, rulings and court decisions, interest on the 1996 Bonds (including any original issue discount properly allocable to a holder of the 1996 Bonds) is excluded from gross income for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that the Authority and the City shall comply with all requirements of the Code and applicable Treasury Regulations that must be satisfied subsequent to the issuance of the 1996 Bonds in order that interest on the 1996 Bonds be (and continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the 1996 Bonds to be included in gross income retroactive to the date of issuance of the 1996 Bonds. The Authority and the City have covenanted to comply with such requirements.

7. Interest on the 1996 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; notwithstanding that, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in computing the alternative minimum taxable income of such corporations. It should be noted that ownership of the 1996 Bonds also may give rise to certain additional federal tax consequences. We express no opinion with respect to any of such additional tax consequences.

With respect to the foregoing opinion, we advise you that the rights of the holders of the 1996 Bonds and the enforceability of the 1996 Bonds and the Indenture will be subject to and may be limited by (i) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws of general application or equitable principles relating to or affecting creditors' rights and remedies or debtors' obligations generally, (ii) by general principles of equity, whether considered and applied in a court of law or equity, and (iii) the exercise of judicial discretion in appropriate cases.

We call your attention to the fact that the 1996 Bonds are limited obligations of the Authority, payable only out of certain revenues of the Authority and certain other monies pledged therefor as provided in the Indenture, and that neither the credit nor the taxing power of the City, the Commonwealth of Pennsylvania or any political subdivision, agency or instrumentality thereof is pledged for the payment of the principal of, or interest on, the 1996 Bonds. Furthermore, the Authority has no taxing power.

We express no opinion as to any matter not expressly set forth herein, including federal, state, local or foreign tax consequences arising with respect to the 1996 Bonds, other than those opinions expressed in paragraphs 5, 6 and 7 above, or as to the accuracy, adequacy or completeness of, the Preliminary Official Statement or the final Official Statement prepared with respect to the 1996 Bonds, and we make no representation that we have independently verified the contents of such Official Statement.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in laws which may hereafter occur.

Very truly yours,

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ whose taxpayer identification number is _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney to transfer said Bond on the books of the Registrar, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

SCHEDULE 1

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

\$343,030,000

**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION
AUTHORITY**

**SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 1996**

\$289,700,000 Serial Bonds

<u>Due</u> <u>(June 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>
1997	\$33,365,000	5.000%	3.700%
1998	36,635,000	5.000	4.250
1999	38,465,000	5.750	4.500
2000	40,680,000	5.750	4.650
2001	43,015,000	6.000	4.750
2002	45,800,000	6.000	4.850
2003	3,430,000	4.850	4.950
2004	3,590,000	6.000	5.050
2005	3,890,000	6.000	5.125
2006	4,200,000	6.000	5.200
2007	4,450,000	5.200	5.320
2008	4,680,000	5.300	5.420
2009	4,930,000	5.400	5.520
2010	5,200,000	5.500	5.600
2011	5,480,000	5.500	5.650
2012	5,785,000	5.600	5.700
2013	6,105,000	5.625	5.750

\$20,440,000 5.500% Term Bonds Due June 15, 2016 at 5.820%

\$32,890,000 5.500% Term Bonds Due June 15, 2020 at 5.870%

**SECOND SUPPLEMENT TO THE AMENDED AND
RESTATED INDENTURE OF TRUST**

between

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

and

FIRST UNION NATIONAL BANK, as Trustee

Dated as of April 1, 1999

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SECOND SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST

THIS SECOND SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST, dated as of April 1, 1999, between the PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania under and by virtue of the Constitution and laws of the Commonwealth of Pennsylvania, and FIRST UNION NATIONAL BANK, a bank and trust company organized and existing under the laws of the Commonwealth of Pennsylvania, as Trustee under the Indenture,

WITNESSETH:

WHEREAS, the Authority is authorized and empowered under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (as such Act may be further amended from time to time, the "Act"), to issue its bonds in accordance with the Act for various purposes, including, without limitation, providing financial assistance to a city of the first class to finance a deficit other than a cash flow deficit, to finance capital projects and to otherwise assist such a city and to refund outstanding indebtedness of the Authority; and

WHEREAS, the Authority and CoreStates Bank, N.A. as trustee (the "Initial Trustee") entered into an Indenture of Trust, dated as of June 1, 1992 (the "Original Indenture"), to provide for the issuance and securing of Bonds (as defined in the Original Indenture); and

WHEREAS, pursuant to the Original Indenture and at the request of the City of Philadelphia, Pennsylvania (the "City"), the Authority issued and sold \$474,555,000 aggregate principal amount of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992 (the "1992 Bonds") for the purpose of financing certain deficits of the City, financing certain capital projects of the City, providing financial assistance to the City to enhance productivity in the operation of the City government, and for certain other purposes permitted under the Act; and

WHEREAS, the Authority and the Initial Trustee entered into a First Supplemental Indenture of Trust dated as of June 22, 1992 amending certain provisions of the Original Indenture (the Original Indenture as so amended is referred to herein as the "Amended Indenture"); and

WHEREAS, Meridian Bank succeeded the Initial Trustee as trustee under the Amended Indenture; and

WHEREAS, the Authority and Meridian Bank, as trustee, entered into a Second Supplemental Indenture of Trust dated as of July 15, 1993 (the "Second Supplemental Indenture") amending and supplementing the Amended Indenture (the Amended Indenture as so amended and supplemented is referred to herein as the "Second Amended Indenture"); and

WHEREAS, pursuant to the Second Amended Indenture and at the request of the City, the Authority issued \$643,430,000 aggregate principal amount of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1993 (the "1993 Bonds") for the purpose of providing grants to the City for use by the City to pay costs of certain capital projects included in the City's Fiscal Year 1994 Capital Budget, costs of certain capital improvements to the City's criminal justice and correctional facilities and costs of defeasing certain of the City's general obligation bonds; and

WHEREAS, the Authority and Meridian Bank, as trustee, entered into a Third Supplemental Indenture of Trust dated as of August 15, 1993 (the "Third Supplemental Indenture") amending and supplementing the Second Amended Indenture (the Second Amended Indenture as so amended and supplemented is referred to herein as the "Third Amended Indenture"); and

WHEREAS, pursuant to the Third Amended Indenture, the Authority issued \$178,675,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A (the "1993A Bonds") for the purpose of refunding \$136,670,000 aggregate principal amount of 1992 Bonds maturing on June 15 of the years 2006, 2012 and 2022; and

WHEREAS, the Authority amended and restated the Third Amended Indenture pursuant to an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "Amended and Restated Indenture") between the Authority and Meridian Bank, as Trustee, in order to, *inter alia*, incorporate in one document all of the provisions thereof (including changes in the schedules of capital projects to be funded with proceeds of the 1992 Bonds and the 1993 Bonds effected through substitution requests); and

WHEREAS, pursuant to the Amended and Restated Indenture, the Authority issued \$122,020,000 aggregate principal amount of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994 (the "1994 Bonds") in order to pay costs of certain capital projects included in the City's Fiscal Year 1995 Capital Budget; and

WHEREAS, pursuant to the First Supplement to the Amended and Restated Indenture dated as of May 15, 1996 (the "First Supplement to the Amended and Restated Indenture," and together with the Amended and Restated Indenture, the "Existing Indenture") between the Authority and Meridian Bank, as Trustee, the Authority issued \$343,030,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996 (the "1996 Bonds") in order to (i) pay the costs of advance refunding the outstanding 1992 Bonds and the 1994 Bonds, and (ii) pay the costs of issuing such Additional Bonds; and

WHEREAS, First Union National Bank succeeded Meridian Bank as Trustee under the Existing Indenture; and

WHEREAS, the Authority has undertaken to issue Additional Bonds to (i) pay the costs of advance refunding the outstanding 1993 Bonds, (ii) to provide a Credit Facility to satisfy the Debt

Service Reserve Requirement, and (iii) pay the costs of issuing such Additional Bonds and of obtaining credit enhancement for the Bonds (the "1999 Refunding"); and

WHEREAS, by Resolutions adopted on March 2, 1999 and March 16, 1999, the Authority determined to issue and sell its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999 (the "1999 Bonds") for the purpose of financing, together with other available funds, the 1999 Refunding pursuant to the terms of this Second Supplement to the Amended and Restated Indenture (the "Second Supplement to the Amended and Restated Indenture", and together with the Existing Indenture, the "Indenture"); and

WHEREAS, in order to accomplish the advance refunding of the outstanding 1993 Bonds, the Authority and the Trustee, as escrow agent (in such capacity, the "Escrow Agent") will enter into an Escrow Deposit Agreement (the "1993 Bonds Escrow Deposit Agreement") dated as of the date hereof, pursuant to which the Authority shall deposit in escrow with the Escrow Agent, from the proceeds of the 1999 Bonds, an amount of cash which, when added to certain funds held by the Trustee for the benefit of the 1993 Bonds, and the investment earnings thereon, will be sufficient to (a) pay the maturing principal of and interest on the 1993 Bonds through and including June 15, 2003, and to pay the redemption price of all outstanding 1993 Bonds, all of which will be called for redemption on June 15, 2003; and

WHEREAS, the execution and delivery of this Second Supplement to the Amended and Restated Indenture and of the 1999 Bonds have been duly authorized and all things necessary to make the 1999 Bonds, when executed by the Authority and authenticated by the Trustee, valid and binding legal obligations of the Authority and to make this Second Supplement to the Amended and Restated Indenture of Trust a valid and binding agreement have been done.

NOW, THEREFORE, THIS SECOND SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE WITNESSETH:

That, in order to secure the principal of and interest and premium, if any, on the 1999 Bonds issued hereunder according to their tenor and effect and to secure the performance and observance by the Authority of all the covenants and conditions contained herein and in the Existing Indenture and to declare the terms and conditions upon and subject to which the 1999 Bonds are issued and secured, and for and in consideration of the mutual covenants contained herein and in the Existing Indenture, the Authority and the Trustee are entering into this Second Supplement to the Amended and Restated Indenture of Trust, which shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of the 1999 Bonds.

ARTICLE I AUTHORITY AND DEFINITIONS

SECTION 1.01 SUPPLEMENTAL INDENTURE OF TRUST

This Second Supplement to the Amended and Restated Indenture is supplemental to the Existing Indenture.

SECTION 1.02 AUTHORITY FOR THIS SECOND SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE

This Second Supplement to the Amended and Restated Indenture is adopted (i) pursuant to the provisions of the Act and (ii) in accordance with Article X of the Amended and Restated Indenture.

SECTION 1.03 DEFINITIONS

1. Except as provided in this Second Supplement to the Amended and Restated Indenture, all terms which are defined in Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, shall have the same meanings, respectively, in this Second Supplement to the Amended and Restated Indenture as are given to such terms in said Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture.

2. Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is hereby amended by adding the following definitions:

The following terms shall have the definitions set forth in the recitals hereof:

1999 Bonds	Escrow Agent
1993 Bonds Escrow Deposit Agreement	Second Supplement to the
1999 Refunding	Amended and Restated Indenture

"1999 Credit Facility" means the Credit Facility, a municipal bond debt service reserve fund policy, issued by the 1999 Credit Facility Issuer.

"1999 Credit Facility Issuer" means Financial Guaranty Insurance Company, the Credit Facility Issuer issuing the 1999 Credit Facility

"1999 Term Bonds" means the 1999 Bonds maturing on June 15, 2021 and June 15, 2023.

3. Pursuant to the respective defined terms in the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the terms "Bond Insurance Policy", "Bond Insurer", "Interest Payment Date", "Letter of Representations" and "Record Date" shall have the following meanings with respect to the 1999 Bonds:

"Bond Insurance Policy" means, with respect to the 1999 Bonds, the municipal bond new issue insurance policy issued by the Bond Insurer for the 1999 Bonds that guarantees payment of principal of and interest on the 1999 Bonds.

"Bond Insurer" means, with respect to the 1999 Bonds, Financial Guaranty Insurance Company, or any successor thereto.

"Interest Payment Date" means, with respect to the 1999 Bonds, June 15, 1999 and each June 15 and December 15 thereafter so long as any 1999 Bonds remain outstanding hereunder.

"Letter of Representations" shall have the meaning specified in Section 2.04(b) of this Second Supplement to the Amended and Restated Indenture when referring to the 1999 Bonds.

"Record Date" means, with respect to the 1999 Bonds, the last day (whether or not a Business Day) of the calendar month next preceding any Interest Payment Date for the 1999 Bonds.

4. The definition of the term **"Investment Securities"** contained in the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended as follows:

In the twelfth to last line of subsection (f), after the words **"1994 Bonds"**, delete the word **"or"** and replace it with **","**, and after the words **"1996 Bonds"**, add the words **"or 1999 Bonds"**. In the third to last line in subsection (f), after the words **"1994 Bonds"**, delete the word **"or"** and replace it with **","**, and after the words **"1996 Bonds"**, add the words **"or 1999 Bonds"**.

5. The definition of the term **"Debt Service Reserve Requirement"** contained in the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"Debt Service Reserve Requirement" means with respect to the Bonds, an amount equal to the lesser of (i) the Maximum Annual Debt Service Requirement with respect to all Bonds outstanding under the Indenture, and (ii) the maximum amount permitted by the Code.

ARTICLE II THE 1999 BONDS

SECTION 2.01 AUTHORIZATION OF 1999 BONDS

The 1999 Bonds are authorized to be issued in an aggregate principal amount of \$610,005,000.

SECTION 2.02 DESCRIPTION OF 1999 BONDS

(a) The 1999 Bonds (i) shall be designated "Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999", (ii) shall be issued as fully registered bonds, and (iii) shall be in denominations of \$5,000 principal amount and integral multiples thereof.

(b) The 1999 Bonds shall be substantially in the form of Exhibit A hereto, with appropriate insertions, omissions and variations, including, without limitation, provisions for optional and mandatory redemption, as permitted or required by this Second Supplement to the Amended and Restated Indenture, and appropriate statements of insurance.

(c) The 1999 Bonds shall be dated April 1, 1999. The principal of and interest on the 1999 Bonds shall be payable on the dates and the 1999 Bonds shall be subject to redemption in the manner and subject to the conditions stated herein and in the 1999 Bonds.

(d) The 1999 Bonds shall mature on the dates and in the amounts and shall bear interest at the annual rates set forth in Schedule 1 hereto, such interest to be payable on each December 15 and June 15, commencing June 15, 1999, until maturity or such later date as payment of the principal amount thereof shall have been made or provided for.

(e) All provisions of Article II of the Amended and Restated Indenture which are applicable to Bonds shall apply to the 1999 Bonds.

SECTION 2.03 DELIVERY OF THE 1999 BONDS AND DISPOSITION OF PROCEEDS THEREOF.

(a) Upon the execution and delivery of this Second Supplement to the Amended and Restated Indenture, the Authority shall execute and deliver the 1999 Bonds to the Trustee and the Trustee shall authenticate the 1999 Bonds and deliver them to the initial purchaser or purchasers thereof as directed by the Authority in an order delivered by the Authority to the Trustee upon receipt of the proceeds of the 1999 Bonds. Proceeds from the sale of the 1999 Bonds shall be received by the Trustee and deposited in the Settlement Fund and shall then be disbursed and transferred from the Settlement Fund as follows:

(1) To an account in the Debt Service Fund to be established in respect of the 1999 Bonds, the accrued interest on the 1999 Bonds.

(2) To or upon the order of the Authority, the amount specified by the Authority at or after the closing for the issuance of the 1999 Bonds as the costs of issuance of the 1999 Bonds (including, without limitation, fees and expenses of bond counsel and special tax counsel, consultants, the Trustee and the Trustee's counsel, the City's counsel and

consultants, and the Authority's counsel in connection with the issuance of the 1999 Bonds, fees payable to any 1999 Credit Facility Issuer and Bond Insurer with respect to the 1999 Bonds, printing costs payable by the Authority and rating agency fees).

(3) To the Escrow Agent, to be deposited in the Escrow Fund, an amount equal to \$616,677,049.95, which will be applied in accordance with the terms of the 1993 Bonds Escrow Deposit Agreement.

Any amount remaining in the Settlement Fund after the foregoing disbursements and transfers shall be disbursed or transferred by the Trustee to the Debt Service Fund in respect of the 1999 Bonds.

(b) Accrued interest deposited in the account in the Debt Service Fund in respect of the 1999 Bonds shall be applied to pay interest on the 1999 Bonds on June 15, 1999.

(c) Pursuant to Section 5.07 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and Section 4.03 of this Second Supplement to the Amended and Restated Indenture, there shall be delivered to the Trustee for deposit in the Debt Service Reserve Fund in respect of the Bonds, the 1999 Credit Facility in an amount sufficient to cause the aggregate amount of cash, Investment Securities and amounts available under the 1999 Credit Facility to equal the Debt Service Reserve Requirement.

(d) Concurrently with the deposit of the 1999 Credit Facility, the Trustee is hereby instructed to release the Credit Facility presently held in the Debt Service Reserve Fund with respect to the 1996 Bonds and to return it to Financial Guaranty Insurance Corporation, the issuer of such Credit Facility. The Trustee is further instructed to release the following moneys held in the following funds established under the Indenture and deposit such moneys in the Escrow Fund:

(i) all amounts held in the Debt Service Reserve Fund on the date of execution of this Second Supplement to the Amended and Restated Indenture in excess of the Debt Service Reserve Requirement; and

(ii) all moneys held in the 1993 Bonds account of the Debt Service Fund.

SECTION 2.04 BOOK ENTRY SYSTEM FOR THE 1999 BONDS.

(a) The 1999 Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the 1999 Bonds of each maturity, which 1999 Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as provided in paragraph (g) below, all of the 1999 Bonds shall be registered in the books kept by the Trustee in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the 1999 Bonds be registered in the name of a different nominee, the Trustee shall exchange all or any portion of the 1999 Bonds for an equal aggregate principal amount of 1999 Bonds registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the Authority or the Trustee either a 1999 Bond or any other evidence of ownership of the 1999 Bonds, or any right to receive any payment in respect

thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the 1999 Bonds on the books kept by the Trustee, in connection with discontinuing the book entry system as provided in paragraph (g) below or otherwise.

(b) So long as the 1999 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal of or premium or interest on such 1999 Bonds shall be made to DTC or its nominee in accordance with the Letter of Representations from the Authority to DTC (the "Letter of Representations") on the dates provided for such payments under the Indenture. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Authority or the Trustee with respect to the principal of and premium and interest on the 1999 Bonds to the extent of the sum or sums so paid.

(c) The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive owner of the 1999 Bonds registered in its name for the purposes of payment of the principal of or premium or interest on the 1999 Bonds, selecting the 1999 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of 1999 Bonds under the Indenture, registering the transfer of 1999 Bonds, obtaining any consent or other action to be taken by Holders of 1999 Bonds and for all other purposes whatsoever; and neither the Authority nor the Trustee shall be affected by any notice to the contrary. Neither the Authority nor the Trustee shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the 1999 Bonds under or through DTC or any such participant, or any other person which is not shown on the Bond Register as being a Bondholder, with respect to (1) the 1999 Bonds; (2) the accuracy of any records maintained by DTC or any such participant; (3) the payment by DTC or any such participant of any amount in respect of the principal of or premium or interest on the 1999 Bonds; (4) any notice which is permitted or required to be given to Holders of 1999 Bonds under the Indenture; (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the 1999 Bonds; or (6) any consent given or other action taken by DTC as Holder of 1999 Bonds.

(d) So long as the 1999 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Holders of 1999 Bonds under the Indenture shall be given to DTC as provided in the Letter of Representations.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Indenture by the Trustee with respect to any consent or other action to be taken by Holders of 1999 Bonds, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the Trustee may establish a special record date for such consent or other action. The Trustee shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(f) At or prior to settlement for the 1999 Bonds, the Authority and the Trustee shall execute or signify their approval of the Letter of Representations. Any successor Trustee shall, in its written acceptance of its duties under the Indenture, agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(g) The book entry system for registration of the ownership of the 1999 Bonds through DTC shall be discontinued at any time that (1) DTC determines to resign as securities depository for the 1999 Bonds and gives notice of such determination to the Authority and the Trustee or (2) the Authority determines that continuation of the system of book entry transfers through DTC is not in the best interests of the Authority or the Holders of 1999 Bonds and gives notice of such determination to the Trustee and DTC. In either of such events the Authority may appoint a successor securities depository, but if the Authority does not appoint a successor, the 1999 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Authority or the Trustee for the accuracy of such designation. If a successor securities depository is appointed, this Section 2.04 shall be amended as necessary to reflect such succession and to incorporate provisions required by the successor.

ARTICLE III REDEMPTION/REVENUES AND FUNDS

SECTION 3.01 OPTIONAL REDEMPTION.

The 1999 Bonds maturing on and after June 15, 2010 are redeemable on and after June 15, 2009, in whole at any time, or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount of the 1999 Bonds to be redeemed, plus accrued interest to the redemption date.

SECTION 3.02 DEBT SERVICE FUND.

(a) The Trustee shall establish as a part of the Debt Service Fund in respect of the 1999 Bonds a 1999 Bonds Sinking Fund Account (the "1999 Bonds Sinking Fund Account") for the retirement of certain of the 1999 Term Bonds. Moneys deposited in the 1999 Bonds Sinking Fund Account shall be held by the Trustee for the sole benefit of the registered owners of 1999 Term Bonds specified below and shall be applied as hereafter provided.

The Trustee shall transfer moneys from the Debt Service Fund in respect of the 1999 Bonds to the 1999 Bonds Sinking Fund Account on June 15 of the years set forth below in the amount required to retire 1999 Term Bonds specified below in the following amounts through mandatory redemption, in direct order of maturity and within a maturity as chosen by the Trustee by lot, at the principal amount thereof plus accrued interest, or through purchase as hereinafter provided:

1999 Term Bonds Maturing June 15, 2021		1999 Term Bonds Maturing June 15, 2023	
Year (June 15)	Amount	Year (June 15)	Amount
2020	\$16,940,000	2022	\$18,675,000
2021*	17,785,000	2023*	19,560,000

* Final Maturity

Prior to May 1 of each year in which 1999 Term Bonds are subject to mandatory redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 1999 Bonds Sinking Fund Account of as many 1999 Term Bonds then subject to mandatory sinking fund redemption as can be purchased in the open market or pursuant to offers made at the time by the holders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund in respect of the 1999 Bonds). Prior to May 15 of each year or such date as will permit the Trustee to mail the notice of redemption required under Section 3.02 of the Indenture, so long as any 1999 Term Bonds specified above shall remain Outstanding, the Trustee shall draw by lot, for redemption on June 15 of such year, a principal amount of 1999 Term Bonds as shall represent the difference

between the principal amount of such 1999 Term Bonds fixed for redemption on such date as described above and the principal amount thereof which the Trustee shall have purchased or agreed to purchase during the immediately preceding period, as above provided.

Upon selection by lot of the particular 1999 Term Bonds to be redeemed, as above provided, the Trustee shall send a notice, in the name of the Authority, to the holders of such 1999 Term Bonds so drawn for redemption in the manner provided in Article III of the Indenture, and, upon presentation by the holders thereof, the Trustee shall pay the principal amount thereof out of moneys in the 1999 Bonds Sinking Fund Account and shall pay accrued interest due from moneys available therefor in the Debt Service Fund in respect of the 1999 Bonds.

If at any time all the 1999 Term Bonds eligible for redemption shall have been purchased, redeemed or paid, the Trustee shall make no further transfers to the 1999 Bonds Sinking Fund Account and shall transfer any balance then in such account to the Debt Service Fund in respect of the 1999 Bonds. Whenever 1999 Term Bonds are to be purchased out of the 1999 Bonds Sinking Fund Account, if the Authority shall notify the Trustee that the Authority wishes to arrange for such purchase, the Trustee shall comply with the Authority's arrangements provided they conform to the Indenture.

(b) (i) If, on the third day preceding any Interest Payment Date for the 1999 Bonds there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the 1999 Bonds due on such date, the Trustee shall immediately notify the Bond Insurer and State Street Bank and Trust Company, N.A., or its successor as the Fiscal Agent for the Bond Insurer of the amount of such deficiency. If, by said Interest Payment Date, the Authority has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the 1999 Bonds maintained by the Trustee. In addition:

(A) The Trustee shall provide the Bond Insurer with a list of the Bondholders entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Bond Insurer and the Fiscal Agent (1) to mail checks or drafts to Bondholders entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the 1999 Bonds surrendered to the Fiscal Agent by the Bondholders entitled to receive full or partial principal payments from the Bond Insurer; and

(B) The Trustee shall, at the time it makes the registration books available to the Bond Insurer pursuant to (A) above, notify Bondholders entitled to receive the payment of principal of or interest on the 1999 Bonds from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy, (3) that, except as provided in paragraph (ii) below, in the event that any Bondholder is entitled to receive full payment of principal from the Bond Insurer, such Bondholder must tender his 1999 Bond with the instrument of transfer in the form provided on the 1999 Bond executed in the name of the Bond Insurer,

and (4) that, except as provided in paragraph (ii) below, in the event that such Bondholder is entitled to receive partial payment of principal from the Bond Insurer, such Bondholder must tender his 1999 Bond for payment first to the Trustee, which shall note on such 1999 Bond the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Bondholder subject to the terms of the Bond Insurance Policy.

(ii) In the event that the Trustee has notice that any payment of principal of or interest on a 1999 Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Bondholders of such 1999 Bonds that in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the 1999 Bonds which have been made by the Trustee and subsequently recovered from Bondholders, and the dates on which such payments were made.

(iii) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the 1999 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Bondholders of such 1999 Bonds and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the 1999 Bonds maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Bondholders of such 1999 Bonds. Notwithstanding anything in the Indenture (including, without limitation, Section 2.04 of this Second Supplement to the Amended and Restated Indenture) or the 1999 Bonds to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

SECTION 3.03 1999 CREDIT FACILITY.

The 1999 Credit Facility will be issued by the 1999 Credit Facility Issuer in lieu of a deposit in the Debt Service Reserve Fund at the time of the issuance of the 1999 Bonds. The 1999 Credit Facility shall be payable (upon the giving of notice by the Trustee to the 1999 Credit Facility Issuer in accordance with the terms of the 1999 Credit Facility at least two business days prior to each Interest Payment Date) on any date on which moneys are required to be withdrawn from the Debt Service Reserve Fund for the Bonds and applied to the payment of principal of or interest on the Bonds. If a disbursement is made pursuant to the 1999 Credit Facility, the 1999 Credit Facility Issuer shall furnish to the Authority written instructions as to the manner in which repayment of amounts owed to the 1999 Credit Facility Issuer as a result of such disbursement shall be made.

In the event of any such disbursement, the Authority shall either (i) cause the maximum limits of the 1999 Credit Facility to be reinstated, by causing transfers to be made pursuant to Section 5.05(h) of the Indenture to the 1999 Credit Facility Issuer to pay the Policy Costs (as defined hereinafter) in the manner set forth in the next paragraph or otherwise, or (ii) deposit into the Debt Service Reserve Fund an amount, from transfers from the Revenue Fund pursuant to Section 5.05(h) of the Indenture, equal to the amount of the draw made under the 1999 Credit Facility, or a combination thereof, so that the amount of cash (or Investment Securities under the Indenture), together with the Credit Facility in the Debt Service Reserve Fund equals the Debt Service Reserve Requirement.

Repayment of draws under the 1999 Credit Facility, expenses of the 1999 Credit Facility Issuer relating thereto and the interest thereon, accruing at a rate equal to the lower of (i) the prime rate per annum of Morgan Guaranty Trust Company of New York in effect from time to time plus two percent (2%) and (ii) the highest rate permitted by law, shall enjoy the same priority as the obligation to maintain and refill the Debt Service Reserve Fund. Repayment of draws, expenses and accrued interest (such draws, expenses and interest are collectively referred to as the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs relating to such draw. Payment of Policy Costs shall be made in the same priority as transfers to the Debt Service Reserve Fund in accordance with Section 5.05(h) of the Indenture, as set forth above. Amounts paid to the 1999 Credit Facility Issuer shall be credited first to interest due under the 1999 Credit Facility, then to the expenses due under the 1999 Credit Facility and then to reimbursement of the draws under the 1999 Credit Facility. As and to the extent that payments are made to the 1999 Credit Facility Issuer on account of reimbursement of any draws under the 1999 Credit Facility, the coverage under the 1999 Credit Facility will be increased by a like amount.

If the Authority shall fail to repay any Policy Costs as described above, the 1999 Credit Facility Issuer shall be entitled to exercise any and all remedies available at law or under the Indenture other than (i) the acceleration of the maturity of the Bonds, or (ii) remedies which would adversely affect holders of the Bonds.

If and to the extent that cash and/or Investment Securities have also been deposited in the Debt Service Reserve Fund, all such cash shall be used (or Investment Securities purchased with such cash shall be liquidated and the proceeds applied as required) prior to any draw under the 1999 Credit Facility, and repayment of any Policy Costs shall be made prior to replenishment of any such cash amounts. If, in addition to the 1999 Credit Facility, any other Credit Facility is provided with respect to the Bonds, drawings under the 1999 Credit Facility and any such other Credit Facility shall be made on a pro rata basis (calculated by reference to the maximum amounts available thereunder) after applying all available cash in the Debt Service Reserve Fund and prior to replenishment of any such cash draws, respectively.

For so long as the 1999 Credit Facility is in effect (a) the Indenture shall not be modified or amended without the prior written consent of the 1999 Credit Facility Issuer, (b) the 1999 Credit Facility Issuer shall be provided with written notice of the resignation or removal of the Trustee and the appointment of a successor thereto and of the issuance of additional indebtedness of the

Authority, and (c) the Indenture shall not be discharged if any Policy Costs are owed by the Authority to the 1999 Credit Facility Issuer.

For so long as the 1999 Credit Facility is in effect, the amount available to be drawn thereunder shall be taken into account when computing the value of the assets in such account for purposes of determining whether the Debt Service Reserve Requirement is satisfied.

ARTICLE IV AMENDMENT OF INDENTURE

SECTION 4.01 AMENDMENT OF SECTION 2.11.

Subsection (f) of Section 2.11 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"(f) Except for Additional Bonds issued to refund Outstanding Bonds where the Maximum Annual Debt Service Requirement for the Additional Bonds and the total principal and interest payable on the Additional Bonds for the term thereof do not exceed the comparable amounts for the Bonds being refunded or Additional Bonds which have a security interest in the Pledged Revenues which is subordinate to the security interest granted to secure the 1993A Bonds, the 1996 Bonds and the 1999 Bonds, a certificate executed by the Authority, including a verification of the calculations by an independent certified public accountant, showing that (1) the PICA Taxes collected with respect to any 12 consecutive months during the 15 month period preceding the date of issuance of such Additional Bonds, after giving retroactive effect during each month of such 12 month period to any PICA Taxes which were not in effect (including for this purpose any increase in the rate of an existing tax) during each such month but which have been imposed prior to the issuance of the Additional Bonds, equaled at least 175% of the Maximum Annual Debt Service Requirement (including the Authority's obligations with respect to repayment of Policy Costs then due and owing with respect to each Credit Facility issued in connection with the Debt Service Reserve Fund for the Bonds) on Bonds to be Outstanding after the issuance of the Additional Bonds and (2) the PICA Taxes projected to be collected during the 12 months following the issuance of the Additional Bonds, which projections may be based on the PICA Taxes projected for such period in the City's most recent Financial Plan (as defined in the Intergovernmental Cooperation Agreement) approved by the Authority, equal at least 175% of the Debt Service Requirement during such 12 month period on Bonds to be Outstanding after the issuance of the Additional Bonds. In making the foregoing calculations, PICA Taxes other than the Income Tax shall not be included in the calculation unless each Bond Insurer then insuring Outstanding Bonds has consented to the inclusion of such other PICA Taxes in writing."

SECTION 4.02 AMENDMENT OF SECTION 4.12.

(a) Section 4.12(b) of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"(b) the official statement or other disclosure, if any, prepared in connection with the issuance of additional debt, whether or not it is on a parity with the 1993A Bonds, the 1996 Bonds or the 1999 Bonds, within 30 days after the sale thereof;"

(b) Section 4.12(d) of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"(d) the notice of the redemption, other than mandatory sinking fund redemption, of any of the 1993A Bonds, the 1996 Bonds and the 1999 Bonds, including the principal amount, maturities and CUSIP numbers thereof;"

SECTION 4.03 AMENDMENT OF SECTION 5.07.

Pursuant to Section 10.02 of the Amended and Restated Indenture, Subsection 5.07 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is hereby amended to delete the necessity of separate accounts for each Series. As amended and restated, such section reads, in its entirety, as follows:

Section 5.07 Debt Service Reserve Fund.

There shall be maintained in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement for the Bonds. In lieu of a cash deposit, at the time of issuance of a Series, subject to approval of the Bond Insurer, if any, there may be provided a Credit Facility in such amount issued by a Credit Facility Issuer whose credit facilities are such that bonds secured by such credit facilities are rated in one of the three highest rating categories by Moody's and S&P. Moneys in the Revenue Fund shall be transferred to the Debt Service Reserve Fund to the extent necessary to eliminate a deficiency therein. To the extent that there is an excess amount in the Debt Service Reserve Fund as of the date any valuation is required to be made as provided herein, unless otherwise provided in the Supplemental Indenture authorizing the issuance of such Series, the excess (other than any Investment Earnings) shall be transferred, at the written direction of the Authority, to the Debt Service Fund or the Bond Redemption Fund for redemption of Bonds at the earliest possible date that Bonds can be redeemed without a premium, or, subject to an approving opinion of Bond Counsel, as directed in writing by the Authority. ←

All Investment Earnings from investments of amounts in the Debt Service Reserve Fund shall be retained or transferred, as applicable, in the following order and priority:

- (a) the Trustee shall retain in the Debt Service Reserve Fund the amount necessary to eliminate any deficiency therein;
- (b) the Trustee shall transfer to the Rebate Fund in respect of each Bond Year such amount as is certified by the Authority to the Trustee pursuant to the applicable Tax Compliance Agreement as the Rebate Amount and Yield Reduction Amount, if any, for such Bond Year with respect to the 1993A Bonds, the 1996 Bonds, the 1999 Bonds and such additional amount for each other Series of Bonds as may be specified in the Supplemental Indenture authorizing the Series;
- (c) the Trustee shall transfer to the Authority the amount necessary to cause the aggregate amount transferred to the Authority during the fiscal year of the Authority in which such transfer is made (together with transfers from the Revenue Fund pursuant to Section 5.05 hereof), to equal the total operating expenses of the Authority for such fiscal year as set forth in the certificate of the Authority (which

certificate may be revised from time to time) filed with the Trustee in respect of such fiscal year; and

(d) the Trustee shall transfer any remaining amount to the Revenue Fund.

If there are insufficient moneys to pay the Debt Service Requirement on any Series of Bonds on any Interest Payment Date or maturity date of such Series of Bonds, the Trustee shall transfer from the Debt Service Reserve Fund to the Debt Service Fund amounts necessary to make such payments from the Debt Service Fund.

In the event any application of funds in the Debt Service Reserve Fund in accordance with the preceding paragraph causes the amount in the Debt Service Reserve Fund to be less than the Debt Service Reserve Requirement, the Trustee shall promptly notify the Authority.

The Trustee shall value the Investment Securities, if any, held in the Debt Service Reserve Fund at the end of each Bond Year for such Series and six months after the end of each such Bond Year. If the value of such Investment Securities plus any moneys in the Debt Service Reserve Fund (other than Investment Earnings which have not yet been transferred as provided herein) net of the amount available under the Credit Facility falls below the Debt Service Reserve Requirement, the Trustee shall promptly notify the Authority. Such deficiency shall be eliminated as indicated above and if necessary by the transfer from the Revenue Fund specified in Section 5.05 hereof. If such valuation shows that there is an excess amount in the Debt Service Reserve Fund, the Trustee shall promptly notify the Authority and shall apply such excess as provided in the first paragraph of this Section 5.07.

In connection with a redemption or final maturity of all of the Bonds of a Series, moneys in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement shall be transferred to the Bond Redemption Fund or to the Debt Service Fund, respectively, to be used for purposes of such redemption or final maturity, unless moneys for such redemption or payment are otherwise provided, in which event the moneys remaining in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement for the remaining Bonds Outstanding following such redemption or payment shall be transferred as directed, in writing, by the Authority.

SECTION 4.04 AMENDMENT OF SECTION 6.01.

Section 6.01 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended as follows:

(a) The first paragraph of such section shall be amended and restated in its entirety as follows:

"Moneys in the funds established hereunder shall, to the extent permitted by law and at the written direction of the Authority and subject to any limitations imposed by the agreement pursuant to which the Credit Facility is issued, be invested and reinvested in Investment Securities or City Obligations, except that moneys in the Debt Service Fund,

the Revenue Fund and the Rebate Fund shall only be invested in Government Obligations with maturities which will assure the availability of money at the time needed and moneys in the Debt Service Reserve Fund shall only be invested as set forth below."

(b) The fourth paragraph of such section shall be amended and restated in its entirety as follows:

"Notwithstanding anything herein to the contrary, moneys in the Debt Service Reserve Fund shall only be invested in Investment Securities with a maturity of not more than five years; provided, however, that if moneys are invested in a guaranteed investment contract or a repurchase agreement which allows the full principal of and interest on the investment to be withdrawn at par on any principal or interest payment date for the Bonds, such guaranteed investment contract or repurchase agreement may have a maturity longer than five years but not longer than ten years."

SECTION 4.06 AMENDMENT OF ARTICLE VII.

The fourth paragraph of Article VII of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"In the event of a refunding in advance of the payment or mandatory sinking fund redemption date of any Series, the Authority shall cause to be delivered to the applicable Bond Insurer with respect to such Series a verification report of an independent nationally recognized certified public accountant."

SECTION 4.07 AMENDMENT OF SECTION 8.01.

Section 8.01 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended as follows:

In the fifth to last line of the paragraph following subsection 8.01(e), after the words "1994 Bonds", delete the word "or" and replace it with ",", and after the words "1996 Bonds", add the words "or in the 1999 Bonds".

SECTION 4.08 AMENDMENT OF SECTION 8.09.

Section 8.09 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended as follows:

In the fifth line of Section 8.09, after the words "1994 Bonds", delete the word "or" and replace it with "," and after the words "1996 Bonds", add the words "or the 1999 Bonds".

SECTION 4.09. AMENDMENT OF SECTION 10.02.

The last paragraph of Section 10.02 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended as follows:

In the seventh line of the last paragraph of Section 10.02, after the words "1994 Bonds", delete the word "or" and replace it with "," and after the words "1996 Bonds" add the words "or 1999 Bonds".

SECTION 4.12 AMENDMENT OF SECTION 11.07.

Section 4.12 of the First Supplement to the Amended and Restated Indenture, amending Section 11.07 of the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"Section 11.07 of the Amended and Restated Indenture is amended to add the following addresses as the addresses for the Credit Facility Issuer with respect to the Bonds:

If to the Credit Facility Issuer:

Financial Guaranty Insurance Corporation
115 Broadway
New York, NY 10006
Attention: Research and Risk Management."

SECTION 4.13 AMENDMENT OF SECTION 11.10.

The second sentence of Section 11.10 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"When the 1993A Insured Bonds, the 1996 Bonds or the 1999 Bonds are no longer Outstanding, no further notice to or consent or approval of the respective Bond Insurer shall be required under the terms of this Indenture and such Bond Insurer shall cease to be a third party beneficiary of this Indenture."

ARTICLE V INDENTURE TO REMAIN IN EFFECT; MISCELLANEOUS

SECTION 5.01 *INDENTURE TO REMAIN IN EFFECT.*

Except as amended and supplemented by this Second Supplement to the Amended and Restated Indenture, the Existing Indenture shall remain in full force and effect and is in all respects ratified, approved and confirmed, and the Existing Indenture and this Second Supplement to the Amended and Restated Indenture shall be read, taken and construed as one and the same instrument so that all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture shall apply and remain in full force and effect with respect to this Second Supplement to the Amended and Restated Indenture, the 1993A Bonds, the 1996 Bonds and the 1999 Bonds, as appropriate. In case of any conflict between the provisions of the Existing Indenture and this Second Supplement to the Amended and Restated Indenture of Trust, the provisions of this Second Supplement to the Amended and Restated Indenture shall apply. Without limiting the foregoing, the Authority hereby assigns, pledges and grants to the Trustee and confirms its prior grant to the Trustee a lien on and security interest in all right, title and interest of the Authority in and to the Pledged Revenues in order to secure (i) the payment of the principal of, premium, if any, and interest on the Bonds (including without limitation the 1999 Bonds) according to their tenor and effect, and (ii) the performance and observance by the Authority expressed herein and in the Bonds (including without limitation the 1999 Bonds).

SECTION 5.02 *COUNTERPARTS.*

This Second Supplement to the Amended and Restated Indenture may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 5.03 *GOVERNING LAW.*

This Second Supplement to the Amended and Restated Indenture shall be governed by and construed in accordance with the laws of the Commonwealth.

SECTION 5.04 *CAPTIONS.*

The captions and headings in this Second Supplement to the Amended and Restated Indenture are for reference purposes only and shall not control or affect the meaning or interpretation of any provisions of this Second Supplement to the Amended and Restated Indenture.

IN WITNESS WHEREOF, the Authority has caused this Second Supplement to the Amended and Restated Indenture to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials and the Trustee has caused this Second Supplement to the Amended and Restated Indenture to be executed in its name and with its corporate seal hereunto affixed and attested by its respective duly authorized signers, as of the date first above written.

ATTEST:

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: 

Secretary

[SEAL]

By: 

(Vice) Chairperson

FIRST UNION NATIONAL BANK, as Trustee

By: 

Authorized Signatory

[SEAL]

EXHIBIT A

(Form of Fully Registered 1999 Bond)

No. R

\$

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 1999

Interest

Rate
%

Maturity Date
June 15,

Dated Date
April 1, 1999

CUSIP
708840

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from April 1, 1999, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing June 15, 1999, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of First Union National Bank, or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by First Union National Bank or its successor as Registrar and at the address appearing thereon on the last day of the month preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 1999 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of

the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States of America.

Interest on the Series 1999 Bonds shall be paid on each Interest Payment Date and shall be computed on the basis of a year of 360 days consisting of twelve 30-day months.

THIS BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, INCLUDING THE CITY, EXCEPT THE AUTHORITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE SERIES 1999 BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGEEES OF THE AUTHORITY, INCLUDING HOLDERS OF SERIES 1999 BONDS, SHALL HAVE NO RECOURSE, LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, EXCEPT THE AUTHORITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 1999 BONDS.

This Bond is fully registered in the name of the owner on the Bond Register kept for that purpose at the Principal office of the Registrar. No transfer shall be valid as against the Authority or the Trustee unless made by the registered owner in person or by his duly authorized attorney or legal representative and similarly noted upon the Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the order of the registered owner, a new registered Bond or Bonds, in authorized denominations aggregating the principal amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this Bond and registered in such names as shall be requested.

The Authority, the Trustee and the Registrar may treat the person in whose name this Bond is registered as the absolute owner of this Bond for all purposes whether or not this Bond shall be overdue, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All payments of the principal, interest or redemption price made to the registered owner hereof in the manner set forth herein and in the Indenture shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Indenture shall be conclusive and binding upon such registered owner, his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the Commonwealth of Pennsylvania to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Bond, exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Authority in his individual capacity, and neither the members of the Board of this Authority nor any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Indenture or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the execution of the Second Supplement to the Amended and Restated Indenture (hereinafter defined) and the issuance of this Bond.

This Bond shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

This Bond is one of a duly authorized issue of Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999 issued in the aggregate principal amount of \$610,005,000 (the "Series 1999 Bonds"). The Series 1999 Bonds are issued to enable the Authority to refund certain of its outstanding bonds and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The Series 1999 Bonds are issued under and pursuant to the Act and resolutions of the Authority duly adopted on March 2, 1999 and March 16, 1999 (collectively, the "Resolution") and under an Amended and Restated Indenture of Trust dated as of December 1, 1994, as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996 and a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999 (collectively, the "Indenture"), between the Authority and the Trustee, and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i)

all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the "Pledged Revenues").

Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Optional Redemption

The Series 1999 Bonds maturing on and after June 15, 2010 are redeemable by the Authority, on or after June 15, 2009, in whole at any time, or in part at any time, and from time to time, in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount of Series 1999 Bonds to be redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

The Series 1999 Bonds maturing on June 15, 2021 and June 15, 2023 are subject to mandatory sinking fund redemption prior to maturity on June 15 of the years and in the amounts set forth below in direct order of maturity and within a maturity as chosen by the Trustee by lot at 100% of the principal amount thereof plus accrued interest, or through purchase as hereinafter provided:

1999 Term Bonds Maturing June 15, 2021		1999 Term Bonds Maturing June 15, 2023	
Year (June 15)	Amount	Year (June 15)	Amount
2020	\$16,940,000	2022	\$18,675,000
2021*	17,785,000	2023*	19,560,000

* Final Maturity

Prior to May 1 of each year in which Series 1999 Bonds are subject to mandatory redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 1999 Bonds Sinking Fund Account of as many Series 1999 Bonds then subject to mandatory sinking fund redemption on the next June 15 as can be purchased in the open market or pursuant to offers made at the time by the Bondholders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund in respect of the Series 1999 Bonds).

Notice of Redemption

When the Authority shall determine to redeem Series 1999 Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of Series 1999 Bonds to be redeemed, or whenever the Trustee shall be required to redeem Series 1999 Bonds from moneys in the Bond Redemption Fund or the 1999 Bonds Sinking Fund Account of the Debt Service Fund, without action on the part of the Authority, the Trustee, at the Authority's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall, among other things, state the redemption price and the date fixed for redemption, that on such date the Series 1999 Bonds called for redemption will be due and become payable at the Principal Office of the Trustee, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of all Series 1999 Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Series 1999 Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption, without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Trustee, such notice shall be conditioned upon the deposit of moneys with the Trustee before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days prior to the redemption date, addressed to the Holders of Series 1999 Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any Series 1999 Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Series 1999 Bonds.

Reference is made to the Act, the Resolution, the Indenture and the PICA Tax Ordinance, executed or certified counterparts of which are on file at the corporate trust office of the Trustee, for statements of the purposes for which the Series 1999 Bonds are issued, a description of the Pledged Revenues assigned and pledged for the security of the Series 1999 Bonds (including the PICA Tax) and the nature, extent and manner of enforcement of such security, certain covenants of the Authority and the City made for the benefit of Bondholders, the terms and conditions under which the Indenture may be amended or modified, the rights and duties of the Authority and the Trustee, and the extent of the rights of the registered owners of the Series 1999 Bonds issued under the Indenture.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this Bond to be executed with the manual or facsimile signature of its Chairperson or Vice Chairperson and its official seal or a facsimile thereof to be imprinted hereon and attested with the manual or facsimile signature of its Secretary or Assistant Secretary.

ATTEST:

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____
Secretary
[SEAL]

By: _____
(Vice) Chairperson

AUTHENTICATION CERTIFICATE

This Bond is one of the Series 1999 Bonds described in the within mentioned Indenture. The text of the opinion of Co-Bond Counsel printed on or attached to this Bond is the complete text of the opinion of Klett Lieber Rooney & Schorling, A Professional Corporation, of Philadelphia, Pennsylvania and Stevens & Lee, A Professional Corporation, of Reading, Pennsylvania, a signed original of which is on file with the undersigned, which was dated and delivered on the date of the original delivery of and payment for the Series 1999 Bonds. The text of the opinion of Special Tax Counsel printed on or attached to this Bond is the complete text of the opinion of Ballard Spahr Andrews & Ingersoll, LLP, of Philadelphia, Pennsylvania, a signed original of which is on file with the undersigned, which was dated and delivered on the date of the original delivery of and payment for the Series 1999 Bonds.

First Union National Bank, Trustee

By: _____
Authorized Signature

Date of Authentication:

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Pennsylvania Intergovernmental Cooperation Authority, Pennsylvania, Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999 (the "Bonds"), such policy being on file at the principal office of First Union National Bank (the "Trustee"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholder that portion of principal of and interest on the Bonds which is then due for payment and which the Issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which the payment of principal of the Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Trustee to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Trustee, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

TEXT OF OPINION OF CO-BOND COUNSEL

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ whose taxpayer identification number is _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books of the Registrar, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

SCHEDULE 1

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

\$610,005,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

**SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 1999**

<u>DUE</u> <u>JUNE 15</u>	<u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>
1999	\$ 1,015,000	3.20%
2000	13,260,000	4.50
2001	13,805,000	5.00
2002	14,600,000	5.00
2003	28,095,000	5.00
2004	26,670,000	5.00
2005	37,505,000	4.00
2006	39,075,000	5.00
2007	41,030,000	5.00
2008	37,420,000	5.00
2009	30,665,000	5.00
2010	25,370,000	5.25
2011	23,045,000	5.25
2012	24,235,000	5.25
2013	25,500,000	5.25
2014	26,815,000	5.25
2015	28,205,000	5.25
2016	29,660,000	5.25
2017	31,195,000	5.25
2018	23,710,000	5.00
2019	16,170,000	4.75
2021	34,725,000	5.00
2023	38,235,000	4.75

**THIRD SUPPLEMENT TO THE AMENDED AND
RESTATED INDENTURE OF TRUST**

between

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

and

WACHOVIA BANK, NATIONAL ASSOCIATION, as Trustee

Dated as of June 1, 2003

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EXHIBIT A – Form of Bond

EXHIBIT B – Interest Rate Swap Transaction documents

THIRD SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST

THIS THIRD SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST, dated as of June 1, 2003, between the **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY** (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania under and by virtue of the Constitution and laws of the Commonwealth of Pennsylvania, and **WACHOVIA BANK, NATIONAL ASSOCIATION**, a national banking association organized under the laws of the United States, as successor Trustee under the Indenture,

WITNESSETH:

WHEREAS, the Authority is authorized and empowered under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (as such Act may be further amended from time to time, the "Act"), to issue its bonds in accordance with the Act for various purposes, including, without limitation, providing financial assistance to a city of the first class to finance a deficit other than a cash flow deficit, to finance capital projects and to otherwise assist such a city and to refund outstanding indebtedness of the Authority; and

WHEREAS, the Authority and CoreStates Bank, N.A. as trustee (the "Initial Trustee") entered into an Indenture of Trust, dated as of June 1, 1992 (the "Original Indenture"), to provide for the issuance and securing of Bonds (as defined in the Original Indenture); and

WHEREAS, the Authority and the Initial Trustee entered into a First Supplemental Indenture of Trust dated as of June 22, 1992 amending certain provisions of the Original Indenture (the Original Indenture as so amended is referred to herein as the "Amended Indenture"); and

WHEREAS, Meridian Bank succeeded the Initial Trustee as trustee under the Amended Indenture; and

WHEREAS, the Authority and Meridian Bank, as trustee, entered into a Second Supplemental Indenture of Trust dated as of July 15, 1993 (the "Second Supplemental Indenture") amending and supplementing the Amended Indenture; and

WHEREAS, the Authority and Meridian Bank, as trustee, entered into a Third Supplemental Indenture of Trust dated as of August 15, 1993 (the "Third Supplemental Indenture") amending and supplementing the Amended Indenture; and

WHEREAS, pursuant to the Third Supplemental Indenture, the Authority issued \$178,675,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A (the "1993A Bonds") for the purpose of refunding certain Bonds issued by the Authority in 1992; and

WHEREAS, the Authority amended and restated the Amended Indenture, as amended and supplemented by the Second Supplemental Indenture and the Third Supplemental Indenture, pursuant to an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "Amended and Restated Indenture") between the Authority and Meridian Bank, as Trustee, in order to, inter alia, incorporate in one document all of the provisions thereof, and to issue its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994 (the "1994 Bonds") in order to pay costs of certain capital projects; and

WHEREAS, pursuant to the First Supplement to the Amended and Restated Indenture dated as of May 15, 1996 (the "First Supplement to the Amended and Restated Indenture") between the Authority and Meridian Bank, as Trustee, the Authority issued \$343,030,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996 (the "1996 Bonds") in order to (i) pay the costs of advance refunding certain Bonds issued by the Authority in 1992 and 1994, and (ii) pay the costs of issuing such Additional Bonds; and

WHEREAS, First Union National Bank succeeded Meridian Bank as Trustee under the Amended and Restated Indenture; and

WHEREAS, pursuant to the Second Supplement to the Amended and Restated Indenture dated as of April 1, 1999 (the "Second Supplement to the Amended and Restated Indenture," and together with the Amended and Restated Indenture and the First Supplement to the Amended and Restated Indenture, the "Existing Indenture") between the Authority and First Union National Bank, as Trustee, the Authority issued \$610,005,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999 (the "1999 Bonds") for the purpose of financing, together with other available funds, (i) the costs of advance refunding certain Bonds issued by the Authority in 1993, (ii) a Credit Facility to satisfy the Debt Service Reserve Requirement, and (iii) the costs of issuing such Additional Bonds and of obtaining credit enhancement for the Bonds (the "1999 Refunding"); and

WHEREAS, Wachovia Bank, National Association succeeded First Union National Bank as Trustee under the Existing Indenture; and

WHEREAS, the Authority has determined to issue Additional Bonds to (i) pay the costs of current refunding the outstanding 1993A Bonds, and (ii) pay the costs of issuing such Additional Bonds and of obtaining credit enhancement for the 2003 Bonds (the "2003 Refunding"); and

WHEREAS, by Resolutions adopted on March 24, 2003, the Authority determined to issue and sell its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2003 (the "2003 Bonds") for the purpose of financing, together with other available funds, the 2003 Refunding pursuant to the terms of this Third Supplement to the Amended and Restated Indenture (the "Third Supplement to the Amended and Restated Indenture", and together with the Existing Indenture, the "Indenture"); and

WHEREAS, the Authority has entered into a Standby Bond Purchase Agreement dated as of June 1, 2003 (the "Standby Agreement") with JPMorgan Chase Bank (the "Initial Bank") pursuant to which the Bank has agreed to pay to the Trustee the purchase price of Bonds which are tendered for optional or mandatory purchase pursuant to Article III of this Third Supplement to the Amended and Restated Indenture which have not been successfully remarketed. The Liquidity Facility expires on June 14, 2004, subject to termination or extension as provided therein and herein; and

WHEREAS, the 2003 Bonds are to be substantially in the form attached hereto as Exhibit A; and

WHEREAS, in order to accomplish the current refunding of the outstanding 1993A Bonds, the Authority shall direct the Trustee to deposit into the 1993A Bonds account of the Debt Service Fund proceeds of the 2003 Bonds in an amount which, when added to certain funds held by the Trustee for the benefit of the 1993A Bonds, and the investment earnings thereon, will be sufficient to (a) pay the maturing principal of and interest on the 1993A Bonds through and including June 15, 2003, and to pay on June 16, 2003, the redemption price of all outstanding 1993A Bonds, all of which will be called for redemption on June 15, 2003; and

WHEREAS, the execution and delivery of this Third Supplement to the Amended and Restated Indenture and the 2003 Bonds have been duly authorized and all things necessary to make the 2003 Bonds, when executed by the Authority and authenticated by the Trustee, valid and binding legal obligations of the Authority and to make this Third Supplement to the Amended and Restated Indenture of Trust a valid and binding agreement have been done.

NOW, THEREFORE, THIS THIRD SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE WITNESSETH:

That, in order to secure the principal of and interest and premium, if any, on the 2003 Bonds issued hereunder according to their tenor and effect and to secure the performance and observance by the Authority of all the covenants and conditions contained herein and in the Existing Indenture and to declare the terms and conditions upon and subject to which the 2003 Bonds are issued and secured, and for and in consideration of the mutual covenants contained herein and in the Existing Indenture, the Authority and the Trustee are entering into this Third Supplement to the Amended and Restated Indenture of Trust, which shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of the 2003 Bonds.

ARTICLE I AUTHORITY AND DEFINITIONS

SECTION 101 SUPPLEMENTAL INDENTURE OF TRUST

This Third Supplement to the Amended and Restated Indenture is supplemental to the Existing Indenture.

SECTION 102 AUTHORITY FOR THIS THIRD SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE

This Third Supplement to the Amended and Restated Indenture is adopted (i) pursuant to the provisions of the Act and (ii) in accordance with Article X of the Amended and Restated Indenture.

SECTION 103 DEFINITIONS

(a) Except as provided in this Third Supplement to the Amended and Restated Indenture, all terms which are defined in Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, shall have the same meanings, respectively, in this Third Supplement to the Amended and Restated Indenture as are given to such terms in said Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture.

(b) Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is hereby amended by amending certain definitions contained in the Existing Indenture with respect to the 2003 Bonds and by adding the following definitions with respect to the 2003 Bonds:

"Affiliate" means any person or company directly or indirectly controlling, controlled by or under common control with the Authority.

"Alternate Liquidity Facility" means a Liquidity Facility provided in accordance with Section 310 hereof (other than (a) the Initial Liquidity Facility or (b) a Renewal Liquidity Facility), including, without limitation, a letter of credit or line of credit of a commercial bank or a credit facility from a financial institution, a standby bond purchase agreement, surety bond or like collateralization, or a combination thereof, which provides security for payment of the purchase price of 2003 Bonds delivered or deemed delivered in accordance with Article III of this Third Supplement to the Amended and Restated Indenture (referred to in this definition as "liquidity support"); provided that at all times while any of the 2003 Bonds bear interest at a Variable Rate or a Flexible Rate such 2003 Bonds (other than Bank Bonds) shall be entitled to liquidity support. Any amendment of a Liquidity Facility which is not a Renewal Liquidity Facility shall be an Alternate Liquidity Facility.

"Authority Bonds" means any 2003 Bonds of which ownership is registered in the name of the Authority or any Affiliate, other than Bank Bonds.

"Authorized Denomination" means (i) during any Daily Rate Period, Weekly Rate Period or Flexible Rate Period, \$100,000 and \$5,000 multiples in excess thereof, and (ii) during any Term Rate Period or Fixed Rate Period, \$5,000 and integral multiples thereof.

"Bank" means any bank or other financial institution issuing any Liquidity Facility, and initially means JPMorgan Chase Bank.

"Bank Bonds" means Tendered Bonds purchased with moneys drawn under the Liquidity Facility and registered in the name of the Bank in accordance with the Liquidity Facility.

"Bank Rate" means the per annum rate of interest payable on any Bank Bonds as determined pursuant to the Liquidity Facility (or any reimbursement agreement entered into with respect to a letter of credit that is a Liquidity Facility).

"Bond Insurance Policy" means, with respect to the 2003 Bonds, the municipal bond new issue insurance policy issued by the Bond Insurer for the 2003 Bonds that guarantees payment of principal of and interest on the 2003 Bonds.

"Bond Insurer" means, with respect to the 2003 Bonds, Ambac Assurance Corporation, or any successor thereto.

"Bond Purchase Fund" means the trust fund so designated which is created and established pursuant to Section 308 hereof.

"Business Day" means, with respect to the 2003 Bonds, any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in Philadelphia, Pennsylvania or in any other city in which the Principal Office of the Trustee or the designated office of the Tender Agent, the Remarketing Agent, the Bond Insurer or the Bank is located are required or authorized by law (including executive order) to close or on which the Principal Office of the Trustee, or the designated office of the Tender Agent, the Remarketing Agent or the Bank is closed for reasons not related to financial condition or (iii) a day on which the New York Stock Exchange is closed.

"Conversion Date" means each Fixed Rate Conversion Date, Flexible Rate Conversion Date and Variable Rate Conversion Date.

"Daily Rate Period" means, with respect to the 2003 Bonds, each period from and commencing on a Business Day and including and ending on the first day preceding the first Business Day thereafter.

"DTC" means The Depository Trust Company (a limited purpose trust company), New York, New York.

"Favorable Opinion" means an opinion of nationally recognized bond counsel addressed to the Authority and the Trustee to the effect that (i) the action proposed to be taken is authorized or permitted by the Act and the Indenture and (ii) such action will not adversely

affect the exclusion from gross income of interest on the 2003 Bonds for purposes of federal income taxation.

"Fixed Rate" means the rate to be borne by the 2003 Bonds from and after the Fixed Rate Conversion Date, which shall be the lowest rate which, in the judgment of the Remarketing Agent, is necessary to enable the 2003 Bonds to be remarketed at the principal amount thereof, plus accrued interest, if any, on the Fixed Rate Conversion Date.

"Fixed Rate Conversion Date" means the date on which the 2003 Bonds begin to bear interest at the Fixed Rate.

"Fixed Rate Period" means the period of time commencing on the Fixed Rate Conversion Date and ending on the Maturity Date.

"Flexible Rate" means the lowest annual rate of interest, expressed as a percentage and rounded to the nearest one thousandth of one percent, determined by the Remarketing Agent on a Flexible Rate Adjustment Date, which would, in the judgment of the Remarketing Agent, enable a particular Bond to be remarketed at the principal amount thereof on such Flexible Rate Adjustment Date given the applicable Interest Period for such 2003 Bond (or, if the Remarketing Agent for any reason fails to determine such rate, the rate determined in accordance with the provisions set forth in this Third Supplement to the Amended and Restated Indenture).

"Flexible Rate Adjustment Date" means a Business Day on which a Flexible Rate and an Interest Period for a particular Bond commence.

"Flexible Rate Conversion Date" means a date on which the 2003 Bonds begin to bear interest at Flexible Rates.

"Flexible Rate Period" means any period of time commencing on a Flexible Rate Conversion Date and ending on a Variable Rate Conversion Date, a Fixed Rate Conversion Date or on the Maturity Date.

"Immediate Notice" means notice by telephone, telex, telecopier or email to such address as the addressee shall have directed in writing, promptly followed by written notice by first class mail, postage prepaid.

"Initial Bank" means JPMorgan Chase Bank, in its capacity as issuer of the Initial Liquidity Facility.

"Initial Liquidity Facility" means the transferable Standby Bond Purchase Agreement dated as of June 1, 2003, entered into between the Authority and the Initial Bank concurrently with the original issuance of the 2003 Bonds.

"Interest Component" means the maximum amount stated in the Liquidity Facility (as reduced and reinstated from time to time in accordance with the terms thereof) which may be

drawn for the payment of the portion of the purchase price of Tendered Bonds corresponding to interest accrued on the Tendered Bonds.

"Interest Coverage Period" means the number of days for 2003 Bonds bearing interest in a particular interest mode which is used to determine the Interest Component, determined in accordance with the requirements of Section 310(h) hereof in a manner consistent with the periods utilized in calculating interest accrued on 2003 Bonds in such interest mode.

"Interest Coverage Rate" means the rate which is used to determine the Interest Component, initially 12% per annum for 2003 Bonds in the Weekly Rate Period secured by the Initial Liquidity Facility, and shall be specified for 2003 Bonds bearing interest in each subsequent mode by the Remarketing Agent in writing to the Trustee at the time such 2003 Bonds commence bearing interest in accordance with such mode, as such rate may be changed from time to time by the Remarketing Agent subject to compliance with Section 310(h) hereof. Notwithstanding the foregoing, the maximum Interest Coverage Rate that may be established with respect to the 2003 Bonds shall be 12% per annum.

"Interest Payment Date" means:

- (i) during a Flexible Rate Period, each Repurchase Date;
- (ii) during a Variable Rate Period,
 - (A) when used with respect to a Daily or Weekly Rate Period, the fifteenth (15th) day (or the next succeeding Business Day if the fifteenth is not a Business Day) of each calendar month occurring after the Variable Rate Conversion Date with respect thereto, and
 - (B) when used with respect to a Term Rate Period, the June 15 or December 15 next succeeding the Variable Rate Conversion Date and the fifteenth day of each sixth month thereafter,
- (iii) each Mandatory Tender Date;
- (iv) after the Fixed Rate Conversion Date, each June 15 and December 15;
- (v) the Maturity Date; and
- (vi) for 2003 Bonds called for redemption, the applicable redemption date.

"Interest Period" means, for each 2003 Bond bearing interest at a Flexible Rate, that period of time beginning on a Flexible Rate Adjustment Date and to but not including the next Flexible Rate Adjustment Date, determined by the Remarketing Agent on a Flexible Rate Adjustment Date, which would, in the judgment of the Remarketing Agent, taking into account the Flexible Rate for the particular 2003 Bond being determined on such Flexible Rate Adjustment Date and the Flexible Rates and Interest Periods then borne by all other outstanding 2003 Bonds, enable

the 2003 Bonds as a whole to bear the lowest overall rates achievable in the domestic financial market during the Interest Period selected (or, if the Remarketing Agent for any reason fails to determine such date, the date determined in accordance with the provisions set forth in this Third Supplement to the Amended and Restated Indenture).

"Liquidity Facility" means the Initial Liquidity Facility, or any Renewal Liquidity Facility or Alternate Liquidity Facility at the time in effect.

"Mandatory Tender Date" means any date on which a 2003 Bondholder is required to tender any 2003 Bond for purchase in accordance with Sections 302, 303 or 304 of this Third Supplement to the Amended and Restated Indenture.

"Mandatorily Tendered Bonds" means the 2003 Bonds required to be tendered for purchase on a Mandatory Tender Date.

"Maturity Date" means, with respect to the 2003 Bonds, June 15, 2022 or, with respect to each 2003 Bond bearing interest at a Fixed Rate which has been assigned a specific maturity date pursuant to Section 205(d) hereof, "Maturity Date" means the date so assigned.

"No-Call Period" means the period of time (measured from the Conversion Date) during which the 2003 Bonds in the Fixed Rate Period or the Term Rate Period may not be called for optional redemption as set forth in Section 401(a)(ii) hereof.

"Optional Tender Date" means the date specified by a 2003 Bondholder in a Tender Notice for purchase of any 2003 Bond during a Variable Rate Period in accordance with Section 301 of this Third Supplement to the Amended and Restated Indenture.

"Optionally Tendered Bonds" means the 2003 Bonds tendered or deemed tendered for purchase on an Optional Tender Date.

"Outstanding", "Bonds outstanding" or "outstanding Bonds" means, with respect to the 2003 Bonds, as of any given date, all 2003 Bonds which have been duly authenticated and delivered under the Indenture, except:

(a) 2003 Bonds canceled after purchase in the open market or because of payment at or redemption prior to the Maturity Date;

(b) 2003 Bonds for the payment or redemption of which cash or Government Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the Maturity Date or redemption date of any such 2003 Bonds) in accordance with Article VII of the Amended and Restated Indenture, as amended by Section 704 of this Third Supplement to the Amended and Restated Indenture; provided that if such Bonds are to be redeemed prior to the Maturity Date thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) 2003 Bonds in lieu of which others have been authenticated under Section 207 or 208 of the Amended and Restated Indenture;

(d) after any Optional Tender Date, any Bond for which a Tender Notice was given in accordance with Section 301 of this Third Supplement to the Amended and Restated Indenture and which was not so tendered;

(e) after any Mandatory Tender Date, any 2003 Bond which was required to be tendered on such a Mandatory Tender Date in accordance with Sections 302, 303 or 304 of this Third Supplement to the Amended and Restated Indenture and which was not so tendered; and

(f) after the Fixed Rate Conversion Date, for the purpose of all consents, approvals, waivers and notices required to be obtained or given under this Third Supplement to the Amended and Restated Indenture, 2003 Bonds held or owned by the Authority or any Affiliate thereof.

"Principal Office" means, with respect to the 2003 Bonds, (i) the corporate trust office of the Trustee responsible for the administration of this Third Supplement to the Amended and Restated Indenture, as designated in Section 11.07 of the Amended and Restated Indenture, as amended by Section 709 hereof, and (ii) the respective offices of the Bank, the Tender Agent and the Remarketing Agent designated to receive notices required by this Third Supplement to the Amended and Restated Indenture, as set forth in Section 709 hereof.

"Proposed Fixed Rate Conversion Date" means the date indicated in the written notice of the Authority given pursuant to Section 205 of this Third Supplement to the Amended and Restated Indenture on which the Authority intends to effect a conversion of the interest rate on the 2003 Bonds to the Fixed Rate.

"Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the Bonds at the request of the Authority, which at the time of issuance of the 2003 Bonds includes S&P, Moody's and Fitch.

"Record Date" means, with respect to the 2003 Bonds, while the 2003 Bonds bear interest during a Daily Rate Period, a Weekly Rate Period or a Flexible Rate Period, the close of business on the last Business Day preceding an Interest Payment Date, and while the 2003 Bonds bear interest in a Term Rate Period or a Fixed Rate Period, the close of business on the last day of the calendar month next preceding an Interest Payment Date.

"Remarketing Agent" means Raymond James & Associates, St. Petersburg, Florida, and its successor for the time being in such capacity as provided in Section 502 hereof.

"Remarketing Agreement" means the Remarketing Agreement dated as of June 1, 2003 between the Authority and the Remarketing Agent or any subsequent remarketing agreement executed by the Authority and any subsequent Remarketing Agent appointed pursuant hereto.

"Renewal Date" means the Interest Payment Date next preceding the Stated Expiration Date of the Liquidity Facility at the time in effect (or the next preceding Business Day if such day is not a Business Day).

"Renewal Liquidity Facility" means a Liquidity Facility provided in accordance with Section 310 hereof which has been issued with terms and conditions identical to, and by the same provider of, the Liquidity Facility in substitution for which the Renewal Liquidity Facility is to be provided, except for:

- (a) an extension of the Stated Expiration Date;
- (b) an increase or decrease in the Interest Coverage Rate or the Interest Coverage Period;
- (c) an increase or decrease in the Interest Component;
- (d) an increase or decrease in the portion of the Liquidity Facility designated to pay premium upon purchase of 2003 Bonds to the extent required or permitted by Section 310(h) hereof;
- (e) changes in the business covenants contained in, the fees payable pursuant to and the interest rate on advances made under the Liquidity Facility; or
- (f) any combination of (a), (b), (c), (d) and (e).

"Representation Letter" means that blanket letter from the Authority to DTC with respect to the issuance of Bonds in book-entry form.

"Repurchase Date" means, for any 2003 Bond during a Flexible Rate Period, a Business Day determined by the Remarketing Agent on an applicable Flexible Rate Adjustment Date as the date on which such 2003 Bond will be repurchased by the Trustee or the Tender Agent, on behalf of the Authority (or, if the Remarketing Agent for any reason fails to determine such date, the date determined in accordance with the provisions of this Third Supplement to the Amended and Restated Indenture).

"Repurchase Price" means, with respect to each particular 2003 Bond during a Flexible Rate Period, an amount equal to 100% of the principal amount thereof.

"Stated Expiration Date" means the stated date of expiration or termination of the Liquidity Facility, including any extensions thereof.

"Tender Agent" means that Person appointed pursuant to Section 501 hereof to perform those functions with respect to the 2003 Bonds related to the registration of transfers and exchanges, tenders, redemptions, notices and purchases thereof and payments thereon prior to the commencement of a Fixed Rate Period.

"Tendered Bonds" means Optionally Tendered Bonds and Mandatorily Tendered Bonds.

"Tender Notice" means the notice from a 2003 Bondholder to the Tender Agent of an Optional Tender Date in accordance with the provisions set forth in this Third Supplement to the Amended and Restated Indenture.

"Tender Price" means with respect to each Tendered Bond, 100% of the principal amount of any such Tendered Bond plus, if an Optional Tender Date is not an Interest Payment Date, interest accrued and unpaid thereon to, but not including, the Optional Tender Date with respect to such 2003 Bond.

"Term Rate Period" means any Variable Rate Period from and commencing on the fifteenth (15th) day of a calendar month (or the next succeeding Business Day if the fifteenth is not a Business Day) to but not including the fifteenth (15th) day (or the next succeeding Business Day if the fifteenth is not a Business Day) of the twelfth (or any integral multiple of 12) succeeding calendar month.

"Variable Rate" means, with respect to the then effective Variable Rate Period, the lowest interest rate which, in the judgment of the Remarketing Agent, would enable the 2003 Bonds to be remarketed at the principal amount thereof, plus accrued interest thereon, if any, on the Variable Rate Adjustment Date with respect thereto (or, if the Remarketing Agent for any reason fails to determine such rate, the rate determined in accordance with the provisions set forth in this Third Supplement to the Amended and Restated Indenture).

"Variable Rate Adjustment Date" means the first day of each Variable Rate Period.

"Variable Rate Conversion Date" means a date on which the 2003 Bonds begin to bear interest at a Variable Rate for (i) a particular Variable Rate Period which is of a different type than the preceding Variable Rate Period, (ii) a Term Rate Period which is of a different length than the preceding Term Rate Period except when shorter by reason of the Maturity Date or (iii) any Variable Rate Period which succeeds a Flexible Rate Period.

"Variable Rate Period" means each Daily Rate Period, Weekly Rate Period and Term Rate Period.

"Weekly Rate Period" means any Variable Rate Period from and commencing on Thursday of any calendar week and including and ending on the Wednesday of the next calendar week; provided, however, that any Weekly Rate Period which does not follow another Weekly Rate Period shall commence on the Variable Rate Conversion Date with respect thereto and end on the first or second Wednesday thereafter, at the discretion of the Remarketing Agent in order to most efficiently effect the conversion, and any Weekly Rate Period which is not followed by another Weekly Rate Period shall commence on the last or second to last Thursday of a calendar month, at the discretion of the Remarketing Agent in order to most efficiently effect the conversion, and end on the day preceding the final Interest Payment Date for such Weekly Rate Period.

ARTICLE II ISSUANCE OF AND INTEREST ON THE 2003 BONDS

SECTION 201. ISSUANCE OF BONDS

(a) The 2003 Bonds shall be designated "Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2003" and shall be issued in the aggregate principal amount of \$165,550,000. The 2003 Bonds shall be issuable as fully registered Bonds in Authorized Denominations. Unless the Authority shall otherwise direct, the 2003 Bonds shall be numbered from R-1 upward. Interest on the 2003 Bonds shall be payable on each Interest Payment Date. Each Bond shall be dated as of the most recent Interest Payment Date to which interest has been duly paid or provided for next preceding its date of issue, unless issued on an Interest Payment Date on which interest has been paid or provided for, in which event it shall be dated as of such Interest Payment Date or, if issued prior to the first Interest Payment Date on which interest is paid, it shall be dated the date of initial issuance of the 2003 Bonds.

(b) The 2003 Bonds shall mature on June 15, 2022.

(c) 2003 Bonds issued prior to the first Interest Payment Date shall bear interest from the date of original issuance and delivery thereof. Thereafter, 2003 Bonds shall bear interest from and including the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication shall be an Interest Payment Date to which interest on the 2003 Bonds has been paid in full or duly provided for, in which case they shall bear interest from and including such date of authentication. Interest during a Flexible Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. Interest during a Variable Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed except during a Term Rate Period and during a Fixed Rate Period interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

(d) By acceptance of any 2003 Bond, the registered owner thereof shall be deemed to have agreed, during a Flexible Rate Period, to the Flexible Rate, Interest Period and Repurchase Date then applicable thereto and to have further agreed to sell such Bond to the Tender Agent on the Repurchase Date applicable thereto at the Repurchase Price. Such registered owner by such acceptance shall be deemed to have acknowledged that if funds for such purchase are on deposit with the Trustee or the Tender Agent on such Repurchase Date, such registered owner shall have no rights under the Indenture other than to receive the Repurchase Price and such Bonds shall no longer be considered to be Outstanding Bonds (pursuant to paragraph (e) of the definition of such term in Section 103 hereof) for purposes of this Third Supplement to the Amended and Restated Indenture.

(e) The principal of and premium, if any, on 2003 Bonds bearing interest at a Variable Rate or Flexible Rate shall be payable at the Principal Office of the Trustee, upon presentation and surrender of such 2003 Bonds, which presentation and surrender can be made at the Principal Office of the Tender Agent. The principal of and premium, if any, on the 2003 Bonds bearing interest at a Fixed Rate shall be payable at the Principal Office of the Trustee upon presentation and surrender of such Bonds. Payment of principal of any 2003 Bond shall be made to any owner of \$1,000,000 or more in aggregate principal amount of 2003 Bonds by wire transfer

to such owner on the principal payment date for said 2003 Bonds upon written notice from such owner containing the wire transfer address within the continental United States to which such owner wishes to have such wire directed, which written notice is received not later than the tenth (10th) day next preceding the principal payment or maturity date applicable to such 2003 Bonds, provided that such wire transfer shall only be made upon presentation and surrender of such 2003 Bonds at the Principal Office of the Trustee or Tender Agent, as applicable, on the principal payment date. Any payment of the purchase price of a Tendered Bond shall be payable at the Principal Office of the Tender Agent, upon presentation and surrender of such Bond, as provided in Article V hereof.

(f) Interest payments on a 2003 Bond (other than with respect to defaulted interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Bond Registrar on the Record Date; provided, however, that during a Flexible Rate Period such payments shall be payable only upon presentation and surrender of such Bond to the Tender Agent. Interest on the 2003 Bonds shall, except as hereinafter provided, be paid: (i) during a Flexible or Variable Rate Period, by check or draft of the Tender Agent mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register or at such other address furnished in writing by such registered owner to the Tender Agent, (ii) during a Flexible or Variable Rate Period, by wire transfer sent on the Interest Payment Date to the registered owner upon written notice to the Tender Agent from the registered owner containing the wire transfer address (which shall be in the continental United States) to which the registered owner wishes to have such wire directed which written notice is received not later than the Business Day prior to the first Interest Payment Date to which it relates, it being understood that such notice may refer to multiple interest payments; (iii) on or prior to the Fixed Rate Conversion Date, in such other fashion as is agreed upon between the registered owner and the Tender Agent, including, without limitation, by wire transfer upon such prior notice as may be satisfactory to the Tender Agent or (iv) after the Fixed Rate Conversion Date, by check or draft of the Trustee mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register in accordance with the provisions of Section 2.03 of the Amended and Restated Indenture.

(g) During any Variable Rate Period other than a Term Rate Period, the Trustee agrees to provide through the Tender Agent upon request to the Tender Agent by any Bondholder an oral statement as to the Variable Rates in effect since the most recent preceding Interest Payment Date and to mail on each Interest Payment Date occurring during a Variable Rate Period to each Bondholder written notice of the Variable Rates in effect since the last preceding Interest Payment Date.

(h) The 2003 Bonds shall be substantially in the form hereinafter set forth with such appropriate variations, omissions and insertions as are permitted or required by the Indenture or deemed necessary by the Trustee and the Authority. On each date on which the Trustee or the Tender Agent authenticates and delivers 2003 Bonds during a Flexible Rate Period applicable to such 2003 Bonds as provided in Section 2.04 hereof, the Trustee or the Tender Agent shall complete the information required in the form of 2003 Bond attached as Exhibit A hereto for the purpose of maintaining an accurate record of the terms and provisions of the Interest Period then applicable to such 2003 Bond. During the period the 2003 Bonds are

maintained in book-entry form pursuant to Section 207 hereof, the Trustee may instead maintain such information on its books and records and make the same available electronically to DTC.

SECTION 202. INITIAL INTEREST RATES; SUBSEQUENT RATES; RATE PERIODS

The 2003 Bonds shall bear interest initially at a Variable Rate with a Weekly Rate Period from and including the date of initial issuance until a Conversion Date. The initial Variable Rate and initial Weekly Rate Period shall be set forth in the purchase contract entered into between the Authority and the initial purchaser of the 2003 Bonds. During each Variable Rate Period, the 2003 Bonds shall bear interest at the lesser of (i) the Interest Coverage Rate or (ii) the Variable Rate. During the Fixed Rate Period, the 2003 Bonds shall bear interest at a Fixed Rate.

Limits on Interest Periods and Rates. No Interest Period shall be established during a Flexible Rate Period and no Variable Rate Period shall be established which would cause the Interest Coverage Period of the Liquidity Facility to be less than the requirements of Section 310(h) hereof. No interest rate on a 2003 Bond shall be established during a Variable Rate Period which exceeds the Interest Coverage Rate. No Interest Period or Flexible Rate shall be established during a Flexible Rate Period which would cause the aggregate amount of all interest which could accrue on the 2003 Bonds bearing interest at the Flexible Rate during such Flexible Rate Period to exceed the Interest Component allocable to such Bonds. In addition, no Flexible Rate shall be established which exceeds the applicable Interest Coverage Rate and no Interest Period shall be established during a Flexible Rate Period which exceeds 270 days.

Bank Bonds. Notwithstanding anything herein to the contrary, Bank Bonds shall bear interest at the Bank Rate determined in accordance with the provisions of the Liquidity Facility and not the Variable Rate or Flexible Rate that would otherwise be applicable to such 2003 Bonds were they not Bank Bonds.

Conversions. In connection with any conversion to or from a Variable Rate Period or a Flexible Rate Period or a conversion to a Fixed Rate Period, in addition to the other conditions to conversion set forth in this Third Supplement to the Amended and Restated Indenture, the Trustee must have received written evidence from each Rating Agency then maintaining a rating on the 2003 Bonds that such rating will not be reduced or withdrawn due to such conversion (other than a withdrawal of a short term rating upon a remarketing into a Fixed Rate Period) and the Remarketing Agent shall have received firm commitments for the purchase of all 2003 Bonds being converted to bear interest in such new rate period on or before such Conversion Date.

In connection with any conversion to a Term Rate Period or to a Fixed Rate Period, in addition to the other conditions to conversion set forth in this Third Supplement to the Amended and Restated Indenture, the Authority must either provide the Trustee, the Bank, the Bond Insurer and the Remarketing Agent with an opinion of Bond Counsel stating that Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission provides an exemption with respect to the 2003 Bonds or enter into a written undertaking at the time of such conversion covenanting to provide continuing information with respect to the 2003 Bonds required by the Rule.

SECTION 203. VARIABLE RATES; CONVERSIONS TO VARIABLE RATE PERIODS

(a) Determination by Remarketing Agent; Notice of Rates Determined. Except as hereinafter provided, the Variable Rate to be applicable to the 2003 Bonds during any Variable Rate Period shall be determined by the Remarketing Agent and notice thereof shall be given as follows:

(i) Notice of each Variable Rate shall be: (A) given by Immediate Notice by the Remarketing Agent to the Tender Agent not later than 12:00 noon, New York City time, on the date of determination for each Daily and Weekly Rate Period and not later than 12:00 noon New York City time, on the Business Day immediately succeeding the date of determination for each Term Rate Period; (B) given by Immediate Notice not later than 5:00 p.m., New York City time for each Daily and Weekly Rate Period, in each case on the date of determination, and by 12:00 noon, New York City time, on the Business Day immediately succeeding the date of determination for each Term Rate Period, by the Tender Agent to the Trustee and the Authority, and, during Term Rate Periods, by first class mail postage prepaid on the third Business Day immediately succeeding the date of determination by the Tender Agent to the holders of the 2003 Bonds; and (C) available commencing on the Business Day immediately succeeding the date of determination during Daily and Weekly Rate Periods by telephone from the Tender Agent upon request of any owner of a 2003 Bond.

(ii) If the Remarketing Agent fails for any reason to determine or notify the Tender Agent of the Variable Rate for any Variable Rate Period when required hereunder:

(A) for 2003 Bonds in a Daily Rate Period or Weekly Rate Period, the Variable Rate for such Rate Period shall be equal to 135% of the BMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System, Inc. (or a replacement publisher of the BMA Municipal Swap Index designated in writing by the Authority to the Trustee and the Remarketing Agent; provided that if Munifacts Wire System, Inc. or such replacement publisher does not publish the BMA Municipal Swap Index on a day on which a Variable Rate is to be set, the Variable Rate shall be 135% of a comparable index selected by the Authority published by Munifacts Wire System, Inc. or such replacement publisher at such time (such alternate index being referred to herein as a "Alternate Index")) until the Remarketing Agent next determines the Variable Rate as required hereunder;

(B) for 2003 Bonds in a Term Rate Period with a duration of one year or less, such 2003 Bonds shall automatically convert to a Weekly Rate Period and the Variable Rate for such Rate Period shall be equal to 135% of the BMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System, Inc. (or an Alternate Index) until the Remarketing Agent next determines the Variable Rate as required hereunder; and

(C) for 2003 Bonds in a Term Rate Period with a duration in excess of one year, such 2003 Bonds shall automatically convert to a Term Rate

Period of two years and the Variable Rate for such Rate Period shall be equal to the sum of (i) the yield on 2 year "A" rated general obligation bonds as published by Municipal Market Data (or any successor entity) on the first Business Day preceding the Variable Rate Adjustment Date plus (ii) 5 basis points unless the Authority has filed with the Trustee and the Tender Agent a Favorable Opinion acceptable to the Trustee (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) with respect to the conversion of the 2003 Bonds to Variable Rates for Weekly Rate Periods, in which case the 2003 Bonds shall automatically convert to a Weekly Rate Period and the Variable Rate for such Rate Period shall be equal to 135% of the BMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System (or an Alternate Index) until the Remarketing Agent next determines the Variable Rate as required hereunder.

(iii) All determinations of Variable Rates pursuant to this Section shall be conclusive and binding upon the Authority, the Trustee, the Tender Agent, the Bank and the holders of the 2003 Bonds to which such rates are applicable. Failure by the Trustee or the Tender Agent to give any notice as herein provided, any defect therein, and any failure by any 2003 Bondholder to receive any such notice (including without limitation any Immediate Notice) shall not extend the period for making elections, in any way change the rights of the owners of 2003 Bonds to elect to have such 2003 Bonds purchased, in any way change the conditions which must be satisfied in order for such election to be effective or for payment of the purchase price to be made after an effective election or in any way change such owner's obligation to tender the 2003 Bonds for purchase.

(b) Daily Rates and Weekly Rates. A Variable Rate shall be determined by the Remarketing Agent (i) for each Daily Rate Period not later than 10:30 a.m., New York City time, on the commencement date of the Daily Rate Period to which it relates and (ii) for each Weekly Rate Period not later than 10:00 a.m., New York City time, on the commencement date of the Weekly Rate Period to which it relates (or the preceding Business Day if such day is not a Business Day).

(c) Term Rates. A Variable Rate shall be determined by the Remarketing Agent for each Term Rate Period not later than 12:00 noon, New York City time, on the Business Day immediately preceding the commencement date of such period.

(d) Conversions between Variable Rate Periods. At the option of the Authority, the 2003 Bonds may be converted from one Variable Rate Period to another and from a Term Rate Period of one length to a Term Rate Period of a different length as follows:

(i) In any such case, the Variable Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that if the conversion is from a Term Rate Period to a different Variable Rate Period or a Term Rate Period of a different length, the Variable Rate Conversion Date shall be limited to a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced.

(ii) The Authority shall give written notice of any such conversion to the Remarketing Agent, the Trustee, the Tender Agent and the Bank not less than seven (7) Business Days prior to the date on which the Tender Agent is required to notify the Bondholders of the conversion pursuant to subparagraph (iii) below. Such notice shall specify the Variable Rate Conversion Date and the Variable Rate Period (and the length of any Term Rate Period) to which the conversion will be made.

As a precondition to effecting a change to a different Variable Rate Period or to a Term Rate Period of a different length, on or before the Variable Rate Conversion Date, a Favorable Opinion shall be delivered to the Authority, the Trustee and the Tender Agent. Notwithstanding the foregoing, such Favorable Opinion shall not be required to be delivered in either case with respect to (i) a conversion to a Daily Rate Period or Weekly Rate Period or to a Term Rate Period with a duration of one year if the immediately preceding Period was a Daily Rate Period or Weekly Rate Period or a Term Rate Period with a duration of one year or (ii) a conversion to a Term Rate Period with a duration of more than one year if the immediately preceding Variable Rate Period was a Term Rate Period with a duration of more than one year.

(iii) Not less than fourteen (14) days prior to the Variable Rate Conversion Date if converting to a Daily or Weekly Rate Period and not less than thirty (30) days prior to the Variable Rate Conversion Date if converting to any other Variable Rate Period, the Tender Agent shall mail a written notice of the conversion to the holders of all 2003 Bonds to be converted. Such notice shall specify the Variable Rate Conversion Date and set forth the matters required to be stated pursuant to Section 303 hereof with respect to purchases of 2003 Bonds governed by such Section.

(iv) The Variable Rate for the Variable Rate Period commencing on the Variable Rate Conversion Date shall be determined by the Remarketing Agent in the manner provided above on the date set forth above applicable to the Variable Rate Period to which the conversion shall be made. Notice of such Variable Rates shall be given or made available on the dates and to the parties specified above in the manner provided above applicable to the Variable Rate Period to which the conversion shall be made.

(e) Conversions from Flexible Rate Periods. At the option of the Authority, the 2003 Bonds may be converted from a Flexible Rate Period to a Variable Rate Period as follows:

(i) The Variable Rate Conversion Date shall be the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Periods theretofore established for the 2003 Bonds to be converted.

(ii) The Authority shall give written notice of any such conversion to the Remarketing Agent, the Trustee, the Tender Agent and the Bank not less than seven (7) Business Days prior to the date on which the Tender Agent is required to notify the Bondholders of the conversion pursuant to subparagraph (iii) below. Such notice shall specify the Variable Rate Conversion Date and the Variable Rate Period (and the length of any Term Rate Period) to which the conversion will be made. In addition, on or before the

Variable Rate Conversion Date, the Authority shall cause to be filed with the Authority, the Trustee and the Tender Agent a Favorable Opinion. Notwithstanding the provisions of the preceding sentence, such Favorable Opinion shall not be required to be delivered with respect to a conversion to a Daily Rate Period, a Weekly Rate Period or to a Term Rate Period with a duration of one year.

(iii) Not less than fourteen (14) days prior to the Variable Rate Conversion Date if converting to a Daily or Weekly Rate Period and not less than thirty (30) days prior to the Variable Rate Conversion Date if converting to any other Variable Rate Period, the Tender Agent shall mail a written notice of the conversion to all holders of the 2003 Bonds to be converted; provided, however, that the Tender Agent shall not mail such written notice until it has received a written confirmation from the Remarketing Agent that no Interest Period for the 2003 Bonds extends beyond the Variable Rate Conversion Date. Such notice shall specify the Variable Rate Conversion Date and set forth the matters required to be stated pursuant to Section 303 hereof with respect to purchases of Bonds governed by such Section.

(iv) The Variable Rate for the Variable Rate Period commencing on the Variable Rate Conversion Date shall be determined by the Remarketing Agent in the manner provided above on the date set forth above applicable to the Variable Rate Period to which the conversion shall be made. Notice of such Variable Rates shall be given or made available on the dates and to the parties specified above in the manner provided above applicable to the Variable Rate Period to which the conversion shall be made.

SECTION 204. FLEXIBLE RATES; CONVERSIONS TO FLEXIBLE RATE PERIODS

(a) Flexible Rates. A Flexible Rate for each Interest Period shall be determined as follows:

(i) The Interest Periods for each 2003 Bond shall be of such duration, not exceeding 270 days, as may be offered by the Remarketing Agent and specified by the purchaser pursuant to Section 302 or 303 hereof.

(ii) The Flexible Rate for each Interest Period shall be effective from and including the commencement date of such period through and including the last day thereof. Each such Flexible Rate shall be determined by the Remarketing Agent in connection with the sale of the 2003 Bond or 2003 Bonds to which it relates pursuant to Section 302 or 303 hereof.

(iii) If the Remarketing Agent fails for any reason to determine or notify the Tender Agent of the Interest Period or Flexible Rate when required hereunder, the Interest Period shall be of the shortest permitted duration and the Flexible Rate shall be equal to the 135% of the BMA Municipal Swap Index in effect on the first day of such Interest Period.

(iv) All determinations of Flexible Rates and Interest Periods pursuant to this Section shall be conclusive and binding upon the Authority, the Trustee, the Tender

Agent, the Bank and the holders of the 2003 Bonds to which such rates and periods are applicable.

(b) Conversions to Flexible Rate Periods. At the option of Authority, the 2003 Bonds may be converted from a Variable Rate Period to a Flexible Rate Period as follows:

(i) In any such case, the Flexible Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that in the case of a conversion from a Term Rate Period, the Flexible Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced.

(ii) The Authority shall give written notice of any such conversion to the Trustee, the Tender Agent, the Remarketing Agent and the Bank not less than seven (7) Business Days prior to the date on which the Tender Agent is required to notify the Bondholders of the conversion pursuant to subparagraph (iii) below. Such notice shall specify the Flexible Rate Conversion Date. In addition, on or before the Flexible Rate Conversion Date, the Authority shall cause to be filed with the Authority, the Trustee and the Tender Agent a Favorable Opinion. Notwithstanding the provisions of the preceding sentence, such opinion shall not be required to be delivered with respect to a conversion from a Daily Rate Period or Weekly Rate Period or from a Term Rate Period with a duration of one year or less.

(iii) Not less than fourteen (14) days prior to the Flexible Rate Conversion Date, in the case of conversions from Daily or Weekly Rate Periods, and not less than thirty (30) days prior to the Flexible Rate Conversion Date in all other cases; the Tender Agent shall mail a written notice of the conversion to all holders of the 2003 Bonds to be converted, specifying the Flexible Rate Conversion Date and setting forth the matters required to be stated pursuant to Section 303 hereof with respect to purchases of 2003 Bonds governed by such Section.

SECTION 205. FIXED RATE CONVERSION AT OPTION OF THE AUTHORITY

At the option of the Authority, the 2003 Bonds bearing interest at a Variable Rate; or Flexible Rates may be converted to bear interest at the Fixed Rate as hereinafter provided. Any such conversion shall be made as follows:

(a) The Fixed Rate Conversion Date shall be: (i) in the case of a conversion from a Variable Rate Period other than a Term Rate Period, a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; (ii) in the case of a conversion from a Term Rate Period, a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced; or (iii) in the case of a conversion from a Flexible Rate Period, a day which is the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Period theretofore established for the 2003 Bonds to be converted.

(b) Not less than seven (7) Business Days prior to the date on which the Tender Agent or the Trustee is required to notify the Bondholders of the conversion pursuant to paragraph (c) below, the Authority shall give written notice of the conversion to the Trustee, the Tender Agent, if any, the Remarketing Agent, if any, and the Bank, if any, setting forth the Proposed Fixed Rate Conversion Date. In addition, on or before the Fixed Rate Conversion Date, the Authority shall cause to be filed with the Authority, the Trustee and the Tender Agent, if any, a Favorable Opinion with respect to the conversion of the 2003 Bonds to the Fixed Rate.

(c) In the event of a conversion from a Variable Rate Period or a Flexible Rate Period, the Tender Agent shall mail a notice of the proposed conversion to the holders of all 2003 Bonds to be converted not less than thirty (30) days prior to the Proposed Fixed Rate Conversion Date and shall inform the Bondholders of: (i) the Proposed Fixed Rate Conversion Date; and (ii) the matters required to be stated pursuant to Section 304 hereof with respect to purchases of 2003 Bonds governed by such Section.

(d) Not later than 12:00 noon, New York City time, on the Business Day prior to the Fixed Rate Conversion Date, the Remarketing Agent shall deliver to the Trustee and the Authority a certificate, approved by the Authority, which includes (i) a schedule specifying the principal amount of Bonds to mature on the first June 15 occurring after the Fixed Rate Conversion Date and on each June 15 thereafter to and including the June 15th occurring on or after the fifth anniversary of the Fixed Rate Conversion Date, (ii) a schedule specifying the principal amount of Bonds to be called for mandatory redemption on each June 15 occurring after the last June 15 specified pursuant to (i), but prior to June 15, 2022, (iii) the principal amount of 2003 Bonds to mature on June 15, 2022, (iv) the Fixed Rate to be applicable to each maturity of the 2003 Bonds and (v) a schedule specifying the interest to be paid on each Interest Payment Date of each year, commencing with the first Interest Payment Date to occur after the Fixed Rate Conversion Date, to and including June 15, 2022. In determining the amount of interest and principal that shall be payable on such dates, the Remarketing Agent shall use the following guidelines:

(i) The Fixed Rate(s) established for the 2003 Bonds to be effective on the Fixed Rate Conversion Date shall be set forth in an underwriting or purchase contract and shall equal the minimum interest rate(s) necessary to remarket such 2003 Bonds on the Fixed Rate Conversion Date at an aggregate purchase price of 100% of the principal amount thereof taking into account the fact that such 2003 Bond shall mature or be subject to mandatory sinking fund redemption on a particular June 15 up to and including June 15, 2022 in accordance with (d) above, that all 2003 Bonds shall pay interest semiannually on each Interest Payment Date of each year, that all 2003 Bonds maturing on a particular June 15 shall bear interest at the same rate;

(ii) The schedule of principal payments shall be set to achieve annual level debt service (including both principal and interest) for all remaining Bond Years or portions thereof and to the extent such annual level debt service cannot be exactly achieved with principal maturing in \$5,000 denominations or integral multiples thereof, such annual level debt service shall be achieved by rounding down all maturing principal

amounts to the next \$5,000 denomination or integral multiple thereof and rounding up the last principal payment.

The determination of the Fixed Rate(s) shall be conclusive and binding upon the Authority, the Trustee, the Tender Agent, if any, the Bank, if any, the Bond Insurer and the holders of the 2003 Bonds to which such rate(s) will be applicable. Not later than 5:00 p.m., New York City time, on the date of determination of the Fixed Rate(s), the Remarketing Agent shall notify the Trustee and the Authority of such rate(s) by telephone. Not later than 5:00 p.m., New York City time, on the next succeeding Business Day, the Trustee shall give Immediate Notice of such rate(s) to the Tender Agent, if any, and the Bank, if any, and the Bond Insurer.

(e) The Authority may revoke its election to effect a conversion of the interest rate on the 2003 Bonds to the Fixed Rate by giving written notice of such revocation to the Trustee, the Tender Agent, if any, the Remarketing Agent, if any, the Bank, if any, and the Bond Insurer at any time prior to the setting of the Fixed Rate by the Remarketing Agent.

(f) It shall be a condition to effecting a conversion to the Fixed Rate that all of the Bonds shall be successfully remarketed.

SECTION 206. CERTAIN CHANGES IN TERM RATE PERIOD NOT A CONVERSION

In the event that a Term Rate Period is shorter than the immediately preceding Term Rate Period due to the occurrence of the Maturity Date of the 2003 Bonds, such difference in length of the last Term Rate Period shall not be considered to cause a Variable Rate Conversion Date to occur and the conditions required by Section 203 to convert from a Term Rate Period of one length to a Term Rate Period of a different length shall not be required to be satisfied.

SECTION 207. BOOK ENTRY SYSTEM

(a) It is intended that the Bonds be registered so as to participate in a securities depository system with DTC (the "DTC System"), as set forth herein. Except as provided in subparagraph (c) of this Section, the registered owner of all of the 2003 Bonds shall be DTC and the 2003 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on any Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of immediately available funds to the account of Cede & Co. on the Interest Payment Date for the 2003 Bonds at the address indicated on the Record Date or Special Record Date for Cede & Co. in the Bond Register kept by the Trustee.

(b) The 2003 Bonds shall be initially issued in the form of separate single fully registered 2003 Bonds, authenticated by the Trustee in the amount of each separately stated maturity of the 2003 Bonds. Upon initial issuance, the ownership of such 2003 Bonds shall be registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the Authority shall treat DTC (or its nominee) as the sole and exclusive owner of the 2003 Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the 2003 Bonds, selecting the 2003 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Third Supplement to the Amended and Restated Indenture, registering the transfer of 2003 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Tender Agent nor the

Authority shall be affected by any notice to the contrary. Neither the Trustee, the Tender Agent nor the Authority shall have any responsibility or obligation to any DTC participant, any person claiming a beneficial ownership interest in the 2003 Bonds under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the Trustee as being a Bondholder, with respect to: (i) the accuracy of any records maintained by DTC or any DTC participant; (ii) the payment of DTC or any DTC participant of any amount in respect of the principal, purchase price or redemption price of or interest on the 2003 Bonds; (iii) any notice which is permitted or required to be given to Bondholders under the Indenture; (iv) the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the 2003 Bonds; or (v) any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal or purchase price of and premium, if any, and interest on the 2003 Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the Commonwealth of Pennsylvania) DTC and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal of or purchase price and premium, if any, and interest on the 2003 Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated Bond for each separately stated maturity of the respective series evidencing the obligation of the Authority to make payments of principal of and premium, if any, and interest pursuant to this Third Supplement to the Amended and Restated Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Third Supplement to the Amended and Restated Indenture shall be deemed to be changed to reflect such new nominee of DTC.

(c) In the event the Authority determines that it is in its best interest to discontinue the use of book entry system for the 2003 Bonds, the Authority may notify in writing DTC and the Trustee, whereupon DTC will notify the DTC participants of the availability through DTC of Bond certificates. In such event, the Trustee shall deliver, transfer and exchange Bond certificates as directed in writing by DTC as the Bondholder in appropriate amounts. DTC may determine to discontinue providing its services with respect to the 2003 Bonds at any time by giving written notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Authority and the Trustee, at the sole cost of the Authority, shall be obligated to deliver Bond certificates as directed in writing by DTC. In the event Bond certificates are issued, the provisions of the Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the 2003 Bonds to any DTC participant having 2003 Bonds credited to its DTC account, or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the 2003 Bonds.

(d) Notwithstanding any other provision of this Third Supplement to the Amended and Restated Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or purchase price

of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC as sole Bondholder notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

(f) Anything herein to the contrary notwithstanding, so long as any 2003 Bonds are registered in the name of DTC or any nominee thereof, in connection with any optional tender of such 2003 Bonds, the beneficial owners of such 2003 Bonds are responsible for submitting the bondholder tender notice provided for in Section 301 to the Remarketing Agent.

(g) Upon remarketing of 2003 Bonds in accordance with Article III, payment of the purchase price thereof shall be made to DTC and no surrender of certificates is expected to be required. Such sale shall be made through DTC participants (which may include the Remarketing Agent) and the new beneficial owners of such 2003 Bonds shall not receive delivery of Bond certificates. DTC shall transmit payment to DTC participants, and DTC participants shall transmit payment to beneficial owners whose 2003 Bonds were purchased pursuant to remarketing. Neither the Authority, the Trustee, the Trustee nor the Remarketing Agent shall be responsible for transfers of payment to DTC participants or beneficial owners.

(h) The provisions of this Section are subject to the provisions of this Third Supplement to the Amended and Restated Indenture relating to Bank Bonds.

SECTION 208. DELIVERY OF THE 2003 BONDS AND DISPOSITION OF PROCEEDS THEREOF.

(a) Upon the execution and delivery of this Third Supplement to the Amended and Restated Indenture, the Authority shall execute and deliver the 2003 Bonds to the Trustee and the Trustee shall authenticate the 2003 Bonds and deliver them to the initial purchaser or purchasers thereof as directed by the Authority in an order delivered by the Authority to the Trustee upon receipt of the proceeds of the 2003 Bonds. Proceeds from the sale of the 2003 Bonds shall be received by the Trustee and deposited in the Settlement Fund and shall then be disbursed and transferred from the Settlement Fund as follows:

(i) To or upon the order of the Authority, the amount specified by the Authority at or after the closing for the issuance of the 2003 Bonds as the costs of issuance of the 2003 Bonds (including, without limitation, fees and expenses of bond counsel and special tax counsel, consultants, the Trustee and the Trustee's counsel, the City's counsel and consultants, and the Authority's counsel in connection with the issuance of the 2003 Bonds, fees payable to the Initial Bank and the Bond Insurer with respect to the 2003 Bonds, printing costs payable by the Authority and rating agency fees).

(2) To the Trustee, to be deposited in the 1993A Bonds account of the Bond Redemption Fund, an amount equal to \$163,185, which will be applied to the redemption of all Outstanding 1993A Bonds called for redemption on June 15, 2003.

Any amount remaining in the Settlement Fund after the foregoing disbursements and transfers shall be disbursed or transferred by the Trustee to the Debt Service Fund in respect of the 2003 Bonds.

(b) Pursuant to Section 5.07 of the Amended and Restated Indenture, as supplemented and amended by, among others, Section 4.03 of the Second Supplement to the Amended and Restated Indenture, the Trustee is hereby instructed to transfer funds in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement for all Outstanding Bonds, taking into account the redemption of the 1993A Bonds and the issuance and delivery of the 2003A Bonds, to the Redemption Fund for application to the redemption price of the 1993A Bonds.

ARTICLE III TENDER AND PURCHASE OF BONDS

SECTION 301. OPTIONAL TENDERS DURING VARIABLE RATE PERIODS

(a) Optional Tender Dates. The holders of 2003 Bonds bearing interest at Variable Rates may elect to have their 2003 Bonds or portions thereof in whole multiples of Authorized Denominations purchased at the Tender Price of such 2003 Bonds (or portions), on the following Optional Tender Dates and upon the giving of the following oral (which may be by telephone) or written (which may be by telecopy or facsimile communication) notices meeting the further requirements of subsection (b) below:

(i) Daily Rate Period. During a Daily Rate Period, 2003 Bonds may be tendered for purchase on any Business Day upon oral or written notice of tender given to the Tender Agent not later than 10:00 a.m., New York City time, on the Optional Tender Date;

(ii) Weekly Rate Period. During a Weekly Rate Period, 2003 Bonds may be tendered for purchase on any Business Day upon oral or written notice of tender to the Tender Agent not later than 5:00 p.m., New York City time, on a Business Day not less than seven (7) days prior to the Optional Tender Date; and

(iii) Term Rate Period. During a Term Rate Period, 2003 Bonds may be tendered for purchase on the first Business Day following such Term Rate Period upon delivery of a written notice of tender to the Tender Agent not later than 5:00 p.m., New York City time, on a Business Day not less than seven (7) days prior to the Optional Tender Date.

(b) Notice by Owner of Tender. Each notice of tender:

(i) shall, in the case of a written notice, be delivered to the Tender Agent at its Principal Office and be in form satisfactory to the Tender Agent;

(ii) shall, whether delivered orally or in writing, state (A) the name and address of such Bondholder and the principal amount of the Bond to which the notice relates, (B) that the Bondholder irrevocably demands purchase of such 2003 Bond or a specified portion thereof in a whole multiple of an Authorized Denomination, (C) the Optional Tender Date on which such 2003 Bond or portion is to be purchased and (D) the payment instructions with respect to the Tender Price; and

(iii) shall automatically constitute, whether delivered orally or in writing (A) an irrevocable offer to sell the 2003 Bond (or portion thereof) to which the notice relates on the Optional Tender Date to any purchaser selected by the Remarketing Agent, at a price equal to the Tender Price of such 2003 Bond (or portion thereof), (B) an irrevocable authorization and instruction to the Tender Agent to effect transfer of such 2003 Bond (or portion thereof) upon payment of the Tender Price to the Tender Agent on the Optional Tender Date, (C) an irrevocable authorization and instruction to the Tender Agent to effect the exchange of the 2003 Bond to be purchased in whole or in part for

other 2003 Bonds in an equal aggregate principal amount so as to facilitate the sale of such 2003 Bond (or portion thereof to be purchased), and (D) an acknowledgment that such Bondholder will have no further rights with respect to such 2003 Bond (or portion thereof) upon payment of the Tender Price thereof to the Tender Agent on the Optional Tender Date, except for the right of such Bondholder to receive such Tender Price upon surrender of such 2003 Bond to the Tender Agent.

The determination of the Tender Agent as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the owner of such 2003 Bond.

(c) Notice by Tender Agent of Bonds to be Remarketed. Not later than 11:00 a.m., New York City time, on the Business Day immediately following the date of receipt of any notice of tender (or promptly upon such receipt on the Optional Tender Date in the case of 2003 Bonds during a Daily Rate Period but in no event later than 11:00 a.m., New York City time), the Tender Agent shall give Immediate Notice (or telephonic notice in the case of Bonds during a Daily Rate Period) to the Trustee, the Authority, the Remarketing Agent and the Bank of the principal amount of 2003 Bonds (or portions thereof) to be purchased and the Optional Tender Date.

(d) Remarketing of Tendered Bonds. Pursuant to the Remarketing Agreement, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all 2003 Bonds or portions thereof properly tendered. The Remarketing Agent shall cause the Tender Price specified in subsection (a) above for the 2003 Bonds which the Remarketing Agent notified the Tender Agent had been remarketed pursuant to subsection (e)(i) below to be paid to the Tender Agent (i) in immediately available funds at or before 2:00 p.m., New York City time, on the Optional Tender Date, during Daily or Weekly Rate Periods and (ii) in immediately available funds at or before 12:00 noon, New York City time, on the Optional Tender Date, in the case of 2003 Bonds during Term Rate Periods. Notwithstanding the foregoing, the Remarketing Agent shall not offer for sale any 2003 Bond as to which a notice of conversion to a Variable Rate Period, from a Term Rate Period of one length to another, to a Flexible Rate Period or to a Fixed Rate Period has been given by the Tender Agent unless the Remarketing Agent has advised the Person to whom the offer is made of the conversion and the effect of the conversion on the rights of Bondholders to tender their 2003 Bonds as described in the conversion notice from the Tender Agent to the Bondholders.

(e) Purchase of Tendered Bonds.

(i) Notice of Remarketing: Purchases Under Liquidity Facility. The following Immediate Notices shall be given with respect to the remarketing of Tendered Bonds and the amount of 2003 Bonds to be purchased pursuant to the Liquidity Facility:

(A) In the case of Tendered Bonds during other than a Daily Rate Period:

(i) the Remarketing Agent shall notify the Tender Agent of the amount of Tendered Bonds which were remarketed not later than

2:30 p.m., New York City time, on the Business Day immediately preceding the Optional Tender Date and the Tender Agent shall notify the Bank of the amount of Tendered Bonds which were remarketed by 3:00 p.m. on the Business Day immediately preceding the Optional Tender Date; and

(2) if any such notice indicates that any Tendered Bonds were not remarketed, if no such notice is received by the required time or if all of remarketing proceeds have not been received, the Tender Agent shall notify the Trustee, the Bank and the Authority, not later than 9:00 a.m., New York City time, on the Optional Tender Date, of the amount of Tendered Bonds

(x) which were not remarketed,

(y) for which no notice of remarketing was received and

(z) for which no remarketing proceeds have been received,

and the Trustee shall submit a draw certificate to the Bank not later than 11:00 a.m., New York City time, on the Optional Tender Date for payment of an amount equal to the principal portion of the Tender Price for the portion of the Tendered Bonds (x) which were not remarketed, (y) for which no notice of remarketing was received and (z) for which no remarketing proceeds have been received by the required time, and a demand for payment by the Bank of the accrued interest on the portion of the Tendered Bonds which were not remarketed or for which no notice of remarketing was received by the required time, or for which no remarketing proceeds have been received.

(B) In the case of Tendered Bonds during a Daily Rate Period:

(1) the Remarketing Agent shall notify the Tender Agent of the amount of Tendered Bonds which were remarketed not later than 10:00 a.m., New York City time, on the Optional Tender Date; and

(2) if any such notice indicates that any Tendered Bonds were not remarketed or if no such notice is received by the required time, or if remarketing proceeds are not received by the required time, the Tender Agent shall promptly notify the Trustee, the Bank and the Authority, not later than 10:30 a.m., New York City time, on the Optional Tender Date, of the amount of Tendered Bonds

(x) not remarketed,

(y) for which no notice of remarketing was received, or

(z) for which no remarketing proceeds have been received,

and not later than 11:00 a.m., New York City time, on the Optional Tender Date, the Trustee shall submit a draw certificate for payment of the principal portion of the Tender Price by the Bank for the portion of the 2003 Bonds (x) which were not remarketed, (y) for which no notice of remarketing was received by the required time or (z) for which no remarketing proceeds have been received, and a demand for payment by the Bank of the accrued interest on the portion of the Tendered Bonds which were not remarketed or for which no notice of remarketing was received by the required time, or for which no remarketing proceeds have been received.

(ii) Information Concerning Purchasers. A notice by telephone, telex or telecopier, to be confirmed in writing if given by telephone, specifying the names, addresses and taxpayer identification numbers of the purchasers, the denominations of 2003 Bonds to be registered in the name of each purchaser and, if available, payment instructions for regularly scheduled interest payments or of any changes in such information previously communicated shall be furnished to the Tender Agent by (i) 3:00 p.m., New York City time, on the Business Day preceding the day on which such 2003 Bonds are to be purchased to the extent available and such notice may be supplemented or amended at any time prior to 12:40 p.m., New York City time, on the day on which such 2003 Bonds are to be purchased with respect to Bonds during a Weekly Rate Period, (ii) 1:00 p.m., New York City time, on the day on which such 2003 Bonds are to be purchased with respect to Bonds during a Daily Rate Period or Flexible Rate Period, and (iii) 3:00 p.m., New York City time, on the second Business Day prior to the day on which such 2003 Bonds are to be purchased to the extent available and such notice may be supplemented or amended at any time prior to 12:40 p.m., New York City time, on the day on which such 2003 Bonds are to be purchased with respect to Bonds during a Term Rate Period.

(iii) Payments by the Tender Agent. By 3:00 p.m., New York City time, on the Optional Tender Date set for purchase of Tendered Bonds and upon receipt by the Tender Agent of 100% of the aggregate Tender Price of the Tendered Bonds, the Tender Agent shall pay the Tender Price of such 2003 Bonds to the holders thereof at its Principal Office or by bank wire transfer. Such payments shall be made in immediately available funds. With respect to the payment of the Tender Price, the Tender Agent shall apply in order (A) moneys paid to it by the Remarketing Agent or by the new purchaser of the Tendered Bonds as proceeds of the remarketing of such 2003 Bonds by the Remarketing Agent, (B) moneys paid to it by the Bank for the purchase of 2003 Bonds pursuant to the Liquidity Facility, and (C) any other moneys provided by the Authority. If sufficient funds are not available for the purchase of all Tendered Bonds, no purchase shall be consummated as provided in Section 306.

(iv) Registration and Delivery of Tendered or Purchased Bonds. On the date of purchase, the Tender Agent shall register and make available for pick-up or cancel all 2003 Bonds purchased on any Optional Tender Date as follows: (A) 2003 Bonds purchased or remarketed by the Remarketing Agent shall be registered and made available to the Remarketing Agent by 2:15 p.m., New York City time, in accordance with the instructions of the Remarketing Agent; (B) 2003 Bonds purchased pursuant to the Liquidity Facility shall be registered in the name of the Authority unless otherwise required by the Liquidity Facility and shall be held in trust by the Tender Agent on behalf of the registered owner; and (C) 2003 Bonds purchased with other moneys provided by the Authority shall be canceled or registered and delivered in accordance with the instructions of the Authority; provided that so long as a Liquidity Facility is in effect, such 2003 Bonds shall not be remarketed or delivered to the Authority unless the Liquidity Facility supports the payment of such 2003 Bonds in accordance with the terms of this Third Supplement to the Amended and Restated Indenture and the Liquidity Facility.

(v) Resale of Bonds Purchased Pursuant to the Liquidity Facility. In the event that any 2003 Bonds are purchased pursuant to the Liquidity Facility pursuant to subparagraph (iv) above, the Remarketing Agent shall continue to offer for sale and use its best efforts to sell such 2003 Bonds at a purchase price equal to the principal amount thereof plus accrued interest thereon. 2003 Bonds purchased pursuant to the Liquidity Facility shall not be delivered upon remarketing by the Remarketing Agent or any other sale unless the Liquidity Facility is automatically reinstated for the principal amount thereof and the Interest Component applicable thereto in accordance with its terms or the Remarketing Agent has been advised by the Bank by Immediate Notice that it has elected to reinstate the Liquidity Facility for the required amount and the Bank notifies the Tender Agent by Immediate Notice of such reinstatement and directs the Tender Agent to deliver the 2003 Bonds to the purchaser.

(vi) Delivery of Bonds; Effect of Failure to Surrender Bonds. All 2003 Bonds to be purchased on any Optional Tender Date shall be required to be delivered to the Principal Office of the Tender Agent by (i) 12:00 noon, New York City time, on the Optional Tender Date with respect to Bonds during a Daily or Weekly Rate Period; or (ii) 5:00 p.m., New York City time, on the second Business Day prior to the Optional Tender Date with respect to Bonds during Term Rate Periods. If the owner of any 2003 Bond (or portion thereof) that is subject to purchase pursuant to this Section fails to deliver such 2003 Bond to the Tender Agent for purchase on the Optional Tender Date and if the Tender Agent is in receipt of the Tender Price therefor, such 2003 Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such 2003 Bond (or portion thereof) shall be transferred to the purchaser thereof as provided in subsection (a)(iv) above. Any Bondholder who fails to deliver a 2003 Bond for purchase as required above shall have no further rights thereunder except the right to receive the Tender Price thereof upon presentation and surrender of said 2003 Bond to the Tender Agent and shall thereafter hold such 2003 Bond as agent for the Tender Agent. Such delivery shall be a condition to payment of the Tender Price by the Tender Agent on the Optional Tender Date.

SECTION 302. TENDERS DURING FLEXIBLE RATE PERIODS

(a) Repurchase Dates. Each 2003 Bond bearing interest at a Flexible Rate shall be subject to mandatory tender for purchase on each Repurchase Date at the Repurchase Price.

(b) Bonds to be Remarketed. Not later than 11:00 a.m., New York City time, on the Business Day immediately preceding each Repurchase Date, the Tender Agent shall give Immediate Notice to the Remarketing Agent and the Bank of the amount of 2003 Bonds which will be tendered on such Repurchase Date.

(c) Remarketing of Tendered Bonds. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all 2003 Bonds required to be purchased on the Repurchase Date. In remarketing the 2003 Bonds, the Remarketing Agent shall offer and accept purchase commitments for the 2003 Bonds for such Interest Periods and at such Flexible Rates as it deems to be advisable in order to minimize the net interest cost on the 2003 Bonds under prevailing market conditions. The foregoing notwithstanding, no Interest Period may be established which exceeds the shortest of (A) 270 days, (B) the remaining number of days prior to any Mandatory Tender Date occurring pursuant to either Section 303 or 304 hereof, or (C) the remaining number of days prior to each date on which 2003 Bonds are subject to redemption pursuant to Sections 401(a)(i) or (c) hereof (but, in the case of Section 401(a)(i) hereof, only if the Remarketing Agent has received Immediate Notice from the Trustee of a pending redemption of 2003 Bonds pursuant to Section 402(a) hereof) if and to the extent necessary to enable the Tender Agent to make such purchases on or before such date. The Remarketing Agent shall cause the Repurchase Price specified in subsection (a) above for the 2003 Bonds which the Remarketing Agent notified the Tender Agent had been remarketed pursuant to subsection (d)(i) below to be paid to the Tender Agent in immediately available funds at or before 2:00 p.m., New York City time, on the Repurchase Date. At the request of the Trustee, the Remarketing Agent shall also determine and notify the Trustee of Flexible Rates and Interest Periods for 2003 Bonds to be purchased pursuant to the Liquidity Facility or by the Authority as hereinafter provided, such determination to be made in substantially the same manner as is provided above and with a view toward enabling the Remarketing Agent to remarket such 2003 Bonds at a later date.

(d) Purchase of Tendered Bonds; Notice of Remarketing; Purchases Under Liquidity Facility. The following Immediate Notices shall be given with respect to the remarketing of Tendered Bonds and the amount of 2003 Bonds to be purchased pursuant to the Liquidity Facility:

(i) The Remarketing Agent shall notify the Tender Agent of the amount of Tendered Bonds which were remarketed not later than 9:30 a.m., New York City time, on the Repurchase Date; and if any such notice indicates that any Tendered Bonds were not remarketed, or if no such notice is received by the required time, or if not all of the remarketing proceeds have been received, the Tender Agent shall notify the Trustee, the Bank and the Authority by 10:00 a.m., New York City time, on the Repurchase Date of the amount of Tendered Bonds not remarketed, or for which no notice of remarketing was received, or for which no remarketing proceeds have been received, and the Trustee shall submit to the Bank by 11:00 a.m., New York City time, on the Repurchase Date, a draw certificate for payment of an amount equal to the Repurchase Price by the Bank for (A) the portion of the 2003 Bonds which were not remarketed, (B) those for which no notice of

remarketing was received by the required time and (C) those for which no remarketing proceeds have been received and a draw certificate for payment of the accrued interest on the portion of the Tendered Bonds by the Bank for the portion of the 2003 Bonds (A) which were not remarketed, (B) for which no notice of remarketing was received by the required time, or (C) for which no remarketing proceeds have been received, pursuant to the Liquidity Facility.

(ii) Information Concerning Purchasers. A notice by telephone, telex or telecopier, to be confirmed in writing if given by telephone, specifying the names, addresses and taxpayer identification numbers of the purchasers, the denominations of 2003 Bonds to be registered in the name of each purchaser, the Flexible Rate and Repurchase Date to be applicable to each 2003 Bond and, if available, payment instructions for regularly scheduled interest payments or of any changes in such information previously communicated shall be furnished to the Tender Agent by 1:00 p.m., New York City time, on the Repurchase Date.

(iii) Payments by the Tender Agent. By 3:00 p.m., New York City time, on the Repurchase Date and upon receipt by the Tender Agent of 100% of the aggregate Repurchase Price of the Tendered Bonds, the Tender Agent shall pay the Repurchase Price of such 2003 Bonds to the holders thereof at its Principal Office or by bank wire transfer. Such payments shall be made in immediately available funds. With respect to the payment of the Repurchase Price, the Tender Agent shall apply in order (A) moneys paid to it by the Remarketing Agent or by the new purchaser of the Tendered Bonds as proceeds of the remarketing of such 2003 Bonds by the Remarketing Agent, (B) moneys paid to it by the Bank for the purchase of 2003 Bonds pursuant to the Liquidity Facility, and (C) any other moneys provided by the Authority. If sufficient funds are not available for the purchase of all Tendered Bonds, no purchase shall be consummated as provided in Section 306.

(iv) Registration and Delivery of Tendered or Purchased Bonds. On the Repurchase Date, the Tender Agent shall register and deliver, hold or cancel all 2003 Bonds purchased on such Repurchase Date as follows: (A) 2003 Bonds purchased or remarketed by the Remarketing Agent shall be registered and delivered to the Remarketing Agent by 2:15 p.m., New York City time, in accordance with the instructions of the Remarketing Agent; (B) 2003 Bonds purchased pursuant to a draw on the Liquidity Facility shall be registered in the name of the Authority unless otherwise required by the Liquidity Facility and shall be held in trust by the Tender Agent on behalf of the registered owner; and (C) 2003 Bonds purchased with other moneys provided by the Authority shall be canceled or registered and delivered in accordance with the instructions of the Authority; provided that so long as a Liquidity Facility is in effect, such 2003 Bonds shall not be remarketed or delivered to the Authority unless the Liquidity Facility supports the payment of such 2003 Bonds in accordance with the terms of this Third Supplement to the Amended and Restated Indenture and the Liquidity Facility.

(v) Resale of Bonds Purchased Pursuant to the Liquidity Facility. In the event that any 2003 Bonds are purchased pursuant to a draw on the Liquidity Facility pursuant to subparagraph (iv) above, the Remarketing Agent shall continue to offer for sale and use its best efforts to sell such 2003 Bonds at a purchase price equal to the principal

amount thereof plus accrued interest thereon. 2003 Bonds purchased pursuant to the Liquidity Facility shall not be delivered upon remarketing by the Remarketing Agent or any other sale unless the Liquidity Facility is automatically reinstated for the principal amount thereof and the Interest Component applicable thereto in accordance with its terms or the Remarketing Agent has been advised by the Bank by Immediate Notice that it has elected to reinstate the Liquidity Facility for the required amount and the Bank notifies the Tender Agent by Immediate Notice of such reinstatement and directs the Tender Agent to deliver the 2003 Bonds to the purchaser.

(vi) Delivery of Bonds; Effect of Failure to Surrender Bonds. All 2003 Bonds to be purchased on any Repurchase Date shall be required to be delivered to the Principal Office of the Tender Agent by 1:00 p.m., New York City time, on the Repurchase Date. If the owner of any 2003 Bond (or portion thereof) that is subject to purchase pursuant to this Section fails to deliver such 2003 Bond to the Tender Agent for purchase on the Repurchase Date and if the Tender Agent is in receipt of the Tender Price therefor, such 2003 Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such 2003 Bond (or portion thereof) shall be transferred to the purchaser thereof as provided in subsection (e)(iv) above. Any 2003 Bondholder who fails to deliver a 2003 Bond for purchase as required above shall have no further rights thereunder except the right to receive the Repurchase Price thereof upon presentation and surrender of said 2003 Bond to the Tender Agent. Such delivery shall be a condition to the payment of the Repurchase Price by the Tender Agent on the Repurchase Date.

SECTION 303. MANDATORY TENDER UPON CONVERSIONS AMONG VARIABLE RATE PERIODS AND FLEXIBLE RATE PERIODS

(a) Variable Rate Conversions. 2003 Bonds which are subject to conversion on any Variable Rate Conversion Date pursuant to Section 203(d) or (e) hereof shall be subject to mandatory tender for purchase on the Variable Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be.

(b) Flexible Rate Conversions. 2003 Bonds which are subject to conversion on any Flexible Rate Conversion Date pursuant to Section 204(b) hereof are subject to mandatory tender for purchase on the applicable Flexible Rate Conversion Date at the Tender Price.

(c) Notice to Bondholders. Any notice of a conversion given to Bondholders pursuant to Section 203(d)(iii), 203(e)(iii) or 204(b)(iii) hereof shall, in addition to the requirements of such Section, state that the 2003 Bonds to be converted will be subject to mandatory tender for purchase on the Variable Rate Conversion Date or Flexible Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be, and will specify the time at which 2003 Bonds are to be tendered for purchase.

Whenever the 2003 Bonds are held in the DTC System, any failure by DTC or any DTC Participant to provide the notice described above to any beneficial owner of the 2003 Bonds shall not affect the validity of any interest rate on any 2003 Bonds or extend the period for tendering any of the 2003 Bonds for purchase and the Trustee shall not be liable to any 2003 Bondholder by reason of any such failure or defect.

(d) Remarketing. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all 2003 Bonds to be tendered for purchase on the Flexible Rate Conversion Date or Variable Rate Conversion Date. In the event of a conversion to a Variable Rate Period, the terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price specified in subsection (a) above to the Tender Agent in immediately available funds at or before 3:00 p.m., New York City time, on the Variable Rate Conversion Date. In the case of a conversion to a Flexible Rate Period, the terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price specified in subsection (b) above to the Tender Agent in immediately available funds at or before 3:00 p.m., New York City time, on the Flexible Rate Conversion Date and the Flexible Rates and Interest Periods to be established shall be determined in the manner and subject to the limitations set forth in Section 302(c) hereof.

(e) Purchase of Tendered Bonds. The provisions of Section 301(e) regarding purchases of 2003 Bonds shall apply to tenders pursuant to this Section 303 in the case of a conversion during a Variable Rate Period; provided that, for the purpose of so applying such provisions:

(i) the notices required pursuant to Section 301(e)(i) shall be given as therein described, except that the provisions relating specifically to 2003 Bonds during Daily Rate Periods shall be applicable only to 2003 Bonds to be converted from a Daily Rate Period or to a Flexible Rate Period;

(ii) the notice required pursuant to Section 301(e)(ii) shall be given as therein described, except that, in the case of a conversion to a Flexible Rate Period, the notice from the Remarketing Agent concerning the purchasers of the 2003 Bonds shall specify the Flexible Rates and Interest Periods for such 2003 Bonds; and

(iii) the deliveries of 2003 Bonds under Section 301(e)(vi) shall be required to be made at or before 1:00 p.m., New York City time, on the Variable Rate Conversion Date (or 5:00 p.m., New York City time, on the second Business Day prior to the Conversion Date with respect to 2003 Bonds during a Term Rate Period).

The provisions of Section 302(d) regarding purchases of 2003 Bonds shall apply to tenders pursuant to this Section 303 with respect to 2003 Bonds in the case of conversions during a Flexible Rate Period.

SECTION 304. MANDATORY TENDER UPON FIXED RATE CONVERSION OR SUBSTITUTION OR TERMINATION OF LIQUIDITY FACILITY

(a) Mandatory Tenders.

(i) Proposed Fixed Rate Conversion Date. The 2003 Bonds to be converted to bear interest at the Fixed Rate pursuant to Section 205 hereof shall be subject to mandatory tender for purchase on a Proposed Fixed Rate Conversion Date at a price equal to the Tender Price or the Repurchase Price, as the case may be.

(ii) Substitution of the Liquidity Facility with an Alternate Liquidity Facility.

The 2003 Bonds (other than Bank Bonds and 2003 Bonds bearing interest at the Fixed Rate) are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or the Repurchase Price, as the case may be, on the regularly scheduled Interest Payment Date immediately preceding the effective date of any substitution of the Liquidity Facility with an Alternate Liquidity Facility in accordance with the provisions of Section 310 hereof.

(iii) No Renewal Liquidity Facility.

The 2003 Bonds are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or Repurchase Price, as the case may be, on any Renewal Date if by the tenth day preceding such Renewal Date the Trustee has not received a Renewal Liquidity Facility.

(iv) Default under the Liquidity Facility.

The 2003 Bonds are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or Repurchase Price, as the case may be, on the fifteenth day (or the next preceding Business Day if such day is not a Business Day) after receipt by the Trustee of notice from the Bank of the occurrence of a default under the Liquidity Facility and that such Liquidity Facility shall be terminated; provided that (i) the Mandatory Tender Date shall be at least five days prior to the termination of the Bank's obligation to honor draws under the Liquidity Facility and (ii) no purchase shall be required if prior to the Mandatory Tender Date the Trustee receives written notice from the Bank to the effect that the default has been cured in accordance with the provisions of the Liquidity Facility and such Liquidity Facility is, as of the date of such notice to the Trustee, in full force and effect and will not terminate as a result of such termination notice from the Bank.

(b) Notice to Bondholders. The Tender Agent shall mail notice to Bondholders of any mandatory tender as follows:

(i) pursuant to Section 304(a)(i) above (or include in any notice mailed pursuant to Section 205(d) hereof), not less than thirty (30) days prior to the Mandatory Tender Date;

(ii) pursuant to Section 304(a)(ii) or (iii) above, not less than fifteen (15) days prior to the Mandatory Tender Date, and

(iii) pursuant to Section 304(a)(iv), on the Business Day next succeeding receipt by the Trustee of the notice from the Bank described therein.

In the case of a notice pursuant to Section 304(a)(i) above, such notice will state, among other things, the Proposed Fixed Rate Conversion Date, that the 2003 Bonds will be subject to mandatory tender for purchase on the Fixed Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be, and the time at which the 2003 Bonds are to be tendered for purchase.

Whenever the 2003 Bonds are held in the DTC System, any failure by DTC or any DTC Participant to provide the notice described above to any beneficial owner of the 2003 Bonds shall not affect the validity of any interest rate on any 2003 Bonds or extend the period for tendering any of the 2003 Bonds for purchase and the Trustee shall not be liable to any 2003 Bondholder by reason of any such failure or defect.

(c) Remarketing. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for such 2003 Bonds following a mandatory tender; provided, however, that 2003 Bonds shall not be remarketed unless and until the Remarketing Agent receives notice from the Trustee that a Liquidity Facility complying with the requirements of Section 310(h) hereof is in place with respect to the 2003 Bonds. The terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price specified in subsection (a) above to the Tender Agent in immediately available funds at or before 10:30 a.m., New York City time.

(d) Purchase of Tendered Bonds. The provisions of Section 301(e) regarding purchases of 2003 Bonds shall apply to mandatory tenders pursuant to this Section 304 with respect to 2003 Bonds during a Variable Rate Period; provided that, for the purpose of so applying such provisions:

(i) the notices required pursuant to Section 301(e)(i) shall be given as therein described, except that the provisions relating specifically to 2003 Bonds during Daily Rate Periods shall be disregarded;

(ii) the notices required to be given pursuant to Section 301(e)(ii) hereof regarding purchasers of 2003 Bonds shall be given in the manner prescribed for tenders of 2003 Bonds during other than Daily Rate Periods; and

(iii) the deliveries of 2003 Bonds under Section 301(e)(iv) shall be required to be made at or before 2:15 p.m., New York City time on the Fixed Rate Conversion Date.

The provisions of Section 302(d) shall apply to tenders pursuant to this Section 304 with respect to 2003 Bonds during a Flexible Rate Period.

SECTION 305. FAILED CONVERSION

If on a Variable Rate Conversion Date, Flexible Rate Conversion Date or Proposed Fixed Rate Conversion Date, any condition precedent to such conversion required hereunder shall not be satisfied, such conversion shall not occur, the mandatory tender shall remain effective and (i) if the Authority has filed with the Trustee and the Tender Agent a Favorable Opinion acceptable to the Trustee with respect to the conversion of the 2003 Bonds to Variable Rates for Weekly Rate Periods, the 2003 Bonds shall bear interest at the Variable Rate determined by the Remarketing Agent on the failed Conversion Date for a Weekly Rate Period, and thereafter shall bear interest at Variable Rates for Weekly Rate Periods until a Variable Rate Conversion Date, Flexible Rate Conversion Date or Fixed Rate Conversion Date or (ii) if the Favorable Opinion referred to in clause (i) above has not been delivered, the 2003 Bonds shall bear interest at the Variable Rate or Flexible Rates determined by the Remarketing Agent on the failed Conversion Date for a Variable

Rate Period or Interest Periods, as the case may be, of the same length as the immediately preceding Variable Rate Period or Interest Periods.

SECTION 306. INADEQUATE FUNDS FOR TENDERS

If the funds available for purchases of 2003 Bonds pursuant to this Article III are inadequate for the purchase of all 2003 Bonds required to be purchased on any purchase date, the Tender Agent shall immediately: (i) return all Tendered Bonds to the holders thereof; (ii) return all moneys received for the purchase of such 2003 Bonds to the Persons providing such moneys; and (iii) notify all Bondholders in writing (A) that an Event of Default has occurred, and (B) of the rate to be effective pursuant to following provisions. If the funds available for purchases of 2003 Bonds pursuant to this Article III are inadequate for the purchase of all 2003 Bonds required to be purchased (i) on a proposed Conversion Date, such conversion shall be deemed to have failed and the provisions of Section 305 above shall apply; (ii) in all other cases, the Remarketing Agent shall determine the applicable interest rate in accordance with the provisions of Article II hereof.

SECTION 307. LIMITS UPON REMARKETING

(a) Tendered Bonds shall not be remarketed to the Authority or any Affiliate unless, prior to such sale, the Authority shall have delivered to the Trustee an unqualified written opinion of counsel experienced in bankruptcy matters and satisfactory to the Trustee and each Rating Agency then maintaining a rating on the 2003 Bonds (which opinion may assume that no Bondholders are "insiders" within the meaning of Title XI of the United States Code) to the effect that payment of such amounts to Bondholders would not be avoidable as preferential payments under Section 547 of the United States Bankruptcy Code recoverable under Section 550 of the United States Bankruptcy Code should the Authority or any Affiliate become a debtor in a proceeding commenced thereunder. Neither the Trustee nor the Tender Agent shall be required to monitor the actions of the Remarketing Agent to ensure that it will not remarket any Bonds to the Authority or any Affiliate, and for the purposes of this Section 307 hereof, the Trustee and the Tender Agent may, in the absence of actual notice to the contrary, assume that no funds furnished to the Tender Agent by the Remarketing Agent constitute proceeds of the remarketing of any Bonds to the Authority or any Affiliate.

(b) 2003 Bonds shall not be remarketed unless and until a Liquidity Facility complying with the requirements of Section 310(h) hereof is in place with respect to the 2003 Bonds.

(c) Despite the absence of a Liquidity Facility complying with the requirements of Section 310(h) hereof, whether resulting from the termination of an existing Liquidity Facility or otherwise, the Authority shall be under no obligation to purchase 2003 Bonds otherwise subject to optional tender pursuant to Section 301 hereof or mandatory tender pursuant to Sections 302, 303 or 304 hereof prior to the Maturity Date of such 2003 Bonds.

SECTION 308. BOND PURCHASE FUND

(a) Establishment of Bond Purchase Fund and Accounts. The Trustee shall establish or cause the Tender Agent to establish and maintain, so long as the 2003 Bonds are outstanding and have not been converted to a Fixed Rate, a separate fund to be known as the "Bond Purchase Fund" (the "Bond Purchase Fund"), within which there shall be established a

Remarketing Proceeds Account and a Liquidity Facility Purchase Account, which shall be held in trust by the Trustee until applied as hereinafter provided.

(i) Remarketing Proceeds Account. The Trustee or the Tender Agent shall deposit to the credit of the Remarketing Proceeds Account (A) the moneys received upon the remarketing of Tendered Bonds pursuant to section 307 hereof and the Remarketing Agreement to any Person (other than Tendered Bonds sold to the Authority, any Affiliate or any Insider in violation of Section 307 hereof), and (B) the moneys received from the underwriter or purchaser (other than the Authority, any Affiliate, or any Insider) of Tendered Bonds upon the conversion of the interest rate thereon to a Fixed Rate. No moneys other than those described in (A) and (B) of this Section 308(a)(i) shall be deposited into such account.

(ii) Liquidity Facility Purchase Account. The Trustee or the Tender Agent shall deposit to the credit of the Liquidity Facility Purchase Account all proceeds of drawings under the Liquidity Facility to pay the purchase price of Tendered Bonds (other than Bank Bonds), and no other moneys shall be deposited in such account.

(b) Application of Bond Purchase Fund. Moneys in the Bond Purchase Fund shall be held in trust for the benefit of and subject to a lien in favor of the owners of Tendered Bonds and shall be used exclusively for the payment of the purchase price of Tendered Bonds; provided, however, that any moneys remaining on deposit in the Liquidity Facility Purchase Account after payment in full of all amounts due on the Tendered Bonds shall be transferred to the Bank.

(c) Moneys on deposit in the Bond Purchase Fund shall be invested only upon the written direction of the Authority and only in Government Obligations with a term not exceeding the earlier of 30 days from the date of investment of such moneys or the date or dates that moneys therefrom are anticipated to be required. Amounts held to pay the purchase price for more than five years shall be applied in the same manner as provided under Section 515 of the Amended and Restated Indenture.

SECTION 309. NON-PRESENTMENT OF TENDERED BONDS

In the event any Tendered Bonds shall not be presented for purchase and moneys sufficient to pay the purchase price of such Tendered Bonds are held in the Bond Purchase Fund, the Tender Agent shall segregate and hold such moneys in trust (but shall not invest such moneys), without liability for interest thereon, for the benefit of and subject to a security interest in favor of the holders of such Tendered Bonds who shall, except as provided in the last paragraph of Section 308 hereof, thereafter be restricted exclusively to such moneys, for the satisfaction of any claim of whatever nature on their part under the Indenture or on, or with respect to, said Tendered Bonds.

SECTION 310. LIQUIDITY FACILITY

(a) Draws on Liquidity Facility. The Trustee shall draw moneys under the Liquidity Facility in accordance with its terms and in accordance with Sections 301(e)(i), 302(d)(i), 303(e) and 304(d) hereof to the extent necessary to pay to the Bondholders the purchase price of Tendered Bonds. Immediately following each drawing under the Liquidity

Facility, and not as a condition to such drawing, the Trustee shall use its best efforts to give telephonic notice to the Authority that such a drawing under the Liquidity Facility was made. The Trustee and the Tender Agent shall return any moneys drawn under the Liquidity Facility to the Bank immediately following the applicable purchase date to the extent such moneys exceed the amount necessary to pay the Repurchase Price or Tender Price of Tendered Bonds.

(b) Maintenance of Liquidity Facility. The Authority covenants that prior to the Fixed Rate Conversion Date it shall at all times cause a Liquidity Facility complying with the requirements of this Section 310 to be in effect with respect to the 2003 Bonds.

(c) Renewal Liquidity Facility. The Authority may, subject to the provisions of the Liquidity Facility, at any time arrange for the deposit with the Trustee of a Renewal Liquidity Facility in substitution for the existing Liquidity Facility. Each Renewal Liquidity Facility shall be satisfactory in form and substance to the Trustee; provided that no such Renewal Liquidity Facility shall be satisfactory to the Trustee unless, in addition to all other requirements to be met therefor, a draft of such Renewal Liquidity Facility, and a draft of the related Renewal Liquidity Facility Agreement, if any, have been submitted to the Trustee at least 20 days prior to the date such Renewal Liquidity Facility is to become effective. In addition, if such Liquidity Facility contains a decrease in the Interest Coverage Rate, the Interest Coverage Period or the Interest Component or a decrease in the portion of the Liquidity Facility designated to pay premium upon purchase of the 2003 Bonds, the Trustee must have received written evidence from each Rating Agency then maintaining a rating on the 2003 Bonds that such rating will not be withdrawn or reduced due to the delivery of such Renewal Liquidity Facility. Upon the delivery of a Renewal Liquidity Facility, the Trustee shall promptly give written notice by first class mail, postage prepaid, to each owner of a 2003 Bond bearing interest at a Variable Rate or a Flexible Rate that a Renewal Liquidity Facility and Renewal Liquidity Facility Agreement will secure such 2003 Bond.

(d) Alternate Liquidity Facility. The Authority may, subject to the provisions of the Liquidity Facility, at any time arrange for the deposit with the Trustee of an Alternate Liquidity Facility in substitution for the existing Liquidity Facility. The Alternate Liquidity Facility shall expire no earlier than 360 days from the date of its deposit with the Trustee and, in the event any of the 2003 Bonds bear interest at a Term Rate for a Term Rate Period extending beyond the Stated Expiration Date of such Alternate Liquidity Facility, no earlier than the Liquidity Facility which it replaces. Each Alternate Liquidity Facility shall be satisfactory in form and substance to the Trustee; provided that any such Alternate Liquidity Facility shall not be satisfactory to the Trustee unless, in addition to all other requirements to be met therefor, a draft of such Alternate Liquidity Facility and a draft of any supplemental bond indenture required to be executed in connection with the delivery of the Alternate Liquidity Facility, and appropriate information concerning the entity which will issue such Alternate Liquidity Facility have been submitted to each Rating Agency then maintaining a rating on the 2003 Bonds entitled to the benefit of the then effective Liquidity Facility, and each such Rating Agency has given notice, promptly confirmed in writing, to the Authority and the Trustee at least 20 days prior to the date such Alternate Liquidity Facility is to become effective as to what rating the 2003 Bonds entitled to the benefit of the Alternate Liquidity Facility will bear after such substitution.

The Liquidity Facility then in effect may be replaced by an Alternate Liquidity Facility only if (i) the provisions for mandatory tender for purchase of the 2003 Bonds described in Section 304 hereof are satisfied, (ii) prior to such replacement the Authority shall have delivered to the Trustee a Favorable Opinion with respect to such replacement, (iii) the Trustee shall receive an opinion of counsel for the Bank issuing the Alternate Liquidity Facility in substantially the form of opinion of counsel for the Initial Bank delivered to the Trustee upon the issuance of the Initial Liquidity Facility and (iv) the Bank issuing the Alternate Liquidity Facility or the Authority shall provide funds on or before the substitution for the purchase of all Bank Bonds from the Bank issuing the Liquidity Facility then in effect.

(e) Surrender of Liquidity Facility. If at any time there shall have been delivered to the Trustee, in substitution for the Liquidity Facility then in effect, either an Alternate Liquidity Facility or a Renewal Liquidity Facility, then the Trustee shall accept such Alternate Liquidity Facility or Renewal Liquidity Facility and shall thereupon surrender the Liquidity Facility then in effect to the Bank which issued the Liquidity Facility in accordance with its terms for cancellation unless such substitution is effected through the attachment of an exhibit or similar attachment to the prior Liquidity Facility as permitted by the terms of such Liquidity Facility. At such time as the 2003 Bonds shall have been converted to a Fixed Rate, the Trustee shall promptly surrender the Liquidity Facility then in effect to the Bank which issued such Liquidity Facility in accordance with the terms thereof and of the Indenture for cancellation. The Trustee shall promptly surrender any Liquidity Facility after it expires in accordance with its terms.

(f) Transfer of Liquidity Facility. The Trustee shall not sell, assign or otherwise transfer the Liquidity Facility except to a successor Trustee hereunder and in accordance with the terms of the Liquidity Facility.

(g) Terms of Initial Liquidity Facility. The Initial Liquidity Facility shall be a standby bond purchase agreement between the Authority and the Initial Bank providing for direct payments to or upon the order of the Trustee of an amount equal to the principal amount of the 2003 Bonds (the "Principal Portion") plus an amount that represents 34 days' interest (calculated at a rate of 12% per annum) on the 2003 Bonds during the Initial Weekly Rate Period (the "Interest Portion"). The Initial Liquidity Facility will permit the Trustee to draw (a) an amount not exceeding the Principal Portion for payment of that portion of the purchase price of Tendered Bonds corresponding to the principal of 2003 Bonds and (b) an amount not exceeding the Interest Portion for payment of the portion of the purchase price of such Tendered Bonds corresponding to accrued interest.

(h) Terms of Liquidity Facility. So long as any 2003 Bonds bear interest at a Variable Rate or a Flexible Rate, the Authority is required to cause to have on deposit with the Trustee a Liquidity Facility. When a Liquidity Facility is in effect, the Authority shall maintain the Interest Component of the Liquidity Facility in an amount which shall not be less than the amount determined by multiplying

(i) the outstanding principal amount of 2003 Bonds bearing interest at a Variable Rate or a Flexible Rate, as applicable, times

(ii) the Interest Coverage Rate for such Variable Rate Period or Flexible Rate, as applicable, required to be used pursuant to this paragraph times

(iii) the quotient determined by dividing

(A) the Interest Coverage Period for such Variable Rate Period or Flexible Rate Period, as applicable, required to be used pursuant to this paragraph by

(B) 365 (or 360, in the case of 2003 Bonds bearing interest at Variable Rates for Term Rate Periods or bearing interest at a Fixed Rate).

The Interest Coverage Rate utilized for each Variable Rate Period or Flexible Rate Period in the above described calculation shall not be less than the rate specified by the Remarketing Agent to the Trustee for the 2003 Bonds in each particular Variable Rate Period or Flexible Rate Period as the maximum interest rate at which the Remarketing Agent will remarket the 2003 Bonds in such Variable Rate Period or Flexible Rate Period, which may not be less than the current interest rate or rates borne by the 2003 Bonds in such Variable Rate Period or Flexible Rate Period. Notwithstanding anything herein to the contrary, the maximum interest rate at which the 2003 Bonds may be remarketed may not be greater than 12% per annum.

The Interest Coverage Period utilized for each Variable Rate Period or Flexible Rate Period in the above described calculation shall not be less than the following:

(i) with respect to 2003 Bonds bearing interest at a Variable Rate for a Daily Rate Period or a Weekly Rate Period, 34 days;

(ii) with respect to 2003 Bonds bearing interest at a Variable Rate for a Term Rate Period, 183 days;

(iii) with respect to 2003 Bonds bearing interest at a Flexible Rate, 270 days; or

(iv) with respect to 2003 Bonds generally, such other number of days then required by any Rating Agency to obtain or maintain an investment grade rating on the 2003 Bonds entitled to the benefit of such Liquidity Facility.

If any Bond is bearing interest at a Variable Rate for a Term Rate Period and if the Stated Expiration Date is scheduled to occur during the current Interest Period therefor, the amount of the Liquidity Facility must include an amount to pay the applicable premium, if any, on the Renewal Date on which such Bond is required to be purchased pursuant to Section 304 hereof.

In addition, each Renewal Liquidity Facility and Alternate Liquidity Facility shall provide for payment of an amount equal to the outstanding principal amount of the 2003 Bonds bearing interest at a Variable Rate or a Flexible Rate. Each Liquidity Facility shall provide that such Liquidity

Facility may not be terminated until five days after any draw thereunder is made on a Renewal Date, Substitution Date or Conversion Date.

(i) Bank Bonds.

(i) Any 2003 Bonds purchased with proceeds of a drawing on the Liquidity Facility pursuant to this Article shall be registered in the name of the Bank and are herein called "Bank Bonds". Pending reinstatement of the Liquidity Facility securing such 2003 Bonds or release of such 2003 Bonds by the Bank, the Bank shall be entitled to receive all payments of principal of and interest on Bank Bonds and such 2003 Bonds shall not be transferable or deliverable to any party (including the Authority) except the Bank. As indicated in Section 202 hereof, all Bank Bonds shall bear interest at the Bank Rate.

(ii) The Remarketing Agent shall continue to use its best efforts to arrange for the sale of any Bank Bonds, subject to the reinstatement of the Liquidity Facility with respect to the drawings with which such 2003 Bonds were purchased, at a price equal to the principal amount thereof plus accrued interest.

(iii) Delivery of Remarketed Bank Bonds and Proceeds Thereof. Upon reinstatement of the Liquidity Facility relating to Bank Bonds and the sale of Bank Bonds arranged by the Remarketing Agent, the Tender Agent shall make available (i) such 2003 Bonds to the Remarketing Agent for redelivery to the purchasers thereof and (ii) the proceeds of such sale to the Bank to the extent of any unpaid obligation under the Liquidity Facility for the prior drawing made by the Tender Agent on the Liquidity Facility in respect of the purchase of such 2003 Bonds.

ARTICLE IV REDEMPTION OF BONDS

SECTION 401. REDEMPTION DATES AND PRICES

The 2003 Bonds shall be subject to redemption prior to maturity in the amounts, at the times and in the manner provided in this Section 401.

(a) Optional Redemption.

(i) Flexible Rate Period or a Variable Rate Period. During a Flexible Rate Period or a Variable Rate Period, the 2003 Bonds shall be subject to redemption prior to maturity at the option of the Authority, in whole or in part (and if in part in an Authorized Denomination) on any Repurchase Date applicable thereto during a Flexible Rate Period or on any Interest Payment Date during a Variable Rate Period (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot), at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

(ii) Term Rate Period. On or prior to the Fixed Rate Conversion Date, 2003 Bonds in a Term Rate Period may be redeemed by the Authority, in whole or in part (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot in such manner as shall be determined by the Trustee), (A) at any time on and after the No-Call Period described below, at a redemption price of 100% of the principal amount of 2003 Bonds called for redemption, plus accrued interest to the date fixed for redemption, and (B) on the day after the end of each Term Rate Period at a redemption price of 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption:

<u>Length of Term Rate Period</u>	<u>Commencement of Redemption Period</u>
Greater than or equal to 15 years	10 th Anniversary of the commencement of the Term Rate Period
Less than 15 years and greater than or equal to 10 years	8 th Anniversary of the commencement of the Term Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Term Rate Period
Less than 8 years	Not subject to optional redemption until commencement of next Term Rate Period

Notwithstanding the foregoing, the No-Call Periods specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the conversion of the interest rate on the 2003 Bonds to a Term Rate Period is to the effect that such change will not have an adverse effect on the validity of the 2003 Bonds or any exemption from federal income taxation to which interest on the 2003 Bonds would otherwise be entitled.

(iii) **Fixed Rate.** After the Fixed Rate Conversion Date, the 2003 Bonds may be redeemed by the Authority in whole on any date, or in part on any Interest Payment Date (and, if in part, by lot in such manner as shall be determined by the Trustee), after the No-Call Period described below at a redemption price of 100% of the principal amount of 2003 Bonds called for redemption, plus accrued interest to the date fixed for redemption:

Length of Fixed Rate Period	Commencement of Redemption Period
Greater than or equal to 15 years	10 th Anniversary of the commencement of the Fixed Rate Period
Less than 15 years and greater than or equal to 10 years	8 th Anniversary of the commencement of the Fixed Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Fixed Rate Period
Less than 8 years	Not subject to optional redemption

Notwithstanding the foregoing, the No-Call Periods and redemption prices specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the conversion of the interest rate on the 2003 Bonds to a Fixed Rate is to the effect that such change will not have an adverse effect on the validity of the 2003 Bonds or any exemption from federal income taxation to which interest on the 2003 Bonds would otherwise be entitled.

(b) **Special Optional Redemption.** Any 2003 Bonds which are Bank Bonds shall be subject to redemption in whole or in part prior to the Maturity Date at the option of the Authority out of amounts deposited in the Debt Service Fund, on any Business Day while such 2003 Bonds are Bank Bonds at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

(c) **Mandatory Sinking Fund Redemption.** The 2003 Bonds are subject to mandatory redemption prior to maturity in part by lot, as selected by the Trustee, on June 15 of each year as set forth below, in the respective principal amounts listed opposite each such year from moneys in the Debt Service Fund, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to the redemption date.

Redemption Date (June 15)	Principal Amount	Redemption Date (June 15)	Principal Amount
2004	\$5,460,000	2013	\$ 8,420,000
2005	5,720,000	2014	8,835,000
2006	5,995,000	2015	9,270,000
2007	6,290,000	2016	9,725,000

2008	6,605,000	2017	10,205,000
2009	6,950,000	2018	10,710,000
2010	7,290,000	2019	11,245,000
2011	7,650,000	2020	11,795,000
2012	8,025,000	2021	12,375,000
		2022	12,985,000*

* Final Maturity

Notwithstanding the foregoing, on and after the Fixed Rate Conversion Date, if the Authority shall file a certificate pursuant to Section 205(d) hereof in connection with the conversion of the 2003 Bonds to the Fixed Rate containing an alternate schedule of mandatory redemption dates and amounts to be effective with respect to the 2003 Bonds on and after the Fixed Rate Conversion Date, in lieu of the mandatory sinking fund redemption schedule detailed above, the Authority shall redeem 2003 Bonds maturing on such dates and in the such amounts from moneys in the Debt Service Fund as shall be set forth in such certificate, if any, filed in connection with the conversion of the 2003 Bonds to the Fixed Rate, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to the redemption date.

In the event of any partial redemption of the 2003 Bonds pursuant to Section 401(a) or (b), hereof, the mandatory sinking fund redemption payments shall be reduced in such order as the Authority shall elect prior to such redemption or, if no such election is made, in the inverse order thereof. The Trustee shall (in such manner as it in its sole discretion shall choose) adjust the amount of each such reduction in required mandatory redemption payment; so that each such required mandatory sinking fund redemption payment is made in Authorized Denominations.

(d) General Provisions Regarding Redemptions.

(i) No redemption of less than all of the 2003 Bonds outstanding shall be made unless in Authorized Denominations. Any redemption of less than all of the 2003 Bonds Outstanding shall be made first from Bank Bonds. Any redemption of less than all of the 2003 Bonds Outstanding shall be made in such a manner that all 2003 Bonds Outstanding after such redemption are in Authorized Denominations.

(ii) 2003 Bonds may be called for redemption by the Trustee pursuant to Section 401 hereof in accordance with the notice requirements of Section 402 hereof.

(iii) In lieu of redeeming 2003 Bonds pursuant to Section 401, the Trustee may, at the written request of the Authority, use such funds otherwise available hereunder for redemption of 2003 Bonds to purchase 2003 Bonds in the open market at a price not exceeding the redemption price then applicable hereunder. Any 2003 Bonds so purchased in lieu of redemption shall be delivered to the Trustee for cancellation and shall be canceled. It is understood that (i) in the case of any optional redemption or purchase and cancellation of 2003 Bonds with serial maturities, the Authority shall receive credit against its required mandatory redemption deposits, if any, with respect to the 2003 Bonds of such Maturity Date and (ii) in the case of any optional redemption of 2003 Bonds with a

term maturity, the Authority shall receive credit against its required mandatory redemption deposits, if any, in such order as the Authority shall designate in writing prior to the redemption or purchase and cancellation or, if no such election is made prior to such redemption or purchase and cancellation, in the inverse order thereof; provided, however, that following such reduction each such mandatory redemption payment is made in integral multiples of an Authorized Denomination.

SECTION 402. NOTICE OF REDEMPTION

(a) Except as hereinafter provided, a copy of the notice of the call for any redemption identifying the 2003 Bonds to be redeemed shall be given by the Trustee to the Bondholders by first class mail, postage prepaid, with respect to 2003 Bonds during a Daily Rate Period or a Weekly Rate Period, not less than 15 days and not more than 30 days prior to the date fixed for redemption and, with respect to 2003 Bonds bearing interest during a Term Rate Period, a Flexible Rate Period or a Fixed Rate Period, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the registered owners of 2003 Bonds to be redeemed at their addresses as shown on the Bond Register. Such notice shall specify the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue on the 2003 Bonds which are the subject of such notice and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. If at the time of mailing of any notice of redemption with respect to any redemption other than a mandatory redemption pursuant to Section 401(c) hereof the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the 2003 Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited. Prior to the Fixed Rate Conversion Date, Immediate Notice of any such redemption shall also be given to the Remarketing Agent promptly following the giving of notice to the Bondholders as aforesaid.

(b) Notwithstanding Section 402(a) hereof, if the 2003 Bonds are to be redeemed pursuant to Section 401(b) hereof, the Trustee shall give Immediate Notice to the Bank upon receipt of the written request of the Authority.

(c) Failure to give notice in the manner prescribed hereunder with respect to any 2003 Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any 2003 Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the 2003 Bonds to be redeemed and to pay interest due thereon and premium, if any, the 2003 Bonds thus called shall not after the applicable redemption date bear interest, be protected by the Indenture or be deemed to be Outstanding under the provisions of the Indenture.

(d) If any 2003 Bond is transferred or exchanged on the Bond Register by the Bond Registrar after notice has been given calling such 2003 Bond for redemption, the Trustee will attach a copy of such notice to the 2003 Bond issued in connection with such transfer or exchange.

SECTION 403. SELECTION OF BONDS TO BE REDEEMED

If less than all the 2003 Bonds shall be called for redemption under any provision of the Indenture permitting such partial redemption, the particular 2003 Bonds or portions thereof to be redeemed shall be selected by the Authority, in the principal amount designated in writing to the Trustee by the Authority or otherwise as required by the Indenture; provided, however, that (i) Bank Bonds shall be redeemed first; (ii) in the case of the mandatory redemption of 2003 Bonds which have been assigned to a particular mandatory redemption date pursuant to Section 401(c) hereof, such 2003 Bonds shall be redeemed on the designated dates; and (iii) subject to other applicable provisions of the Indenture, the portion of any 2003 Bond to be redeemed shall be in a principal amount equal to an Authorized Denomination. In selecting 2003 Bonds for redemption, the Trustee shall treat each 2003 Bond as representing that number of 2003 Bonds which is obtained by dividing the principal amount of such 2003 Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any 2003 Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the owner of such 2003 Bond shall forthwith surrender such 2003 Bond to the Trustee for (a) payment to such owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption and (b) delivery to such owner a new 2003 Bond or 2003 Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such 2003 Bond. New 2003 Bonds representing the unredeemed balance of the principal amount of such 2003 Bond shall be issued to the registered owner thereof without charge therefor.

ARTICLE V THE TENDER AGENT AND REMARKETING AGENT

SECTION 501. TENDER AGENT

The Trustee may, at all times on or before the Fixed Rate Conversion Date, appoint a Tender Agent with the power to act, on or prior to the Fixed Rate Conversion Date, on the Trustee's behalf and subject to its direction in the authentication and delivery of the 2003 Bonds and in connection with registration of transfers and exchanges, tenders, redemptions, notices and purchases thereof and payments thereon, as fully to all intents and purposes as though the Tender Agent had been expressly authorized hereunder to authenticate, deliver, pay, transfer and exchange 2003 Bonds, receive notices pursuant to Section 301, purchase tendered Bonds and make payments on the 2003 Bonds. The Trustee and the Tender Agent may enter into an agreement whereby the Tender Agent agrees to calculate the interest to be paid on each Interest Payment Date, and will relay such information to the Trustee for its confirmation. In the absence of such an agreement, the Trustee shall calculate such interest. For all purposes, any such Tender Agent shall be deemed to be acting solely as the agent of the Trustee and the authentication, delivery, transfer or exchange of 2003 Bonds, receipt of notices pursuant to Section 301, purchase of Tendered Bonds and payment of 2003 Bonds by the Tender Agent pursuant to this Section shall be deemed to be the authentication, delivery, transfer or exchange of 2003 Bonds, receipt of such notices, purchase of Tendered Bonds and payment of 2003 Bonds by the Trustee. Such Tender Agent shall at all times be a commercial bank with trust powers or trust company organized under the laws of the United States of America or one of the states thereof, having an office in New York, New York (or having an agent with such an office) and shall at all times be an institution organized and doing business under the laws of the United States or of any state authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authorities (a) with a combined capital and surplus of at least \$500,000,000 or (b) affiliated with the Trustee. If such institution publishes reports of condition at least annually pursuant to law or the requirements of such authorities, then for the purposes of this Section the combined capital and surplus of such institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The appointment of a Tender Agent under this Section shall be effective upon acceptance by the Tender Agent and shall continue until the Trustee making such appointment shall rescind such appointment, the Tender Agent shall resign, or until the effective date of the resignation or removal of such Trustee pursuant to the provisions of this Third Supplement to the Amended and Restated Indenture. The Tender Agent may act through an agent constituting a commercial bank with trust powers or trust company. If at any time on or prior to the Fixed Rate Conversion Date there is no Tender Agent, all references herein to the Tender Agent shall be deemed to refer to the Trustee. The Tender Agent shall be entitled to the same rights and shall be subject to the same obligations hereunder as the Trustee, and shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in the Indenture with respect to the Trustee insofar as such provisions may be applicable.

The Trustee shall make such arrangements with the Tender Agent, in addition to those made as provided herein, as are necessary to be made and to be thereafter continued whereby funds from the sources specified herein will be made available to pay when due the principal and redemption price of, and interest on, 2003 Bonds bearing interest at a Variable Rate or a Flexible Rate.

SECTION 502. REMARKETING AGENT

The Authority shall appoint a Remarketing Agent for the 2003 Bonds, and initially appoints Raymond James & Associates, as Remarketing Agent. The appointment of a different Remarketing Agent may be made by the Authority, approved by the Bank, which approval shall not be unreasonably withheld. The Remarketing Agent shall designate its Principal Office to the Trustee, the Authority, the Tender Agent and the Bank and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Authority, the Trustee, and the Tender Agent under which the Remarketing Agent will agree, particularly:

(a) to hold all moneys delivered to it for the purchase of 2003 Bonds for the account of and for the benefit of the person or entity which shall have so delivered such moneys until the 2003 Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity; and

(b) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Authority, the Trustee, the Tender Agent and the Bank at all reasonable times.

The Authority shall cooperate with the Trustee, the Tender Agent and the Bank to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified herein will be made available for the purchase of 2003 Bonds presented at the Payment Office of the Tender Agent and whereby 2003 Bonds, executed by the Authority and authenticated by the Trustee or the Tender Agent, shall be made available to the Remarketing Agent to the extent necessary for delivery pursuant to Section 308 hereof.

The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 30 days' notice to the Authority, the Bank, the Trustee and the Tender Agent. The Remarketing Agent may be removed at any time upon 30 days' notice, by an instrument, signed by the Authority and filed with the Remarketing Agent, the Bank, the Trustee and the Tender Agent.

In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys and 2003 Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Authority shall fail to appoint a Remarketing Agent hereunder, or in the event that the Remarketing Agent shall resign, be removed or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Authority shall not have appointed its successor as Remarketing Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section 502, shall ipso facto be deemed to be the Remarketing Agent for all purposes of the Indenture until the appointment by the Authority of the Remarketing Agent or successor Remarketing Agent, as the case may be; provided, however, that the Trustee, in its capacity as Remarketing Agent, shall not be required to remarket Bonds, or to determine the interest rate on the 2003 Bonds.

The Remarketing Agent for its own account or as broker or agent for others may deal in 2003 Bonds and may do anything any other Bondholder may do to the same extent as if the Remarketing Agent were not serving as such.

The Remarketing Agent will not be entitled to any compensation from the Trustee or the Tender Agent or have any claim or rights with respect to any property, rights or interests constituting a part of the trust estate or otherwise held under the Indenture, but must make separate arrangements with the Authority for compensation.

SECTION 503. QUALIFICATIONS OF REMARKETING AGENT

Except in the case of the Interim appointment of the Trustee to serve as Remarketing Agent pursuant to Section 502 hereof, the Remarketing Agent shall at all times be registered as a Municipal Securities Dealer under the Securities Exchange Act of 1934, as amended, and be authorized by law to perform all the duties contemplated by the Indenture to be performed by the Remarketing Agent and shall have knowledge and experience in the remarketing of securities such as the 2003 Bonds and shall not be unacceptable to the Bank.

ARTICLE VI REVENUES AND FUNDS

SECTION 601. DEBT SERVICE FUND.

(a) The Trustee shall establish as a part of the Debt Service Fund in respect of the 2003 Bonds a 2003 Bonds Sinking Fund Account (the "2003 Bonds Sinking Fund Account") for the retirement of the 2003 Bonds. Moneys deposited in the 2003 Bonds Sinking Fund Account shall be held by the Trustee for the sole benefit of the registered owners of 2003 Bonds specified below and shall be applied as hereafter provided.

The Trustee shall transfer moneys from the Debt Service Fund in respect of the 2003 Bonds to the 2003 Bonds Sinking Fund Account on June 1 of the years and in the amounts required to retire 2003 Bonds as and to the extent required pursuant to Section 401(c) of this Third Supplement to the Amended and Restated Indenture.

Prior to May 1 of each year in which 2003 Bonds are subject to mandatory redemption as described in Section 401(c) of this Third Supplement to the Amended and Restated Indenture, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 2003 Bonds Sinking Fund Account of as many 2003 Bonds then subject to mandatory sinking fund redemption as can be purchased in the open market or pursuant to offers made at the time by the holders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund in respect of the 2003 Bonds). Prior to May 15 of each year or such date as will permit the Trustee to mail the notice of redemption required under Section 402 of this Third Supplement to the Amended and Restated Indenture, so long as any 2003 Bonds shall remain Outstanding, the Trustee shall select 2003 Bonds for redemption, selecting any Bank Bonds first and thereafter by lot, on June 15 of such year, a principal amount of 2003 Bonds as shall represent the difference between the principal amount of such 2003 Bonds fixed for redemption on such date as described in Section 401(c) of this Third Supplement to the Amended and Restated Indenture and the principal amount thereof which the Trustee shall have purchased or agreed to purchase during the immediately preceding period, as above provided.

Upon selection of the particular 2003 Bonds to be redeemed, as above provided, the Trustee shall send a notice, in the name of the Authority, to the holders of such 2003 Bonds so drawn for redemption in the manner provided in Article IV of this Third Supplement to the Amended and Restated Indenture, and, upon presentation by the holders thereof, the Trustee shall pay the principal amount thereof out of moneys in the 2003 Bonds Sinking Fund Account and shall pay accrued interest due from moneys available therefor in the Debt Service Fund in respect of the 2003 Bonds.

If at any time all the 2003 Bonds eligible for redemption shall have been purchased, redeemed or paid, the Trustee shall make no further transfers to the 2003 Bonds Sinking Fund Account and shall transfer any balance then in such account to the Debt Service Fund in respect of the 2003 Bonds. Whenever 2003 Bonds are to be purchased out of the 2003 Bonds Sinking Fund Account, if the Authority shall notify the Trustee that the Authority wishes to arrange for

such purchase, the Trustee shall comply with the Authority's arrangements provided they conform to the Indenture.

(b) As long as the Bond Insurance Policy shall be in full force and effect, the Authority, the Trustee agrees to comply with the following provisions:

(a) at least one (1) day prior to any Interest Payment Date the Trustee or paying agent, if any, will determine whether there will be sufficient funds in the Funds and Accounts to pay the principal of or interest on the 2003 Bonds on such interest payment date. If the Trustee or paying agent, if any, determines that there will be insufficient funds in such Funds and Accounts, the Trustee or paying agent, if any, shall so notify the Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the 2003 Bonds to which such deficiency is applicable and whether such 2003 Bonds will be deficient as to principal or interest, or both. If the Trustee or paying agent, if any, has not so notified the Bond Insurer at least one (1) day prior to an Interest Payment Date, the Bond Insurer will make payments of principal or interest due on the 2003 Bonds on or before the first day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Trustee or paying agent, if any.

(b) the Trustee or paying agent, if any, shall, after giving notice to the Bond Insurer as provided in (a) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to The Bank of New York, as insurance trustee for the Bond Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Authority maintained by the Trustee or paying agent, if any, and all records relating to the Funds and Accounts maintained under the Indenture.

(c) the Trustee or paying agent, if any, shall provide the Bond Insurer and the Insurance Trustee with a list of registered owners of 2003 Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal upon 2003 Bonds surrendered to the Insurance Trustee by the registered owners of Bonds entitled to receive full or partial principal payments from the Bond Insurer.

(d) the Trustee or paying agent, if any, shall, at the time it provides notice to the Bond Insurer pursuant to (a) above, notify registered owners of Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such 2003 Bonds to be registered in the name of the Bond Insurer) for payment to the

Insurance Trustee, and not the Trustee or paying agent, if any, and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their 2003 Bonds for payment thereof first to the Trustee or paying agent, if any, who shall note on such 2003 Bonds the portion of the principal paid by the Trustee or paying agent, if any, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee or paying agent, if any, has notice that any payment of principal or interest on a 2003 Bonds which has become Due for Payment and which is made to a Bondholder by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of court having competent jurisdiction, the Trustee or paying agent, if any, shall, at the time the Bond Insurer is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee or paying agent, if any, shall furnish to the Bond Insurer its records evidencing the payments of principal and interest on the 2003 Bonds which have been made by the Trustee or paying agent, if any, and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In addition to those rights granted the Bond Insurer under this Indenture, the Bond Insurer shall, to the extent it makes payment of principal or interest on 2003 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee or paying agent, if any, shall note the Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee or paying agent, if any, upon receipt from the Bond Insurer of proof of the payment of interest thereon to the registered owners of the 2003 Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee or paying agent, if any, upon surrender of the 2003 Bonds by the registered owners thereof together with proof of the payment of principal thereof.

SECTION 602. PAYMENT UNDER THE 2003 BONDS SWAP

(a) In accordance with Section 5.05(c) of the Amended and Restated Indenture, as amended and supplemented, the Trustee shall transfer moneys in the Revenue Fund, as directed by the Authority, to JPMorgan Chase Bank – New York, or its successors and permitted assigns, as counterparty under the Option On Interest Rate Swap Transaction executed December 6, 2001, and the Basis Cap Transaction dated June 9, 2003 (collectively, the "2003 Bonds SWAP") (a copy of which is attached to this Third Supplement to the Amended and Restated Indenture as Exhibit B); provided, however, that all such payments to JPMorgan Chase Bank – New York, or its successors and permitted assigns, pursuant to the terms of the 2003 Bonds SWAP on any date may only be made if the transfers or payments required by Sections 5.05(a) and (b) of the Amended and Restated Indenture, as amended and supplemented, as of

and prior to such date have been made in full and all payments required to be made by the Authority as of and prior to such date of or in respect of debt service on the Bonds and amounts required to be deposited into the Debt Service Reserve Fund (including any amounts owing to the issuer of any municipal bond debt service reserve fund policy on deposit in the Debt Service Reserve Fund) have been made or paid in full.

At the election of the Authority and upon written notice to the Trustee, one or more new accounts in the Revenue Fund shall be created to be known generally as the "SWAP Account." In the event that the Authority elects to create the SWAP Account, the Trustee shall (i) deposit on a monthly or other periodic basis in the SWAP Account, as directed by the Authority, and reserve in the SWAP Account, such amounts as may be directed by the Authority with respect to amounts owing or to be owed in connection with any interest rate swap or hedge agreements relating to any Bonds, and (ii) transfer from such SWAP Account to the relevant counterparty under such interest rate swap or hedge agreement such amounts as shall be directed by the Authority; provided, however, that all such transfers to the SWAP Account and all such payments made from the SWAP Account pursuant to the terms of any interest rate swap or hedge agreements on any date may only be made if the transfers or payments required by Sections 5.05(a) and (b) of the Amended and Restated Indenture, as amended and supplemented, as of and prior to such date have been made in full and all payments required to be made by the Authority as of and prior to such date of or in respect of debt service on the Bonds and amounts required to be deposited into the Debt Service Reserve Fund (including any amounts owing to the issuer of any municipal bond debt service reserve fund policy on deposit in the Debt Service Reserve Fund) have been made or paid in full.

(b) Payments received from JPMorgan Chase Bank -- New York, or its successors and permitted assigns, as counterparty under the 2003 Bonds SWAP shall be deposited to the Debt Service Fund established pursuant to Section 5.06 of the Amended and Restated Indenture.

ARTICLE VII AMENDMENT OF INDENTURE

SECTION 701. AMENDMENT OF SECTION 2.11.

Subsection (f) of Section 2.11 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"(f) Except for Additional Bonds issued to refund Outstanding Bonds where the Maximum Annual Debt Service Requirement for the Additional Bonds and the total principal and interest payable on the Additional Bonds for the term thereof do not exceed the comparable amounts for the Bonds being refunded or Additional Bonds which have a security interest in the Pledged Revenues which is subordinate to the security interest granted to secure the 1996 Bonds, the 1999 Bonds and the 2003 Bonds, a certificate executed by the Authority, including a verification of the calculations by an independent certified public accountant, showing that (1) the PICA Taxes collected with respect to any 12 consecutive months during the 15 month period preceding the date of issuance of such Additional Bonds, after giving retroactive effect during each month of such 12 month period to any PICA Taxes which were not in effect (including for this purpose any increase in the rate of an existing tax) during each such month but which have been imposed prior to the issuance of the Additional Bonds, equaled at least 175% of the Maximum Annual Debt Service Requirement (including the Authority's obligations with respect to repayment of Policy Costs then due and owing with respect to each Credit Facility issued in connection with the Debt Service Reserve Fund for the Bonds and any amounts due to the provider of a credit or liquidity facility issued with respect to a series of Bonds) on Bonds to be Outstanding after the issuance of the Additional Bonds and (2) the PICA Taxes projected to be collected during the 12 months following the issuance of the Additional Bonds, which projections may be based on the PICA Taxes projected for such period in the City's most recent Financial Plan (as defined in the Intergovernmental Cooperation Agreement) approved by the Authority, equal at least 175% of the Debt Service Requirement during such 12 month period on Bonds to be Outstanding after the issuance of the Additional Bonds. In making the foregoing calculations, PICA Taxes other than the Income Tax shall not be included in the calculation unless each Bond Insurer then insuring Outstanding Bonds has consented to the inclusion of such other PICA Taxes in writing."

SECTION 702. AMENDMENT OF SECTION 4.12.

(a) Section 4.12(b) of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"(b) the official statement or other disclosure, if any, prepared in connection with the issuance of additional debt, whether or not it is on a parity with the 1996 Bonds, the 1999 Bonds or the 2003 Bonds, within 30 days after the sale thereof;"

(b) Section 4.12(d) of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"(d) the notice of the redemption, other than mandatory sinking fund redemption, of any of the 1996 Bonds, the 1999 Bonds and the 2003 Bonds, including the principal amount, maturities and CUSIP numbers thereof;"

SECTION 703. AMENDMENT OF SECTION 5.05.

Section 5.05(a) of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is amended and restated as follows:

(a) to the Debt Service Fund the amount necessary to cause the aggregate amount deposited therein in each month to equal the sum of (i) the aggregate for all Series of Bonds paying interest semiannually of $1/6$ (such fraction to be increased or decreased, as appropriate, for a Series to account for any initial or final interest period shorter or longer than six months) of the amount of interest that will be due and payable on each such Series of Bonds on the next succeeding Interest Payment Date for the respective Series, (ii) the aggregate for all Series of Bonds paying interest at an interval other than semiannually of an amount equal to the interest that will be due and payable or otherwise accrue on each such Series of Bonds during such month (assuming that interest due on such Bonds will be payable at the maximum interest rate applicable to such Bonds, and taking into account (A) any amounts received from the counterparty to an interest rate exchange agreement, interest rate cap or floor agreement or other similar agreement, including the 2003 Bonds Swap, deposited directly into the Debt Service Fund, and (B) any amounts remaining in the Debt Service Fund from prior months' transfers from the Revenue Fund in excess of the amount actually paid or accrued as interest on such Bonds for such prior months), (iii) the aggregate for all Series of Bonds of $1/12$ (such fraction to be increased, as appropriate, for a Series to account for any initial or final principal payment period shorter than 12 months) of the amount of principal that will become due and payable on each Series of Bonds (whether upon maturity or mandatory redemption) on the next succeeding principal payment date (whether upon maturity or mandatory redemption) for the respective Series occurring within the next year following the date of such transfer, (iv) any deficiency in deposits required to be made in prior months under the preceding clauses (i), (ii) and (iii) which has not been eliminated and (v) any amount owed to any Credit Facility Issuer in respect of payments made for principal and interest on Bonds;

SECTION 704. AMENDMENT OF ARTICLE VII.

Article VII of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is amended by adding the following new paragraph at the end of such section:

"If any advance refunding of the 2003 Bonds is accomplished prior to the Fixed Rate Conversion Date, (i) moneys held to defease such 2003 Bonds shall be invested only in Government Obligations with maturity dates on or prior to the next Flexible Rate Adjustment Date or Variable Rate Adjustment Date, as the case may be, for the 2003 Bonds, the 2003 Bonds shall be redeemed on or prior to such Flexible Rate Adjustment Date or Variable Rate Adjustment Date and the 2003 Bonds which have been advance refunded prior to maturity shall no longer be subject to any optional or mandatory tender or (ii) the Trustee shall have received written evidence from each Rating Agency then rating the 2003 Bonds that the rating borne by such 2003 Bonds immediately prior to such refunding will not be withdrawn or reduced by reason of such advance refunding."

SECTION 705. AMENDMENT OF SECTION 8.01.

Section 8.01 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is amended as follows:

(i) In the fifth to last line of the paragraph following subsection 8.01(e), after the words "1996 Bonds", delete the word "or" and replace it with "," and after the words "1999 Bonds", add the words "or in the 2003 Bonds".

(ii) A new Event of Default shall be added to Section 8.01 as new subsection (f), which provision shall read as follows:

(f) If payment of the purchase price of any 2003 Bond tendered pursuant to Article III of the Third Supplement to the Amended and Restated Indenture is not made when it becomes due and payable;

SECTION 706. AMENDMENT OF SECTION 8.09.

Section 8.09 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is amended as follows:

In the fifth line of Section 8.09, after the words "1996 Bonds", delete the word "or" and replace it with "," and after the words "1999 Bonds", add the words "or the 2003 Bonds".

SECTION 707. AMENDMENT OF SECTION 10.01.

Section 10.01 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is amended by adding the following new paragraph (m) immediately following paragraph (l).

(m) With respect to the 2003 Bonds, to increase or decrease the maximum interest rate used to compute (i) the Interest Coverage Rate, as defined in Section 103 of the Third Supplement to the Amended and Restated

Indenture, and (ii) the maximum rate at which the 2003 Bonds may be remarketed, as set forth in Section 310(h) of the Third Supplement to the Amended and Restated Indenture; provided, however, that the Trustee shall have first obtained the written consent for such amendment from the Bond Insurer insuring the 2003 Bonds and any Credit Facility Issuer.

SECTION 708. AMENDMENT OF SECTION 10.02.

The last paragraph of Section 10.02 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is amended as follows:

In the seventh line of the last paragraph of Section 10.02, after the words "1996 Bonds", delete the word "or" and replace it with ";", and after the words "1996 Bonds" add the words "or 2003 Bonds".

SECTION 709. AMENDMENT OF SECTION 11.07.

Section 4.12 of the Second Supplement to the Amended and Restated Indenture, amending Section 11.07 of the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"Section 11.07 of the Amended and Restated Indenture is amended to add the following addresses as the addresses for the Credit Facility Issuer with respect to the Bonds:

To the Authority:

Pennsylvania Intergovernmental Cooperation Authority
1429 Walnut St., 14th Floor
Philadelphia, PA 19102

To the Trustee:

Wachovia Bank, National Association
123 South Broad Street
11th Floor
Philadelphia, PA 19102

If to the Initial Bank:

JPMorgan Chase Bank
270 Park Avenue, 48th Floor
New York, NY 10017

David Weinstein, Vice President

If to the Remarketing Agent:

Raymond James & Associates
880 Carillon Parkway
St. Petersburg, FL 33716

If to the Tender Agent:

Wachovia Bank, National Association
123 South Broad Street
11th Floor
Philadelphia, PA 19102

If to Counterparty on 2003 Bonds SWAP:

JPMORGAN CHASE BANK - NEW YORK

Payments to be made as follows:

Swap Payment	JPMorgan Chase Bank
Instructions:	
Favour:	JPMorgan London
ABA/Bank No.:	ABA #:021000238
Account No.:	670-07-054
Reference:	Further credit to swap group account

SECTION 710. AMENDMENT OF SECTION 11.10.

(a) The second sentence of Section 11.10 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"When the 1996 Insured Bonds, the 1999 Bonds or the 2003 Bonds are no longer Outstanding, no further notice to or consent or approval of the respective Bond Insurer shall be required under the terms of this Third Supplement to the Amended and Restated Indenture and such Bond Insurer shall cease to be a third party beneficiary of this Third Supplement to the Amended and Restated Indenture."

(b) Section 11.10 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is further amended by adding the following new sentence at the end of such section.

"Notwithstanding anything herein to the contrary, the Authority shall not be permitted to replace the Bond Insurer with respect to the 2003 Bonds without prior written

confirmation from each Rating Agency that such substitution shall not adversely affect the rating issued by such Rating Agency then applicable to the 2003 Bonds."

SECTION 711. AMENDMENT OF ARTICLE I.

The definition of the term "Investment Securities" contained in Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is hereby amended and restated as follows:

"Investment Securities" means any of the following obligations or securities to the extent legal for investment of Authority funds:

(a) Government Obligations;

(b) federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States (which may include the Trustee and the Registrar) having a combined capital and surplus of not less than \$50,000,000, which at the time of purchase has a short-term "Bank Deposit" rating of "P-1" by Moody's and a "Short-Term CD" rating of "A-1" or better by S&P, and, in the case of a branch office of a foreign bank, a legal opinion is received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank;

(c) deposits of any bank or savings and loan association which has combined capital surplus and undivided profits of not less than \$3,000,000, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;

(d) (i) direct obligations of or (ii) obligations the principal of and interest on which are unconditionally guaranteed by any state of the United States of America or the District of Columbia, or any political subdivision or agency thereof, other than the City, or upon the approval of the Bond Insurer for the 1996 Bonds, the Commonwealth of Puerto Rico, or any political subdivision or agency thereof, whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and "A" or better by S&P;

(e) commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's and "A-1" or better by S&P;

(f) repurchase agreements collateralized by Government Obligations with a bank, insurance company or other financial institution whose letters of credit, other credit facilities or long-term unsecured obligations are rated in one of the three highest rating categories by Moody's and S&P, provided: (i) a master

repurchase agreement or specific written repurchase agreement governs the transaction; (ii) the securities are held by the Trustee or an independent third party acting solely as agent ("Agent") for the Trustee, and such third party is (1) a Federal Reserve Bank; (2) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50,000,000; or (3) a bank approved in writing for such purpose by each Bond Insurer, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; (iii) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. §306.1 et seq. or 31 C.F.R. §350.0 et seq. in such securities is created for the benefit of the Trustee; (iv) the repurchase agreement has a term of ten years or less, or, so long as any 1996 Bonds, 1999 Bonds or 2003 Bonds are Outstanding, such shorter term as the respective Bond Insurer may require, and the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and (v) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%, or, so long as any 1996 Bonds, 1999 Bonds or 2003 Bonds are Outstanding, such higher collateral requirement as the respective Bond Insurer may require;

(g) money market mutual fund shares issued by a fund having assets not less than \$100,000,000 (including any such fund from which the Trustee or any of its affiliates may receive compensation) which invests in securities of the types specified in clauses (a) or (e) of this definition and is rated "AAAm" or "AAAm-G" by S&P; and

(h) guaranteed investment contracts with a bank, insurance company or other financial institution whose letters of credit, other credit facilities or unsecured obligations are rated in one of the three highest rating categories by Moody's and S&P and which guaranteed investment contracts are either insured by a municipal bond insurance company rated in the highest rating category by Moody's and S&P or fully collateralized at all times with securities of the type described in clause (a) of this definition which have a fair market value at all times equal to the value of the guaranteed investment contract, provided that: (i) a written agreement governs the transaction; (ii) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (1) a Federal Reserve Bank or (2) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50,000,000; (iii) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. §306.1 et seq. or 31 C.F.R. §350.0 et seq. in such securities is created for the benefit of the Trustee; (iv) interest is paid at least semiannually during the entire term of the agreement; (v) moneys invested thereunder may be withdrawn without any penalty, premium, or charge

upon not more than one day's notice (provided such notice may be amended or cancelled at any time prior to the withdrawal date); (vi) the Trustee receives an opinion of counsel for the Issuer of such agreement that such agreement is an enforceable obligation of the issuer; and (vii) so long as any 1996 Bonds, 1999 Bonds or 2003 Bonds are Outstanding, the respective Bond Insurer approves such use in writing.

SECTION 712. AMENDMENT OF SECTION 4.02.

Section 4.02 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is hereby amended by adding the following new sentence at the end of such section.

In addition, the Authority shall not enter into any interest rate exchange agreement, interest rate cap and floor agreement or other similar agreement permitted by Section 304(10) of the Act without the prior written consent of the Bond Insurer if such agreement is to be secured by or payable from the Pledged Revenues on a parity basis with payments required to be made under the Indenture with respect to principal of or interest on the Bonds or the amounts necessary to eliminate deficiencies in the Debt Service Reserve Fund.

SECTION 713. AMENDMENT OF SECTION 10.05.

Section 10.05 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, is hereby amended by adding the following new sentence at the end of such section.

In addition to the notices sent to the Rating Agencies referred to above, the Authority will send notice to each Rating Agency of the occurrence of each of the following events:

- (i) any extension, substitution, expiration or early termination of any Liquidity Facility;
- (ii) any redemption in whole of the Bonds;
- (iii) any change in the interest mode applicable to the 2003 Bonds;
- (iv) the defeasance of any Series of Bonds;
- (v) any replacement of the Trustee or Tender Agent; and
- (vi) any mandatory tenders.

ARTICLE VIII INDENTURE TO REMAIN IN EFFECT; MISCELLANEOUS

SECTION 801. INDENTURE TO REMAIN IN EFFECT.

Except as amended and supplemented by this Third Supplement to the Amended and Restated Indenture, the Existing Indenture shall remain in full force and effect and is in all respects ratified, approved and confirmed, and the Existing Indenture and this Third Supplement to the Amended and Restated Indenture shall be read, taken and construed as one and the same instrument so that all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture shall apply and remain in full force and effect with respect to this Third Supplement to the Amended and Restated Indenture, the 1996 Bonds, the 1999 Bonds and the 2003 Bonds, as appropriate. In case of any conflict between the provisions of the Existing Indenture and this Third Supplement to the Amended and Restated Indenture of Trust, the provisions of this Third Supplement to the Amended and Restated Indenture shall apply. Without limiting the foregoing, the Authority hereby assigns, pledges and grants to the Trustee and confirms its prior grant to the Trustee of a lien on and security interest in all right, title and interest of the Authority in and to the Pledged Revenues in order to secure (i) the payment of the principal of, premium, if any, and interest on the Bonds (including without limitation the 2003 Bonds) according to their tenor and effect, and (ii) the performance and observance by the Authority expressed herein and in the Bonds (including without limitation the 2003 Bonds).

SECTION 802. COUNTERPARTS.

This Third Supplement to the Amended and Restated Indenture may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 803. GOVERNING LAW.

This Third Supplement to the Amended and Restated Indenture shall be governed by and construed in accordance with the laws of the Commonwealth.

SECTION 804. CAPTIONS.

The captions and headings in this Third Supplement to the Amended and Restated Indenture are for reference purposes only and shall not control or affect the meaning or interpretation of any provisions of this Third Supplement to the Amended and Restated Indenture.

IN WITNESS WHEREOF, the Authority has caused this Third Supplement to the Amended and Restated Indenture to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials and the Trustee has caused this Third Supplement to the Amended and Restated Indenture to be executed in its name and with its corporate seal hereunto affixed and attested by its respective duly authorized signers, as of the date first above written.

ATTEST:

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: Joseph C. Vignola
Assistant Secretary
[SEAL]

By: R. C. Koe
Chairperson

WACHOVIA BANK, NATIONAL
ASSOCIATION, as Trustee

By: Frank D. [Signature]
Authorized Signatory

[SEAL]

**FOURTH SUPPLEMENT TO THE AMENDED
AND RESTATED INDENTURE OF TRUST**

between

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

and

WACHOVIA BANK, NATIONAL ASSOCIATION, as Trustee

Dated as of June 1, 2006

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**FOURTH SUPPLEMENT TO THE AMENDED AND RESTATED
INDENTURE OF TRUST**

THIS FOURTH SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST, dated as of June 1, 2006, between the **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY** (the "**Authority**"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania under and by virtue of the Constitution and laws of the Commonwealth of Pennsylvania, and **WACHOVIA BANK, NATIONAL ASSOCIATION**, a national banking association organized under the laws of the United States, as successor Trustee under the Indenture,

WITNESSETH:

WHEREAS, the Authority is authorized and empowered under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (as such Act may be further amended from time to time, the "**Act**"), to issue its bonds in accordance with the Act for various purposes, including, without limitation, providing financial assistance to a city of the first class to finance a deficit other than a cash flow deficit, to finance capital projects and to otherwise assist such a city and to refund outstanding indebtedness of the Authority; and

WHEREAS, the Authority and CoreStates Bank, N.A., as trustee (the "**Initial Trustee**") entered into an Indenture of Trust, dated as of June 1, 1992 (the "**Original Indenture**"), to provide for the issuance and securing of Bonds (as defined in the Original Indenture); and

WHEREAS, the Authority and the Initial Trustee entered into a First Supplemental Indenture of Trust dated as of June 22, 1992 amending certain provisions of the Original Indenture (the Original Indenture as so amended is referred to herein as the "**Amended Indenture**"); and

WHEREAS, Meridian Bank succeeded the Initial Trustee as trustee under the Amended Indenture; and

WHEREAS, the Authority and Meridian Bank, as trustee, entered into a Second Supplemental Indenture of Trust dated as of July 15, 1993 (the "**Second Supplemental Indenture**") amending and supplementing the Amended Indenture; and

WHEREAS, the Authority and Meridian Bank, as trustee, entered into a Third Supplemental Indenture of Trust dated as of August 15, 1993 (the "**Third Supplemental Indenture**") amending and supplementing the Amended Indenture; and

WHEREAS, pursuant to the Third Supplemental Indenture, the Authority issued \$178,675,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A (the "**1993A Bonds**") for the purpose of refunding certain Bonds issued by the Authority in 1992; and

WHEREAS, the Authority amended and restated the Amended Indenture, as amended and supplemented by the Second Supplemental Indenture and the Third Supplemental Indenture, pursuant to an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "**Amended and Restated Indenture**") between the Authority and Meridian Bank, as Trustee, in order to, *inter alia*, incorporate in one document all of the provisions thereof, and to issue its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994 (the "**1994 Bonds**") in order to pay costs of certain capital projects; and

WHEREAS, pursuant to the First Supplement to the Amended and Restated Indenture dated as of May 15, 1996 (the "**First Supplement to the Amended and Restated Indenture**") between the Authority and Meridian Bank, as Trustee, the Authority issued \$343,030,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996 (the "**1996 Bonds**") in order to (i) pay the costs of advance refunding certain Bonds issued by the Authority in 1992 and 1994, and (ii) pay the costs of issuing such Additional Bonds; and

WHEREAS, First Union National Bank succeeded Meridian Bank as Trustee under the Amended and Restated Indenture; and

WHEREAS, pursuant to the Second Supplement to the Amended and Restated Indenture dated as of April 1, 1999 (the "**Second Supplement to the Amended and Restated Indenture**") between the Authority and First Union National Bank, as Trustee, the Authority issued \$610,005,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999 (the "**1999 Bonds**") for the purpose of financing, together with other available funds, (i) the costs of advance refunding certain Bonds issued by the Authority in 1993, (ii) a Credit Facility to satisfy the Debt Service Reserve Requirement, and (iii) the costs of issuing such Additional Bonds and of obtaining credit enhancement for the Bonds (the "**1999 Refunding**"); and

WHEREAS, on December 6, 2001, the Authority and JPMorgan Chase Bank, as Counterparty (the "**Swap Counterparty**"), entered into a \$89,960,000 notional amount interest rate swaption transaction relating to the 1996 Bonds, as amended and restated pursuant to that certain Swaption Confirmation (REVISION) dated June 9, 2006 amending the notional amounts subject thereto (the "**Swaption Transaction**"); and

WHEREAS, Wachovia Bank, National Association succeeded First Union National Bank as Trustee under the Amended and Restated Indenture; and

WHEREAS, pursuant to the Third Supplement to the Amended and Restated Indenture dated as of June 1, 2003 (the "**Third Supplement to the Amended and Restated Indenture**," and together with the Amended and Restated Indenture, the First Supplement to the Amended and Restated Indenture and the Second Supplement to the Amended and Restated Indenture, the "**Existing Indenture**") between the Authority and Wachovia Bank, National Association, as Trustee, the Authority issued \$165,550,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2003 (the "**2003 Bonds**") for the purpose of financing, together with other available funds, (i) the costs of refunding the outstanding 1993A Bonds, and (ii) the costs of issuing such Additional Bonds and of obtaining credit enhancement for the 2003 Bonds; and

WHEREAS, the Swap Counterparty has exercised its option to cause the interest rate swap (the "**Swap**") that is the subject of the Swaption Transaction to become effective on or about June 15, 2006, and, as a result, the Authority has determined to issue and sell Additional Bonds, on or about the effective date of the Swap, to (i) pay the costs of current refunding the outstanding 1996 Bonds, and (ii) pay the costs of obtaining credit enhancement for such Additional Bonds (the "**2006 Refunding**"); and

WHEREAS, by Resolutions adopted on May 16, 2006, the Authority determined to issue and sell its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2006 (the "**2006 Bonds**") for the purpose of financing, together with other available funds, the 2006 Refunding pursuant to the terms of this Fourth Supplement to the Amended and Restated

Indenture (the "Fourth Supplement to the Amended and Restated Indenture", and together with the Existing Indenture, the "Indenture"); and

WHEREAS, the 2006 Bonds are to be substantially in the form attached hereto as Exhibit A; and

WHEREAS, in order to accomplish the current refunding of the outstanding 1996 Bonds, the Authority shall direct the Trustee to deposit into the 1996 Bonds account of the Debt Service Fund proceeds of the 2006 Bonds in an amount which, when added to certain funds held by the Trustee for the benefit of the 1996 Bonds and other available funds, and the investment earnings thereon, will be sufficient to (a) pay the maturing principal of and interest on the 1996 Bonds through and including June 15, 2006, and (b) pay on June 15, 2006, the redemption price of all outstanding 1996 Bonds, all of which will be called for redemption on June 15, 2006; and

WHEREAS, the execution and delivery of this Fourth Supplement to the Amended and Restated Indenture and the 2006 Bonds have been duly authorized and all things necessary to make the 2006 Bonds, when executed by the Authority and authenticated by the Trustee, valid and binding legal obligations of the Authority and to make this Fourth Supplement to the Amended and Restated Indenture of Trust a valid and binding agreement have been done.

NOW, THEREFORE, THIS FOURTH SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE WITNESSETH:

That, in order to secure the principal of and interest and premium, if any, on the 2006 Bonds issued hereunder according to their tenor and effect and to secure the performance and observance by the Authority of all the covenants and conditions contained herein and in the Existing Indenture and to declare the terms and conditions upon and subject to which the 2006 Bonds are issued and secured, and for and in consideration of the mutual covenants contained herein and in the Existing Indenture, the Authority and the Trustee are entering into this Fourth Supplement to the Amended and Restated Indenture of Trust, which shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of the 2006 Bonds.

ARTICLE I AUTHORITY AND DEFINITIONS

Section 101. SUPPLEMENTAL INDENTURE OF TRUST

This Fourth Supplement to the Amended and Restated Indenture is supplemental to the Existing Indenture.

Section 102. AUTHORITY FOR THIS FOURTH SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE

This Fourth Supplement to the Amended and Restated Indenture is adopted (i) pursuant to the provisions of the Act and (ii) in accordance with Article X of the Amended and Restated Indenture.

Section 103. DEFINITIONS

(a) Except as provided in this Fourth Supplement to the Amended and Restated Indenture, all terms which are defined in Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, and the Third Supplement to the Amended and Restated Indenture, shall have the same meanings, respectively, in this Fourth Supplement to the Amended and Restated Indenture as are given to such terms in said Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, and the Third Supplement to the Amended and Restated Indenture.

(b) Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, and the Third Supplement to the Amended and Restated Indenture, is hereby amended by amending certain definitions contained in the Existing Indenture (but only to the extent such definitions apply to the 2006 Bonds) and by adding the following definitions with respect to the 2006 Bonds:

"Affiliate" means any person or company directly or indirectly controlling, controlled by or under common control with the Authority.

"All-Hold Rate" means, on any date of determination, the interest rate per annum equal to 55% of the Index on such date; provided, that in no event shall the All-Hold Rate be more than the Maximum Lawful Rate.

"Alternate Liquidity Facility" means a Liquidity Facility provided in accordance with Section 310 hereof (other than a Renewal Liquidity Facility), including, without limitation, a letter of credit or line of credit of a commercial bank or a credit facility from a financial institution, a standby bond purchase agreement, surety bond or like collateralization, or a combination thereof, which provides security for payment of the purchase price of 2006 Bonds (other than ARS tendered for purchase as provided in this Indenture) delivered or deemed delivered in accordance with Article III of this Fourth Supplement to the Amended and Restated Indenture (referred to in this definition as "liquidity support"); provided that at all times while any of the 2006 Bonds bear interest at a Variable Rate or a Flexible Rate such 2006 Bonds (other than Bank Bonds) shall be entitled to liquidity support. Any amendment of a Liquidity Facility which is not a Renewal Liquidity Facility shall be an Alternate Liquidity Facility.

"Applicable ARS Rate" means, with respect to ARS, the rate per annum at which interest accrues on the 2006 Bonds for any ARS Interest Period.

"ARS" means, on any date, the 2006 Bonds when bearing interest as auction rate securities as provided in Article 2A hereof and the Auction Procedures applicable thereto.

"ARS Beneficial Owner" means the Person who is the beneficial owner of ARS according to the records of (i) DTC or its participants or a successor Securities Depository while such ARS are in book-entry form or (ii) the Trustee while such ARS are not in book-entry form.

"ARS Defaulted Interest" means interest on any ARS which is payable but is not punctually paid or duly provided for on any ARS Interest Payment Date.

"ARS Interest Payment Date" means, with respect to ARS, the Business Day immediately following each Auction Period.

"ARS Interest Period" means the period commencing on and including an ARS Interest Payment Date and ending on but excluding the next succeeding ARS Interest Payment Date; provided, that the first ARS Interest Period within each ARS Interest Rate Period shall commence on and include the Closing Date or the Conversion Date, as the case may be.

"ARS Interest Rate Period" means each period during which the 2006 Bonds are ARS.

"ARS Maximum Rate" means 12% per annum; provided that in no event shall the ARS Maximum Rate be more than the Maximum Lawful Rate.

"ARS Payment Default" means (i) a default by the Authority or the Bond Insurer in the due and punctual payment of any installment of interest on ARS or (ii) a default by the Authority or the Bond Insurer in the due and punctual payment of any principal of ARS at stated maturity or pursuant to a mandatory redemption.

"ARS Rate Conversion Date" means the date on which the 2006 Bonds begin to bear interest at an Applicable ARS Rate.

"ARS Rating Agency" means S&P, Moody's or Fitch, or if any of S&P, Moody's or Fitch discontinues its securities rating service, then such other nationally recognized securities rating agency as may be specified by the Broker Dealer with the consent of the Authority.

"Auction" means the implementation of the Auction Procedures on an Auction Date.

"Auction Agent" means the Initial Auction Agent unless and until a Substitute Auction Agent Agreement becomes effective, after which "Auction Agent" shall include both the Initial Auction Agent (if it is continuing to act in such capacity under this Indenture) and each such Substitute Auction Agent so acting.

"Auction Agent Agreement" means, on any date, each Initial Auction Agent Agreement and each Substitute Auction Agent Agreement, in each case as from time to time in effect.

"Auction Agent Fee" has the meaning provided in each Auction Agent Agreement.

"Auction Date" means, with respect to ARS, the Business Day next preceding the first day of each Auction Period, other than (i) each Auction Period commencing after the ownership

of such ARS is no longer maintained in book-entry form by a Securities Depository; (ii) each Auction Period commencing after the occurrence and during the continuance of an ARS Payment Default; or (iii) any Auction Period commencing less than two Business Days after the cure or waiver of an ARS Payment Default. The Auction Date determined as provided in this definition may be adjusted as provided in Section 2A10(b).

"Auction Period" means (i) with respect to ARS in a seven-day mode, any of (A) a period, generally of seven days, beginning on and including a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on and including the Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (B) a period, generally of seven days, beginning on and including a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on and including the Monday thereafter (unless such Monday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (C) a period, generally of seven days, beginning on and including a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on and including the Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (D) a period, generally of seven days, beginning on and including a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on and including the Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day) or (E) a period, generally of seven days, beginning on and including a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on and including the Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day) and (ii) with respect to ARS in a 35-day mode, any of (A) a period, generally of 35 days, beginning on and including a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on and including the fifth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (B) a period, generally of 35 days, beginning on and including a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on and including the fifth Monday thereafter (unless such Monday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day), (C) a period, generally of 35 days, beginning on and including a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on and including the fifth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day), (D) a period, generally of 35 days, beginning on and including a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on and including the fifth Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day) or (E) a period, generally of 35 days, beginning on and including a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on and including the fifth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case ending on

and including the next succeeding day which is followed by a Business Day); provided, however, that the initial Auction Period with respect to the 2006 Bonds shall begin on and include the Closing Date, and that in the event of a Conversion of the 2006 Bonds from another Interest Rate Period to an ARS Interest Rate Period the initial Auction Period following such Conversion shall begin on and include the Conversion Date.

"Auction Procedures" means, collectively, the Auction Procedures provisions set forth in Exhibit C to the Auction Agent Agreement and the Settlement Procedures provisions set forth in Exhibit A to the Broker-Dealer Agreement.

"Auction Rate" means, with respect to the interest rate on ARS, the rate of interest per annum that results from implementation of the Auction Procedures, and determined as described in Section 1.3 of the Auction Procedures set forth in the Auction Agent Agreement; provided, however, that the Auction Rate shall not exceed the ARS Maximum Rate. While Auction Procedures are suspended, the Auction Rate will be determined as otherwise described herein.

"Authorized Denomination" means (i) during any Daily Rate Period, Weekly Rate Period or Flexible Rate Period, \$100,000 and \$5,000 multiples in excess thereof, (ii) during any Term Rate or Fixed Rate Period, \$5,000 and integral multiples thereof, and (iii) during any ARS Interest Rate Period, \$25,000 and integral multiples thereof.

"Bank" means any bank or other financial institution issuing any Liquidity Facility.

"Bank Bonds" means Tendered Bonds purchased with moneys drawn under a Liquidity Facility and registered in the name of the Bank in accordance with such Liquidity Facility.

"Bank Rate" means the per annum rate of interest payable on any Bank Bonds as determined pursuant to a Liquidity Facility (or any reimbursement agreement entered into with respect to a letter of credit that is a Liquidity Facility).

"Bid" has the meaning provided in Section 1.1(b) of the Auction Procedures set forth in the Auction Agent Agreement.

"Bond Insurance Policy" means, with respect to the 2006 Bonds, the financial guaranty insurance policy issued by the Bond Insurer insuring payment when due of the principal of and interest on the 2006 Bonds as provided therein.

"Bond Insurer" means, with respect to the 2006 Bonds, Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company, or any successor thereto.

"Bond Purchase Fund" means the trust fund so designated which is created and established pursuant to Section 308 hereof.

"Broker-Dealer" means RBC Dain Rauscher Inc., or any other broker or dealer (each as defined in the Securities Exchange Act), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures which (i) is a participant in or member of the Securities Depository as determined by the rules or bylaws of the Securities Depository (or an affiliate of such a participant or member), (ii) has been approved by the Bond Insurer, which approval shall not be unreasonably withheld, (iii) has been

appointed as such by the Authority pursuant to the Indenture, and (iv) has entered into a Broker-Dealer Agreement that is in effect on the date of reference. When used at a time when more than one Broker-Dealer is acting under the Indenture, the term "the Broker-Dealer" shall mean, as the context dictates, either all such Broker-Dealers collectively, or only each Broker-Dealer acting with respect to the ARS.

"Broker-Dealer Agreement" means each agreement between the Auction Agent and a Broker-Dealer pursuant to which the Broker-Dealer agrees to participate in Auctions as set forth in the Auction Procedures, as from time to time amended or supplemented with the consent of the Bond Insurer. Each Broker-Dealer Agreement shall be substantially in the form of the Broker-Dealer Agreement between the Initial Auction Agent and the Initial Broker-Dealer or such other form which conforms to industry standards at the time such Broker-Dealer Agreement is entered into.

"Business Day" means, with respect to the 2006 Bonds, any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in Philadelphia, Pennsylvania or in any other city in which the Principal Office of the Trustee or the designated office of the Tender Agent, the Remarketing Agent, the Auction Agent, the Bond Insurer or the Bank is located are required or authorized by law (including executive order) to close or on which the Principal Office of the Trustee, or the designated office of the Tender Agent, the Remarketing Agent, the Auction Agent or the Bank is closed for reasons not related to financial condition or (iii) a day on which the New York Stock Exchange is closed.

"Closing Date" means the date of delivery of the 2006 Bonds to the Underwriter against payment therefor.

"Conversion" means a conversion of the 2006 Bonds from one Interest Rate Period to another Interest Rate Period, as permitted herein.

"Conversion Date" means each Fixed Rate Conversion Date, Flexible Rate Conversion Date, Variable Rate Conversion Date and ARS Rate Conversion Date.

"Daily Rate Period" means, with respect to the 2006 Bonds, each period from and commencing on a Business Day and including and ending on the first day preceding the first Business Day thereafter.

"DTC" means The Depository Trust Company (a limited purpose trust company), New York, New York.

"Existing Holder" means (a) with respect to and for the purpose of dealing with the Auction Agent in connection with an Auction, a Person who is a Broker-Dealer listed in the existing owner registry maintained by the Auction Agent at the close of business on the Business Day immediately preceding the Auction Date for such Auction and (b) with respect to and for the purpose of dealing with a Broker-Dealer in connection with an Auction, a Person who is a beneficial owner of the Bonds.

"Existing Holder Registry" means (a) with respect to and for the purpose of dealing with the Auction Agent in connection with an Auction, a Person who is a Broker-Dealer listed in the existing owner registry at the close of business on the Business Day immediately preceding the Auction Date for such Auction and (b) with respect to and for the purpose of dealing with a Broker-Dealer in connection with an Auction, a Person who is an ARS Beneficial Owner of ARS.

"Favorable Opinion" means, with respect to any action relating to the 2006 Bonds, the occurrence of which requires such an opinion, a written legal opinion of a nationally recognized bond counsel addressed to the Authority, the Bond Insurer, the Remarketing Agent and the Trustee or the Broker-Dealers, as applicable, to the effect that (i) the action proposed to be taken is authorized or permitted by the Act and the Indenture and (ii) such action will not adversely affect the exclusion from gross income of interest on the 2006 Bonds for purposes of federal income taxation or the exemption of interest on the 2006 Bonds from personal income taxation under the laws of the Commonwealth of Pennsylvania (subject to customary exceptions).

"Fixed Rate" means the rate to be borne by the 2006 Bonds from and after the Fixed Rate Conversion Date, which shall be the lowest rate which, in the judgment of the Remarketing Agent, is necessary to enable the 2006 Bonds to be remarketed at the principal amount thereof, plus accrued interest, if any, on the Fixed Rate Conversion Date.

"Fixed Rate Conversion Date" means the date on which the 2006 Bonds begin to bear interest at the Fixed Rate.

"Fixed Rate Period" means the period of time commencing on the Fixed Rate Conversion Date and ending on the Maturity Date.

"Flexible Rate" means the lowest annual rate of interest, expressed as a percentage and rounded to the nearest one thousandth of one percent, determined by the Remarketing Agent on a Flexible Rate Adjustment Date, which would, in the judgment of the Remarketing Agent, enable a particular Bond to be remarketed at the principal amount thereof on such Flexible Rate Adjustment Date given the applicable Interest Period for such 2006 Bond (or, if the Remarketing Agent for any reason fails to determine such rate, the rate determined in accordance with the provisions set forth in this Fourth Supplement to the Amended and Restated Indenture).

"Flexible Rate Adjustment Date" means a Business Day on which a Flexible Rate and an Interest Period for a particular Bond commence.

"Flexible Rate Conversion Date" means a date on which the 2006 Bonds begin to bear interest at Flexible Rates.

"Flexible Rate Period" means any period of time commencing on a Flexible Rate Conversion Date and ending on a Variable Rate Conversion Date, a Fixed Rate Conversion Date, an ARS Rate Conversion Date or on the Maturity Date.

"Hold Order" has the meaning set forth in the Auction Procedures.

"Immediate Notice" means notice by telephone, telex, telecopier or email to such address as the addressee shall have directed in writing, promptly followed by written notice by first class mail, postage prepaid.

"Index" means, on any Auction Date with respect to 2006 Bonds in any Auction Period, the One Month LIBOR Rate on such date. If such rate is unavailable, the Index for the 2006 Bonds means an index or rate agreed to by all Broker-Dealers and the Bond Insurer. If for any reason on any Auction Date the Index shall not be determined as provided above, the Index shall mean the Index for the Auction Period ending on such Auction Date.

"Initial Auction Agent" means Deutsche Bank Trust Company Americas, its successors and assigns.

"Initial Auction Agent Agreement" means the Auction Agent Agreement between the Trustee and the Initial Auction Agent, relating to the 2006 Bonds, including any amendment thereof or supplement thereto.

"Interest Component" means the maximum amount stated in a Liquidity Facility (as reduced and reinstated from time to time in accordance with the terms thereof) which may be drawn for the payment of the portion of the purchase price of Tendered Bonds corresponding to interest accrued on the Tendered Bonds.

"Interest Coverage Period" means the number of days for 2006 Bonds bearing interest in a particular interest mode which is used to determine the Interest Component, determined in accordance with the requirements of Section 310(h) hereof in a manner consistent with the periods utilized in calculating interest accrued on 2006 Bonds in such interest mode.

"Interest Coverage Rate" means the rate which is used to determine the Interest Component and shall be specified for 2006 Bonds bearing interest in each subsequent mode by the Remarketing Agent in writing to the Trustee at the time such 2006 Bonds commence bearing interest in accordance with such mode, as such rate may be changed from time to time by the Remarketing Agent subject to compliance with Section 310(h) hereof. Notwithstanding the foregoing, the maximum Interest Coverage Rate that may be established with respect to the 2006 Bonds shall be 12% per annum.

"Interest Payment Date" means:

- (i) during a Flexible Rate Period, each Repurchase Date;
- (ii) during a Variable Rate Period,
 - (A) when used with respect to a Daily or Weekly Rate Period, the fifteenth (15th) day (or the next succeeding Business Day if the fifteenth is not a Business Day) of each calendar month occurring after the Variable Rate Conversion Date with respect thereto, and
 - (B) when used with respect to a Term Rate Period, the June 15th or December 15th next succeeding the Variable Rate Conversion Date and the fifteenth day of each sixth month thereafter,
- (iii) during an ARS Interest Rate Period, each ARS Interest Payment Date;
- (iv) each Mandatory Tender Date;
- (v) after the Fixed Rate Conversion Date, each June 15 and December 15;
- (vi) the Maturity Date; and
- (vii) for 2006 Bonds called for redemption, the applicable redemption date.

"Interest Period" means, for each 2006 Bond bearing interest at a Flexible Rate, that period of time beginning on a Flexible Rate Adjustment Date and to but not including the next Flexible Rate Adjustment Date, determined by the Remarketing Agent on a Flexible Rate Adjustment Date, which would, in the judgment of the Remarketing Agent, taking into account the

Flexible Rate for the particular 2006 Bond being determined on such Flexible Rate Adjustment Date and the Flexible Rates and Interest Periods then borne by all other outstanding 2006 Bonds, enable the 2006 Bonds as a whole to bear the lowest overall rates achievable in the domestic financial market during the Interest Period selected (or, if the Remarketing Agent for any reason fails to determine such date, the date determined in accordance with the provisions set forth in this Fourth Supplement to the Amended and Restated Indenture).

"Interest Rate Period" means each Variable Rate Period, Flexible Rate Period, or ARS Interest Rate Period.

"Investment Securities" means each of the following:

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank.

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer.

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

(6) **Pre-refunded Municipal Obligations** defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(7) **Municipal Obligations** rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

(8) **Investment Agreements** approved in writing by the Bond Insurer (supported by appropriate opinions of counsel); and

(9) other forms of investments (including repurchase agreements) approved in writing by the Bond Insurer.

"Liquidity Facility" means any Liquidity Facility provided in accordance with this Fourth Supplement to the Amended and Restated Indenture, including, without limitation, a letter of credit or line of credit of a commercial bank or a credit facility from a financial institution, a standby bond purchase agreement, surety bond or like collateralization, or a combination thereof, which provides security for payment of the purchase price of 2006 Bonds (other than ARS tendered for purchase as provided in the Indenture) delivered or deemed delivered in accordance with Article 111 of this Fourth Supplement to the Amended and Restated Indenture (referred to in this definition as "liquidity support"), or any Renewal Liquidity Facility or Alternate Liquidity Facility at the time in effect; provided that at all times while any of the 2006 Bonds bear interest at a Variable Rate or a Flexible Rate such 2006 Bonds (other than Bank Bonds) shall be entitled to liquidity support.

"Mandatory Tender Date" means any date on which a 2006 Bondholder is required to tender any 2006 Bond for purchase in accordance with Sections 302, 303 or 304 of this Fourth Supplement to the Amended and Restated Indenture.

"Mandatorily Tendered Bonds" means the 2006 Bonds required to be tendered for purchase on a Mandatory Tender Date.

"Maturity Date" means, with respect to the 2006 Bonds, June 15, 2020 or, with respect to each 2006 Bond bearing interest at a Fixed Rate which has been assigned a specific maturity date pursuant to Section 205(d) hereof, "Maturity Date" means the date so assigned.

"Maximum Lawful Rate" means the maximum rate of interest on the relevant obligation permitted by applicable law.

"No-Call Period" means the period of time (measured from the Conversion Date) during which the 2006 Bonds in the Fixed Rate Period or the Term Rate Period may not be called for optional redemption as set forth in Section 401 (a)(ii) hereof.

"Non-Payment Rate" means, on any date of determination, the interest rate per annum equal to 15% per annum; provided, that in no event shall the Non-Payment Rate be more than the Maximum Lawful Rate.

"One Month LIBOR Rate" means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

"Optional Tender Date" means the date specified by a 2006 Bondholder in a Tender Notice for purchase of any 2006 Bond during a Variable Rate Period in accordance with Section 301 hereof.

"Optionally Tendered Bonds" means the 2006 Bonds tendered or deemed tendered for purchase on an Optional Tender Date.

"Order" has the meaning provided in the Auction Procedures.

"Outstanding", "Bonds outstanding" or "outstanding Bonds" means, with respect to the 2006 Bonds, as of any given date, all 2006 Bonds which have been duly authenticated and delivered under the Indenture, except:

(a) 2006 Bonds canceled after purchase in the open market or because of payment at or redemption prior to the Maturity Date;

(b) 2006 Bonds for the payment or redemption of which cash or Government Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the Maturity Date or redemption date of any such 2006 Bonds) in accordance with Article VII of the Amended and Restated Indenture, as amended by Section 703 hereof; provided that if such Bonds are to be redeemed prior to the Maturity Date thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) 2006 Bonds in lieu of which others have been authenticated under Section 207 or 208 of the Amended and Restated Indenture;

(d) after any Optional Tender Date, any Bond for which a Tender Notice was given in accordance with Section 301 of this Fourth Supplement to the Amended and Restated Indenture and which was not so tendered;

(e) after any Mandatory Tender Date, any 2006 Bond which was required to be tendered on such a Mandatory Tender Date in accordance with Sections 302, 303 or 304 of this Fourth Supplement to the Amended and Restated Indenture and which was not so tendered; and

(f) after the Fixed Rate Conversion Date, for the purpose of all consents, approvals, waivers and notices required to be obtained or given under this Fourth Supplement to the Amended and Restated Indenture, 2006 Bonds held or owned by the Authority or any Affiliate thereof.

Notwithstanding anything in this Fourth Supplement to the Amended and Restated Indenture to the contrary, in the event that the principal and/or interest due on the 2006 Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the 2006 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Authority to the Bondholders shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Bondholders.

"Participant" means, with respect to DTC or another Securities Depository, a participant in or member of DTC or such other Securities Depository, respectively.

"Person" means a corporation, association, partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

"Potential Holder" means, with respect to any Auction, any Person, including any Existing Holder, who may be interested in acquiring a beneficial interest in ARS subject to such Auction in addition to the ARS, if any, currently owned by such Person.

"Principal Office" means, with respect to the 2006 Bonds, (i) the corporate trust office of the Trustee responsible for the administration of this Fourth Supplement to the Amended and Restated Indenture, as designated in Section 11.07 of the Amended and Restated Indenture, as amended by Section 713 hereof, and (ii) the respective offices of the Bank, the Tender Agent, the Auction Agent and the Remarketing Agent designated to receive notices required by this Fourth Supplement to the Amended and Restated Indenture, as set forth in Section 713 hereof.

"Proposed Fixed Rate Conversion Date" means the date indicated in the written notice of the Authority given pursuant to Section 205 hereof on which the Authority intends to effect a conversion of the interest rate on the 2006 Bonds to the Fixed Rate.

"Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the Bonds at the request of the Authority, which at the time of issuance of the 2006 Bonds includes S&P, Moody's and Fitch.

"Record Date" means, with respect to the 2006 Bonds, while the 2006 Bonds bear interest during a Daily Rate Period, a Weekly Rate Period or a Flexible Rate Period, the close of business on the last Business Day preceding an Interest Payment Date, while the 2006 Bonds bear interest in a Term Rate Period or a Fixed Rate Period, the close of business on the last day of the calendar month next preceding an Interest Payment Date, and while the 2006 Bonds are ARS, the second Business Day next preceding each ARS Interest Payment Date.

"Remarketing Agent" means each Person qualified under Section 502 hereof to act as Remarketing Agent for the 2006 Bonds, except while the 2006 Bonds are ARS, and appointed by the Authority from time to time, subject to the approval of the Bond Insurer.

"Remarketing Agreement" means a Remarketing Agreement between the Authority and the Remarketing Agent whereby the Remarketing Agent undertakes to perform the duties of the Remarketing Agent hereunder, as amended from time to time.

"Renewal Date" means the Interest Payment Date next preceding the Stated Expiration Date of a Liquidity Facility at the time in effect (or the next preceding Business Day if such day is not a Business Day).

"Renewal Liquidity Facility" means a Liquidity Facility provided in accordance with Section 310 hereof which has been issued with terms and conditions identical to, and by the same provider of, the Liquidity Facility in substitution for which the Renewal Liquidity Facility is to be provided to purchase 2006 Bonds, other than ARS tendered for purchase, as provided in the Indenture, except for:

- (g) an extension of the Stated Expiration Date;
- (h) an increase or decrease in the Interest Coverage Rate or the Interest Coverage Period;
- (i) an increase or decrease in the Interest Component;
- (j) an increase or decrease in the portion of the Liquidity Facility designated to pay premium upon purchase of 2006 Bonds to the extent required or permitted by Section 310(h) hereof;
- (k) changes in the business covenants contained in, the fees payable pursuant to and the interest rate on advances made under the Liquidity Facility; or
- (l) any combination of (a), (b), (c), (d) and (e).

"Representation Letter" means that blanket letter from the Authority to DTC with respect to the issuance of Bonds in book-entry form.

"Repurchase Date" means, for any 2006 Bond during a Flexible Rate Period, a Business Day determined by the Remarketing Agent on an applicable Flexible Rate Adjustment Date as the date on which such 2006 Bond will be repurchased by the Trustee or the Tender Agent, on behalf of the Authority (or, if the Remarketing Agent for any reason fails to determine such date, the date determined in accordance with the provisions of this Fourth Supplement to the Amended and Restated Indenture).

"Repurchase Price" means, with respect to each particular 2006 Bond during a Flexible Rate Period, an amount equal to 100% of the principal amount thereof.

"Sell Order" has the meaning provided in the Auction Procedures.

"Securities Depository" means DTC, or, if applicable, any successor securities depository appointed pursuant to the Indenture.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor thereto.

"Special Record Date" means a special date fixed to determine the names and addresses of holders of ARS for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in the Indenture.

"Stated Expiration Date" means the stated date of expiration or termination of a Liquidity Facility, including any extensions thereof.

"Submission Deadline" means 1:00 p.m., New York City time on any Auction Date, or such other time on an Auction Date by which Brokers-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

"Submitted Hold Orders" has the meaning provided in the Auction Procedures.

"Substitute Auction Agent" means the Person with whom the Trustee enters into a Substitute Auction Agent Agreement.

"Substitute Auction Agent Agreement" means an auction agent agreement acceptable to the Bond Insurer containing terms substantially similar to the terms of the Initial Auction Agent Agreement or such other form which conforms to industry standards at the time such Auction Agent Agreement is entered into whereby a Person having the qualifications required by the Indenture agrees with the Trustee to perform the duties of the Auction Agent set forth therein with respect to the 2006 Bonds.

"Sufficient Clearing Bids" has the meaning provided in the Auction Procedures.

"Tender Agent" means that Person appointed pursuant to Section 501 hereof to perform those functions with respect to the 2006 Bonds, other than ARS, related to the registration of transfers and exchanges, tenders, redemptions, notices and purchases thereof and payments thereon prior to the commencement of a Fixed Rate Period.

"Tender Notice" means the notice from a 2006 Bondholder to the Tender Agent of an Optional Tender Date in accordance with the provisions set forth in this Fourth Supplement to the Amended and Restated Indenture.

"Tender Price" means with respect to each Tendered Bond, 100% of the principal amount of any such Tendered Bond plus, if an Optional Tender Date is not an Interest Payment Date, interest accrued and unpaid thereon to, but not including, the Optional Tender Date with respect to such 2006 Bond.

"Tendered Bonds" means Optionally Tendered Bonds and Mandatorily Tendered Bonds.

"Term Rate Period" means any Variable Rate Period from and commencing on the fifteenth (15th) day of a calendar month (or the next succeeding Business Day if the fifteenth is not a Business Day) to but not including the fifteenth (15th) day (or the next succeeding Business Day if the fifteenth is not a Business Day) of the twelfth (or any integral multiple of 12) succeeding calendar month.

"Underwriter" means RBC Dain Rauscher Inc. doing business under the name RBC Capital Markets, and its successors and assigns.

"Variable Rate" means, with respect to the then effective Variable Rate Period, the lowest interest rate which, in the judgment of the Remarketing Agent, would enable the 2006 Bonds to be remarketed at the principal amount thereof, plus accrued interest thereon, if any, on the Variable Rate Adjustment Date with respect thereto (or, if the Remarketing Agent for any reason fails to determine such rate, the rate determined in accordance with the provisions set forth in this Fourth Supplement to the Amended and Restated Indenture).

"Variable Rate Adjustment Date" means the first day of each Variable Rate Period.

"Variable Rate Conversion Date" means a date on which the 2006 Bonds begin to bear interest at a Variable Rate for (i) a particular Variable Rate Period which is of a different type than the preceding Variable Rate Period, (ii) a Term Rate Period which is of a different length than the preceding Term Rate Period except when shorter by reason of the Maturity Date or (iii) any Variable Rate Period which succeeds a Flexible Rate Period.

"Variable Rate Period" means each Daily Rate Period, Weekly Rate Period and Term Rate Period.

"Weekly Rate Period" means any Variable Rate Period from and commencing on Thursday of any calendar week and including and ending on the Wednesday of the next calendar week; provided, however, that any Weekly Rate Period which does not follow another Weekly Rate Period shall commence on the Variable Rate Conversion Date with respect thereto and end on the first or second Wednesday thereafter, at the discretion of the Remarketing Agent in order to most efficiently effect the conversion, and any Weekly Rate Period which is not followed by another Weekly Rate Period shall commence on the last or second to last Thursday of a calendar month, at the discretion of the Remarketing Agent in order to most efficiently effect the conversion, and end on the day preceding the final Interest Payment Date for such Weekly Rate Period.

ARTICLE II ISSUANCE OF AND INTEREST ON THE 2006 BONDS

Section 201. ISSUANCE OF BONDS

(a) The 2006 Bonds shall be designated "Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2006" (with appropriate designation, if any, reflecting the then-current Interest Rate Period) and shall be issued in the aggregate principal amount of \$89,950,000. The 2006 Bonds shall be issuable as fully registered Bonds in Authorized Denominations. Unless the Authority shall otherwise direct, the 2006 Bonds shall be numbered consecutively from R-1 upward. Interest on the 2006 Bonds shall be payable on each Interest Payment Date. Each Bond shall be dated as of the most recent Interest Payment Date to which interest has been duly paid or provided for next preceding its date of issue, unless issued on an Interest Payment Date on which interest has been paid or provided for, in which event it shall be dated as of such Interest Payment Date or, if issued prior to the first Interest Payment Date on which interest is paid, it shall be dated the date of initial issuance of the 2006 Bonds.

(b) The 2006 Bonds shall mature on June 15, 2020.

(c) While the 2006 Bonds are ARS and except as otherwise specifically provided herein, the provisions of Article IIA shall govern the interest rates per annum of the 2006 Bonds and the payment terms of the 2006 Bonds. Except when the 2006 Bonds are ARS, the 2006 Bonds shall bear interest from and including the Interest Payment Date next preceding the relevant Conversion Date, unless such Conversion Date shall be an Interest Payment Date to which interest on the 2006 Bonds has been paid in full or duly provided for, in which case they shall bear interest from and including such Conversion Date. Interest during a Flexible Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. Interest during a Variable Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed except during a Term Rate Period and during a Fixed Rate Period interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

(d) By acceptance of any 2006 Bond, the registered owner thereof shall be deemed to have agreed, during a Flexible Rate Period, to the Flexible Rate, Interest Period and Repurchase Date then applicable thereto and to have further agreed to sell such Bond to the Tender Agent on the Repurchase Date applicable thereto at the Repurchase Price. Such registered owner by such acceptance shall be deemed to have acknowledged that if funds for such purchase are on deposit with the Trustee or the Tender Agent on such Repurchase Date, such registered owner shall have no rights under the Indenture other than to receive the Repurchase Price and such Bonds shall no longer be considered to be Outstanding Bonds (pursuant to paragraph (e) of the definition of such term in Section 103 hereof) for purposes of this Fourth Supplement to the Amended and Restated Indenture.

(e) The principal of and premium, if any, on any 2006 Bonds shall be payable at the Principal Office of the Trustee, upon presentation and surrender of such 2006 Bonds, which presentation and surrender can be made at the Principal Office of the Tender Agent. Payment of principal of any 2006 Bond shall be made to any owner of \$1,000,000 or more in aggregate principal amount of 2006 Bonds by wire transfer to such owner on the principal payment date for said 2006 Bonds upon written notice from such owner containing the wire transfer address within the continental United States to which such owner wishes to have such wire directed, which written notice is received not later than the tenth (10th) day next preceding the principal payment or maturity date applicable to such 2006 Bonds, provided that such wire transfer shall only be made upon presentation and surrender of such 2006 Bonds at the Principal Office of the Trustee or Tender Agent, as applicable, on the principal payment date. Any payment of the purchase price of a Tendered Bond shall be payable at the Principal Office of the Tender Agent, upon presentation and surrender of such Bond, as provided in Article V hereof.

(f) Interest payments on a 2006 Bond (other than with respect to defaulted interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Bond Registrar on the Record Date; provided, however, that during a Flexible Rate Period such payments shall be payable only upon presentation and surrender of such Bond to the Tender Agent. Interest on the 2006 Bonds shall, except as hereinafter provided, be paid: (i) during a Flexible or Variable Rate Period or an ARS Interest Rate Period, by check or draft of the Tender Agent (or the Trustee in the case of ARS) mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register or at such other address furnished in writing by such registered owner to the Tender Agent (or the Trustee in the case of ARS), (ii) during a Flexible or Variable Rate Period or an ARS Interest Rate Period, by wire transfer sent on the Interest Payment Date to the registered owner upon written notice to the Tender Agent (or the Trustee in the case of ARS) from the registered owner containing the wire transfer address (which shall be in the continental United States) to which the registered owner wishes to have such wire directed which written notice is received not later than the Business Day prior to the first Interest Payment Date to which it relates, it being understood that such notice may refer to multiple interest payments; (iii) on or prior to the Fixed Rate Conversion Date, in such other fashion as is agreed upon between the registered owner and the Tender Agent (or the Trustee in the case of ARS), including, without limitation, by wire transfer upon such prior notice as may be satisfactory to the Tender Agent (or the Trustee in the case of ARS) or (iv) after the Fixed Rate Conversion Date, by check or draft of the Trustee mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register in accordance with the provisions of Section 2.03 of the Amended and Restated Indenture.

(g) During any Variable Rate Period other than a Term Rate Period, the Trustee agrees to provide through the Tender Agent upon request to the Tender Agent by any Bondholder

an oral statement as to the Variable Rates in effect since the most recent preceding Interest Payment Date and to mail on each Interest Payment Date occurring during a Variable Rate Period to each Bondholder written notice of the Variable Rates in effect since the last preceding Interest Payment Date.

(h) The 2006 Bonds shall be substantially in the form hereinafter set forth with such appropriate variations, omissions and insertions as are permitted or required by the Indenture or deemed necessary by the Trustee and the Authority. On each date on which the Trustee or the Tender Agent authenticates and delivers 2006 Bonds during a Flexible Rate Period applicable to such 2006 Bonds as provided in Section 204 hereof, the Trustee or the Tender Agent shall complete the information required in the form of 2006 Bond attached as Exhibit A hereto for the purpose of maintaining an accurate record of the terms and provisions of the Interest Period then applicable to such 2006 Bond. During the period the 2006 Bonds are maintained in book-entry form pursuant to Section 207 hereof, the Trustee may instead maintain such information on its books and records and make the same available electronically to DTC.

Section 202. INITIAL INTEREST RATES; SUBSEQUENT RATES; RATE PERIODS

The 2006 Bonds shall bear interest from the date of original issuance at the rate the Underwriter determines is necessary to sell the 2006 Bonds at par, prior to the date of delivery. The 2006 Bonds shall initially be issued as ARS and the 2006 Bonds will be payable on the Initial ARS Interest Payment Date and thereafter on the day following the end of each Auction Period. While the 2006 Bonds are ARS and except as otherwise specifically provided herein, the provisions of Article IIA shall govern the interest rates per annum of the 2006 Bonds and the payment terms of the 2006 Bonds.

Limits on Interest Periods and Rates. No Interest Period shall be established during a Flexible Rate Period and no Variable Rate Period shall be established which would cause the Interest Coverage Period of the Liquidity Facility to be less than the requirements of Section 310(h) hereof. No interest rate on a 2006 Bond shall be established during a Variable Rate Period which exceeds the Interest Coverage Rate. No Interest Period or Flexible Rate shall be established during a Flexible Rate Period which would cause the aggregate amount of all interest which could accrue on the 2006 Bonds bearing interest at the Flexible Rate during such Flexible Rate Period to exceed the Interest Component allocable to such Bonds. In addition, no Flexible Rate shall be established which exceeds the applicable Interest Coverage Rate and no Interest Period shall be established during a Flexible Rate Period which exceeds 270 days. During each Variable Rate Period, the 2006 Bonds shall bear interest at the lesser of (1) the Interest Coverage Rate or (II) the Variable Rate. During the Fixed Rate Period, the 2006 Bonds shall bear interest at a Fixed Rate.

Bank Bonds. Notwithstanding anything herein to the contrary, Bank Bonds shall bear interest at the Bank Rate determined in accordance with the provisions of the Liquidity Facility and not the Variable Rate or Flexible Rate that would otherwise be applicable to such 2006 Bonds were they not Bank Bonds.

Conversions. With the consent of the Bond Insurer, the Authority may elect to convert the 2006 Bonds to interest rate modes other than ARS as provided in Sections 203, 204 and 205 hereof. Upon such conversion, the 2006 Bonds may accrue interest at such interest rate modes as provided in this Fourth Supplement to the Amended and Restated Indenture. Following conversion from ARS, the 2006 Bonds may once again be converted to the Applicable ARS Rate as provided in Section 2A11 hereof. In order to effect such conversion, the Authority shall provide written direction to the Trustee, the Tender Agent (if any), the Auction Agent (if any), the Remarketing Agent (if any)

and each Broker-Dealer (if any) of its election to convert the 2006 Bonds to another interest rate mode and comply with the notice, mandatory tender and other provisions set forth in this Fourth Supplement to the Amended and Restated Indenture. In connection with any conversion to or from a Variable Rate Period or a Flexible Rate Period or a conversion to a Fixed Rate Period, in addition to the other conditions to conversion set forth in this Fourth Supplement to the Amended and Restated Indenture, the Trustee must have received written evidence from each Rating Agency then maintaining a rating on the 2006 Bonds that such rating will not be reduced or withdrawn due to such conversion (other than a withdrawal of a short term rating upon a remarketing into a Fixed Rate Period) and the Remarketing Agent (if any) shall have received firm commitments for the purchase of all 2006 Bonds being converted to bear interest in such new rate period on or before such Conversion Date.

Section 203. VARIABLE RATES; CONVERSIONS TO VARIABLE RATE PERIODS

(a) **Determination by Remarketing Agent: Notice of Rates Determined.** Except as hereinafter provided, the Variable Rate to be applicable to the 2006 Bonds during any Variable Rate Period shall be determined by the Remarketing Agent and notice thereof shall be given as follows:

(i) Notice of each Variable Rate shall be: (A) given by Immediate Notice by the Remarketing Agent to the Tender Agent not later than 12:00 noon, New York City time, on the date of determination for each Daily and Weekly Rate Period and not later than 12:00 noon New York City time, on the Business Day immediately succeeding the date of determination for each Term Rate Period; (B) given by Immediate Notice not later than 5:00 p.m., New York City time for each Daily and Weekly Rate Period, in each case on the date of determination, and by 12:00 noon, New York City time, on the Business Day immediately succeeding the date of determination for each Term Rate Period, by the Tender Agent to the Trustee and the Authority, and, during Term Rate Periods, by first class mail postage prepaid on the third Business Day immediately succeeding the date of determination by the Tender Agent to the holders of the 2006 Bonds; and (C) available commencing on the Business Day immediately succeeding the date of determination during Daily and Weekly Rate Periods by telephone from the Tender Agent upon request of any owner of a 2006 Bond.

(ii) If the Remarketing Agent fails for any reason to determine or notify the Tender Agent of the Variable Rate for any Variable Rate Period when required hereunder:

(A) for 2006 Bonds in a Daily Rate Period or Weekly Rate Period, the Variable Rate for such Rate Period shall be equal to 135% of the BMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System, Inc. (or a replacement publisher of the BMA Municipal Swap Index designated in writing by the Authority to the Trustee and the Remarketing Agent; provided that if Munifacts Wire System, Inc. or such replacement publisher does not publish the BMA Municipal Swap Index on a day on which a Variable Rate is to be set, the Variable Rate shall be 135% of a comparable index selected by the Authority published by Munifacts Wire System, Inc. or such replacement publisher at such time (such alternate index being referred to herein as a "Alternate Index")) until the Remarketing Agent next determines the Variable Rate as required hereunder;

(B) for 2006 Bonds in a Term Rate Period with a duration of one year or less, such 2006 Bonds shall automatically convert to a Weekly Rate Period and the Variable Rate for such Rate Period shall be equal to 135% of the BMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System, Inc. (or an Alternate Index) until the Remarketing Agent next determines the Variable Rate as required hereunder; and

(C) for 2006 Bonds in a Term Rate Period with a duration in excess of one year, such 2006 Bonds shall automatically convert to a Term Rate Period of two years and the Variable Rate for such Rate Period shall be equal to the sum of (i) the yield on 2 year "A" rated general obligation bonds as published by Municipal Market Data (or any successor entity) on the first Business Day preceding the Variable Rate Adjustment Date plus (ii) 5 basis points unless the Authority has filed with the Trustee and the Tender Agent a Favorable Opinion acceptable to the Trustee (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) with respect to the conversion of the 2006 Bonds to Variable Rates for Weekly Rate Periods, in which case the 2006 Bonds shall automatically convert to a Weekly Rate Period and the Variable Rate for such Rate Period shall be equal to 135% of the BMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System (or an Alternate Index) until the Remarketing Agent next determines the Variable Rate as required hereunder.

(iii) All determinations of Variable Rates pursuant to this Section shall be conclusive and binding upon the Authority, the Trustee, the Tender Agent, the Bank and the holders of the 2006 Bonds to which such rates are applicable. Failure by the Trustee or the Tender Agent to give any notice as herein provided, any defect therein, and any failure by any 2006 Bondholder to receive any such notice (including without limitation any Immediate Notice) shall not extend the period for making elections, in any way change the rights of the owners of 2006 Bonds to elect to have such 2006 Bonds purchased, in any way change the conditions which must be satisfied in order for such election to be effective or for payment of the purchase price to be made after an effective election or in any way change such owner's obligation to tender the 2006 Bonds for purchase.

(b) Daily Rates and Weekly Rates. A Variable Rate shall be determined by the Remarketing Agent (i) for each Daily Rate Period not later than 10:30 a.m., New York City time, on the commencement date of the Daily Rate Period to which it relates and (ii) for each Weekly Rate Period not later than 10:00 a.m., New York City time, on the commencement date of the Weekly Rate Period to which it relates (or the preceding Business Day if such day is not a Business Day).

(c) Term Rates. A Variable Rate shall be determined by the Remarketing Agent for each Term Rate Period not later than 12:00 noon, New York City time, on the Business Day immediately preceding the commencement date of such period.

(d) Conversions to Variable Rate Periods. At the option of the Authority, and with the consent of the Bond Insurer, the 2006 Bonds may be converted from an ARS Interest Rate Period to a Variable Rate Period as follows:

(i) The Variable Rate Conversion Date shall be an ARS Interest Payment Date.

(ii) The Authority shall give written notice of any such conversion to the Remarketing Agent, the Trustee, the Tender Agent, the Auction Agent, the Bond Insurer, each Broker-Dealer and the Bank not less than seven (7) Business Days prior to the date on which the Tender Agent is required to notify the Bondholders of the conversion pursuant to subparagraph (iii) below. Such notice shall specify the Variable Rate Conversion Date and the Variable Rate Period (and the length of any Term Rate Period) to which the conversion will be made.

As a precondition to effecting a conversion to a Variable Rate Period, on or before the Variable Rate Conversion Date, a Favorable Opinion shall be delivered to the Authority, the Trustee and the Tender Agent.

(iii) Not less than thirty (30) days prior to the Variable Rate Conversion Date, the Tender Agent shall mail a written notice of the conversion to the holders of all 2006 Bonds to be converted. Such notice shall specify the Variable Rate Conversion Date and set forth the matters required to be stated pursuant to Section 303 hereof with respect to purchases of 2006 Bonds governed by such Section.

(iv) The Variable Rate for the Variable Rate Period commencing on the Variable Rate Conversion Date shall be determined by the Remarketing Agent in the manner provided above on the date set forth above applicable to the Variable Rate Period to which the conversion shall be made. Notice of such Variable Rates shall be given or made available on the dates and to the parties specified above in the manner provided above applicable to the Variable Rate Period to which the conversion shall be made.

(e) Conversions between Variable Rate Periods. At the option of the Authority, and with the consent of the Bond Insurer, if any, the 2006 Bonds may be converted from one Variable Rate Period to another and from a Term Rate Period of one length to a Term Rate Period of a different length as follows:

(i) In any such case, the Variable Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that if the conversion is from a Term Rate Period to a different Variable Rate Period or a Term Rate Period of a different length, the Variable Rate Conversion Date shall be limited to a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced.

(ii) The Authority shall give written notice of any such conversion to the Remarketing Agent, the Trustee, the Tender Agent, the Bond Insurer, if any, each Broker-Dealer, if any, and the Bank not less than seven (7) Business Days prior to the date on which the Tender Agent is required to notify the Bondholders of the conversion pursuant to subparagraph (iii) below. Such notice shall specify the Variable Rate Conversion Date and the Variable Rate Period (and the length of any Term Rate Period) to which the conversion will be made.

As a precondition to effecting a change to a different Variable Rate Period or to a Term Rate Period of a different length, on or before the Variable Rate Conversion Date, a Favorable Opinion shall be delivered to the Authority, the Trustee and the Tender Agent. Notwithstanding the foregoing, such Favorable Opinion shall not be required to be delivered in either case with respect to (i) a conversion to a Daily Rate Period or Weekly Rate Period

or to a Term Rate Period with a duration of one year if the immediately preceding Period was a Daily Rate Period or Weekly Rate Period or a Term Rate Period with a duration of one year or (ii) a conversion to a Term Rate Period with a duration of more than one year if the immediately preceding Variable Rate Period was a Term Rate Period with a duration of more than one year.

(iii) Not less than thirty (30) days prior to the Variable Rate Conversion Date if converting to a Daily or Weekly Rate Period or any other Variable Rate Period, the Tender Agent shall mail a written notice of the conversion to the holders of all 2006 Bonds to be converted. Such notice shall specify the Variable Rate Conversion Date and set forth the matters required to be stated pursuant to Section 303 hereof with respect to purchases of 2006 Bonds governed by such Section.

(iv) The Variable Rate for the Variable Rate Period commencing on the Variable Rate Conversion Date shall be determined by the Remarketing Agent in the manner provided above on the date set forth above applicable to the Variable Rate Period to which the conversion shall be made. Notice of such Variable Rates shall be given or made available on the dates and to the parties specified above in the manner provided above applicable to the Variable Rate Period to which the conversion shall be made.

(f) Conversions from Flexible Rate Periods. At the option of the Authority, and with the consent of the Bond Insurer, if any, the 2006 Bonds may be converted from a Flexible Rate Period to a Variable Rate Period as follows:

(i) The Variable Rate Conversion Date shall be the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Periods theretofore established for the 2006 Bonds to be converted.

(ii) The Authority shall give written notice of any such conversion to the Remarketing Agent, the Trustee, the Tender Agent, the Auction Agent, if any, the Bond Insurer, if any, each Broker-Dealer, if any, and the Bank not less than seven (7) Business Days prior to the date on which the Tender Agent is required to notify the Bondholders of the conversion pursuant to subparagraph (iii) below. Such notice shall specify the ARS Rate Conversion Date and the ARS Interest Rate Period or the Variable Rate Conversion Date and the Variable Rate Period (and the length of any Term Rate Period) to which the conversion will be made. In addition, on or before the ARS Rate Conversion Date or the Variable Rate Conversion Date, the Authority shall cause to be filed with the Authority, the Trustee and the Tender Agent a Favorable Opinion. Notwithstanding the provisions of the preceding sentence, such Favorable Opinion shall not be required to be delivered with respect to a conversion to a Daily Rate Period, a Weekly Rate Period or to a Term Rate Period with a duration of one year.

(iii) Not less than fourteen (14) days prior to the Variable Rate Conversion Date if converting to a Daily or Weekly Rate Period and not less than thirty (30) days prior to the Variable Rate Conversion Date if converting to any other Variable Rate Period, the Tender Agent shall mail a written notice of the conversion to all holders of the 2006 Bonds to be converted; provided, however, that the Tender Agent shall not mail such written notice until it has received a written confirmation from the Remarketing Agent, if any, that no Interest Period for the 2006 Bonds extends beyond the Variable Rate Conversion Date. Such notice shall specify the Variable Rate Conversion Date and

set forth the matters required to be stated pursuant to Section 303 hereof with respect to purchases of Bonds governed by such Section.

(iv) The Variable Rate for the Variable Rate Period commencing on the Variable Rate Conversion Date shall be determined by the Remarketing Agent in the manner provided above on the date set forth above applicable to the Variable Rate Period to which the conversion shall be made. Notice of such Variable Rates shall be given or made available on the dates and to the parties specified above in the manner provided above applicable to the Variable Rate Period to which the conversion shall be made.

Section 204. FLEXIBLE RATES; CONVERSIONS TO FLEXIBLE RATE PERIODS

(a) Flexible Rates. A Flexible Rate for each Interest Period shall be determined as follows:

(i) The Interest Periods for each 2006 Bond shall be of such duration, not exceeding 270 days, as may be offered by the Remarketing Agent and specified by the purchaser pursuant to Section 302 or 303 hereof.

(ii) The Flexible Rate for each Interest Period shall be effective from and including the commencement date of such period through and including the last day thereof. Each such Flexible Rate shall be determined by the Remarketing Agent in connection with the sale of the 2006 Bond or 2006 Bonds to which it relates pursuant to Section 302 or 303 hereof.

(iii) If the Remarketing Agent fails for any reason to determine or notify the Tender Agent of the Interest Period or Flexible Rate when required hereunder, the Interest Period shall be of the shortest permitted duration and the Flexible Rate shall be equal to the 135% of the BMA Municipal Swap Index in effect on the first day of such Interest Period.

(iv) All determinations of Flexible Rates and Interest Periods pursuant to this Section shall be conclusive and binding upon the Authority, the Trustee, the Tender Agent, the Bank and the holders of the 2006 Bonds to which such rates and periods are applicable.

(b) Conversions to Flexible Rate Periods. At the option of Authority, and with the consent of the Bond Insurer, if any, the 2006 Bonds may be converted from an ARS Interest Rate Period or a Variable Rate Period to a Flexible Rate Period as follows:

(i) In the case of conversion from an ARS Interest Rate Period to a Flexible Rate Period, the Flexible Rate Conversion Date shall be an ARS Interest Payment Date. In the case of conversion from a Variable Rate Period to a Flexible Rate Period, the Flexible Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that in the case of a conversion from a Term Rate Period, the Flexible Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced.

(ii) The Authority shall give written notice of any such conversion to the Trustee, the Tender Agent, the Remarketing Agent, the Auction Agent, if any, the Bond Insurer, if any, each Broker-Dealer, if any, and the Bank not less than seven (7) Business Days prior to the date on which the Tender Agent is required to notify the Bondholders of the conversion pursuant to subparagraph (iii) below. Such notice shall specify the Flexible Rate Conversion Date. In addition, on or before the Flexible Rate Conversion Date, the Authority shall cause to be filed with the Authority, the Trustee and the Tender Agent a Favorable Opinion. Notwithstanding the provisions of the preceding sentence, such opinion shall not be required to be delivered with respect to a conversion from a Daily Rate Period or Weekly Rate Period or from a Term Rate Period with a duration of one year or less.

(iii) Not less than thirty (30) days prior to the Flexible Rate Conversion Date in the case of conversions from ARS Interest Rate Periods, conversions from Daily or Weekly Rate Periods, and in all other cases, the Tender Agent shall mail a written notice of the conversion to all holders of the 2006 Bonds to be converted, specifying the Flexible Rate Conversion Date and setting forth the matters required to be stated pursuant to Section 303 hereof with respect to purchases of 2006 Bonds governed by such Section.

Section 205. FIXED RATE CONVERSION AT OPTION OF THE AUTHORITY

At the option of the Authority, and with the consent of the Bond Insurer, the 2006 Bonds bearing interest at an Applicable ARS Rate, a Variable Rate, or Flexible Rates may be converted to bear interest at the Fixed Rate as hereinafter provided. Any such conversion shall be made as follows:

(a) The Fixed Rate Conversion Date shall be: (i) in the case of a conversion from an Applicable ARS Rate, an ARS Interest Payment Date; (ii) in the case of a conversion from a Variable Rate Period other than a Term Rate Period, a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; (iii) in the case of a conversion from a Term Rate Period, a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced; or (iv) in the case of a conversion from a Flexible Rate Period, a day which is the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Period theretofore established for the 2006 Bonds to be converted.

(b) Not less than seven (7) Business Days prior to the date on which the Tender Agent or the Trustee is required to notify the Bondholders of the conversion pursuant to paragraph (c) below, the Authority shall give written notice of the conversion to the Trustee, the Tender Agent, if any, the Remarketing Agent, if any, the Auction Agent, if any, the Bond Insurer, if any, each Broker-Dealer, if any, and the Bank, if any, setting forth the Proposed Fixed Rate Conversion Date. In addition, on or before the Fixed Rate Conversion Date, the Authority shall cause to be filed with the Authority, the Trustee and the Tender Agent, if any, a Favorable Opinion with respect to the conversion of the 2006 Bonds to the Fixed Rate.

(c) In the event of a conversion from an ARS Interest Rate Period or a Variable Rate Period or a Flexible Rate Period, the Tender Agent shall mail a notice of the proposed conversion to the holders of all 2006 Bonds to be converted not less than thirty (30) days prior to the Proposed Fixed Rate Conversion Date and shall inform the Bondholders of: (i) the Proposed Fixed

Rate Conversion Date; and (ii) the matters required to be stated pursuant to Section 304 hereof with respect to purchases of 2006 Bonds governed by such Section.

(d) Not later than 12:00 noon, New York City time, on the Business Day prior to the Fixed Rate Conversion Date, the Remarketing Agent shall deliver to the Trustee and the Authority a certificate, approved by the Authority, which includes (i) a schedule specifying the principal amount of Bonds to mature on the first June 15 occurring after the Fixed Rate Conversion Date and on each June 15 thereafter to and including the June 15th occurring on or after the fifth anniversary of the Fixed Rate Conversion Date, (ii) a schedule specifying the principal amount of Bonds to be called for mandatory redemption on each June 15 occurring after the last June 15 specified pursuant to (i), but prior to June 15, 2020, (iii) the principal amount of 2006 Bonds to mature on June 15, 2020, (iv) the Fixed Rate to be applicable to each maturity of the 2006 Bonds and (v) a schedule specifying the interest to be paid on each Interest Payment Date of each year, commencing with the first Interest Payment Date to occur after the Fixed Rate Conversion Date, to and including June 15, 2020. In determining the amount of interest and principal that shall be payable on such dates, the Remarketing Agent shall use the following guidelines:

(i) The Fixed Rate(s) established for the 2006 Bonds to be effective on the Fixed Rate Conversion Date shall be set forth in an underwriting or purchase contract and shall equal the minimum interest rate(s) necessary to remarket such 2006 Bonds on the Fixed Rate Conversion Date at an aggregate purchase price of 100% of the principal amount thereof taking into account the fact that such 2006 Bond shall mature or be subject to mandatory sinking fund redemption on a particular June 15 up to and including June 15, 2020 in accordance with (d) above, that all 2006 Bonds shall pay interest semiannually on each Interest Payment Date of each year, that all 2006 Bonds maturing on a particular June 15 shall bear interest at the same rate;

(ii) The schedule of principal payments shall be set to achieve annual level debt service (including both principal and interest) for all remaining Bond Years or portions thereof and to the extent such annual level debt service cannot be exactly achieved with principal maturing in \$5,000 denominations or integral multiples thereof, such annual level debt service shall be achieved by rounding down all maturing principal amounts to the next \$5,000 denomination or integral multiple thereof and rounding up the last principal payment.

The determination of the Fixed Rate(s) shall be conclusive and binding upon the Authority, the Trustee, the Tender Agent, if any, the Bank, if any, the Bond Insurer and the holders of the 2006 Bonds to which such rate(s) will be applicable. Not later than 5:00 p.m., New York City time, on the date of determination of the Fixed Rate(s), the Remarketing Agent shall notify the Trustee and the Authority of such rate(s) by telephone. Not later than 5:00 p.m., New York City time, on the next succeeding Business Day, the Trustee shall give Immediate Notice of such rate(s) to the Tender Agent, if any, and the Bank, if any, and the Bond Insurer.

(e) The Authority may revoke its election to effect a conversion of the interest rate on the 2006 Bonds to the Fixed Rate by giving written notice of such revocation to the Trustee, the Tender Agent, if any, the Remarketing Agent, if any, the Bank, if any, and the Bond Insurer at any time prior to the setting of the Fixed Rate by the Remarketing Agent.

(f) It shall be a condition to effecting a conversion to the Fixed Rate that all of the Bonds shall be successfully remarketed.

Section 206. CERTAIN CHANGES IN TERM RATE PERIOD NOT A CONVERSION

In the event that a Term Rate Period is shorter than the immediately preceding Term Rate Period due to the occurrence of the Maturity Date of the 2006 Bonds, such difference in length of the last Term Rate Period shall not be considered to cause a Variable Rate Conversion Date to occur and the conditions required by Section 203 to convert from a Term Rate Period of one length to a Term Rate Period of a different length shall not be required to be satisfied.

Section 207. BOOK ENTRY SYSTEM

(a) It is intended that the Bonds be registered so as to participate in a securities depository system with DTC (the "DTC System"), as set forth herein. Except as provided in subparagraph (c) of this Section, the registered owner of all of the 2006 Bonds shall be DTC and the 2006 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on any Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of immediately available funds to the account of Cede & Co. on the Interest Payment Date for the 2006 Bonds at the address indicated on the Record Date or Special Record Date for Cede & Co. in the Bond Register kept by the Trustee.

(b) The 2006 Bonds shall be initially issued in the form of separate single fully registered 2006 Bonds, authenticated by the Trustee in the amount of each separately stated maturity of the 2006 Bonds. Upon initial issuance, the ownership of such 2006 Bonds shall be registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the Authority shall treat DTC (or its nominee) as the sole and exclusive owner of the 2006 Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the 2006 Bonds, selecting the 2006 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Fourth Supplement to the Amended and Restated Indenture, registering the transfer of 2006 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Tender Agent nor the Authority shall be affected by any notice to the contrary. Neither the Trustee, the Tender Agent nor the Authority shall have any responsibility or obligation to any DTC participant, any person claiming a beneficial ownership interest in the 2006 Bonds under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the Trustee as being a Bondholder, with respect to: (i) the accuracy of any records maintained by DTC or any DTC participant; (ii) the payment of DTC or any DTC participant of any amount in respect of the principal, purchase price or redemption price of or interest on the 2006 Bonds; (iii) any notice which is permitted or required to be given to Bondholders under the Indenture; (iv) the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the 2006 Bonds; or (v) any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal or purchase price of and premium, if any, and interest on the 2006 Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the Commonwealth of Pennsylvania) DTC and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal of or purchase price and premium, if any, and interest on the 2006 Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated Bond for each separately stated maturity of the respective series evidencing the obligation of the Authority to make payments of principal of and premium, if any, and interest pursuant to this Fourth Supplement to the Amended and Restated Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word

"Cede & Co." in this Fourth Supplement to the Amended and Restated Indenture shall be deemed to be changed to reflect such new nominee of DTC.

(c) In the event the Authority determines that it is in its best interest to discontinue the use of book entry system for the 2006 Bonds, the Authority may notify in writing DTC and the Trustee, whereupon DTC will notify the DTC participants of the availability through DTC of Bond certificates. In such event, the Trustee shall deliver, transfer and exchange Bond certificates as directed in writing by DTC as the Bondholder in appropriate amounts. DTC may determine to discontinue providing its services with respect to the 2006 Bonds at any time by giving written notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Authority and the Trustee, at the sole cost of the Authority, shall be obligated to deliver Bond certificates as directed in writing by DTC. In the event Bond certificates are issued, the provisions of the Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the 2006 Bonds to any DTC participant having 2006 Bonds credited to its DTC account, or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the 2006 Bonds.

(d) Notwithstanding any other provision of this Fourth Supplement to the Amended and Restated Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or purchase price of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC as sole Bondholder notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

(f) Anything herein to the contrary notwithstanding, so long as any 2006 Bonds are registered in the name of DTC or any nominee thereof, in connection with any optional tender of such 2006 Bonds, the beneficial owners of such 2006 Bonds are responsible for submitting the bondholder tender notice provided for in Section 301 to the Remarketing Agent.

(g) Upon remarketing of 2006 Bonds in accordance with Article III, payment of the purchase price thereof shall be made to DTC and no surrender of certificates is expected to be required. Such sale shall be made through DTC participants (which may include the Remarketing Agent) and the new beneficial owners of such 2006 Bonds shall not receive delivery of Bond certificates. DTC shall transmit payment to DTC participants, and DTC participants shall transmit payment to beneficial owners whose 2006 Bonds were purchased pursuant to remarketing. Neither the Authority, the Trustee, the Tender Agent nor the Remarketing Agent shall be responsible for transfers of payment to DTC participants or beneficial owners.

(h) The provisions of this Section are subject to the provisions of this Fourth Supplement to the Amended and Restated Indenture relating to Bank Bonds.

Section 208. DELIVERY OF THE 2006 BONDS AND DISPOSITION OF PROCEEDS THEREOF.

(a) Upon the execution and delivery of this Fourth Supplement, to the Amended and Restated Indenture, the Authority shall execute and deliver the 2006 Bonds to the Trustee and the Trustee shall authenticate the 2006 Bonds and deliver them to the initial purchaser or purchasers thereof as directed by the Authority in an order delivered by the Authority to the Trustee upon receipt of the proceeds of the 2006 Bonds. Proceeds from the sale of the 2006 Bonds, together with other available funds, shall be received by the Trustee and deposited in the Settlement Fund and shall then be disbursed and transferred from the Settlement Fund as follows:

(1) To or upon the order of the Authority, the amount specified by the Authority at or after the closing for the issuance of the 2006 Bonds as the costs of issuance of the 2006 Bonds (including, without limitation, fees and expenses of bond counsel, consultants, the Trustee and the Trustee's counsel, the City's counsel and consultants, and the Authority's counsel in connection with the issuance of the 2006 Bonds, fees payable to Bond Insurer with respect to the 2006 Bonds, printing costs payable by the Authority and rating agency fees, and premium payments for the Bond Insurance Policy).

(2) To the Trustee, to be deposited in the 1996 Bonds account of the Bond Redemption Fund, an amount equal to \$89,960,000, which will be applied to the redemption of all Outstanding 1996 Bonds called for redemption on June 15, 2006.

Any amount remaining in the Settlement Fund after the foregoing disbursements and transfers shall be disbursed or transferred by the Trustee to the Debt Service Fund in respect of the 2006 Bonds.

(b) Pursuant to Section 5.07 of the Amended and Restated Indenture, as supplemented and amended by, among others, Section 4.03 of the Second Supplement to the Amended and Restated Indenture, the Trustee is hereby instructed to transfer funds in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement for all Outstanding Bonds, taking into account the redemption of the 1996 Bonds and the issuance and delivery of the 2006 Bonds, to the Redemption Fund for application to the redemption price of the 1996 Bonds.

ARTICLE IIA ARS PROVISIONS

Section 2A01. PAYMENTS WITH RESPECT TO ARS.

(a) Interest with respect to ARS shall accrue from and including, as applicable, the Closing Date, the Conversion Date or the most recent ARS Interest Payment Date to which interest has been paid or duly provided for.

(b) The Trustee shall determine the aggregate amount of interest payable in accordance with subsection (a) below with respect to ARS on each ARS Interest Payment Date. Interest due on any ARS Interest Payment Date with respect to each \$25,000 in principal amount of ARS shall equal (i) the Applicable ARS Rate multiplied by (ii) the principal amount of \$25,000 multiplied by (iii) the number of days in the applicable ARS Interest Period, divided by (iv) 360, and rounding the resultant figure to the nearest cent (a half cent being rounded upward). The Trustee shall notify the Securities Depository of its calculations, as provided in

Section 2A03(b) hereof.

(c) Interest on the ARS shall be computed on the basis of a 360-day year for the actual number of days elapsed. The Applicable ARS Rate for each ARS Interest Period after the first ARS Interest Period shall be the Auction Rate; provided that in the event the Auction Agent fails to calculate or, for any reason, fails to timely provide the Auction Rate for any Auction Period (except as contemplated otherwise herein pursuant to (x), (y) and (z) below), the new Auction Period shall be the same as the preceding Auction Period and the Auction Rate for the new Auction Period shall be the same as the Auction Rate for the preceding Auction Period.

Notwithstanding the foregoing:

(x) If the ownership of the ARS is no longer maintained in book-entry form by a Securities Depository, the Applicable ARS Rate for any ARS Interest Period commencing after the delivery of certificates representing the ARS pursuant to Section 207(c) hereof shall equal the ARS Maximum Rate; or

(y) If an ARS Payment Default shall have occurred with respect to the ARS, the Applicable ARS Rate for the ARS Interest Period commencing on or immediately after such ARS Payment Default and for each ARS Interest Period thereafter, to and including the ARS Interest Period, if any, during which, or commencing less than two Business Days after, such ARS Payment Default is cured in accordance with this Indenture, shall equal the Non Payment Rate on the first day of each such ARS Interest Period, provided that if an Auction occurred on the Business Day immediately preceding any such ARS Interest Period, the Applicable ARS Rate for such ARS Interest Period shall be the Non-Payment Rate.

(z) for any Auction Period during which there is no duly appointed Auction Agent, or during which there is no duly appointed Broker-Dealer, no Auction will be held and the Auction Rate will be the ARS Maximum Rate.

(d) Medium of Payment.

(i) The principal of and interest on the ARS shall be payable in any currency of the United States of America which on the respective dates for payment thereof is legal tender for the payment of public and private debts. The principal of and interest on the ARS (other than at maturity) shall be payable by check mailed on the date due to the registered owner thereof on the Record Date at the address of such registered owner as it appears on the registration books maintained by the Trustee.

(ii) Interest payable on any ARS Interest Payment Date to a registered owner of ARS in the aggregate principal amount of \$1,000,000 or more may, upon written request by such registered owner received by the Trustee prior to the Record Date preceding such ARS Interest Payment Date, be paid by wire transfer on the date due to a designated account in the United States. Such written request shall remain in effect until rescinded in writing by such registered owner. The principal of each ARS at maturity will be paid upon presentation and surrender thereof at the Principal Office of the Trustee.

(iii) Unless otherwise requested by the Securities Depository, payments of the principal of ARS, at maturity or upon redemption, and payments of interest on ARS made by wire transfer, shall be made by the Trustee in immediately available funds, provided, however, that such method of payment may be modified by written agreement among the Trustee, the Securities Depository and the Auction Agent.

(e) Computation of Interest Distributable on ARS. The amount of interest distributable to ARS Beneficial Owners, in respect of each \$25,000 in principal amount thereof for any ARS Interest Period or part thereof, shall be calculated by the Trustee by applying the Applicable ARS Rate with respect to the ARS, for such ARS Interest Period or part thereof, to the principal amount of \$25,000, multiplying such product by the actual number of days in such ARS Interest Period or part thereof divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upward).

(f) ARS Defaulted Interest.

(i) The Trustee shall determine not later than 2:00 p.m., New York City time, on each ARS Interest Payment Date, whether an ARS Payment Default has occurred. If an ARS Payment Default has occurred, the Trustee shall, not later than 2:30 p.m. New York City time on such Business Day, send a notice of such ARS Payment Default to the Auction Agent and each Broker-Dealer by telecopy or similar means and, if such ARS Payment Default is cured, the Trustee shall immediately send a notice of such cure of the ARS Payment Default to the Auction Agent and each Broker-Dealer by telecopy or similar means.

(ii) ARS Defaulted Interest shall forthwith cease to be payable to the ARS Beneficial Owner on the relevant Record Date by virtue of having been such ARS Beneficial Owner and such ARS Defaulted Interest shall be payable to the Person in whose name the ARS are registered at the close of business on a Special Record Date fixed therefor by the Trustee, which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of ARS Defaulted Interest. The Trustee shall promptly notify the Authority of the Special Record Date and, at the Authority's expense, mail to each ARS Beneficial Owner of ARS of which it has knowledge pursuant to Section 207(b), not less than ten days before the Special Record Date, notice of the date of the proposed payment of such ARS Defaulted Interest.

Section 2A02. CALCULATION OF ALL-HOLD RATE.

The Auction Agent shall calculate the All-Hold Rate on each Auction Date. If the ownership of the ARS is no longer maintained in book-entry form by the Securities Depository, the Auction Agent shall announce the ARS Maximum Rate on the Business Day immediately preceding each ARS Interest Payment Date after the delivery of certificates representing the ARS pursuant to Section 207(c) hereof. If an ARS Payment Default shall have occurred, the Trustee shall announce the Non-Payment Rate on the first day of (i) each ARS Interest Period commencing on or after the date of the occurrence and during the continuance of such ARS Payment Default and (ii) any ARS Interest Period commencing less than two Business Days after the cure of any ARS Payment Default. The determination by the Auction Agent of the All-Hold Rate shall (in the absence of manifest error) be final and binding upon all ARS Beneficial

Owners and all other parties. The Auction Agent shall promptly advise the Trustee of the All-Hold Rate.

Section 2A03. NOTIFICATION OF RATES, AMOUNTS AND PAYMENT DATES.

(a) So long as the ownership of the ARS is maintained in book-entry form by the Securities Depository, the Trustee shall advise the Securities Depository (i) of each Record Date for the ARS at least two Business Days prior thereto and (ii) of each succeeding Interest Payment Date on each Interest Payment Date.

(b) On the Closing Date, or as soon as practicable thereafter, and on the Business Day preceding each ARS Interest Payment Date with respect to the ARS, the Trustee shall advise the Securities Depository, so long as the ownership of the ARS is maintained in book-entry form by the Securities Depository, of the amount of interest distributable in respect of each \$25,000 in principal amount of ARS for any ARS Interest Period or part thereof, calculated in accordance with Section 2A01(e) hereof.

If any day scheduled to be an ARS Interest Payment Date shall be changed after the Trustee shall have given notice, the Trustee shall, not later than 9:15 a.m., New York City time, on the Business Day next preceding the earlier of the new ARS Interest Payment Date or the old ARS Interest Payment Date, by such means as the Trustee deems practicable, give notice of such change to the Auction Agent, so long as no ARS Payment Default has occurred and is continuing and the ownership of the ARS is maintained in book-entry form by the Securities Depository.

Section 2A04. ADJUSTMENTS WITH RESPECT TO ARS PROVISIONS.

(a) Notwithstanding any other provision hereof relating to ARS, including without limitation the mandatory tender provisions and the definitions of terms used in this Article 2A (including without limitation the definitions of Applicable ARS Rate, All-Hold Rate, ARS Maximum Rate and Non-Payment Rate), the ARS provisions may be amended by the Authority, (i) upon obtaining an opinion of Counsel that the same does not materially adversely affect the rights of the ARS Beneficial Owners or (ii) by obtaining the consent of a majority of the ARS Beneficial Owners and, in each case, delivering a Favorable Opinion of Bond Counsel. In the case of clause (ii) above, the Trustee shall mail notice of such amendment to the ARS Beneficial Owners of which it has knowledge pursuant to Section 207(b), and if, on the first Auction Date occurring at least 20 days after the date on which the Trustee mailed such notice, Sufficient Clearing Bids have been received or all of the ARS are subject to Submitted Hold Orders and if the Bond Insurer has provided written consent by such Auction Date, the proposed amendment shall be deemed to have been consented to by the ARS Beneficial Owners. As an additional condition precedent to any such amendment pursuant to the provisions of this Section 2A04 and without duplication of any other requirement herein, there shall be delivered to the Authority and the Trustee an opinion of Bond Counsel to the effect that such amendment will not adversely affect the validity of the ARS or the exclusion of interest on any of the ARS from gross income for federal income tax purposes. Written notice of each such amendment shall be delivered by the Authority to the Trustee, the Auction Agent, and each Broker-Dealer.

Section 2A05. RESERVED.

[Reserved.]

Section 2A06. AUCTION AGENT.

(a) The Trustee is hereby directed to enter into the Initial Auction Agent Agreement with the Initial Auction Agent and to appoint Deutsche Bank Trust Company Americas as the Initial Auction Agent. Any Substitute Auction Agent shall be (i) subject to the written approval of the Bond Insurer and each Broker-Dealer, (ii) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, New York, or such other location as approved by the Trustee in writing and having a combined capital stock or surplus of at least \$15,000,000, or (iii) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$15,000,000, and, in either case, authorized by law to perform all the duties imposed upon it hereunder and under the Auction Agent Agreement. The Auction Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 45 days' notice to the Trustee, the Broker-Dealer, the Authority, and the Bond Insurer. The Auction Agent may be removed at any time by the Trustee, upon the written direction of (i) the Authority with Bond Insurer consent, (ii) the Bond Insurer or (iii) the ARS Beneficial Owners of 66-2/3% of the aggregate principal amount of the ARS then outstanding with the consent of the Bond Insurer, by an instrument signed by the Trustee and filed with the Auction Agent, the Bond Insurer and the Authority upon at least 30 days' notice. Neither the resignation nor the removal of the Auction Agent pursuant to the preceding two sentences shall be effective until and unless a Substitute Auction Agent has been appointed and has accepted such appointment; provided, however, that if a Substitute Auction Agent has not been so appointed within 45 days of the notice of resignation of the Auction Agent, the Auction Agent may petition a court of competent jurisdiction to appoint a Substitute Auction Agent. Notwithstanding the foregoing, the Auction Agent may terminate the Auction Agent Agreement if, within 30 days after notifying the Trustee, the Authority, and the Bond Insurer in writing that it has not received payment of any Auction Agent Fee due it in accordance with the terms of the Auction Agent Agreement, the Auction Agent does not receive such payment. The Bond Insurer may make the payment of any Auction Agent Fee and expenses due the Auction Agent. The Trustee shall not be liable for any action taken, suffered or omitted by the Auction Agent.

(b) If the Auction Agent shall resign or be removed or be dissolved, or if the property or affairs of the Auction Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Trustee, at the direction of the Authority, shall use its best efforts to appoint a Substitute Auction Agent.

(c) In the absence of willful misconduct negligent failure to act or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or any error of judgment made by it in the performance of its duties under the Auction Agent Agreement and shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been grossly negligent in ascertaining (or failing to ascertain) the pertinent facts. The Trustee shall not be liable for any action, omission or error in judgment by the Auction Agent.

(d) Subject to the terms of paragraph (a) of this Section 2A06, the Auction Agent may be removed at any time, at the written request of the Authority with the consent of

the Bond Insurer (which consent shall not be unreasonably withheld) for any breach of its obligations hereunder or under the Auction Agent Agreement.

(e) The Auction Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; acts of terrorism; epidemics; riots; interruptions, loss or malfunctions of utilities; computer (software or hardware) or communications services (other than those controlled by the Auction Agent); accidents; labor disputes; acts of civil or military authority or governmental actions; it being understood that the Auction Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 2A07. BROKER-DEALERS.

(a) The Auction Agent shall enter into a Broker-Dealer Agreement with RBC Dain Rauscher Inc. as the Initial Broker-Dealer for the 2006 Bonds.

(b) The Authority may, from time to time, approve one or more additional Persons approved by the Bond Insurer (which consent shall not be unreasonably withheld) to serve as Broker-Dealers under Broker-Dealer Agreements and shall be responsible for providing such Broker-Dealer Agreements to the Trustee and the Auction Agent. No such party shall constitute a Broker-Dealer until a fully executed Broker-Dealer Agreement is delivered to the Trustee and the Auction Agent.

(c) Any Broker Dealer may be removed at any time, at the written request of the Authority, with the written consent of the Bond Insurer (which consent shall not be unreasonably withheld).

Section 2A08. PROVISIONS RELATING TO AUCTIONS.

None of the Authority, the Trustee or the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder, nor shall any of the Authority, the Trustee or the Auction Agent be responsible for failure by any Securities Depository to effect any transfer or to provide the Auction Agent with current information regarding registration of transfers. None of the Authority, the Trustee, the Broker-Dealers or the Auction Agent shall have any liability in the event that there are not Sufficient Clearing Bids from time to time pursuant to the Auction Procedures.

Section 2A09. AGREEMENT OF HOLDERS.

By purchasing ARS, whether in an Auction or otherwise, each prospective purchaser of ARS and its Broker-Dealer will be deemed to have agreed to the provisions for the replacement of the Auction Agent and each Broker-Dealer as provided in this Fourth Supplement to the Amended and Restated Indenture, and relevant agreements among the Authority, the Trustee, the Auction Agent, and the Broker-Dealer, as appropriate.

Section 2A10. CHANGES IN AUCTION PERIOD OR AUCTION DATE.

(a) Changes in Auction Period.

(i) The Auction Periods for the ARS Interest Rate Periods commencing on the Closing Date for the 2006 Bonds initially shall be a 7-day period commencing generally on a Wednesday. The Auction Period for the 2006 Bonds with respect to each subsequent ARS Interest Rate Period, if any, initially shall be either a seven-day period or a 35-day period commencing generally on a Monday, generally on a Tuesday, generally on a Wednesday, generally on a Thursday or generally on a Friday, in each case as announced by the Authority in its notice of the proposed Conversion to such subsequent ARS Interest Rate Period as provided in Section 2A11.

(ii) Subject to the consent of the Bond Insurer, during any ARS Interest Rate Period, the Authority may from time to time and on any ARS Interest Payment Date, change the length of the Auction Period between seven-days and 35-days in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by the 2006 Bonds. The Authority shall initiate the change in the length of the Auction Period by giving written notice to the Trustee, the Bond Insurer, the Auction Agent, the Broker-Dealer and the Securities Depository that the Auction Period shall change if the conditions described herein are satisfied and the proposed effective date of the change, at least three Business Days prior to the Auction Date for such Auction Period.

(iii) Any such changed Auction Period shall be for a period of seven days or 35 days and shall apply for all of the 2006 Bonds.

(iv) The change in length of the Auction Period for the 2006 Bonds shall take effect only if Sufficient Clearing Bids exist at the Auction on the Auction Date for the first such Auction Period. For purposes of the Auction for such first Auction Period only, each Existing Holder shall be deemed to have submitted Sell Orders with respect to all of its ARS except to the extent such Existing Holder submits an Order with respect to such ARS. If the condition referred to in the first sentence of this clause (iv) is not met, the Auction Rate for the next Auction Period shall be the ARS Maximum Rate, and the Auction Period shall be the Auction Period already in effect.

(b) Changes in Auction Date. During any ARS Interest Rate Period, the Authority may specify an earlier Auction Date for any Business Day earlier (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on the ARS. The Authority shall provide notice of its determination to specify an earlier Auction Date for an Auction Period by means of a written notice delivered at least 45 days prior to the proposed changed Auction Date to the Trustee, the Broker-Dealer, the Auction Agent and the Securities Depository, which will, in turn, notify the Holders. In the event the Auction Agent specifies an earlier Auction Date, the day of the week on which an Auction Period begins and ends shall be adjusted accordingly.

(c) Conditions Precedent. No change in the length or the day of commencement of the Auction Period for the 2006 Bonds (as provided in subsection (a) or (b), as applicable) shall be allowed unless Sufficient Clearing Bids exist at the Auction immediately preceding the proposed change and, in the sole discretion of the Broker-Dealer, at the Auction

before the date on which the notice of the proposed change was given.

Section 2A11. CONVERSION OF A SERIES OF BONDS TO APPLICABLE ARS RATE.

(a) Conversion to Applicable ARS Rate. Subject to Sections 203, 204 and 205 hereof, the Authority may, from time to time and with the consent of the Bond Insurer, by written direction to the Trustee, the Tender Agent (if any), the Liquidity Facility Provider (if any), and the Remarketing Agent (if any), elect that the 2006 Bonds shall bear interest at the Applicable ARS Rate. The direction of the Authority shall specify (A) the proposed effective date of the Conversion to the Applicable ARS Rate, which shall be (1) in each case, a Business Day not earlier than the 30th day following the second Business Day after receipt by the Trustee of such direction, (2) in the case of a conversion from a Variable Rate Period other than a Term Rate Period, a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; (3) in the case of a conversion from a Term Rate Period, a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced; or (4) in the case of a conversion from a Flexible Rate Period, a day which is the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Period theretofore established for the 2006 Bonds to be converted, (B) the Mandatory Tender Date for the 2006 Bonds to be purchased, which shall be the proposed effective date of the adjustment to the Applicable ARS Rate and (C) the Initial Auction Period. In addition, the direction of the Authority shall be accompanied by a form of notice to be mailed to the Holders of such 2006 Bonds by the Trustee as provided in Section 2A11(b). Additionally, the Authority shall have appointed an Auction Agent and Broker-Dealer, and shall have furnished to the Trustee an Auction Agent Agreement and a Broker-Dealer Agreement conforming to then-current industry standards. During each ARS Interest Rate Period for the 2006 Bonds commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the 2006 Bonds shall be the Applicable ARS Rate.

(b) Notice of Conversion to Applicable ARS Rate. The Trustee shall give notice by first-class mail of an adjustment to an ARS Interest Rate Period to the Bondholders of the 2006 Bonds not less than 30 days prior to the proposed effective date of such ARS Interest Rate Period. Such notice shall state (A) that the interest rate shall be adjusted to the Applicable ARS Rate unless the Authority elects to revoke its election to make such Conversion by providing written notice of such revocation to the Trustee, the Tender Agent (if any), the Liquidity Facility Provider (if any), the Remarketing Agent (if any), the Auction Agent (if any) and each Broker-Dealer (if any) on or prior to 10:00 a.m. on the second Business Day preceding the proposed effective date of such Conversion; (B) the proposed effective date of the ARS Interest Rate Period; (C) that such 2006 Bonds are subject to mandatory tender for purchase on the proposed effective date and setting forth the Tender Price and the place of delivery for purchase of such 2006 Bonds; and (D) the information required pursuant to Section 303.

ARTICLE III TENDER AND PURCHASE OF BONDS

Section 301. OPTIONAL TENDERS DURING VARIABLE RATE PERIODS

(a) Optional Tender Dates. The holders of 2006 Bonds bearing interest at Variable Rates may elect to have their 2006 Bonds or portions thereof in whole multiples of Authorized Denominations purchased at the Tender Price of such 2006 Bonds (or portions), on the

following Optional Tender Dates and upon the giving of the following oral (which may be by telephone) or written (which may be by telecopy or facsimile communication) notices meeting the further requirements of subsection (b) below:

(i) Daily Rate Period. During a Daily Rate Period, 2006 Bonds may be tendered for purchase on any Business Day upon oral or written notice of tender given to the Tender Agent not later than 10:00 a.m., New York City time, on the Optional Tender Date;

(ii) Weekly Rate Period. During a Weekly Rate Period, 2006 Bonds may be tendered for purchase on any Business Day upon oral or written notice of tender to the Tender Agent not later than 5:00 p.m., New York City time, on a Business Day not less than seven (7) days prior to the Optional Tender Date; and

(iii) Term Rate Period. During a Term Rate Period, 2006 Bonds may be tendered for purchase on the first Business Day following such Term Rate Period upon delivery of a written notice of tender to the Tender Agent not later than 5:00 p.m., New York City time, on a Business Day not less than seven (7) days prior to the Optional Tender Date.

(b) Notice by Owner of Tender. Each notice of tender:

(i) shall, in the case of a written notice, be delivered to the Tender Agent at its Principal Office and be in form satisfactory to the Tender Agent;

(ii) shall, whether delivered orally or in writing, state (A) the name and address of such Bondholder and the principal amount of the Bond to which the notice relates, (B) that the Bondholder irrevocably demands purchase of such 2006 Bond or a specified portion thereof in a whole multiple of an Authorized Denomination, (C) the Optional Tender Date on which such 2006 Bond or portion is to be purchased and (D) the payment instructions with respect to the Tender Price; and

(iii) shall automatically constitute, whether delivered orally or in writing (A) an irrevocable offer to sell the 2006 Bond (or portion thereof) to which the notice relates on the Optional Tender Date to any purchaser selected by the Remarketing Agent, at a price equal to the Tender Price of such 2006 Bond (or portion thereof), (B) an irrevocable authorization and instruction to the Tender Agent to effect transfer of such 2006 Bond (or portion thereof) upon payment of the Tender Price to the Tender Agent on the Optional Tender Date, (C) an irrevocable authorization and instruction to the Tender Agent to effect the exchange of the 2006 Bond to be purchased in whole or in part for other 2006 Bonds in an equal aggregate principal amount so as to facilitate the sale of such Bond (or portion thereof to be purchased), and (D) an acknowledgment that such Holder will have no further rights with respect to such 2006 Bond (or portion thereof) upon payment of the Tender Price thereof to the Tender Agent on the Optional Tender Date, except for the right of such Bondholder to receive such Tender Price upon surrender of such 2006 Bond to the Tender Agent.

The determination of the Tender Agent as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the owner of such 2006 Bond.

(c) Notice by Tender Agent of Bonds to be Remarketed. Not later than 11:00 a.m., New York City time, on the Business Day immediately following the date of receipt of any notice of tender for any 2006 Bonds except ARS (or promptly upon such receipt on the Optional Tender Date in the case of 2006 Bonds during a Daily Rate Period but in no event later than 11:00 a.m., New York City time), the Tender Agent shall give Immediate Notice (or telephonic notice in the case of Bonds during a Daily Rate Period) to the Trustee, the Authority, the Remarketing Agent and the Bank of the principal amounts (or portions thereof) to be purchased and the Optional Tender Date.

(d) Remarketing of Tendered Bonds. Pursuant to the Remarketing Agreement, the Agent shall offer for sale and use its best efforts to find purchasers for all 2006 Bonds or portions thereof (except ARS) properly tendered. The Remarketing Agent shall cause the Tender Price specified in subsection (a) above for the 2006 Bonds which the Remarketing Agent notified the Tender Agent had been remarketed pursuant to subsection (e)(i) below to be paid to the Tender Agent in immediately available funds at or before 2:00 p.m., New York City time, on the Optional Tender Date, during Daily or Weekly Rate Periods and (ii) in immediately available funds at or before 12:00 noon, New York City time, on the Optional Tender Date, in the case of 2006 Bonds during Term Rate Periods. Notwithstanding the foregoing, the Remarketing Agent shall not offer for sale any 2006 Bond as to which a notice of conversion to a Variable Rate Period, from a Term Rate Period of one length to another, to a Flexible Rate Period or to a Fixed Rate Period has been given by the Tender Agent unless the Remarketing Agent has advised the Person to whom the offer is made of the conversion and the effect of the conversion on the rights of Bondholders to tender their 2006 Bonds as described in the conversion notice from the Tender Agent to the Bondholders.

(e) Purchase of Tendered Bonds.

(i) Notice of Remarketing: Purchases Under Liquidity Facility. The following Immediate Notices shall be given with respect to the remarketing of Tendered Bonds and the amount of 2006 Bonds (except ARS) to be purchased pursuant to the Liquidity Facility:

(A) In the case of Tendered Bonds during other than a Daily Rate Period:

(1) the Remarketing Agent shall notify the Tender Agent of the amount of Tendered Bonds which were remarketed not later than 2:30 p.m., New York City time, on the Business Day immediately preceding the Optional Tender Date and the Tender Agent shall notify the Bank of the amount of Tendered Bonds which were remarketed by 3:00 p.m. on the Business Day immediately preceding the Optional Tender Date; and

(2) if any such notice indicates that any Tendered Bonds were not remarketed, if no such notice is received by the required time or if all of remarketing proceeds have not been received, the Tender Agent shall notify the Trustee, the Bank and the Authority, not later than 9:00 a.m., New York City time, on the Optional Tender Date, of the amount of Tendered Bonds

(x) which were not remarketed,

(y) for which no notice of remarketing was

received and

(z) for which no remarketing proceeds have been received,

and the Trustee shall submit a draw certificate to the Bank not later than 11:00 a.m., New York City time, on the Optional Tender Date for payment of an amount equal to the principal portion of the Tender Price for the portion of the Tendered Bonds (x) which were not remarketed, (y) for which no notice of remarketing was received and (z) for which no remarketing proceeds have been received by the required time, and a demand for payment by the Bank of the accrued interest on the portion of the Tendered Bonds which were not remarketed or for which no notice of remarketing was received by the required time, or for which no remarketing proceeds have been received.

(B) In the case of Tendered Bonds during a Daily Rate Period:

(1) the Remarketing Agent shall notify the Tender Agent of the amount of Tendered Bonds which were remarketed not later than 10:00 a.m., New York City time, on the Optional Tender Date; and

(2) if any such notice indicates that any Tendered Bonds were not remarketed or if no such notice is received by the required time, or if remarketing proceeds are not received by the required time, the Tender Agent shall promptly notify the Trustee, the Bank and the Authority, not later than 10:30 a.m., New York City time, on the Optional Tender Date, of the amount of Tendered Bonds

(x) not remarketed,

(y) for which no notice of remarketing was received, or

(z) for which no remarketing proceeds have been received,

and not later than 11:00 a.m., New York City time, on the Optional Tender Date, the Trustee shall submit a draw certificate for payment of the principal portion of the Tender Price by the Bank for the portion of the 2006 Bonds (x) which were not remarketed, (y) for which no notice of remarketing was received by the required time or (z) for which no remarketing proceeds have been received, and a demand for payment by the Bank of the accrued interest on the portion of the Tendered Bonds which were not remarketed or for which no notice of remarketing was received by the required time, or for which no remarketing proceeds have been received.

(II) Information Concerning Purchasers. A notice by telephone, telex or telecopier, to be confirmed in writing if given by telephone, specifying the names, addresses and taxpayer identification numbers of the purchasers, the denominations of 2006 Bonds to be registered in the name of each purchaser and, if available, payment instructions for regularly scheduled interest payments or of any changes in such information previously communicated shall be furnished to the Tender Agent by (I) 3:00

p.m., New York City time, on the Business Day preceding the day on which such 2006 Bonds are to be purchased to the extent available and such notice may be supplemented or amended at any time prior to 12:40 p.m., New York City time, on the day on which such 2006 Bonds are to be purchased with respect to Bonds during a Weekly Rate Period, (ii) 1:00 p.m., New York time, on the day on which such 2006 Bonds are to be purchased with respect to Bonds during a Daily Rate Period or Flexible Rate Period, and (iii) 3:00 p.m., New York City time, on the second Business Day prior to the day on which such 2006 Bonds are to be purchased to the extent available and such notice may be supplemented or amended at any time prior to 12:40 p.m., New York City time, on the day on which such 2006 Bonds are to be purchased with respect to Bonds during a Term Rate Period.

(iii) Payments by the Tender Agent. By 3:00 p.m., New York City time, on the Optional Tender Date set for purchase of Tendered Bonds and upon receipt by the Tender Agent of 100% of the aggregate Tender Price of the Tendered Bonds, the Tender Agent shall pay the Tender Price of such 2006 Bonds to the holders thereof at its Principal Office or by bank wire transfer. Such payments shall be made in immediately available funds. With respect to the payment of the Tender Price, the Tender Agent shall apply in order: (A) moneys paid to it by the Remarketing Agent or by the new purchaser of the Tendered Bonds as proceeds of the remarketing of such 2006 Bonds by the Remarketing Agent; (B) moneys paid to it by the Bank for the purchase of 2006 Bonds pursuant to the Liquidity Facility, and (C) any other moneys provided by the Authority. If sufficient funds are not available for the purchase of all Tendered Bonds, no purchase shall be consummated as provided in Section 306.

(iv) Registration and Delivery of Tendered or Purchased Bonds. On the date of purchase, the Tender Agent shall register and make available for pick-up or cancel all Bonds purchased on any Optional Tender Date as follows: (A) 2006 Bonds purchased or remarketed by the Remarketing Agent shall be registered and made available to the Remarketing Agent by 2:15 p.m., New York City time, in accordance with the instructions of the Remarketing Agent; (B) 2006 Bonds purchased pursuant to the Liquidity Facility shall be registered in the name of the Authority unless otherwise required by the Liquidity Facility and shall be held in trust by the Tender Agent on behalf of the registered owner; and (C) 2006 Bonds purchased with other moneys provided by the Authority shall be canceled or registered and delivered in accordance with the instructions of the Authority; provided that so long as a Liquidity Facility is in effect, such 2006 Bonds shall not be remarketed or delivered to the Authority unless the Liquidity Facility supports the payment of such 2006 Bonds in accordance with the terms of this Fourth Supplement to the Amended and Restated Indenture and the Liquidity Facility.

(v) Resale of Bonds Purchased Pursuant to the Liquidity Facility. In the event that any 2006 Bonds are purchased pursuant to the Liquidity Facility pursuant to subparagraph (iv) above, the Remarketing Agent shall continue to offer for sale and use its best efforts to sell such 2006 Bonds at a purchase price equal to the principal amount thereof plus accrued interest thereon. 2006 Bonds purchased pursuant to the Liquidity Facility shall not be delivered upon remarketing by the Remarketing Agent or any other sale unless the Liquidity Facility is automatically reinstated for the principal amount thereof and the Interest Component applicable thereto in accordance with its terms or the Remarketing Agent has been advised by the Bank by Immediate Notice that it has elected to reinstate the Liquidity Facility for the required amount and the Bank

notifies the Tender Agent by Immediate Notice of such reinstatement and directs the Tender Agent to deliver the 2006 Bonds to the purchaser.

(vi) Delivery of Bonds: Effect of Failure to Surrender Bonds. All 2006 Bonds to be purchased on any Optional Tender Date shall be required to be delivered to the Principal Office of the Tender Agent by (i) 12:00 noon, New York City time, on the Optional Tender Date with respect to Bonds during a Daily or Weekly Rate Period; or (ii) 5:00 p.m., New York City time, on the second Business Day prior to the Optional Tender Date with respect to Bonds during Term Rate Periods. If the owner of any 2006 Bond (or portion thereof) that is subject to purchase pursuant to this Section fails to deliver such 2006 Bond to the Tender Agent for purchase on the Optional Tender Date and if the Tender Agent is in receipt of the Tender Price therefor, such 2006 Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such 2006 Bond (or portion thereof) shall be transferred to the purchaser thereof as provided in subsection (e)(iv) above. Any Bondholder who fails to deliver a 2006 Bond for purchase as required above shall have no further rights thereunder except the right to receive the Tender Price thereof upon presentation and surrender of said 2006 Bond to the Tender Agent and shall thereafter hold such 2006 Bond as agent for the Tender Agent. Such delivery shall be a condition to payment of the Tender Price by the Tender Agent on the Optional Tender Date.

Section 302. TENDERS DURING FLEXIBLE RATE PERIODS

(a) Repurchase Dates. Each 2006 Bond bearing Interest at a Flexible Rate shall be subject to mandatory tender for purchase on each Repurchase Date at the Repurchase Price.

(b) Bonds to be Remarketed. Not later than 11:00 a.m., New York City time, on the Business Day immediately preceding each Repurchase Date, the Tender Agent shall give Immediate Notice to the Remarketing Agent and the Bank of the amount of 2006 Bonds which will be tendered on such Repurchase Date.

(c) Remarketing of Tendered Bonds. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all 2006 Bonds required to be purchased on the Repurchase Date. In remarketing the 2006 Bonds, the Remarketing Agent shall offer and accept purchase commitments for the 2006 Bonds for such Interest Periods and at such Flexible Rates as it deems to be advisable in order to minimize the net interest cost on the 2006 Bonds under prevailing market conditions. The foregoing notwithstanding, no Interest Period may be established which exceeds the shortest of (A) 270 days, (B) the remaining number of days prior to any Mandatory Tender Date occurring pursuant to either Section 303 or 304 hereof, or (C) the remaining number of days prior to each date on which 2006 Bonds are subject to redemption pursuant to Sections 401(a)(i) or (c) hereof (but, in the case of Section 401(a)(i) hereof, only if the Remarketing Agent has received Immediate Notice from the Trustee of a pending redemption of 2006 Bonds pursuant to Section 402(a) hereof) if and to the extent necessary to enable the Tender Agent to make such purchases on or before such date. The Remarketing Agent shall cause the Repurchase Price specified in subsection (a) above for the 2006 Bonds which the Remarketing Agent notified the Tender Agent had been remarketed pursuant to subsection (d)(i) below to be paid to the Tender Agent in immediately available funds at or before 2:00 p.m., New York City time, on the Repurchase Date. At the request of the Trustee, the Remarketing Agent shall also determine and notify the Trustee of Flexible Rates and Interest Periods for 2006 Bonds to be purchased pursuant to the Liquidity Facility or by the Authority as hereinafter provided, such determination to be made in

substantially the same manner as is provided above and with a view toward enabling the Remarketing Agent to remarket such 2006 Bonds at a later date.

(d) Purchase of Tendered Bonds; Notice of Remarketing; Purchases Under Liquidity Facility. The following Immediate Notices shall be given with respect to the remarketing of Tendered Bonds and the amount of 2006 Bonds to be purchased pursuant to the Liquidity Facility:

(i) The Remarketing Agent shall notify the Tender Agent of the amount of Tendered Bonds which were remarketed not later than 9:30 a.m., New York City time, on the Repurchase Date; and if any such notice indicates that any Tendered Bonds were not remarketed, or if no such notice is received by the required time, or if not all of the remarketing proceeds have been received, the Tender Agent shall notify the Trustee, the Bank and the Authority by 10:00 a.m., New York City time, on the Repurchase Date of the amount of Tendered Bonds not remarketed, or for which no notice of remarketing was received, or for which no remarketing proceeds have been received, and the Trustee shall submit to the Bank by 11:00 a.m., New York City time, on the Repurchase Date, a draw certificate for payment of an amount equal to the Repurchase Price by the Bank for (A) the portion of the 2006 Bonds which were not remarketed, (B) those for which no notice of remarketing was received by the required time and (C) those for which no remarketing proceeds have been received and a draw certificate for payment of the accrued interest on the portion of the Tendered Bonds by the Bank for the portion of the 2006 Bonds (X) which were not remarketed, (Y) for which no notice of remarketing was received by the required time, or (Z) for which no remarketing proceeds have been received, pursuant to the Liquidity Facility.

(ii) Information Concerning Purchasers. A notice by telephone, telex or telecopier, to be confirmed in writing if given by telephone, specifying the names, addresses and taxpayer identification numbers of the purchasers, the denominations of 2006 Bonds to be registered in the name of each purchaser, the Flexible Rate and Repurchase Date to be applicable to each 2006 Bond and, if available, payment instructions for regularly scheduled interest payments or of any changes in such information previously communicated shall be furnished to the Tender Agent by 1:00 p.m., New York City time, on the Repurchase Date.

(iii) Payments by the Tender Agent. By 3:00 p.m., New York City time, on the Repurchase Date and upon receipt by the Tender Agent of 100% of the aggregate Repurchase Price of the Tendered Bonds, the Tender Agent shall pay the Repurchase Price of such 2006 Bonds to the holders thereof at its Principal Office or by bank wire transfer. Such payments shall be made in immediately available funds. With respect to the payment of the Repurchase Price, the Tender Agent shall apply in order (A) moneys paid to it by the Remarketing Agent or by the new purchaser of the Tendered Bonds as proceeds of the remarketing of such 2006 Bonds by the Remarketing Agent, (B) moneys paid to it by the Bank for the purchase of 2006 Bonds pursuant to the Liquidity Facility, and (C) any other moneys provided by the Authority. If sufficient funds are not available for the purchase of all Tendered Bonds, no purchase shall be consummated as provided in Section 306.

(iv) Registration and Delivery of Tendered or Purchased Bonds. On the Repurchase Date, the Tender Agent shall register and deliver, hold or cancel all 2006 Bonds purchased on such Repurchase Date as follows: (A) 2006 Bonds purchased or remarketed by the Remarketing Agent shall be registered and delivered to the

Remarketing Agent by 2:15 p.m., New York City time, in accordance with the instructions of the Remarketing Agent (B) 2006 Bonds purchased pursuant to a draw on the Liquidity Facility shall be registered in the name of the Authority unless otherwise required by the Liquidity Facility and shall be held in trust by the Tender Agent on behalf of the registered owner; and (C) 2006 Bonds purchased with other moneys provided by the Authority shall be canceled or registered and delivered in accordance with the instructions of the Authority, provided that so long as a Liquidity Facility is in effect, such 2006 Bonds shall not be remarketed or delivered to the Authority unless the Liquidity Facility supports the payment of such 2006 Bonds in accordance with the terms of this Fourth Supplement to the Amended and Restated Indenture and the Liquidity Facility.

(v) **Resale of Bonds Purchased Pursuant to the Liquidity Facility.** In the event that any 2006 Bonds are purchased pursuant to a draw on the Liquidity Facility pursuant to subparagraph (iv) above, the Remarketing Agent shall continue to offer for sale and use its best efforts to sell such 2006 Bonds at a purchase price equal to the principal amount thereof plus accrued interest thereon. 2006 Bonds purchased pursuant to the Liquidity Facility shall not be delivered upon remarketing by the Remarketing Agent or any other sale unless the Liquidity Facility is automatically reinstated for the principal amount thereof and the Interest Component applicable thereto in accordance with its terms or the Remarketing Agent has been advised by the Bank by Immediate Notice that it has elected to reinstate the Liquidity Facility for the required amount and the Bank notifies the Tender Agent by Immediate Notice of such reinstatement and directs the Tender Agent to deliver the 2006 Bonds to the purchaser.

(vi) **Delivery of Bonds; Effect of Failure to Surrender Bonds.** All 2006 Bonds to be purchased on any Repurchase Date shall be required to be delivered to the Principal Office of the Tender Agent by 1:00 p.m., New York City time, on the Repurchase Date. If the owner of any 2006 Bond (or portion thereof) that is subject to purchase pursuant to this Section fails to deliver such 2006 Bond to the Tender Agent for purchase on the Repurchase Date and if the Tender Agent is in receipt of the Tender Price therefor, such 2006 Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such 2006 Bond (or portion thereof) shall be transferred to the purchaser thereof as provided in subsection (e)(iv) above. Any 2006 Bondholder who fails to deliver a 2006 Bond for purchase as required above shall have no further rights thereunder except the right to receive the Repurchase Price thereof upon presentation and surrender of said 2006 Bond to the Tender Agent. Such delivery shall be a condition to the payment of the Repurchase Price by the Tender Agent on the Repurchase Date.

Section 303. MANDATORY TENDER UPON CONVERSIONS AMONG VARIABLE RATE PERIODS AND FLEXIBLE RATE PERIODS

(a) **Variable Rate Conversions.** 2006 Bonds which are subject to conversion on any Variable Rate Conversion Date pursuant to Section 203(d) (e) or (f) hereof shall be subject to mandatory tender for purchase on the Variable Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be.

(b) **Flexible Rate Conversions.** 2006 Bonds which are subject to conversion on any Flexible Rate Conversion Date pursuant to Section 204(b) hereof are subject to mandatory tender for purchase on the applicable Flexible Rate Conversion Date at the Tender Price.

(c) ARS Conversions. 2006 Bonds which are subject to conversion on any ARS Rate Conversion Date pursuant to Section 2A11(a) or (b) hereof are subject to mandatory tender for purchase on the applicable ARS Rate Conversion Date at the Tender Price.

(d) Notice to Bondholders. Any notice of a conversion given to Bondholders pursuant to Section 203(d)(iii), 203(e)(iii), 203(f)(ii), 204(b)(iii), 2A11(a) or 2A11(b) hereof shall, in addition to the requirements of such Section, state that the 2006 Bonds to be converted will be subject to mandatory tender for purchase on the Variable Rate Conversion Date or Flexible Rate Conversion Date or ARS Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be, and will specify the time at which 2006 Bonds are to be tendered for purchase.

Whenever the 2006 Bonds are held in the DTC System, any failure by DTC or any DTC Participant to provide the notice described above to any beneficial owner of the 2006 Bonds shall not affect the validity of any interest rate on any 2006 Bonds or extend the period for tendering any of the 2006 Bonds for purchase and the Trustee shall not be liable to any 2006 Bondholder by reason of any such failure or defect.

(e) Remarketing. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all 2006 Bonds to be tendered for purchase on the Flexible Rate Conversion Date or Variable Rate Conversion Date. In the event of a conversion to a Variable Rate Period, the terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price specified in subsection (a) above to the Tender Agent in immediately available funds at or before 3:00 p.m., New York City time, on the Variable Rate Conversion Date. In the case of a conversion to a Flexible Rate Period, the terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price specified in subsection (b) above to the Tender Agent in immediately available funds at or before 3:00 p.m., New York City time, on the Flexible Rate Conversion Date and the Flexible Rates and Interest Periods to be established shall be determined in the manner and subject to the limitations set forth in Section 302(c) hereof. In the case of a conversion to an ARS Interest Rate Period, the terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price specified in subsection (c) above to the Tender Agent in immediately available funds at or before 3:00 p.m., New York City time, on the ARS Rate Conversion Date and the Applicable ARS Rates to be established shall be determined in the manner and subject to the limitations set forth in Section 2A11 hereof.

(f) Purchase of Tendered Bonds. The provisions of Section 301(e) regarding purchases of 2006 Bonds shall apply to tenders pursuant to this Section 303 in the case of a conversion during a Variable Rate Period; provided that, for the purpose of so applying such provisions:

(i) the notices required pursuant to Section 301(e)(i) shall be given as therein described, except that the provisions relating specifically to 2006 Bonds during Daily Rate Periods shall be applicable only to 2006 Bonds to be converted from a Daily Rate Period or to a Flexible Rate Period;

(ii) the notice required pursuant to Section 301(e)(ii) shall be given as therein described, except that, in the case of a conversion to a Flexible Rate Period, the notice from the Remarketing Agent concerning the purchasers of the 2006 Bonds shall specify the Flexible Rates and Interest Periods for such 2006 Bonds; and

(iii) the deliveries of 2006 Bonds under Section 301(e)(vi) shall be required to be made at or before 1:00 p.m., New York City time, on the Variable Rate

Conversion Date (or 5:00 p.m., New York City time, on the second Business Day prior to the Conversion Date with respect to 2006 Bonds during a Term Rate Period).

The provisions of Section 302(d) regarding purchases of 2006 Bonds shall apply to tenders pursuant to this Section 303 with respect to 2006 Bonds in the case of conversions during a Flexible Rate Period.

Section 304. MANDATORY TENDER UPON FIXED RATE CONVERSION OR SUBSTITUTION OR TERMINATION OF LIQUIDITY FACILITY

(a) **Mandatory Tenders.**

(i) **Proposed Fixed Rate Conversion Date.** The 2006 Bonds to be converted to bear interest at the Fixed Rate pursuant to Section 205 hereof shall be subject to mandatory tender for purchase on a Proposed Fixed Rate Conversion Date at a price equal to the Tender Price or the Repurchase Price, as the case may be.

(ii) **Substitution of the Liquidity Facility with an Alternate Liquidity Facility.** The 2006 Bonds (other than Bank Bonds and 2006 Bonds bearing interest at the Fixed Rate) are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or the Repurchase Price, as the case may be, on the regularly scheduled Interest Payment Date immediately preceding the effective date of any substitution of the Liquidity Facility with an Alternate Liquidity Facility in accordance with the provisions of Section 310 hereof.

(iii) **No Renewal Liquidity Facility.** The 2006 Bonds are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or Repurchase Price, as the case may be, on any Renewal Date if by the tenth day preceding such Renewal Date the Trustee has not received a Renewal Liquidity Facility.

(iv) **Default under the Liquidity Facility.** The 2006 Bonds are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or Repurchase Price, as the case may be, on the fifteenth day (or the next preceding Business Day if such day is not a Business Day) after receipt by the Trustee of notice from the Bank of the occurrence of a default under the Liquidity Facility and that such Liquidity Facility shall be terminated; provided that (1) the Mandatory Tender Date shall be at least five days prior to the termination of the Bank's obligation to honor draws under the Liquidity Facility and (2) no purchase shall be required if prior to the Mandatory Tender Date the Trustee receives written notice from the Bank to the effect that the default has been cured in accordance with the provisions of the Liquidity Facility and such Liquidity Facility is, as of the date of such notice to the Trustee, in full force and effect and will not terminate as a result of such termination notice from the Bank.

(b) **Notice to Bondholders.** The Tender Agent shall mail notice to Bondholders of any mandatory tender as follows:

(i) pursuant to Section 304(a)(i) above (or include in any notice mailed pursuant to Section 205(d) hereof), not less than thirty (30) days prior to the Mandatory Tender Date;

(ii) pursuant to Section 304(a)(ii) or (iii) above, not less than fifteen (15) days prior to the Mandatory Tender Date, and

(iii) pursuant to Section 304(a)(iv), on the Business Day next succeeding receipt by the Trustee of the notice from the Bank described therein.

In the case of a notice pursuant to Section 304(a)(i) above, such notice will state, among other things, the Proposed Fixed Rate Conversion Date, that the 2006 Bonds will be subject to mandatory tender for purchase on the Fixed Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be, and the time at which the 2006 Bonds are to be tendered for purchase.

Whenever the 2006 Bonds are held in the DTC System, any failure by DTC or any DTC Participant to provide the notice described above to any beneficial owner of the 2006 Bonds shall not affect the validity of any interest rate on any 2006 Bonds or extend the period for tendering any of the 2006 Bonds for purchase and the Trustee shall not be liable to any 2006 Bondholder by reason of any such failure or defect.

(c) Remarketing. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for such 2006 Bonds following a mandatory tender; provided, however, that 2006 Bonds shall not be remarketed unless and until the Remarketing Agent receives notice from the Trustee that a Liquidity Facility complying with the requirements of Section 310(h) hereof is in place with respect to the 2006 Bonds. The terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price specified in subsection (a) above to the Tender Agent in immediately available funds at or before 10:30 a.m., New York City time.

(d) Purchase of Tendered Bonds. The provisions of Section 301(e) regarding purchases of 2006 Bonds shall apply to mandatory tenders pursuant to this Section 304 with respect to 2006 Bonds during a Variable Rate Period; provided that, for the purpose of so applying such provisions:

(i) the notices required pursuant to Section 301(e)(i) shall be given as therein described, except that the provisions relating specifically to 2006 Bonds during Daily Rate Periods shall be disregarded;

(ii) the notices required to be given pursuant to Section 301(e)(ii) hereof regarding purchasers of 2006 Bonds shall be given in the manner prescribed for tenders of 2006 Bonds during other than Daily Rate Periods; and

(iii) the deliveries of 2006 Bonds under Section 301(e)(iv) shall be required to be made at or before 2:15 p.m., New York City time on the Fixed Rate Conversion Date.

The provisions of Section 302(d) shall apply to tenders pursuant to this Section 304 with respect to 2006 Bonds during a Flexible Rate Period.

Section 305. FAILED CONVERSION

If on an ARS Rate Conversion Date or a Variable Rate Conversion Date, Flexible Rate Conversion Date or Proposed Fixed Rate Conversion Date, any condition precedent to such conversion required hereunder shall not be satisfied, such conversion shall not occur, the mandatory tender shall remain effective and if the Authority has filed with the Trustee and the Tender Agent a Favorable Opinion acceptable to the Trustee with respect to the conversion of the 2006 Bonds to Variable Rates for Weekly Rate Periods, the 2006 Bonds shall bear interest at the Variable Rate determined by the Remarketing Agent on the failed Conversion Date for a Weekly

Rate Period, and thereafter shall bear interest at Variable Rates for Weekly Rate Periods until an ARS Rate Conversion Date or a Variable Rate Conversion Date, Flexible Rate Conversion Date or Fixed Rate Conversion Date, provided, however, that if the 2006 Bonds were ARS immediately prior to such proposed conversion, then the 2006 Bonds shall remain ARS and shall bear interest at the ARS Maximum Rate for the immediately ensuing ARS Interest Period and shall continue to bear interest at the ARS Maximum Rate until such time that either (i) a successful conversion occurs or (ii) a subsequent Auction is conducted.

Section 306. INADEQUATE FUNDS FOR TENDERS

If the funds available for purchases of 2006 Bonds pursuant to this Article III are inadequate for the purchase of all 2006 Bonds required to be purchased on any purchase date, the Tender Agent shall immediately: (i) return all Tendered Bonds to the holders thereof; (ii) return all moneys received for the purchase of such 2006 Bonds to the Persons providing such moneys; and (iii) notify all Bondholders in writing (A) that an Event of Default has occurred, and (B) of the rate to be effective pursuant to following provisions. If the funds available for purchases of 2006 Bonds pursuant to this Article III are inadequate for the purchase of all 2006 Bonds required to be purchased (i) on a proposed Conversion Date, such conversion shall be deemed to have failed and the provisions of Section 305 above shall apply; (ii) in all other cases, the Remarketing Agent shall determine the applicable interest rate in accordance with the provisions of Article II hereof.

Section 307. LIMITS UPON REMARKETING

(a) Tendered Bonds shall not be remarketed to the Authority or any Affiliate unless, prior to such sale, the Authority shall have delivered to the Trustee an unqualified written opinion of counsel experienced in bankruptcy matters and satisfactory to the Trustee and each Rating Agency then maintaining a rating on the 2006 Bonds (which opinion may assume that no Bondholders are "insiders" within the meaning of Title XI of the United States Code) to the effect that payment of such amounts to Bondholders would not be avoidable as preferential payments under Section 547 of the United States Bankruptcy Code recoverable under Section 550 of the United States Bankruptcy Code should the Authority or any Affiliate become a debtor in a proceeding commenced thereunder. Neither the Trustee nor the Tender Agent shall be required to monitor the actions of the Remarketing Agent to ensure that it will not remarket any Bonds to the Authority or any Affiliate, and for the purposes of this Section 307 hereof, the Trustee and the Tender Agent may, in the absence of actual notice to the contrary, assume that no funds furnished to the Tender Agent by the Remarketing Agent constitute proceeds of the remarketing of any Bonds to the Authority or any Affiliate.

(b) 2006 Bonds shall not be remarketed unless and until a Liquidity Facility complying with the requirements of Section 310(h) hereof is in place with respect to the 2006 Bonds.

(c) Despite the absence of a Liquidity Facility complying with the requirements of Section 310(h) hereof, whether resulting from the termination of an existing Liquidity Facility or otherwise, the Authority shall be under no obligation to purchase 2006 Bonds otherwise subject to optional tender pursuant to Section 301 hereof or mandatory tender pursuant to Sections 302, 303 or 304 hereof prior to the Maturity Date of such 2006 Bonds.

Section 308. BOND PURCHASE FUND

(a) Establishment of Bond Purchase Fund and Accounts. Following Conversion from ARS to a Variable Rate or a Flexible Rate, the Trustee shall establish or cause the Tender Agent to establish and maintain, so long as the 2006 Bonds remain outstanding at a Variable Rate

or a Flexible Rate, a separate fund to be known as the "Bond Purchase Fund" (the "Bond Purchase Fund"), within which there shall be established a Remarketing Proceeds Account and a Liquidity Facility Purchase Account, which shall be held in trust by the Trustee until applied as hereinafter provided.

(i) Remarketing Proceeds Account. The Trustee or the Tender Agent shall deposit to the credit of the Remarketing Proceeds Account (A) the moneys received upon the remarketing of Tendered Bonds pursuant to section 307 hereof and the Remarketing Agreement to any Person (other than Tendered Bonds sold to the Authority, any Affiliate or any Insider in violation of Section 307 hereof), and (B) the moneys received from the underwriter or purchaser (other than the Authority, any Affiliate, or any Insider) of Tendered Bonds upon the conversion of the interest rate thereon to a Fixed Rate. No moneys other than those described in (A) and (B) of this Section 308(a)(i) shall be deposited into such account.

(ii) Liquidity Facility Purchase Account. The Trustee or the Tender Agent shall deposit to the credit of the Liquidity Facility Purchase Account all proceeds of drawings under the Liquidity Facility to pay the purchase price of Tendered Bonds (other than Bank Bonds), and no other moneys shall be deposited in such account.

(b) Application of Bond Purchase Fund. Moneys in the Bond Purchase Fund shall be held in trust for the benefit of and subject to a lien in favor of the owners of Tendered Bonds and shall be used exclusively for the payment of the purchase price of Tendered Bonds; provided, however, that any moneys remaining on deposit in the Liquidity Facility Purchase Account after payment in full of all amounts due on the Tendered Bonds shall be transferred to the Bank.

(c) Moneys on deposit in the Bond Purchase Fund shall be invested only upon the written direction of the Authority and only in Government Obligations with a term not exceeding the earlier of 30 days from the date of investment of such moneys or the date or dates that moneys therefrom are anticipated to be required. Amounts held to pay the purchase price for more than five years shall be applied in the same manner as provided under Section 515 of the Amended and Restated Indenture.

Section 309. NON-PRESENTMENT OF TENDERED BONDS

In the event any Tendered Bonds shall not be presented for purchase and moneys sufficient to pay the purchase price of such Tendered Bonds are held in the Bond Purchase Fund, the Tender Agent shall segregate and hold such moneys in trust (but shall not invest such moneys), without liability for interest thereon, for the benefit of and subject to a security interest in favor of the holders of such Tendered Bonds who shall, except as provided in the last paragraph of Section 308 hereof, thereafter be restricted exclusively to such moneys, for the satisfaction of any claim of whatever nature on their part under the Indenture or on, or with respect to, said Tendered Bonds.

Section 310. LIQUIDITY FACILITY

(a) Draws on Liquidity Facility. While in effect, the Trustee shall draw moneys under the Liquidity Facility in accordance with its terms and in accordance with Sections 301(e)(i), 302(d)(i), 303(e) and 304(d) hereof to the extent necessary to pay to the Bondholders the purchase price of Tendered Bonds. Immediately following each drawing under the Liquidity Facility, and not as a condition to such drawing, the Trustee shall use its best efforts to give telephonic notice to the Authority that such a drawing under the Liquidity Facility was made. The Trustee and the Tender Agent shall return any moneys drawn under the Liquidity Facility to the Bank immediately following

the applicable purchase date to the extent such moneys exceed the amount necessary to pay the Repurchase Price or Tender Price of Tendered Bonds.

(b) Maintenance of Liquidity Facility. The Authority covenants that it shall, at all times that the 2006 Bonds bear interest in a Variable Rate, cause a Liquidity Facility complying with the requirements of this Section 310 to be in effect with respect to the 2006 Bonds.

(c) Renewal Liquidity Facility. The Authority may, subject to the provisions of the Liquidity Facility, at any time arrange for the deposit with the Trustee of a Renewal Liquidity Facility in substitution for the existing Liquidity Facility. Each Renewal Liquidity Facility shall be satisfactory in form and substance to the Trustee; provided that no such Renewal Liquidity Facility shall be satisfactory to the Trustee unless, in addition to all other requirements to be met therefor, a draft of such Renewal Liquidity Facility, and a draft of the related Renewal Liquidity Facility Agreement, if any, have been submitted to the Trustee at least 20 days prior to the date such Renewal Liquidity Facility is to become effective. In addition, if such Liquidity Facility contains a decrease in the Interest Coverage Rate, the Interest Coverage Period or the Interest Component or a decrease in the portion of the Liquidity Facility designated to pay premium upon purchase of the 2006 Bonds, the Trustee must have received written evidence from each Rating Agency then maintaining a rating on the 2006 Bonds that such rating will not be withdrawn or reduced due to the delivery of such Renewal Liquidity Facility. Upon the delivery of a Renewal Liquidity Facility, the Trustee shall promptly give written notice by first class mail, postage prepaid, to each owner of a 2006 Bond bearing interest at a Variable Rate or a Flexible Rate that a Renewal Liquidity Facility and Renewal Liquidity Facility Agreement will secure such 2006 Bond.

(d) Alternate Liquidity Facility. The Authority may, subject to the provisions of the Liquidity Facility, at any time arrange for the deposit with the Trustee of an Alternate Liquidity Facility in substitution for the existing Liquidity Facility. The Alternate Liquidity Facility shall expire no earlier than 360 days from the date of its deposit with the Trustee and, in the event any of the 2006 Bonds bear interest at a Term Rate for a Term Rate Period extending beyond the Stated Expiration Date of such Alternate Liquidity Facility, no earlier than the Liquidity Facility which it replaces. Each Alternate Liquidity Facility shall be satisfactory in form and substance to the Trustee; provided that any such Alternate Liquidity Facility shall not be satisfactory to the Trustee unless, in addition to all other requirements to be met therefor, a draft of such Alternate Liquidity Facility and a draft of any supplemental bond indenture required to be executed in connection with the delivery of the Alternate Liquidity Facility, and appropriate information concerning the entity which will issue such Alternate Liquidity Facility have been submitted to each Rating Agency then maintaining a rating on the 2006 Bonds entitled to the benefit of the then effective Liquidity Facility, and each such Rating Agency has given notice, promptly confirmed in writing, to the Authority and the Trustee at least 20 days prior to the date such Alternate Liquidity Facility is to become effective as to what rating the 2006 Bonds entitled to the benefit of the Alternate Liquidity Facility will bear after such substitution.

The Liquidity Facility then in effect may be replaced by an Alternate Liquidity Facility only if (i) the provisions for mandatory tender for purchase of the 2006 Bonds described in Section 304 hereof are satisfied, (ii) prior to such replacement the Authority shall have delivered to the Trustee a Favorable Opinion with respect to such replacement, (iii) the Trustee shall receive an opinion of counsel for the Bank Issuing the Alternate Liquidity Facility in a form reasonably acceptable to the Trustee and (iv) the Bank Issuing the Alternate Liquidity Facility or the Authority shall provide funds on or before the substitution for the purchase of all Bank Bonds from the Bank issuing the Liquidity Facility then in effect.

(e) **Surrender of Liquidity Facility.** If at any time there shall have been delivered to the Trustee, in substitution for the Liquidity Facility then in effect, either an Alternate Liquidity Facility or a Renewal Liquidity Facility, then the Trustee shall accept such Alternate Liquidity Facility or Renewal Liquidity Facility and shall thereupon surrender the Liquidity Facility then in effect to the Bank which issued the Liquidity Facility in accordance with its terms for cancellation unless such substitution is effected through the attachment of an exhibit or similar attachment to the prior Liquidity Facility as permitted by the terms of such Liquidity Facility. At such time as the 2006 Bonds shall have been converted to a Fixed Rate, the Trustee shall promptly surrender the Liquidity Facility then in effect to the Bank which issued such Liquidity Facility in accordance with the terms thereof and of the Indenture for cancellation. The Trustee shall promptly surrender any Liquidity Facility after it expires in accordance with its terms.

(f) **Transfer of Liquidity Facility.** The Trustee shall not sell, assign or otherwise transfer the Liquidity Facility except to a successor Trustee hereunder and in accordance with the terms of the Liquidity Facility.

(g) **Reserved.**

(h) **Terms of Liquidity Facility.** So long as any 2006 Bonds bear interest at a Variable Rate or a Flexible Rate, the Authority is required to cause to have on deposit with the Trustee a Liquidity Facility. When a Liquidity Facility is in effect, the Authority shall maintain the Interest Component of the Liquidity Facility in an amount which shall not be less than the amount determined by multiplying

(i) the outstanding principal amount of 2006 Bonds bearing interest at a Variable Rate or a Flexible Rate, as applicable, times

(ii) the Interest Coverage Rate for such Variable Rate Period or Flexible Rate, as applicable, required to be used pursuant to this paragraph times

(iii) the quotient determined by dividing

(A) the Interest Coverage Period for such Variable Rate Period or Flexible Rate Period, as applicable, required to be used pursuant to this paragraph by

(B) 365 (or 360, in the case of 2006 Bonds bearing interest at Variable Rates for Term Rate Periods or bearing interest at a Fixed Rate).

The Interest Coverage Rate utilized for each Variable Rate Period or Flexible Rate Period in the above described calculation shall not be less than the rate specified by the Remarketing Agent to the Trustee for the 2006 Bonds in each particular Variable Rate Period or Flexible Rate Period as the maximum interest rate at which the Remarketing Agent will remarket the 2006 Bonds in such Variable Rate Period or Flexible Rate Period, which may not be less than the current interest rate or rates borne by the 2006 Bonds in such Variable Rate Period or Flexible Rate Period. Notwithstanding anything herein to the contrary, the maximum interest rate at which the 2006 Bonds may be remarketed may not be greater than 12% per annum.

The Interest Coverage Period utilized for each Variable Rate Period or Flexible Rate Period in the above described calculation shall not be less than the following:

(iv) with respect to 2006 Bonds bearing interest at a Variable Rate for a Daily Rate Period or a Weekly Rate Period, 34 days;

(v) with respect to 2006 Bonds bearing interest at a Variable Rate for a Term Rate Period, 183 days;

(vi) with respect to 2006 Bonds bearing interest at a Flexible Rate, 270 days; or

(vii) with respect to 2006 Bonds generally, such other number of days then required by any Rating Agency to obtain or maintain an investment grade rating on the 2006 Bonds entitled to the benefit of such Liquidity Facility.

If any Bond is bearing interest at a Variable Rate for a Term Rate Period and if the Stated Expiration Date is scheduled to occur during the current Interest Period therefor, the amount of the Liquidity Facility must include an amount to pay the applicable premium, if any, on the Renewal Date on which such Bond is required to be purchased pursuant to Section 304 hereof.

In addition, each Renewal Liquidity Facility and Alternate Liquidity Facility shall provide for payment of an amount equal to the outstanding principal amount of the 2006 Bonds bearing interest at a Variable Rate or a Flexible Rate. Each Liquidity Facility shall provide that such Liquidity Facility may not be terminated until five days after any draw thereunder is made on a Renewal Date, Substitution Date or Conversion Date.

(i) Bank Bonds.

(i) Any 2006 Bonds purchased with proceeds of a drawing on the Liquidity Facility pursuant to this Article shall be registered in the name of the Bank and are herein called "Bank Bonds". Pending reinstatement of the Liquidity Facility securing such 2006 Bonds or release of such 2006 Bonds by the Bank, the Bank shall be entitled to receive all payments of principal of and interest on Bank Bonds and such 2006 Bonds shall not be transferable or deliverable to any party (including the Authority) except the Bank. As indicated in Section 202 hereof, all Bank Bonds shall bear interest at the Bank Rate.

(ii) The Remarketing Agent shall continue to use its best efforts to arrange for the sale of any Bank Bonds, subject to the reinstatement of the Liquidity Facility with respect to the drawings with which such 2006 Bonds were purchased, at a price equal to the principal amount thereof plus accrued interest.

(iii) Delivery of Remarketed Bank Bonds and Proceeds Thereof. Upon reinstatement of the Liquidity Facility relating to Bank Bonds and the sale of Bank Bonds arranged by the Remarketing Agent, the Tender Agent shall make available (i) such 2006 Bonds to the Remarketing Agent for redelivery to the purchasers thereof and (ii) the proceeds of such sale to the Bank to the extent of any unpaid obligation under the Liquidity Facility for the prior drawing made by the Tender Agent on the Liquidity Facility in respect of the purchase of such 2006 Bonds.

ARTICLE IV REDEMPTION OF BONDS

Section 401. REDEMPTION DATES AND PRICES

As long as there is no continuing Event of Default under the Indenture, the 2006 Bonds shall be subject to redemption prior to maturity in the amounts, at the times and in the manner provided in this Section 401.

(a) Optional Redemption.

(i) ARS Interest Rate Period. During an ARS Interest Rate Period, the 2006 Bonds shall be subject to redemption prior to maturity at the option of the Authority, in whole or in part (and if in part in an Authorized Denomination) on any ARS Interest Payment Date, at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date, without premium.

(ii) Flexible Rate Period or a Variable Rate Period. During a Flexible Rate Period or a Variable Rate Period, the 2006 Bonds shall be subject to redemption prior to maturity at the option of the Authority, in whole or in part (and if in part in an Authorized Denomination) on any Repurchase Date applicable thereto during a Flexible Rate Period or on any Interest Payment Date during a Variable Rate Period (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot), at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

(iii) Term Rate Period. On or prior to the Fixed Rate Conversion Date, 2006 Bonds in a Term Rate Period may be redeemed by the Authority, in whole or in part (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot in such manner as shall be determined by the Trustee), (A) at any time on and after the No-Call Period described below, at a redemption price of 100% of the principal amount of 2006 Bonds called for redemption, plus accrued interest to the date fixed for redemption, and (B) on the day after the end of each Term Rate Period at a redemption price of 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption:

Length of Term Rate Period	Commencement of Redemption Period
Greater than or equal to 15 years	10 th Anniversary of the commencement of the Term Rate Period
Less than 15 years and greater than or equal to 10 years	8 th Anniversary of the commencement of the Term Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Term Rate Period
Less than 8 years	Not subject to optional redemption until commencement of next Term Rate Period

Notwithstanding the foregoing, the No-Call Periods specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the conversion of the interest rate on the

2006 Bonds to a Term Rate Period is to the effect that such change will not have an adverse effect on the validity of the 2006 Bonds or any exemption from federal income taxation to which interest on the 2006 Bonds would otherwise be entitled.

(iv) Fixed Rate. After the Fixed Rate Conversion Date, the 2006 Bonds may be redeemed by the Authority in whole on any date, or in part on any Interest Payment Date (and, if in part, by lot in such manner as shall be determined by the Trustee), after the No-Call Period described below at a redemption price of 100% of the principal amount of 2006 Bonds called for redemption, plus accrued interest to the date fixed for redemption:

Length of Fixed Rate Period	Commencement of Redemption Period
Greater than or equal to 15 years	10 th Anniversary of the commencement of the Fixed Rate Period
Less than 15 years and greater than or equal to 10 years	8 th Anniversary of the commencement of the Fixed Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Fixed Rate Period
Less than 8 years	Not subject to optional redemption

Notwithstanding the foregoing, the No-Call Periods and redemption prices specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the conversion of the interest rate on the 2006 Bonds to a Fixed Rate is to the effect that such change will not have an adverse effect on the validity of the 2006 Bonds or any exemption from federal income taxation to which interest on the 2006 Bonds would otherwise be entitled.

(b) Special Optional Redemption. Any 2006 Bonds which are Bank Bonds shall be subject to redemption in whole or in part prior to the Maturity Date at the option of the Authority out of amounts deposited in the Debt Service Fund, on any Business Day while such 2006 Bonds are Bank Bonds at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

(c) Mandatory Sinking Fund Redemption. The 2006 Bonds are subject to mandatory redemption prior to maturity in part by lot, as selected by the Trustee, on June 15 of each year as set forth below, in the respective principal amounts listed opposite each such year from moneys in the Debt Service Fund, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to the redemption date.

Redemption Date (June 15)	Principal Amount	Redemption Date (June 15)	Principal Amount
2007	\$ 4,450,000	2014	\$ 6,450,000
2008	4,675,000	2015	6,800,000
2009	4,925,000	2016	7,175,000
2010	5,200,000	2017	7,575,000
2011	5,475,000	2018	8,000,000
2012	5,800,000	2019	8,425,000
2013	6,100,000	2020*	8,900,000

* Final Maturity

Notwithstanding the foregoing, so long as the 2006 Bonds are ARS, if any June 15th is not an ARS Interest Payment Date, the mandatory sinking fund redemption will occur on the ARS Interest Payment Date immediately preceding such June 15th. Further, notwithstanding the foregoing, on and after the Fixed Rate Conversion Date, if the Authority shall file a certificate pursuant to Section 205(d) hereof in connection with the conversion of the 2006 Bonds to the Fixed Rate containing an alternate schedule of mandatory redemption dates and amounts to be effective with respect to the 2006 Bonds on and after the Fixed Rate Conversion Date, in lieu of the mandatory sinking fund redemption schedule detailed above, the Authority shall redeem 2006 Bonds maturing on such dates and in the such amounts from moneys in the Debt Service Fund as shall be set forth in such certificate, if any, filed in connection with the conversion of the 2006 Bonds to the Fixed Rate, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to the redemption date.

In the event of any partial redemption of the 2006 Bonds pursuant to Section 401(a) or (b), hereof, the mandatory sinking fund redemption payments shall be reduced in such order as the Authority shall elect prior to such redemption or, if no such election is made, in the inverse order thereof. The Trustee shall (in such manner as it in its sole discretion shall choose) adjust the amount of each such reduction in required mandatory redemption payment, so that each such required mandatory sinking fund redemption payment is made in Authorized Denominations.

(d) General Provisions Regarding Redemptions.

(i) No redemption of less than all of the 2006 Bonds outstanding shall be made unless in Authorized Denominations. Any redemption of less than all of the 2006 Bonds Outstanding shall be made first from Bank Bonds. Any redemption of less than all of the 2006 Bonds Outstanding shall be made in such a manner that all 2006 Bonds Outstanding after such redemption are in Authorized Denominations.

(ii) 2006 Bonds may be called for redemption by the Trustee pursuant to Section 401 hereof in accordance with the notice requirements of Section 402 hereof.

(iii) In lieu of redeeming 2006 Bonds pursuant to Section 401, the Trustee may, at the written request of the Authority, use such funds otherwise available hereunder for redemption of 2006 Bonds to purchase 2006 Bonds in the open market at a price not exceeding the redemption price then applicable hereunder. Any 2006 Bonds so purchased in lieu of redemption shall be delivered to the Trustee for cancellation and

shall be canceled. It is understood that (i) in the case of any optional redemption or purchase and cancellation of 2006 Bonds with serial maturities, the Authority shall receive credit against its required mandatory redemption deposits, if any, with respect to the 2006 Bonds of such Maturity Date and (ii) in the case of any optional redemption of 2006 Bonds with a term maturity, the Authority shall receive credit against its required mandatory redemption deposits, if any, in such order as the Authority shall designate in writing prior to the redemption or purchase and cancellation or, if no such election is made prior to such redemption or purchase and cancellation, in the inverse order thereof; provided, however, that following such reduction each such mandatory redemption payment is made in integral multiples of an Authorized Denomination.

Section 402. NOTICE OF REDEMPTION

(a) Except as hereinafter provided, a copy of the notice of the call for any redemption identifying the 2006 Bonds to be redeemed shall be given by the Trustee to the Bondholders by first class mail, postage prepaid, with respect to 2006 Bonds during a Daily Rate Period or a Weekly Rate Period, not less than 15 days and not more than 30 days prior to the date fixed for redemption and, with respect to 2006 Bonds bearing interest during an ARS Interest Rate Period, a Term Rate Period, a Flexible Rate Period or a Fixed Rate Period, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the registered owners of 2006 Bonds to be redeemed at their addresses as shown on the Bond Register. Such notice shall specify the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue on the 2006 Bonds which are the subject of such notice and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. If at the time of mailing of any notice of redemption with respect to any redemption other than a mandatory redemption pursuant to Section 401(c) hereof the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the 2006 Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited. Prior to the Fixed Rate Conversion Date, Immediate Notice of any such redemption shall also be given to the Remarketing Agent promptly following the giving of notice to the Bondholders as aforesaid.

(b) Notwithstanding Section 402(a) hereof, if the 2006 Bonds are to be redeemed pursuant to Section 401(b) hereof, the Trustee shall give Immediate Notice to the Bank upon receipt of the written request of the Authority.

(c) Failure to give notice in the manner prescribed hereunder with respect to any 2006 Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any 2006 Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the 2006 Bonds to be redeemed and to pay interest due thereon and premium, if any, the 2006 Bonds thus called shall not after the applicable redemption date bear interest, be protected by the Indenture or be deemed to be Outstanding under the provisions of the Indenture.

(d) If any 2006 Bond is transferred or exchanged on the Bond Register by the Bond Registrar after notice has been given calling such 2006 Bond for redemption, the Trustee will attach a copy of such notice to the 2006 Bond issued in connection with such transfer or exchange.

Section 403. SELECTION OF BONDS TO BE REDEEMED

If less than all the 2006 Bonds shall be called for redemption under any provision of the Indenture permitting such partial redemption, the particular 2006 Bonds or portions thereof to be redeemed shall be selected by the Authority, in the principal amount designated in writing to the Trustee by the Authority or otherwise as required by the Indenture; provided, however, that (i) Bank Bonds shall be redeemed first; (ii) in the case of the mandatory redemption of 2006 Bonds which have been assigned to a particular mandatory redemption date pursuant to Section 401(c) hereof, such 2006 Bonds shall be redeemed on the designated dates; and (iii) subject to other applicable provisions of the Indenture, the portion of any 2006 Bond to be redeemed shall be in a principal amount equal to an Authorized Denomination. In selecting 2006 Bonds for redemption, the Trustee shall treat each 2006 Bond as representing that number of 2006 Bonds which is obtained by dividing the principal amount of such 2006 Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any 2006 Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the owner of such 2006 Bond shall forthwith surrender such 2006 Bond to the Trustee for (a) payment to such owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption and (b) delivery to such owner a new 2006 Bond or 2006 Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such 2006 Bond. New 2006 Bonds representing the unredeemed balance of the principal amount of such 2006 Bond shall be issued to the registered owner thereof without charge therefor.

ARTICLE V THE TENDER AGENT AND REMARKETING AGENT

Section 501. TENDER AGENT

The Trustee may, at all times on or before the Fixed Rate Conversion Date, appoint a Tender Agent with the power to act, on or prior to the Fixed Rate Conversion Date, on the Trustee's behalf and subject to its direction in the authentication and delivery of the 2006 Bonds and in connection with registration of transfers and exchanges, tenders, redemptions, notices and purchases thereof and payments thereon, as fully to all intents and purposes as though the Tender Agent had been expressly authorized hereunder to authenticate, deliver, pay, transfer and exchange 2006 Bonds, receive notices pursuant to Section 301, purchase tendered Bonds and make payments on the 2006 Bonds. The Trustee and the Tender Agent may enter into an agreement whereby the Tender Agent agrees to calculate the interest to be paid on each Interest Payment Date, and will relay such information to the Trustee for its confirmation. In the absence of such an agreement, the Trustee shall calculate such interest. For all purposes, any such Tender Agent shall be deemed to be acting solely as the agent of the Trustee and the authentication, delivery, transfer or exchange of 2006 Bonds, receipt of notices pursuant to Section 301, purchase of Tendered Bonds and payment of 2006 Bonds by the Tender Agent pursuant to this Section shall be deemed to be the authentication, delivery, transfer or exchange of 2006 Bonds, receipt of such notices, purchase of Tendered Bonds and payment of 2006 Bonds by the Trustee. Such Tender Agent shall at all times be a commercial bank with trust powers or trust company organized under the laws of the United States of America or one of the states thereof, having an office in New York, New York (or having an agent with such an office) and shall at all times be an institution organized and doing business under the laws of the United States or of any state authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authorities (a) with a combined capital and surplus of at least \$500,000,000 or (b) affiliated with the Trustee. If such institution publishes reports of condition at least annually pursuant to law or the

requirements of such authorities, then for the purposes of this Section the combined capital and surplus of such institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The appointment of a Tender Agent under this Section shall be effective upon acceptance by the Tender Agent and shall continue until the Trustee making such appointment shall rescind such appointment, the Tender Agent shall resign, or until the effective date of the resignation or removal of such Trustee pursuant to the provisions of this Fourth Supplement to the Amended and Restated Indenture. The Tender Agent may act through an agent constituting a commercial bank with trust powers or trust company. If at any time on or prior to the Fixed Rate Conversion Date there is no Tender Agent, all references herein to the Tender Agent shall be deemed to refer to the Trustee. The Tender Agent shall be entitled to the same rights and shall be subject to the same obligations hereunder as the Trustee, and shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in the Indenture with respect to the Trustee insofar as such provisions may be applicable.

The Trustee shall make such arrangements with the Tender Agent, in addition to those made as provided herein, as are necessary to be made and to be thereafter continued whereby funds from the sources specified herein will be made available to pay when due the principal and redemption price of, and interest on, 2006 Bonds bearing interest at a Variable Rate or a Flexible Rate.

Section 502. REMARKETING AGENT

Following Conversion from ARS to a Variable Rate, the Authority shall appoint a Remarketing Agent for the 2006 Bonds. The Remarketing Agent shall designate its Principal Office to the Trustee, the Authority, the Tender Agent and the Bank and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Authority, the Trustee, and the Tender Agent under which the Remarketing Agent will agree, particularly:

(a) to hold all moneys delivered to it for the purchase of 2006 Bonds for the account of and for the benefit of the person or entity which shall have so delivered such moneys until the 2006 Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity; and

(b) to keep such books and records as shall be consistent with prudent industry practice, and to make such books and records available for inspection by the Authority, the Trustee, the Tender Agent and the Bank at all reasonable times.

The Authority shall cooperate with the Trustee, the Tender Agent and the Bank to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified herein will be made available for the purchase of 2006 Bonds presented at the Payment Office of the Tender Agent and whereby 2006 Bonds, executed by the Authority and authenticated by the Trustee or the Tender Agent, shall be made available to the Remarketing Agent to the extent necessary for delivery pursuant to Section 308 hereof.

The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 30 days' notice to the Authority, the Bank, the Trustee and the Tender Agent. The Remarketing Agent may be removed at any time upon 30 days' notice, by an instrument, signed by the Authority and filed with the Remarketing Agent, the Bank, the Trustee and the Tender Agent.

In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys and 2006 Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Authority shall fail to appoint a Remarketing Agent hereunder, or in the event that the Remarketing Agent shall resign, be removed or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Authority shall not have appointed its successor as Remarketing Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section 502, shall *ipso facto* be deemed to be the Remarketing Agent for all purposes of the Indenture until the appointment by the Authority of the Remarketing Agent or successor Remarketing Agent, as the case may be; provided, however, that the Trustee, in its capacity as Remarketing Agent, shall not be required to remarket Bonds, or to determine the interest rate on the 2006 Bonds.

The Remarketing Agent for its own account or as broker or agent for others may deal in 2006 Bonds and may do anything any other Bondholder may do to the same extent as if the Remarketing Agent were not serving as such.

The Remarketing Agent will not be entitled to any compensation from the Trustee or the Tender Agent or have any claim or rights with respect to any property, rights or interests constituting a part of the trust estate or otherwise held under the Indenture, but must make separate arrangements with the Authority for compensation.

Section 503. QUALIFICATIONS OF REMARKETING AGENT

Except in the case of the interim appointment of the Trustee to serve as Remarketing Agent pursuant to Section 502 hereof, the Remarketing Agent shall at all times be registered as a Municipal Securities Dealer under the Securities Exchange Act of 1934, as amended, and be authorized by law to perform all the duties contemplated by the Indenture to be performed by the Remarketing Agent and shall have knowledge and experience in the remarketing of securities such as the 2006 Bonds and shall not be unacceptable to the Bank.

ARTICLE VI REVENUES AND FUNDS

Section 601. DEBT SERVICE FUND.

(a) The Trustee shall establish as a part of the Debt Service Fund in respect of the 2006 Bonds a 2006 Bonds Sinking Fund Account (the "2006 Bonds Sinking Fund Account") for the retirement of the 2006 Bonds. Moneys deposited in the 2006 Bonds Sinking Fund Account shall be held by the Trustee for the sole benefit of the registered owners of 2006 Bonds specified below and shall be applied as hereafter provided.

The Trustee shall transfer moneys from the Debt Service Fund in respect of the 2006 Bonds to the 2006 Bonds Sinking Fund Account on June 1 of the years and in the amounts required to retire 2006 Bonds as and to the extent required pursuant to Section 401(c) of this Fourth Supplement to the Amended and Restated Indenture. Notwithstanding the foregoing, so long as the 2006 Bonds are ARS, if any June 15th is not an ARS Interest Payment Date, the Trustee shall transfer such moneys from the Debt Service Fund in respect of the 2006 Bonds to the 2006 Bonds Sinking Fund Account on the date that is fifteen (15) days prior to the ARS Interest Payment Date

on which the 2006 Bonds are required to be redeemed pursuant to Section 401(c) of this Fourth Supplement to the Amended and Restated Indenture.

Prior to May 1 of each year in which 2006 Bonds are subject to mandatory redemption as described in Section 401(c) of this Fourth Supplement to the Amended and Restated Indenture, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 2006 Bonds Sinking Fund Account of as many 2006 Bonds then subject to mandatory sinking fund redemption as can be purchased in the open market or pursuant to offers made at the time by the holders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund in respect of the 2006 Bonds). Prior to May 15 of each year or such date as will permit the Trustee to mail the notice of redemption required under Section 402 of this Fourth Supplement to the Amended and Restated Indenture, so long as any 2006 Bonds shall remain Outstanding, the Trustee shall select 2006 Bonds for redemption, selecting any Bank Bonds first and thereafter by lot, on June 15 of such year, a principal amount of 2006 Bonds as shall represent the difference between the principal amount of such 2006 Bonds fixed for redemption on such date as described in Section 401(c) of this Fourth Supplement to the Amended and Restated Indenture and the principal amount thereof which the Trustee shall have purchased or agreed to purchase during the immediately preceding period, as above provided.

Upon selection of the particular 2006 Bonds to be redeemed, as above provided, the Trustee shall send a notice, in the name of the Authority, to the holders of such 2006 Bonds so drawn for redemption in the manner provided in Article IV of this Fourth Supplement to the Amended and Restated Indenture, and, upon presentation by the holders thereof, the Trustee shall pay the principal amount thereof out of moneys in the 2006 Bonds Sinking Fund Account and shall pay accrued interest due from moneys available therefor in the Debt Service Fund in respect of the 2006 Bonds.

If at any time all the 2006 Bonds eligible for redemption shall have been purchased, redeemed or paid, the Trustee shall make no further transfers to the 2006 Bonds Sinking Fund Account and shall transfer any balance then in such account to the Debt Service Fund in respect of the 2006 Bonds. Whenever 2006 Bonds are to be purchased out of the 2006 Bonds Sinking Fund Account, if the Authority shall notify the Trustee that the Authority wishes to arrange for such purchase, the Trustee shall comply with the Authority's arrangements provided they conform to the Indenture.

(b) As long as the Bond Insurance Policy shall be in full force and effect, the Authority, the Trustee agrees to comply with the following provisions:

(a) at least one (1) Business Day prior to all Interest Payment Date the Trustee or paying agent, if any, will determine whether there will be sufficient funds in the Funds and Accounts to pay the principal of or interest on the 2006 Bonds on such interest payment date. If the Trustee or paying agent, if any, determines that there will be insufficient funds in such Funds or Accounts, the Trustee or paying agent, if any, shall so notify the Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the 2006 Bonds to which such deficiency is applicable and whether such 2006 Bonds will be deficient as to principal or interest, or both. If the Trustee or paying agent, if any, has not so notified the Bond Insurer at least one (1) Business Day prior to an Interest Payment Date, the Bond Insurer will make payments of principal or interest due on the 2006 Bonds on or before the

first (1st) Business Day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Trustee or paying agent, if any.

(b) the Trustee or paying agent, if any, shall, after giving notice to the Bond Insurer as provided in (a) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to The Bank of New York, in New York, New York, as Insurance trustee for the Bond Insurer or any successor Insurance trustee (the "Insurance Trustee"), the registration books of the Authority maintained by the Trustee or paying agent; if any, and all records relating to the Funds and Accounts maintained under the Indenture.

(c) the Trustee or paying agent, if any, shall provide the Bond Insurer and the Insurance Trustee with a list of registered owners of 2006 Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal upon 2006 Bonds surrendered to the Insurance Trustee by the registered owners of Bonds entitled to receive full or partial principal payments from the Bond Insurer.

(d) the Trustee or paying agent, if any, shall, at the time it provides notice to the Bond Insurer pursuant to (a) above, notify registered owners of Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such 2006 Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Trustee or paying agent, if any, and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their 2006 Bonds for payment thereof first to the Trustee or paying agent, if any, who shall note on such 2006 Bonds the portion of the principal paid by the Trustee or paying agent, if any, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) in the event that the Trustee or paying agent, if any, has notice that any payment of principal or interest on a 2006 Bonds which has become Due for Payment and which is made to a Bondholder by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee or paying agent, if any, shall, at the time the Bond Insurer is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee or paying agent, if any, shall furnish to the Bond Insurer its records evidencing the payments of principal and interest on the 2006 Bonds which have been made by the Trustee or paying agent, if any, and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In addition to those rights granted the Bond Insurer under this Indenture, the Bond Insurer shall, to the extent it makes payment of principal of or interest on 2006 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee or paying agent, if any, shall note the Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee or paying agent, if any, upon receipt from the Bond Insurer of proof of the payment of interest thereon to the registered owners of the 2006 Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee or paying agent, if any, shall note Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee or paying agent, if any, upon surrender of the 2006 Bonds by the registered owners thereof together with proof of the payment of principal thereof.

Section 602. PAYMENT UNDER THE 2006 BONDS SWAP

(a) In accordance with Section 5.05(c) of the Amended and Restated Indenture, as amended and supplemented, the Trustee shall transfer moneys in the Revenue Fund, as directed by the Authority, to JPMorgan Chase Bank – New York, or its successors and permitted assigns, as counterparty under the Swap Transaction (the "2006 Bonds Swap") (a copy of which is attached to this Fourth Supplement to the Amended and Restated Indenture as Appendix B); provided, however, that all such payments to JPMorgan Chase Bank – New York, or its successors and permitted assigns, pursuant to the terms of the 2006 Bonds SWAP on any date may only be made if the transfers or payments required by Sections 5.05(a) and (b) of the Amended and Restated Indenture, as amended and supplemented, as of and prior to such date have been made in full and all payments required to be made by the Authority as of and prior to such date of or in respect of debt service on the Bonds and amounts required to be deposited into the Debt Service Reserve Fund (including any amounts owing to the issuer of any municipal bond debt service reserve fund policy on deposit in the Debt Service Reserve Fund) have been made or paid in full.

At the election of the Authority and upon written notice to the Trustee, one or more new accounts in the Revenue Fund shall be created to be known generally as the "SWAP Account." In the event that the Authority elects to create the SWAP Account, the Trustee shall (i) deposit on a monthly or other periodic basis in the SWAP Account, as directed by the Authority, and reserve in the SWAP Account, such amounts as may be directed by the Authority with respect to amounts owing or to be owed in connection with any interest rate swap or hedge agreements relating to any Bonds, and (ii) transfer from such SWAP Account to the relevant counterparty under such interest rate swap or hedge agreement such amounts as shall be directed by the Authority; provided, however, that all such transfers to the SWAP Account and all such payments made from the SWAP Account pursuant to the terms of any interest rate swap or hedge agreements on any date may only be made if the transfers or payments required by Sections 5.05(a) and (b) of the Amended and Restated Indenture, as amended and supplemented, as of and prior to such date have been made in full and all payments required to be made by the Authority as of and prior to such date of or in respect of debt service on the Bonds and amounts required to be deposited into the Debt Service Reserve Fund (including any amounts owing to the issuer of any municipal bond debt service reserve fund policy on deposit in the Debt Service Reserve Fund) have been made or paid in full.

(b) Payments received from JPMorgan Chase Bank – New York, or its successors and permitted assigns, as counterparty under the 2006 Bonds SWAP shall be deposited to the Debt Service Fund established pursuant to Section 5.06 of the Amended and Restated Indenture.

ARTICLE VII AMENDMENT OF INDENTURE

Section 701. AMENDMENT OF SECTION 2.11.

Subsection (f) of Section 2.11 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"(f) Except for Additional Bonds issued to refund Outstanding Bonds where the Maximum Annual Debt Service Requirement for the Additional Bonds and the total principal and interest payable on the Additional Bonds for the term thereof do not exceed the comparable amounts for the Bonds being refunded or Additional Bonds which have a security interest in the Pledged Revenues which is subordinate to the security interest granted to secure the 1999 Bonds, the 2003 Bonds and the 2006 Bonds, a certificate executed by the Authority, including a verification of the calculations by an independent certified public accountant, showing that (1) the PICA Taxes collected with respect to any 12 consecutive months during the 15 month period preceding the date of issuance of such Additional Bonds, after giving retroactive effect during each month of such 12 month period to any PICA Taxes which were not in effect (including for this purpose any increase in the rate of an existing tax) during each such month but which have been imposed prior to the issuance of the Additional Bonds, equaled at least 175% of the Maximum Annual Debt Service Requirement (including the Authority's obligations with respect to repayment of Policy Costs then due and owing with respect to each Credit Facility issued in connection with the Debt Service Reserve Fund for the Bonds and any amounts due to the provider of a credit or liquidity facility issued with respect to a series of Bonds) on Bonds to be Outstanding after the issuance of the Additional Bonds and (2) the PICA Taxes projected to be collected during the 12 months following the issuance of the Additional Bonds, which projections may be based on the PICA Taxes projected for such period in the City's most recent Financial Plan (as defined in the Intergovernmental Cooperation Agreement) approved by the Authority, equal at least 175% of the Debt Service Requirement during such 12 month period on Bonds to be Outstanding after the issuance of the Additional Bonds. In making the foregoing calculations, PICA Taxes other than the Income Tax shall not be included in the calculation unless each Bond Insurer then insuring Outstanding Bonds has consented to the inclusion of such other PICA Taxes in writing."

Section 702. AMENDMENT OF SECTION 4.12.

(a) Section 4.12(b) of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"(b) the official statement or other disclosure, if any, prepared in connection with the issuance of additional debt, whether or not it is on a parity with the 1999 Bonds, the 2003 Bonds or the 2006 Bonds, within 30 days after the sale thereof;"

(b) Section 4.12(d) of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"(d) the notice of the redemption, other than mandatory sinking fund redemption, of any of the 1999 Bonds, the 2003 Bonds and the 2006 Bonds, including the principal amount, maturities and CUSIP numbers thereof;"

Section 703. AMENDMENT OF ARTICLE VII.

Article VII of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended by adding the following new paragraph at the end of such section:

"If any advance refunding of the 2006 Bonds is accomplished prior to the Fixed Rate Conversion Date, (i) moneys held to defease such 2006 Bonds shall be invested only in Government Obligations with maturity dates on or prior to the next Flexible Rate Adjustment Date or Variable Rate Adjustment Date, as the case may be, for the 2006 Bonds, the 2006 Bonds shall be redeemed on or prior to such Flexible Rate Adjustment Date or Variable Rate Adjustment Date and the 2006 Bonds which have been advance refunded prior to maturity shall no longer be subject to any optional or mandatory tender or (ii) the Trustee shall have received written evidence from each Rating Agency then rating the 2006 Bonds that the rating borne by such 2006 Bonds immediately prior to such refunding will not be withdrawn or reduced by reason of such advance refunding."

Section 704. AMENDMENT OF SECTION 8.01.

Section 8.01 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended as follows:

(i) In the fifth to last line of the paragraph following subsection 8.01(e), after the words "1999 Bonds", delete the word "or" and replace it with ",", and after the words "2003 Bonds", add the words "or in the 2006 Bonds".

(ii) A new Event of Default shall be added to Section 8.01 as new subsection (g), which provision shall read, as follows:

(g) If payment of the purchase price of any 2006 Bond tendered pursuant to Article III of the Fourth Supplement to the Amended and Restated Indenture is not made when it becomes due and payable;

Section 705. AMENDMENT OF SECTION 8.09.

Section 8.09 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended as follows:

(i) In the fifth line of Section 8.09, after the words "1999 Bonds", delete the word "or" and replace it with ",", and after the words "2003 Bonds", add the words "or the 2006 Bonds"

(ii) The following additional paragraph is added at the end of Section 8.09 with respect to the 2006 Bonds, for as long as the Bond Insurance Policy remains in effect:

"Any reorganization or liquidation plan with respect to the Authority must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation of the Authority, the Bond Insurer shall have the right to vote on behalf of all Bondholders who hold the Bond Insurer-Insured 2006 Bonds absent a default by the Bond Insurer under the applicable Bond Insurance Policy insuring such 2006 Bonds."

Section 706. AMENDMENT OF SECTION 9.06.

Section 9.06 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended by adding at the end of the first sentence, after the word "Bondholders" the words "and the Bond Insurer."

Section 707. AMENDMENT OF SECTION 9.07.

Section 9.07 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended by adding a new subpart (c) at the end of the eighth line following the word "Bondholder" and prior to the ";", as follows:

"or (c) upon the request of the Bond Insurer, for any breach of the trust set forth in this Indenture"

Section 708. AMENDMENT OF SECTION 9.08.

Section 9.08 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended by deleting the last sentence thereof and replacing it with the following two sentences, as follows:

"Every successor Trustee appointed pursuant to this Section 9.08 shall be a trust company or bank in good standing located in or incorporated under the laws of the Commonwealth, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$75,000,000 and acceptable to the Bond Insurer. Any successor paying agent, if applicable, shall not be appointed unless the Bond Insurer approves such successor in writing. Notwithstanding any other provision of this Fourth Supplement to Amended and Restated Indenture, no removal, resignation or termination of the Trustee (or paying agent, if any) shall take effect until a successor, acceptable to the Bond Insurer, shall be appointed."

Section 709. AMENDMENT TO ARTICLE IX.

Article IX of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended by adding the following new Section 9.14 at the end of such section:

"Section 9.14. Bond Insurance Policy not Taken Into Consideration. Notwithstanding any other provision of this Fourth Supplement to the Amended and Restated Indenture, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Fourth Supplement to the Amended and Restated Indenture, the Trustee (or paying agent, if any) shall consider the effect on the Bondholders as if there were no Bond Insurance Policy

Section 710. AMENDMENT OF SECTION 10.01.

Section 10.01 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended by adding the following new paragraph (n) immediately following paragraph (m).

(n) With respect to the 2006 Bonds, to increase or decrease the maximum interest rate used to compute (i) the Interest Coverage Rate, as defined in Section 103 of the Fourth Supplement to the Amended and Restated Indenture, and (ii) the maximum rate at which the 2006 Bonds may be remarketed, as set forth in Section 310(h) of the Fourth Supplement to the Amended and Restated Indenture; provided, however, that the Trustee shall have first obtained the written consent for such amendment from the Bond Insurer insuring the 2006 Bond and any Credit Facility Issuer.

Section 711. AMENDMENT OF SECTION 10.02.

The last paragraph of Section 10.02 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended as follows:

(i) In the seventh line of the last paragraph of Section 10.02, after the words "1999 Bond ", delete the word "or" and replace it with ";", and after the words "2003 Bonds" add the words "or 2006 Bonds".

(ii) The following additional paragraph is added at the end of Section 10.02 with respect to the 2006 Bonds, for as long as the Bond Insurance Policy remains in effect:

"Unless otherwise provided in this Section, the Bond Insurer's consent shall be required in lieu of Bondholder consent, when required, for the following purposes: (i) execution and delivery of any supplemental Indenture, (ii) removal of the Trustee or paying agent, if any, and selection and appointment of any successor trustee or paying agent, and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent."

Section 712. AMENDMENT OF SECTION 10.04.

Section 10.04 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture of Trust, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended by adding the following additional paragraph at the end thereof with respect to the 2006 Bonds:

"Any provision of this Fourth Supplement to the Amended and Restated Indenture expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer. The Bond Insurer reserves the right to charge the Authority a fee for any consent or amendment to the Indenture while the Bond Insurance Policy is outstanding."

Section 713. AMENDMENT OF SECTION 11.07..

Section 11.07 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture of Trust, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"Section 11.07 of the Amended and Restated Indenture is amended to add the following addresses as the addresses for the Credit Facility Issuer with respect to the Bonds:

To the Authority:

Pennsylvania Intergovernmental Cooperation Authority
1429 Walnut St., 14th Floor
Philadelphia, PA 19102

To the Trustee:

Wachovia Bank, National Association
123 South Broad Street
11th Floor
Philadelphia, PA 19109-1199
Attention: Alice M. Amoro

If to the Auction Agent:

If to the Tender Agent:

Wachovia Bank, National Association
123 South Broad Street
11th Floor
Philadelphia, PA 19109-1199
Attention: Alice M. Amoro

If to Counterparty on 2006 Bonds SWAP:

JPMORGAN CHASE BANK- NEW YORK

Payments to be made as follows

Swap Payment	JPMorgan Chase Bank
Instructions:	
Favour:	[JPMorgan London]
ABA/Bank No.:	[ABA #:021000238]
Account No.:	[670-07-054]
Reference:	[Further credit to swap group account]

Section 714. AMENDMENT OF SECTION 11.10.

(a) The second sentence of Section 11.10 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"When the 1999 Bonds, the 2003 Bonds or the 2006 Bonds are no longer Outstanding, no further notice to or consent or approval of the respective Bond Insurer shall be required under the terms of this Fourth Supplement to the Amended and Restated Indenture and such Bond Insurer shall cease to be a third party beneficiary of this Fourth Supplement to the Amended and Restated Indenture."

(b) Section 11.10 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is further amended by adding the following new sentence at the end of such section.

"Notwithstanding anything herein to the contrary, the Authority shall not be permitted to replace the Bond Insurer with respect to the 2006 Bonds without prior written confirmation from each Rating Agency that such substitution shall not adversely affect the rating issued by such Rating Agency then applicable to the 2006 Bonds."

Section 715. SPECIAL PROVISIONS FOR THE BENEFIT OF THE BOND INSURER.

(a) The following provisions are added as a new Section 11.15 to Article XI of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, with respect to the 2006 Bonds:

"Section 11.15. Notices and Information to be Provided to the Bond Insurer. With respect to the 2006 Bonds and while the Bond Insurance Policy is in effect, the Trustee shall furnish to the Bond Insurer, the following:

(a) to the attention of the Bond Insurer's Surveillance Department, unless otherwise indicated, and upon request:

(i) a copy of any financial statement, audit and/or annual report of the Authority,

(ii) a copy of any notice to be given to the registered owners of the 2006 Bonds, including, without limitation, notice of any redemption of or defeasance of

Obligations, and any certificate rendered pursuant to this [Financing Document] relating to the security for the Obligations, and

(iii) such additional information as the Bond Insurer may reasonably request.

(b) to the attention of the Bond Insurer's General counsel office, unless otherwise indicated:

(i) notice of any failure of the Authority to provide the relevant notices, certificates and other documents required to be delivered by the Authority pursuant to the terms of the Indenture, and

(ii) notwithstanding any other provision of the Indenture, the Trustee shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default under the Indenture.

Additionally, the Authority will permit the Bond Insurer to discuss the affairs, finances and accounts of the Authority or any information the Bond Insurer may reasonably request regarding the security for the 2006 Bonds with appropriate officers of the Authority. The Authority will permit the Bond Insurer to make copies of all books and records relating to the 2006 Bonds at any reasonable time.

The Bond Insurer shall have the right to direct an accounting at the Authority's expense, and the Authority's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the 2006 Bonds."

(b) The following provisions are added as a new Section 11.16 to Article XI of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, with respect to the 2006 Bonds:

"Section 11.16. Valuation of Investment Securities. The value of Investment Securities shall be determined as follows:

(a) For the purpose of determining the amount in any fund, all Investment Securities credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets Inc., Bear Stearns, or Lehman Brothers.

(b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus, accrued interest thereon; and

(c) As to any investment not specified above: the value thereof established by prior agreement among the Authority, the Trustee, and the Bond Insurer."

ARTICLE VIII INDENTURE TO REMAIN IN EFFECT; MISCELLANEOUS

Section 801. INDENTURE TO REMAIN IN EFFECT.

Except as amended and supplemented by this Fourth Supplement to the Amended and Restated Indenture, the Existing Indenture shall remain in full force and effect and is in all respects ratified, approved and confirmed, and the Existing Indenture and this Fourth Supplement to the Amended and Restated Indenture shall be read, taken and construed as one and the same instrument so that all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture shall apply and remain in full force and effect with respect to this Fourth Supplement to the Amended and Restated Indenture, the 1999 Bonds, the 2003 Bonds and the 2006 Bonds, as appropriate. In case of any conflict between the provisions of the Existing Indenture and this Fourth Supplement to the Amended and Restated Indenture of Trust, the provisions of this Fourth Supplement to the Amended and Restated Indenture shall apply. Without limiting the foregoing, the Authority hereby assigns, pledges and grants to the Trustee and confirms its prior grant to the Trustee of a lien on and security interest in all right, title and interest of the Authority in and to the Pledged Revenues in order to secure (i) the payment of the principal of, premium, if any, and interest on the Bonds (including without limitation the 2006 Bonds) according to their tenor and effect, and (ii) the performance and observance by the Authority expressed herein and in the Bonds (including without limitation the 2006 Bonds).

Section 802. COUNTERPARTS.

This Fourth Supplement to the Amended and Restated Indenture may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 803. GOVERNING LAW.

This Fourth Supplement to the Amended and Restated Indenture shall be governed by and construed in accordance with the laws of the Commonwealth.

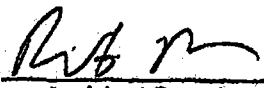
Section 804. CAPTIONS.

The captions and headings in this Fourth Supplement to the Amended and Restated Indenture are for reference purposes only and shall not control or affect the meaning or interpretation of any provisions of this Fourth Supplement to the Amended and Restated Indenture.

IN WITNESS WHEREOF, the Authority has caused this Fourth Supplement to the Amended and Restated Indenture to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials and the Trustee has caused this Fourth Supplement to the Amended and Restated Indenture to be executed in its name and with its corporate seal hereunto affixed and attested by its respective duly authorized signers, as of the date first above written.

ATTEST:

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: 
Assistant Secretary
[SEAL]

By: 
(Vice) Chairperson

WACHOVIA BANK,
NATIONAL ASSOCIATION,
as Trustee

By: 
Authorized Signatory

[SEAL]

Exhibit A

Exhibit A
Form of 2006 Bond

See Tab B 9

Exhibit B

Exhibit B

Interest Rate Swap Transaction Documents

See Tabs I 1 through I 4

**FIFTH SUPPLEMENT TO THE AMENDED AND
RESTATED INDENTURE OF TRUST**

between

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of May 1, 2008

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**FIFTH SUPPLEMENT TO THE AMENDED AND RESTATED
INDENTURE OF TRUST**

THIS FIFTH SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST, dated as of May 1, 2008, between the **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY** (the "**Authority**"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania under and by virtue of the Constitution and laws of the Commonwealth of Pennsylvania, and **U.S. BANK NATIONAL ASSOCIATION** (the "**Trustee**"), a national banking association organized under the laws of the United States, as successor Trustee under the Indenture,

WITNESSETH:

WHEREAS, the Authority is authorized and empowered under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (as such Act may be further amended from time to time, the "**Act**"), to issue its bonds in accordance with the Act for various purposes, including, without limitation, providing financial assistance to a city of the first class to finance a deficit other than a cash flow deficit, to finance capital projects and to otherwise assist such a city and to refund outstanding indebtedness of the Authority; and

WHEREAS, the Authority and CoreStates Bank, N.A., as trustee (the "**Initial Trustee**") entered into an Indenture of Trust, dated as of June 1, 1992 (the "**Original Indenture**"), to provide for the issuance and securing of Bonds (as defined in the Original Indenture); and

WHEREAS, the Authority and the Initial Trustee entered into a First Supplemental Indenture of Trust dated as of June 22, 1992 amending certain provisions of the Original Indenture (the Original Indenture as so amended is referred to herein as the "**Amended Indenture**"); and

WHEREAS, Meridian Bank succeeded the Initial Trustee as trustee under the Amended Indenture; and

WHEREAS, the Authority and Meridian Bank, as trustee, entered into a Second Supplemental Indenture of Trust dated as of July 15, 1993 (the "**Second Supplemental Indenture**") amending and supplementing the Amended Indenture; and

WHEREAS, the Authority and Meridian Bank, as trustee, entered into a Third Supplemental Indenture of Trust dated as of August 15, 1993 (the "**Third Supplemental Indenture**") amending and supplementing the Amended Indenture; and

WHEREAS, pursuant to the Third Supplemental Indenture, the Authority issued \$178,675,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A (the "**1993A Bonds**") for the purpose of refunding certain Bonds issued by the Authority in 1992; and

WHEREAS, the Authority amended and restated the Amended Indenture, as amended and supplemented by the Second Supplemental Indenture and the Third Supplemental Indenture, pursuant to an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "**Amended and Restated Indenture**") between the Authority and Meridian Bank, as Trustee, in order to, inter alia, incorporate in one document all of the provisions thereof, and to

issue its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994 (the "1994 Bonds") in order to pay costs of certain capital projects; and

WHEREAS, pursuant to the First Supplement to the Amended and Restated Indenture dated as of May 15, 1996 (the "**First Supplement to the Amended and Restated Indenture**") between the Authority and Meridian Bank, as Trustee, the Authority issued \$343,030,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996 (the "**1996 Bonds**") in order to (i) pay the costs of advance refunding certain Bonds issued by the Authority in 1992 and 1994, and (ii) pay the costs of issuing such Additional Bonds; and

WHEREAS, First Union National Bank succeeded Meridian Bank as Trustee under the Amended and Restated Indenture; and

WHEREAS, pursuant to the Second Supplement to the Amended and Restated Indenture dated as of April 1, 1999 (the "**Second Supplement to the Amended and Restated Indenture**") between the Authority and First Union National Bank, as Trustee, the Authority issued \$610,005,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999 (the "**1999 Bonds**") for the purpose of financing, together with other available funds, (i) the costs of advance refunding certain Bonds issued by the Authority in 1993, (ii) a Credit Facility to satisfy the Debt Service Reserve Requirement, and (iii) the costs of issuing such Additional Bonds and of obtaining credit enhancement for the Bonds (the "**1999 Refunding**"); and

WHEREAS, Wachovia Bank, National Association has succeeded First Union National Bank as Trustee under the Amended and Restated Indenture; and

WHEREAS, pursuant to the Third Supplement to the Amended and Restated Indenture dated as of June 1, 2003 (the "**Third Supplement to the Amended and Restated Indenture**," between the Authority and Wachovia Bank, National Association, as Trustee, the Authority issued \$165,550,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2003 (the "**2003 Bonds**") for the purpose of financing, together with other available funds, (i) the costs of refunding the outstanding 1993A Bonds, and (ii) the costs of issuing such Additional Bonds and of obtaining credit enhancement for the 2003 Bonds; and

WHEREAS, pursuant to the Fourth Supplement to the Amended and Restated Indenture dated as of June 1, 2006 (the "**Fourth Supplement to the Amended and Restated Indenture**" and together with the Amended and Restated Indenture, the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, the "**Existing Indenture**") the Authority issued \$89,950,000 of its Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2006 (Auction Rate Securities) (the "**2006 Bonds**"), to (i) pay the costs of currently refunding the outstanding 1996 Bonds, and (ii) pay the costs of obtaining credit enhancement for such 2006 Bonds (the "**2006 Refunding**"); and

WHEREAS, the Authority has determined to issue and sell Additional Bonds to (i) pay the costs of currently refunding the 2003 Bonds, (ii) pay the costs of currently refunding the 2006 Bonds, and (iii) pay the costs of obtaining credit enhancement for and the costs of issuing such Additional Bonds (the "**2008 Refunding**"); and

WHEREAS, by Resolutions adopted on March 18, 2008, the Authority determined to issue and sell its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008A, (the "2008A Bonds") and its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008B (the "2008B Bonds" and together with the 2008A Bonds, the "2008 Bonds") for the purpose of financing, together with other available funds, the 2008 Refunding pursuant to the terms of this Fifth Supplement to the Amended and Restated Indenture (the "Fifth Supplement to the Amended and Restated Indenture", and together with the Existing Indenture, the "Indenture"); and

WHEREAS, U.S. Bank National Association has succeeded Wachovia Bank, National Association as Trustee under the Indenture; and

WHEREAS, the 2008A Bonds are to be substantially in the form attached hereto as Exhibit A-1 and the 2008B Bonds are to be substantially in the form attached hereto as Exhibit A-2; and

WHEREAS, in order to accomplish the current refunding of the outstanding 2003 Bonds and the 2006 Bonds, the Authority shall direct the Trustee: (i) to deposit into the 2003 Bonds account of the Debt Service Fund proceeds of the 2008A Bonds in amounts which, when added to certain funds held by the Trustee for the benefit of the 2003 Bonds and other available funds, will be sufficient to (a) pay the maturing principal of and interest on the 2003 Bonds through and including May 15, 2008, and (b) pay on May 15, 2008, the redemption price of all outstanding 2003 Bonds, which have been called for redemption on May 15, 2008; and (ii) to deposit into the 2006 Bonds account of the Debt Service Fund proceeds of the 2008B Bonds in amounts which, when added to certain funds held by the Trustee for the benefit of the 2006 Bonds and other available funds, will be sufficient to (a) pay the maturing principal of and interest on the 2006 Bonds through and including May 15, 2008, and (b) pay on May 15, 2008, the redemption price of all outstanding 2006 Bonds, which have been called for redemption on May 15, 2008; and

WHEREAS, the execution and delivery of this Fifth Supplement to the Amended and Restated Indenture and the 2008 Bonds have been duly authorized and all things necessary to make the 2008 Bonds, when executed by the Authority and authenticated by the Trustee, valid and binding legal obligations of the Authority and to make this Fifth Supplement to the Amended and Restated Indenture of Trust a valid and binding agreement have been done; and

NOW, THEREFORE, THIS FIFTH SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE WITNESSETH:

That, in order to secure the principal of and interest and premium, if any, on the 2008 Bonds issued hereunder according to their tenor and effect and to secure the performance and observance by the Authority of all the covenants and conditions contained herein and in the Existing Indenture and to declare the terms and conditions upon and subject to which the 2008 Bonds are issued and secured, and for and in consideration of the mutual covenants contained herein and in the Existing Indenture, the Authority and the Trustee are entering into this Fifth Supplement to the Amended and Restated Indenture of Trust, which shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of the 2008 Bonds.

ARTICLE I AUTHORITY AND DEFINITIONS

Section 101. SUPPLEMENTAL INDENTURE OF TRUST

This Fifth Supplement to the Amended and Restated Indenture is supplemental to the Existing Indenture.

Section 102. AUTHORITY FOR THIS FIFTH SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE

This Fifth Supplement to the Amended and Restated Indenture is adopted (i) pursuant to the provisions of the Act and (ii) in accordance with Article X of the Amended and Restated Indenture.

Section 103. DEFINITIONS

(a) Except as provided in this Fifth Supplement to the Amended and Restated Indenture, all terms which are defined in Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture, and the Fourth Supplement to the Amended and Restated Indenture shall have the same meanings, respectively, in this Fifth Supplement to the Amended and Restated Indenture as are given to such terms in said Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture.

(b) Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture, and the Fourth Supplement to the Amended and Restated Indenture is hereby amended by amending certain definitions contained in the Existing Indenture (but only to the extent such definitions apply to the 2008 Bonds) and by adding the following definitions with respect to the 2008 Bonds:

"Affiliate" means any person or company directly or indirectly controlling, controlled by or under common control with the Authority.

"Alternate Liquidity Facility" means a Liquidity Facility provided in accordance with Section 310 hereof (other than (a) the Initial Liquidity Facility, or (b) a Renewal Liquidity Facility), including, without limitation, a letter of credit or line of credit of a commercial bank or a credit facility from a financial institution, a standby bond purchase agreement, surety bond or like collateralization, or a combination thereof, which provides security for payment of the purchase price of any series of 2008 Bonds delivered or deemed delivered in accordance with Article III of this Fifth Supplement to the Amended and Restated Indenture (referred to in this definition as "liquidity support"); provided that at all times while any series of the 2008 Bonds bear interest at a Variable Rate or a Flexible Rate such series of 2008 Bonds (other than Bank Bonds) shall be entitled to liquidity support and a Liquidity Facility shall be required. Any material amendment of a Liquidity Facility which is not a Renewal Liquidity Facility shall be an Alternate Liquidity Facility.

"Authorized Denomination" means (i) during any Daily Rate Period, Weekly Rate Period or Flexible Rate Period, \$100,000 and \$5,000 multiples in excess thereof, and (ii) during any Term Rate or Fixed Rate Period, \$5,000 and integral multiples thereof.

"Bank" initially means JPMorgan Chase Bank, National Association, and thereafter, any bank or other financial institution issuing any Liquidity Facility.

"Bank Bonds" means Tendered Bonds purchased with money's made available under a Liquidity Facility and registered in the name of the Bank (or its nominee) in accordance with such Liquidity Facility.

"Bank Rate" means the per annum rate of interest payable on any Bank Bonds as determined pursuant to a Liquidity Facility (or any reimbursement agreement entered into with respect to a letter of credit that is a Liquidity Facility); provided that the Bank Rate shall not exceed the Maximum Rate.

"Bond Insurance Policy" means, with respect to the 2008 Bonds, the municipal bond insurance policy issued by the Bond Insurer insuring the scheduled payment when due of the principal of and interest on the 2008 Bonds as provided therein.

"Bond Insurer" means, with respect to the 2008 Bonds, Financial Security Assurance, Inc. or any successor thereto.

"Bond Purchase Fund" means the trust fund so designated which is created and established pursuant to Section 308 hereof.

"Business Day" means, with respect to the 2008 Bonds; any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in Philadelphia, Pennsylvania or in any other city in which the Principal Office of the Trustee or the designated office of the Tender Agent, the Remarketing Agent, the Bond Insurer (or the Bond Insurer's custodian at which claims under the Bond Insurance Policy are to be paid) or the Bank is located are required or authorized by law (including executive order) to close or on which the Principal Office of the Trustee, or the designated office of the Tender Agent, the Remarketing Agent, or the Bank is closed for reasons not related to financial condition (iii) a day on which the New York Stock Exchange is closed, or (iv) with respect to payments due from the Authority or notices required to be given by the Authority hereunder or otherwise in connection with the 2008 Bonds, a day on which the Authority is authorized or required to remain closed..

"Closing Date" means the date of delivery of the 2008 Bonds to the Underwriter against payment therefor.

"Conversion" means a conversion of one or both series of the 2008 Bonds from one Interest Rate Period to another Interest Rate Period, as permitted herein.

"Conversion Date" means each Fixed Rate Conversion Date, Flexible Rate Conversion Date, and Variable Rate Conversion Date.

"Daily Rate Period" means, with respect to any series of the 2008 Bonds, each period from and commencing on a Business Day and including and ending on the first day preceding the first Business Day thereafter.

"DTC" means The Depository Trust Company (a limited purpose trust company), New York, New York.

"Favorable Opinion" means, with respect to any action relating to the 2008 Bonds, the occurrence of which requires such an opinion, a written legal opinion of a nationally recognized bond counsel addressed to the Authority, the Bond Insurer, the Remarketing Agent, the Bank (if any) and the Trustee, to the effect that (i) the action proposed to be taken is authorized or permitted by the Act and the Indenture and (ii) such action will not adversely affect the exclusion from gross income of interest on the 2008 Bonds for purposes of federal income taxation or the exemption of interest on the 2008 Bonds from personal income taxation under the laws of the Commonwealth of Pennsylvania (subject to customary exceptions).

"Final Maturity Date" means, with respect to the 2008A Bonds, June 15, 2022, and with respect to the 2008B Bonds, June 15, 2020.

"Fixed Rate" means the rate to be borne by any series of the 2008 Bonds from and after the Fixed Rate Conversion Date to maturity of such series, which shall be the lowest rate which, in the judgment of the Remarketing Agent, is necessary to enable such series of the 2008 Bonds to be remarketed at the principal amount thereof, plus accrued interest, if any, on the Fixed Rate Conversion Date.

"Fixed Rate Conversion Date" means the date on which any series of the 2008 Bonds begin to bear interest at the Fixed Rate.

"Fixed Rate Period" means the period of time commencing on the Fixed Rate Conversion Date and ending on the Maturity Date.

"Flexible Rate" means the lowest annual rate of interest, expressed as a percentage and, rounded to the nearest one thousandth of one percent, determined by the Remarketing Agent on a Flexible Rate Adjustment Date, which would, in the judgment of the Remarketing Agent, enable a particular Bond to be remarketed at the principal amount thereof on such Flexible Rate Adjustment Date given the applicable Interest Period for such 2008 Bond (or, if the Remarketing Agent for any reason fails to determine such rate, the rate determined in accordance with the provisions set forth in this Fifth Supplement to the Amended and Restated Indenture).

"Flexible Rate Adjustment Date" means a Business Day on which a Flexible Rate and an Interest Period for a particular Bond commence.

"Flexible Rate Conversion Date" means a date on which any series of the 2008 Bonds begin to bear interest at Flexible Rates.

"Flexible Rate Period" means any period of time commencing on a Flexible Rate Conversion Date and ending on a Variable Rate Conversion Date, a Fixed Rate Conversion Date, or on the Maturity Date.

"Immediate Notice" means notice by telephone, telex, telecopier or email to such address as the addressee shall have directed in writing, promptly followed by written notice by first class mail, postage prepaid.

"Interest Accrual Period" means the period during which a 2008 Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid

(or, if no interest has been paid, from the date of the original authentication and delivery of the 2008 Bonds) to, but not including, the Interest Payment Date on which interest is to be paid.

"Interest Component" means the maximum amount stated in a Liquidity Facility (as reduced and reinstated from time to time in accordance with the terms thereof) which may be drawn for the payment of the portion of the purchase price of Tendered Bonds corresponding to interest accrued on the Tendered Bonds.

"Interest Coverage Period" means the number of days for 2008 Bonds bearing interest in a particular interest mode which is used to determine the Interest Component, determined in accordance with the requirements of Section 310(h) hereof in a manner consistent with the periods utilized in calculating interest accrued on 2008 Bonds in such interest mode.

"Interest Coverage Rate" means the rate which is used to determine the Interest Component and shall be specified for 2008 Bonds bearing interest in each subsequent mode by the Remarketing Agent in writing to the Trustee at the time such 2008 Bonds commence bearing interest in accordance with such mode, as such rate may be changed from time to time by the Remarketing Agent subject to compliance with Section 310(h) hereof. Notwithstanding the foregoing, the maximum Interest Coverage Rate that may be established with respect to the 2008 Bonds shall be 12% per annum.

"Interest Payment Date" means:

- (i) during a Flexible Rate Period, each Repurchase Date;
- (ii) during a Variable Rate Period,
 - (A) when used with respect to a Daily or Weekly Rate Period, the fifteenth (15th) day (or the next succeeding Business Day if the fifteenth is not a Business Day) of each calendar month occurring after the Variable Rate Conversion Date with respect thereto, and
 - (B) when used with respect to a Term Rate Period, the June 15th or December 15th next succeeding the Variable Rate Conversion Date and the fifteenth day of each sixth month thereafter,
- (iii) each Mandatory Tender Date;
- (iv) after the Fixed Rate Conversion Date, each June 15 and December 15;
- (v) for Bank Bonds, means those dates on which interest payments are to be made under, and as described in, the Liquidity Facility;
- (vi) the Maturity Date; and
- (vii) for 2008 Bonds called for redemption, the applicable redemption date.

"Interest Period" means, for each 2008 Bond bearing interest at a Flexible Rate, that period of time beginning on a Flexible Rate Adjustment Date and to but not including the next Flexible Rate Adjustment Date, determined by the Remarketing Agent on a Flexible Rate Adjustment Date, which would, in the judgment of the Remarketing Agent, taking into account the Flexible Rate for the particular 2008 Bond being determined on such Flexible Rate Adjustment Date and the Flexible Rates and Interest Periods then borne by all other outstanding 2008 Bonds, enable the 2008 Bonds as a whole to bear the lowest overall rates achievable in the domestic financial market during the Interest Period selected (or, if the Remarketing Agent for any reason fails to determine such date, the date determined in accordance with the provisions set forth in this Fifth Supplement to the Amended and Restated Indenture).

"Interest Rate Period" means each Variable Rate Period or Flexible Rate Period.

"Investment Securities" means each of the following:

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank;

(2) Direct obligations of any of the following federal agencies whether or not such obligations are fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer;

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

(6) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraphs (1) or (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(7) Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P;

(8) Investment Agreements approved in writing by the Bond Insurer (supported by appropriate opinions of counsel);

(9) other forms of investments (including repurchase agreements) approved in writing by the Bond Insurer;

(10) That certain "Debt Service Reserve Forward Delivery Agreement" dated as of June 6, 2000 by and between the Trustee, the Authority and Wachovia Bank, National Association (successor to First Union Securities, Inc.) and any securities which are "Eligible Securities" as defined therein;

(11) That certain "Debt Service Reserve Forward Delivery Agreement" dated as of June 6, 2000 by and between the Trustee, the Authority and JPMorgan Chase Bank, National Association, and any securities which are "Eligible Securities" as defined therein;

(12) Government Obligations; and

(13) Investment Securities, as defined in the Amended and Restated Indenture.

Notwithstanding the foregoing, no moneys of the Authority may be invested in obligations issued by or obligations guaranteed by the City of Philadelphia, without the approval of a qualified majority of the board, and, in any case, no moneys held in a debt service reserve fund may be invested in obligations issued by or obligations guaranteed by the City of Philadelphia.

"Liquidity Facility" means any Liquidity Facility provided in accordance with this Fifth Supplement to the Amended and Restated Indenture, including, without limitation, a letter of credit or line of credit of a commercial bank or a credit facility from a financial institution, a standby bond purchase agreement, surety bond or like collateralization, or a combination thereof, which provides security for payment of the purchase price of any series of 2008 Bonds delivered or deemed delivered in accordance with Article III of this Fifth Supplement to the Amended and Restated Indenture (referred to in this definition as "liquidity support"), or any Renewal Liquidity Facility or Alternate Liquidity Facility at the time in effect; provided that at all times while any series of the 2008 Bonds bear interest at a Variable Rate or a Flexible Rate such series of 2008 Bonds (other than Bank Bonds) shall be entitled to liquidity support and a Liquidity Facility acceptable to the Bond Insurer shall be required.

"Mandatory Tender Date" means any date on which a holder of a 2008 Bond is required to tender any 2008 Bond for purchase in accordance with Sections 302, 303 or 304 of this Fifth Supplement to the Amended and Restated Indenture.

"Mandatorily Tendered Bonds" means the 2008 Bonds required to be tendered for purchase on a Mandatory Tender Date.

"Maturity Date" means, with respect to the 2008A Bonds, June 15, 2022, and with respect to the 2008B Bonds, June 15, 2020 or, with respect to each 2008 Bond bearing interest at a Fixed Rate which has been assigned a specific maturity date pursuant to Section 205(d) hereof, "Maturity Date" means the date so assigned.

"Maximum Lawful Rate" means the maximum rate of interest on the relevant obligation permitted by applicable law.

"Maximum Rate" means (i) with respect to 2008 Bonds bearing interest at a Variable Rate or a Flexible Rate, an interest rate not to exceed the lesser of (a) twelve percent (12%) per annum, and (b) the Maximum Lawful Rate, or (ii) with respect to Bank Bonds, an interest rate not to exceed the lesser of (a) twenty-five percent (25%) per annum, or (b) the Maximum Lawful Rate.

"Municipal Obligations" means any obligations issued or guaranteed by, any state or political subdivision of a state or by any public instrumentality of any of the foregoing.

"No-Call Period" means the period of time (measured from the Conversion Date) during which the 2008 Bonds in the Fixed Rate Period or the Term Rate Period may not be called for optional redemption as set forth in Section 401 (a)(ii) hereof.

"Optional Tender Date" means the date specified by a holder of a 2008 Bond in a Tender Notice for purchase of any 2008 Bond during a Variable Rate Period in accordance with Section 301 hereof.

"Optionally Tendered Bonds" means the 2008 Bonds tendered or deemed tendered for purchase on an Optional Tender Date.

"Outstanding", "Bonds outstanding" or "outstanding Bonds" means, with respect to the 2008 Bonds, as of any given date, all 2008 Bonds which have been duly authenticated and delivered under the Indenture, except:

(a) 2008 Bonds canceled after purchase in the open market or because of payment at or redemption prior to the Maturity Date;

(b) 2008 Bonds for the payment or redemption of which cash or Government Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the Maturity Date or redemption date of any such 2008 Bonds) in accordance with Article VII of the Amended and Restated Indenture, as amended by Section 703 hereof; provided that if such Bonds are to be redeemed prior to the Maturity Date thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) 2008 Bonds in lieu of which others have been authenticated under Section 207 or 208 of the Amended and Restated Indenture;

(d) after any Optional Tender Date, any Bond for which a Tender Notice was given in accordance with Section 301 of this Fifth Supplement to the Amended and Restated Indenture and which was not so tendered;

(e) after any Mandatory Tender Date, any 2008 Bond which was required to be tendered on such a Mandatory Tender Date in accordance with Sections 302, 303 or 304 of this Fifth Supplement to the Amended and Restated Indenture and which was not so tendered; and

(f) after the Fixed Rate Conversion Date, for the purpose of all consents, approvals, waivers and notices required to be obtained or given under this Fifth Supplement to the Amended and Restated Indenture, 2008 Bonds held or owned by the Authority or any Affiliate thereof.

Notwithstanding anything in this Fifth Supplement to the Amended and Restated Indenture to the contrary, in the event that the principal and/or interest due on the 2008 Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the 2008 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Authority to the Bondholders shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Bondholders.

"Participant" means, with respect to DTC or another Securities Depository, a participant in or member of DTC or such other Securities Depository, respectively.

"Person" means a corporation, association, partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

"Principal Office" means, with respect to the 2008 Bonds, (i) the corporate trust office of the Trustee responsible for the administration of this Fifth Supplement to the Amended and Restated Indenture, as designated in Section 11.07 of the Amended and Restated Indenture, as amended by Section 709 hereof, and (ii) the respective offices of the Bank, the Tender Agent, and the Remarketing Agent designated to receive notices required by this Fifth Supplement to the Amended and Restated Indenture, as set forth in Section 709 hereof.

"Proposed Fixed Rate Conversion Date" means the date indicated in the written notice of the Authority given pursuant to Section 205 hereof on which the Authority intends to effect a conversion of the interest rate on any series of the 2008 Bonds to the Fixed Rate.

"Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the Bonds at the request of the Authority, which at the time of issuance of the 2008 Bonds includes S&P, Moody's and Fitch.

"Record Date" means, with respect to the 2008 Bonds, while the 2008 Bonds bear interest during a Daily Rate Period, a Weekly Rate Period or a Flexible Rate Period, the close of business on the last Business Day preceding an Interest Payment Date, while the 2008 Bonds bear interest in a Term Rate Period or a Fixed Rate Period, the close of business on the last day of the calendar month next preceding an Interest Payment Date.

"Remarketing Agent" means each Person qualified under Section 502 hereof to act as Remarketing Agent for the 2008 Bonds, and appointed by the Authority from time to time, subject to the approval of the Bond Insurer.

"Remarketing Agreement" means a Remarketing Agreement between the Authority and the Remarketing Agent whereby the Remarketing Agent undertakes to perform the duties of the Remarketing Agent hereunder, as amended from time to time and consented to by the Bond Insurer.

"Renewal Date" means the Interest Payment Date next preceding the Stated Expiration Date of a Liquidity Facility at the time in effect (or the next preceding Business Day if such day is not a Business Day).

"Renewal Liquidity Facility" means a Liquidity Facility provided in accordance with Section 310 hereof which has been issued with terms and conditions identical to, and by the same provider as, the Liquidity Facility in substitution for which the Renewal Liquidity Facility is to be provided to purchase 2008 Bonds, as provided in the Indenture, except for:

- (a) an extension of the Stated Expiration Date;
- (b) an increase or decrease in the Interest Coverage Rate or the Interest Coverage Period;
- (c) an increase or decrease in the Interest Component;
- (d) an increase or decrease in the portion of the Liquidity Facility designated to pay premium upon purchase of 2008 Bonds to the extent required or permitted by Section 310(h) hereof;

(e) changes in the business covenants contained in, the fees payable pursuant to and the interest rate on advances made under the Liquidity Facility; or

(f) any combination of (a), (b), (c), (d) and (e).

"Representation Letter" means that blanket letter from the Authority to DTC with respect to the issuance of Bonds in book-entry form.

"Repurchase Date" means, for any 2008 Bond during a Flexible Rate Period, a Business Day determined by the Remarketing Agent on an applicable Flexible Rate Adjustment Date as the date on which such 2008 Bond will be repurchased by the Trustee or the Tender Agent, on behalf of the Authority (or, if the Remarketing Agent for any reason fails to determine such date, the date determined in accordance with the provisions of this Fifth Supplement to the Amended and Restated Indenture).

"Repurchase Price" means, with respect to each particular 2008 Bond during a Flexible Rate Period, an amount equal to 100% of the principal amount thereof.

"Securities Depository" means DTC, or, if applicable, any successor securities depository appointed pursuant to the Indenture.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor thereto.

"Special Record Date" means a special date fixed to determine the names and addresses of holders of any series of the 2008 Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in the Indenture.

"Stated Expiration Date" means the stated date of expiration or termination of a Liquidity Facility, including any extensions thereof.

"Tender Agent" means that Person appointed pursuant to Section 501 hereof to perform those functions with respect to any series of the 2008 Bonds, related to the registration of transfers and exchanges, tenders, redemptions, notices and purchases thereof and payments thereon prior to the commencement of a Fixed Rate Period.

"Tender Notice" means the notice from a holder of a 2008 Bond to the Tender Agent of an Optional Tender Date in accordance with the provisions set forth in this Fifth Supplement to the Amended and Restated Indenture.

"Tender Price" means with respect to each Tendered Bond, 100% of the principal amount of any such Tendered Bond plus, if an Optional Tender Date is not an Interest Payment Date, interest accrued and unpaid thereon to, but not including, the Optional Tender Date with respect to such 2008 Bond.

"Tendered Bonds" means Optionally Tendered Bonds and Mandatorily Tendered Bonds.

"Term Rate Period" means any Variable Rate Period from and commencing on the fifteenth (15th) day of a calendar month (or the next succeeding Business Day if the fifteenth is

not a Business Day) to but not including the fifteenth (15th) day (or the next succeeding Business Day if the fifteenth is not a Business Day) of the twelfth (or any integral multiple of 12) succeeding calendar month.

"2006 Bonds Swap" means the interest rate swap transaction evidenced by the Master Agreement and the Schedule thereto, each dated as of December 6, 2001, and the Confirmation relating thereto, dated as of December 6, 2001 and amended and restated as of June 15, 2006, each by and between the Authority and JPMorgan Chase Bank, in each case as amended, supplemented or otherwise modified and in effect from time to time.

"2003 Bonds Swap" means the interest rate swap transaction evidenced by the Master Agreement and the Schedule thereto, each dated as of December 6, 2001, and the Confirmation relating thereto, dated as of December 6, 2001, each by and between the Authority and JPMorgan Chase Bank, together with the basis cap transaction evidenced by said Master Agreement and said Schedule and the Confirmation relating thereto, dated as of June 9, 2003, between the Authority and JP Morgan Chase Bank, in each case as amended, supplemented or otherwise modified and in effect from time to time.

"Underwriter" means RBC Capital Markets Corporation, and its successors and assigns.

"Variable Rate" means, with respect to the then effective Variable Rate Period for any series of 2008 Bonds, the lowest interest rate which, in the judgment of the Remarketing Agent, would enable such series of the 2008 Bonds to be remarketed at the principal amount thereof, plus accrued interest thereon, if any, on the Variable Rate Adjustment Date with respect thereto (or, if the Remarketing Agent for any reason fails to determine such rate, the rate determined in accordance with the provisions set forth in this Fifth Supplement to the Amended and Restated Indenture).

"Variable Rate Adjustment Date" means the first day of each Variable Rate Period.

"Variable Rate Conversion Date" means a date on which any series of the 2008 Bonds begin to bear interest at a Variable Rate for (i) a particular Variable Rate Period which is of a different type than the preceding Variable Rate Period, (ii) a Term Rate Period which is of a different length than the preceding Term Rate Period except when shorter by reason of the Maturity Date or (iii) any Variable Rate Period which succeeds a Flexible Rate Period.

"Variable Rate Period" means each Daily Rate Period, Weekly Rate Period and Term Rate Period.

"Weekly Rate Period" means any Variable Rate Period from and commencing on Thursday of any calendar week and including and ending on the Wednesday of the next calendar week; provided, however, that any Weekly Rate Period which does not follow another Weekly Rate Period shall commence on the Variable Rate Conversion Date with respect thereto and end on the first or second Wednesday thereafter, at the discretion of the Remarketing Agent in order to most efficiently effect the conversion, and any Weekly Rate Period which is not followed by another Weekly Rate Period shall commence on the last or second to last Thursday of a calendar month, at the discretion of the Remarketing Agent in order to most efficiently effect the conversion, and end on the day preceding the final Interest Payment Date for such Weekly Rate Period.

ARTICLE II ISSUANCE OF AND INTEREST ON THE 2008 BONDS

Section 201. ISSUANCE OF BONDS

(a) The 2008 Bonds shall be issued in two series, designated, respectively, "Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008A" and "Pennsylvania Intergovernmental Cooperation Authority, Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008B" (with appropriate designation, if any, reflecting the then-current Interest Rate Period) and shall be issued in the aggregate principal amount of \$214,565,000 consisting of \$133,740,000 2008A Bonds and \$80,825,000 2008B Bonds. The 2008 Bonds shall be issuable as fully registered Bonds in Authorized Denominations. Unless the Authority shall otherwise direct, the 2008A Bonds shall be numbered consecutively from AR-1 upward and the 2008B Bonds shall each be numbered consecutively from BR-1 upward. Interest on the 2008 Bonds shall be payable on each Interest Payment Date, until payment of the principal amount of such 2008 Bond, or provision therefor, shall have been made upon redemption, at Maturity or otherwise. Each Bond shall be dated as of the most recent Interest Payment Date to which interest has been duly paid or provided for next preceding its date of issue, unless issued on an Interest Payment Date on which interest has been paid or provided for, in which event it shall be dated as of such Interest Payment Date or, if issued prior to the first Interest Payment Date on which interest is paid, it shall be dated the date of initial issuance of the 2008 Bonds.

(b) The 2008A Bonds shall mature on June 15, 2022 and the 2008B Bonds shall mature on June 15, 2020.

(c) The 2008 Bonds shall bear interest accruing for each Interest Accrual Period payable on the next Interest Payment Date. The 2008 Bonds shall bear interest from and including the Interest Payment Date next preceding the relevant Conversion Date, unless such Conversion Date shall be an Interest Payment Date to which interest on the 2008 Bonds has been paid in full or duly provided for, in which case they shall bear interest from and including such Conversion Date. Interest during a Flexible Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. Interest during a Variable Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed except during a Term Rate Period and during a Fixed Rate Period interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

(d) By acceptance of any 2008 Bond, the registered owner thereof shall be deemed to have agreed, during a Flexible Rate Period, to the Flexible Rate, Interest Period and Repurchase Date then applicable thereto and to have further agreed to sell such Bond to the Tender Agent on the Repurchase Date applicable thereto at the Repurchase Price. Such registered owner by such acceptance shall be deemed to have acknowledged that if funds for such purchase are on deposit with the Trustee or the Tender Agent on such Repurchase Date, such registered owner shall have no rights under the Indenture other than to receive the Repurchase Price and such Bonds shall no longer be considered to be Outstanding Bonds (pursuant to paragraph (e) of the definition of such term in Section 103 hereof) for purposes of this Fifth Supplement to the Amended and Restated Indenture.

(e) The principal of and premium, if any, on any 2008 Bonds shall be payable at the Principal Office of the Trustee, upon presentation and surrender of such 2008 Bonds, which presentation and surrender can be made at the Principal Office of the Tender Agent. Payment of principal of any 2008 Bond shall be made to any owner of \$1,000,000 or more in

aggregate principal amount of 2008 Bonds by wire transfer to such owner on the principal payment date for said 2008 Bonds upon written notice from such owner containing the wire transfer address within the continental United States to which such owner wishes to have such wire directed, which written notice is received not later than the tenth (10th) day next preceding the principal payment or maturity date applicable to such 2008 Bonds, provided that such wire transfer shall only be made upon presentation and surrender of such 2008 Bonds at the Principal Office of the Trustee or Tender Agent, as applicable, on the principal payment date. Any payment of the purchase price of a Tendered Bond shall be payable at the Principal Office of the Tender Agent, upon presentation and surrender of such Bond, as provided in Article V hereof.

(f) Interest payments on a 2008 Bond (other than with respect to defaulted interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Bond Registrar on the Record Date; provided, however, that during a Flexible Rate Period such payments shall be payable only upon presentation and surrender of such Bond to the Tender Agent. Interest on the 2008 Bonds shall, except as hereinafter provided, be paid: (i) during a Flexible or Variable Rate Period, by check or draft of the Tender Agent mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register or at such other address furnished in writing by such registered owner to the Tender Agent; (ii) during a Flexible or Variable Rate Period, by wire transfer sent on the Interest Payment Date to the registered owner upon written notice to the Tender Agent from the registered owner containing the wire transfer address (which shall be in the continental United States) to which the registered owner wishes to have such wire directed which written notice is received not later than the Business Day prior to the first Interest Payment Date to which it relates, it being understood that such notice may refer to multiple interest payments; (iii) on or prior to the Fixed Rate Conversion Date, in such other fashion as is agreed upon between the registered owner and the Tender Agent, including, without limitation, by wire transfer upon such prior notice as may be satisfactory to the Tender Agent or (iv) after the Fixed Rate Conversion Date, by check or draft of the Trustee mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register in accordance with the provisions of Section 2.03 of the Amended and Restated Indenture.

(g) During any Variable Rate Period other than a Term Rate Period, the Trustee agrees to provide through the Tender Agent upon request to the Tender Agent by any Bondholder an oral statement as to the Variable Rates in effect since the most recent preceding Interest Payment Date and, upon request, to mail on each Interest Payment Date occurring during a Variable Rate Period to each Bondholder written notice of the Variable Rates in effect since the last preceding Interest Payment Date.

(h) The 2008 Bonds shall be substantially in the form hereinafter set forth with such appropriate variations, omissions and insertions as are permitted or required by the Indenture or deemed necessary by the Trustee and the Authority. On each date on which the Trustee or the Tender Agent authenticates and delivers 2008 Bonds during a Flexible Rate Period applicable to such 2008 Bonds as provided in Section 204 hereof, the Trustee or the Tender Agent shall complete the information required in the form of 2008 Bond attached as Exhibit A hereto for the purpose of maintaining an accurate record of the terms and provisions of the Interest Period then applicable to such 2008 Bond. During the period the 2008 Bonds are maintained in book-entry form pursuant to Section 207 hereof, the Trustee may instead maintain such information on its books and records and make the same available electronically to DTC.

Section 202. INITIAL INTEREST RATES; SUBSEQUENT RATES; RATE PERIODS

(a) Each series of the 2008 Bonds shall bear interest from the date of original issuance at a Variable Rate with a Weekly Rate Period from and including the date of initial issuance until a Conversion Date. The Initial Variable Rate and the Initial Weekly Rate Period shall be set forth in the purchase contract entered into between the Authority and the Underwriter. During each Variable Rate Period for a series of the 2008 Bonds, such series shall bear interest at the lesser of (i) the Interest Coverage Rate or (ii) the Variable Rate. In no event shall the interest rate on the 2008 Bonds exceed the Maximum Rate. During the Fixed Rate Period for a series of the 2008 Bonds, such Bonds shall bear interest at a Fixed Rate.

(b) Limits on Interest Periods and Rates. No Interest Period shall be established during a Flexible Rate Period and no Variable Rate Period shall be established which would cause the Interest Coverage Period of the Liquidity Facility to be less than the requirements of Section 310(h) hereof. No interest rate on a 2008 Bond shall be established during a Variable Rate Period which exceeds the Interest Coverage Rate. No Interest Period or Flexible Rate shall be established during a Flexible Rate Period which would cause the aggregate amount of all interest which could accrue on the 2008 Bonds bearing interest at the Flexible Rate during such Flexible Rate Period to exceed the Interest Component allocable to such Bonds. In addition, no Flexible Rate shall be established which exceeds the applicable Interest Coverage Rate and no Interest Period shall be established during a Flexible Rate Period which exceeds 270 days. During each Variable Rate Period, the 2008 Bonds shall bear interest at the lesser of (i) the Interest Coverage Rate or (ii) the Variable Rate. During the Fixed Rate Period, the 2008 Bonds shall bear interest at a Fixed Rate.

(c) Bank Bonds. Notwithstanding anything herein to the contrary, Bank Bonds shall bear interest at the Bank Rate, determined in accordance with, calculated pursuant to, and payable in accordance with, the provisions of the Liquidity Facility and not the Variable Rate or Flexible Rate that would otherwise be applicable to such 2008 Bonds were they not Bank Bonds.

(d) Conversions. With the consent of the Bond Insurer, the Authority may elect to convert one or both series of the 2008 Bonds to interest rate modes as provided in Sections 203, 204 and 205 hereof. Upon such conversion, such series of the 2008 Bonds may accrue interest at such interest rate modes as provided in this Fifth Supplement to the Amended and Restated Indenture. In order to effect such conversion, the Authority shall provide written direction to the Trustee, the Tender Agent (if any), the Remarketing Agent (if any) of its election to convert the 2008 Bonds to another interest rate mode and comply with the notice, mandatory tender and other provisions set forth in this Fifth Supplement to the Amended and Restated Indenture. In connection with any conversion to or from a Variable Rate Period or a Flexible Rate Period or a conversion to a Fixed Rate Period, in addition to the other conditions to conversion set forth in this Fifth Supplement to the Amended and Restated Indenture, the Trustee must have received written evidence from each Rating Agency then maintaining a rating on the 2008 Bonds that such rating will not be reduced or withdrawn due to such conversion (other than a withdrawal of a short term rating upon a remarketing into a Fixed Rate Period) and the Remarketing Agent (if any) shall have received firm commitments for the purchase of all 2008 Bonds being converted to bear interest in such new rate period on or before such Conversion Date.

(e) Conversion to Fixed Rate in Extraordinary Circumstances. So long as (i) the Bond Insurer (A) is not in default under the Bond Insurance Policy, and (B) maintains an

Investment grade rating with each of the Rating Agencies, and (ii) the Bond Insurance Policy is in full force and effect and enforceable in accordance with its material terms; the Bond Insurer may, upon sixty (60) days notice, direct that the interest rate mode on any series of the 2008 Bonds shall be converted to a Fixed Rate pursuant to the procedures set forth in Section 205 or Section 306(c) herein (i) upon failure of the Bank to purchase such series of 2008 Bonds when required hereunder or under the Liquidity Facility; (ii) upon expiration or termination of the Liquidity Facility with no substitution therefor; (iii) if any such 2008 Bonds are held as Bank Bonds for 45 days or more in any bond year or there are two failed attempts to remarket such 2008 Bonds in any bond year; (iv) if Bank Bonds or more than fifteen percent (15%) of the aggregate principal amount of 2008 Bonds bear interest at the Maximum Rate applicable to such bonds for a period of 30 consecutive days, or (v) if the Authority fails to replace the Liquidity Facility when required. With the Bond Insurer's consent, this Section 202(e) may be amended or waived by the Authority and the trustee without the consent of the holders of any Bond under the Indenture.

(f) Conversion of Interest Rate Mode. Any conversion of the interest rate mode on the 2008 Bonds that would result in (i) 2008 Bonds being remarketed at a premium or (ii) a change in the original amortization schedule for the 2008 Bonds shall require the prior consent of the Bond Insurer.

Section.203. VARIABLE RATES; CONVERSIONS TO VARIABLE RATE PERIODS

(a) Determination by Remarketing Agent: Notice of Rates Determined. Except as hereinafter provided, the Variable Rate to be applicable to any series of the 2008 Bonds during any Variable Rate Period shall be determined by the Remarketing Agent and notice thereof shall be given as follows:

(i) Notice of each Variable Rate shall be: (A) given by Immediate Notice by the Remarketing Agent to the Tender Agent not later than 12:00 noon, New York City time, on the date of determination for each Daily and Weekly Rate Period and not later than 12:00 noon New York City time, on the Business Day immediately succeeding the date of determination for each Term Rate Period; (B) given by Immediate Notice not later than 5:00 p.m., New York City time for each Daily and Weekly Rate Period, in each case on the date of determination, and by 12:00 noon, New York City time, on the Business Day immediately succeeding the date of determination for each Term Rate Period, by the Tender Agent to the Trustee and the Authority, and, during Term Rate Periods, by first class mail postage prepaid on the third Business Day immediately succeeding the date of determination by the Tender Agent to the holders of such 2008 Bonds; and (C) available commencing on the Business Day immediately succeeding the date of determination during Daily and Weekly Rate Periods by telephone from the Tender Agent upon request of any owner of a 2008 Bond.

(ii) If the Remarketing Agent fails for any reason to determine or notify the Tender Agent of the Variable Rate for any Variable Rate Period when required hereunder:

(A) for 2008 Bonds in a Daily Rate Period or Weekly Rate Period, the Variable Rate for such Rate Period shall be equal to 135% of the SIFMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System, Inc. (or a replacement publisher of the SIFMA Municipal Swap Index designated in writing by the Authority to the Trustee and the Remarketing Agent; provided that if Munifacts Wire System, Inc. or such replacement publisher does not publish the SIFMA Municipal Swap Index on a day

on which a Variable Rate is to be set, the Variable Rate shall be 135% of a comparable Index selected by the Authority published by Munifacts Wire System, Inc. or such replacement publisher at such time (such alternate index being referred to herein as a "Alternate Index")) until the Remarketing Agent next determines the Variable Rate as required hereunder;

(B) for 2008 Bonds in a Term Rate Period with a duration of one year or less, such 2008 Bonds shall automatically convert to a Weekly Rate Period and the Variable Rate for such Rate Period shall be equal to 135% of the SIFMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System, Inc. (or an Alternate Index) until the Remarketing Agent next determines the Variable Rate as required hereunder; and

(C) for 2008 Bonds in a Term Rate Period with a duration in excess of one year, such 2008 Bonds shall automatically convert to a Term Rate Period of two years and the Variable Rate for such Rate Period shall be equal to the sum of (i) the yield on 2 year "A" rated general obligation bonds as published by Municipal Market Data (or any successor entity) on the first Business Day preceding the Variable Rate Adjustment Date plus (ii) 5 basis points unless the Authority has filed with the Trustee and the Tender Agent a Favorable Opinion acceptable to the Trustee (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) with respect to the conversion of the 2008 Bonds to Variable Rates for Weekly Rate Periods, in which case the 2008 Bonds shall automatically convert to a Weekly Rate Period and the Variable Rate for such Rate Period shall be equal to 135% of the SIFMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System (or an Alternate Index) until the Remarketing Agent next determines the Variable Rate as required hereunder.

(iii) All determinations of Variable Rates pursuant to this Section shall be conclusive and binding upon the Authority, the Trustee, the Tender Agent, the Bank and the holders of the 2008 Bonds to which such rates are applicable. Failure by the Trustee or the Tender Agent to give any notice as herein provided, any defect therein, and any failure by any 2008 Bondholder to receive any such notice (including without limitation any Immediate Notice) shall not extend the period for making elections, in any way change the rights of the owners of 2008 Bonds to elect to have such 2008 Bonds purchased, in any way change the conditions which must be satisfied in order for such election to be effective or for payment of the purchase price to be made after an effective election or in any way change such owner's obligation to tender the 2008 Bonds for purchase.

(b) Daily Rates and Weekly Rates. A Variable Rate shall be determined by the Remarketing Agent (i) for each Daily Rate Period not later than 10:30 a.m., New York City time, on the commencement date of the Daily Rate Period to which it relates and (ii) for each Weekly Rate Period not later than 10:00 a.m., New York City time, on the commencement date of the Weekly Rate Period to which it relates (or the preceding Business Day if such day is not a Business Day).

(c) Term Rates. A Variable Rate shall be determined by the Remarketing Agent for each Term Rate Period not later than 12:00 noon, New York City time, on the Business Day immediately preceding the commencement date of such period.

(d) Conversions between Variable Rate Periods. At the option of the Authority, and with the consent of the Bond Insurer, if any, the 2008 Bonds may be converted from one Variable Rate Period to another and from a Term Rate Period of one length to a Term Rate Period of a different length as follows:

(i) In any such case, the Variable Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that if the conversion is from a Term Rate Period to a different Variable Rate Period or a Term Rate Period of a different length, the Variable Rate Conversion Date shall be limited to a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced.

(ii) The Authority shall give written notice of any such conversion to the Remarketing Agent, the Trustee, the Tender Agent, the Bond Insurer, and the Bank not less than seven (7) Business Days prior to the date on which the Tender Agent is required to notify the Bondholders of the conversion pursuant to subparagraph (iii) below. Such notice shall specify the Variable Rate Conversion Date and the Variable Rate Period (and the length of any Term Rate Period) to which the conversion will be made.

As a precondition to effecting a change to a different Variable Rate Period or to a Term Rate Period of a different length, on or before the Variable Rate Conversion Date, a Favorable Opinion shall be delivered to the Authority, the Trustee and the Tender Agent. Notwithstanding the foregoing, such Favorable Opinion shall not be required to be delivered in either case with respect to (i) a conversion to a Daily Rate Period or Weekly Rate Period or to a Term Rate Period with a duration of one year if the immediately preceding Period was a Daily Rate Period or Weekly Rate Period or a Term Rate Period with a duration of one year or (ii) a conversion to a Term Rate Period with a duration of more than one year if the immediately preceding Variable Rate Period was a Term Rate Period with a duration of more than one year.

(iii) Not less than thirty (30) days prior to the Variable Rate Conversion Date if converting to a Daily or Weekly Rate Period or any other Variable Rate Period, the Tender Agent shall mail a written notice of the conversion to the holders of all 2008 Bonds to be converted. Such notice shall specify the Variable Rate Conversion Date and set forth the matters required to be stated pursuant to Section 303 hereof with respect to purchases of 2008 Bonds governed by such Section.

(iv) The Variable Rate for the Variable Rate Period commencing on the Variable Rate Conversion Date shall be determined by the Remarketing Agent in the manner provided above on the date set forth above applicable to the Variable Rate Period to which the conversion shall be made. Notice of such Variable Rates shall be given or made available on the dates and to the parties specified above in the manner provided above applicable to the Variable Rate Period to which the conversion shall be made.

(e) Conversions from Flexible Rate Periods. At the option of the Authority, and with the consent of the Bond Insurer, if any, any series of the 2008 Bonds may be converted from a Flexible Rate Period to a Variable Rate Period as follows:

(i) The Variable Rate Conversion Date shall be the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Periods theretofore established for the 2008 Bonds to be converted.

(ii) The Authority shall give written notice of any such conversion to the Remarketing Agent, the Trustee, the Tender Agent, the Bond Insurer, and the Bank not less than seven (7) Business Days prior to the date on which the Tender Agent is required to notify the Bondholders of the conversion pursuant to subparagraph (iii) below. Such notice shall

specify the Variable Rate Conversion Date and the Variable Rate Period (and the length of any Term Rate Period) to which the conversion will be made. In addition, on or before the Variable Rate Conversion Date, the Authority shall cause to be filed with the Authority, the Trustee and the Tender Agent a Favorable Opinion. Notwithstanding the provisions of the preceding sentence, such Favorable Opinion shall not be required to be delivered with respect to a conversion to a Daily Rate Period, a Weekly Rate Period or to a Term Rate Period with a duration of one year.

(iii) Not less than fourteen (14) days prior to the Variable Rate Conversion Date if converting to a Daily or Weekly Rate Period and not less than thirty (30) days prior to the Variable Rate Conversion Date if converting to any other Variable Rate Period, the Tender Agent shall mail a written notice of the conversion to all holders of the 2008 Bonds to be converted; provided, however, that the Tender Agent shall not mail such written notice until it has received a written confirmation from the Remarketing Agent, if any, that no Interest Period for such 2008 Bonds extends beyond the Variable Rate Conversion Date. Such notice shall specify the Variable Rate Conversion Date and set forth the matters required to be stated pursuant to Section 303 hereof with respect to purchases of Bonds governed by such Section.

(iv) The Variable Rate for the Variable Rate Period commencing on the Variable Rate Conversion Date shall be determined by the Remarketing Agent in the manner provided above on the date set forth above applicable to the Variable Rate Period to which the conversion shall be made. Notice of such Variable Rates shall be given or made available on the dates and to the parties specified above in the manner provided above applicable to the Variable Rate Period to which the conversion shall be made.

Section 204. FLEXIBLE RATES; CONVERSIONS TO FLEXIBLE RATE PERIODS

(a) Flexible Rates. A Flexible Rate for each Interest Period shall be determined as follows:

(i) The Interest Periods for each 2008 Bond shall be of such duration, not exceeding 270 days, as may be offered by the Remarketing Agent and specified by the purchaser pursuant to Section 302 or 303 hereof.

(ii) The Flexible Rate for each Interest Period shall be effective from and including the commencement date of such period through and including the last day thereof. Each such Flexible Rate shall be determined by the Remarketing Agent in connection with the sale of the 2008 Bond or 2008 Bonds to which it relates pursuant to Section 302 or 303 hereof.

(iii) If the Remarketing Agent fails for any reason to determine or notify the Tender Agent of the Interest Period or Flexible Rate when required hereunder, the Interest Period shall be of the shortest permitted duration and the Flexible Rate shall be equal to 135% of the SIFMA Municipal Swap Index in effect on the first day of such Interest Period.

(iv) All determinations of Flexible Rates and Interest Periods pursuant to this Section shall be conclusive and binding upon the Authority, the Trustee, the Tender Agent, the Bank and the holders of the 2008 Bonds to which such rates and periods are applicable.

(b) **Conversions to Flexible Rate Periods.** At the option of Authority, and with the consent of the Bond Insurer, if any, any series of the 2008 Bonds may be converted from a Variable Rate Period to a Flexible Rate Period as follows:

(i) In any such case, the Flexible Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that in the case of a conversion from a Term Rate Period, the Flexible Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced.

(ii) The Authority shall give written notice of any such conversion to the Trustee, the Tender Agent, the Remarketing Agent, the Bond Insurer, and the Bank not less than seven (7) Business Days prior to the date on which the Tender Agent is required to notify the Bondholders of the conversion pursuant to subparagraph (iii) below: Such notice shall specify the Flexible Rate Conversion Date. In addition, on or before the Flexible Rate Conversion Date, the Authority shall cause to be filed with the Authority, the Trustee and the Tender Agent a Favorable Opinion. Notwithstanding the provisions of the preceding sentence, such opinion shall not be required to be delivered with respect to a conversion from a Daily Rate Period or Weekly Rate Period or from a Term Rate Period with a duration of one year or less.

(iii) Not less than thirty (30) days prior to the Flexible Rate Conversion Date, the Tender Agent shall mail a written notice of the conversion to all holders of the 2008 Bonds to be converted, specifying the Flexible Rate Conversion Date and setting forth the matters required to be stated pursuant to Section 303 hereof with respect to purchases of 2008 Bonds governed by such Section.

Section 205. FIXED RATE CONVERSION AT OPTION OF THE AUTHORITY

At the option of the Authority, and with the consent of the Bond Insurer, any series of the 2008 Bonds bearing interest at a Variable Rate, or Flexible Rates may be converted to bear interest at the Fixed Rate as hereinafter provided. Any such conversion shall be made as follows:

(a) The Fixed Rate Conversion Date shall be: (i) in the case of a conversion from a Variable Rate Period other than a Term Rate Period, a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; (ii) in the case of a conversion from a Term Rate Period, a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced; or (iii) in the case of a conversion from a Flexible Rate Period, a day which is the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Period theretofore established for the 2008 Bonds to be converted.

(b) Not less than seven (7) Business Days prior to the date on which the Tender Agent or the Trustee is required to notify the Bondholders of the conversion pursuant to paragraph (c) below, the Authority shall give written notice of the conversion to the Trustee, the Tender Agent, if any, the Remarketing Agent, if any, the Bond Insurer, if any, and the Bank, if any, setting forth the Proposed Fixed Rate Conversion Date. In addition, on or before the Fixed Rate Conversion Date, the Authority shall cause to be filed with the Authority, the Trustee and the Tender Agent, if any, a Favorable Opinion with respect to the conversion of any series of the 2008 Bonds to the Fixed Rate.

(c) In the event of a conversion from a Variable Rate Period or a Flexible Rate Period, the Tender Agent shall mail a notice of the proposed conversion to the holders of all 2008 Bonds to be converted not less than thirty (30) days prior to the Proposed Fixed Rate Conversion Date and shall inform the Bondholders of: (i) the Proposed Fixed Rate Conversion Date; and (ii) the matters required to be stated pursuant to Section 304 hereof with respect to purchases of 2008 Bonds governed by such Section.

(d) Not later than 12:00 noon, New York City time, on the Business Day prior to the Fixed Rate Conversion Date, the Remarketing Agent shall deliver to the Trustee and the Authority a certificate, approved by the Authority, which includes (i) a schedule specifying the principal amount of 2008 Bonds of the relevant series to mature on the first June 15 occurring after the Fixed Rate Conversion Date and on each June 15 thereafter to and including the June 15th occurring on or after the fifth anniversary of the Fixed Rate Conversion Date, (ii) a schedule specifying the principal amount of 2008 Bonds to be called for mandatory redemption on each June 15 occurring after the last June 15 specified pursuant to (i), but prior to the Final Maturity Date for such 2008 Bonds, (iii) the principal amount of each series 2008 Bonds to mature on the Final Maturity Date for such series, (iv) the Fixed Rate to be applicable to each maturity of the 2008 Bonds of the relevant series and (v) a schedule specifying the interest to be paid on each Interest Payment Date of each year, commencing with the first Interest Payment Date to occur after the Fixed Rate Conversion Date, to and including the Final Maturity Date. In determining the amount of interest and principal that shall be payable on such dates, the Remarketing Agent shall use the following guidelines:

(i) The Fixed Rate(s) established for the any series of the 2008 Bonds to be effective on the Fixed Rate Conversion Date shall be set forth in an underwriting or purchase contract and shall equal the minimum interest rate(s) necessary to remarket such 2008 Bonds on the Fixed Rate Conversion Date at an aggregate purchase price of 100% of the principal amount thereof taking into account the fact that such 2008 Bond shall mature or be subject to mandatory sinking fund redemption on a particular June 15 up to and including the Final Maturity Date in accordance with (d) above, that all 2008 Bonds bearing interest at such Fixed Rate(s) shall pay interest semiannually on each Interest Payment Date of each year, that all such 2008 Bonds maturing on a particular June 15 shall bear interest at the same rate;

(ii) The schedule of principal payments shall be set to match the principal payments under the mandatory sinking fund redemption for such series of 2008 Bonds set forth in Section 401(c) hereof.

The determination of the Fixed Rate(s) shall be conclusive and binding upon the Authority, the Trustee, the Tender Agent, if any, the Bank, if any, the Bond Insurer and the holders of the 2008 Bonds to which such rate(s) will be applicable. Not later than 5:00 p.m., New York City time, on the date of determination of the Fixed Rate(s), the Remarketing Agent shall notify the Trustee and the Authority of such rate(s) by telephone. Not later than 5:00 p.m., New York City time, on the next succeeding Business Day, the Trustee shall give Immediate Notice of such rate(s) to the Tender Agent, if any, and the Bank, if any, and the Bond Insurer.

(e) The Authority may revoke its election to effect a conversion of the interest rate on any series of the 2008 Bonds to the Fixed Rate by giving written notice of such revocation to the Trustee, the Tender Agent, if any, the Remarketing Agent, if any, the Bank, if any, and the Bond Insurer at any time prior to the setting of the Fixed Rate by the Remarketing Agent.

(f) It shall be a condition to effecting a conversion to the Fixed Rate that all of the Bonds shall be successfully remarketed.

Section 206. CERTAIN CHANGES IN TERM RATE PERIOD NOT A CONVERSION

In the event that a Term Rate Period is shorter than the immediately preceding Term Rate Period due to the occurrence of the Maturity Date of such series of the 2008 Bonds, such difference in length of the last Term Rate Period shall not be considered to cause a Variable Rate Conversion Date to occur and the conditions required by Section 203 to convert from a Term Rate Period of one length to a Term Rate Period of a different length shall not be required to be satisfied.

Section 207. BOOK ENTRY SYSTEM

(a) It is intended that the Bonds be registered so as to participate in a securities depository system with DTC (the "DTC System"), as set forth herein. Except as provided in subparagraph (c) of this Section, the registered owner of all of the 2008 Bonds shall be DTC and the 2008 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on any Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of immediately available funds to the account of Cede & Co. on the Interest Payment Date for the 2008 Bonds at the address indicated on the Record Date or Special Record Date for Cede & Co. in the Bond Register kept by the Trustee.

(b) The 2008 Bonds shall be initially issued in the form of separate single fully registered 2008 Bond for each separate series and maturity, authenticated by the Trustee in the amount of each separately stated maturity for each series of the 2008 Bonds. Upon initial issuance, the ownership of such 2008 Bonds shall be registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the Authority shall treat DTC (or its nominee) as the sole and exclusive owner of the 2008 Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the 2008 Bonds, selecting the 2008 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Fifth Supplement to the Amended and Restated Indenture, registering the transfer of 2008 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Tender Agent nor the Authority shall be affected by any notice to the contrary. Neither the Trustee, the Tender Agent nor the Authority shall have any responsibility or obligation to any DTC participant, any person claiming a beneficial ownership interest in the 2008 Bonds under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the Trustee as being a Bondholder, with respect to: (i) the accuracy of any records maintained by DTC or any DTC participant; (ii) the payment of DTC or any DTC participant of any amount in respect of the principal, purchase price or redemption price of or interest on the 2008 Bonds; (iii) any notice which is permitted or required to be given to Bondholders under the Indenture; (iv) the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the 2008 Bonds; or (v) any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal or purchase price of and premium, if any, and interest on the 2008 Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the Commonwealth of Pennsylvania) DTC and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal of or purchase price and premium, if any, and interest on the 2008 Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated Bond for each separately stated

maturity of the respective series evidencing the obligation of the Authority to make payments of principal of and premium, if any, and interest pursuant to this Fifth Supplement to the Amended and Restated Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Fifth Supplement to the Amended and Restated Indenture shall be deemed to be changed to reflect such new nominee of DTC.

(c) In the event the Authority determines that it is in its best interest to discontinue the use of book entry system for the 2008 Bonds, the Authority may notify in writing DTC and the Trustee, whereupon DTC will notify the DTC participants of the availability through DTC of Bond certificates. In such event, the Trustee shall deliver, transfer and exchange Bond certificates as directed in writing by DTC as the Bondholder in appropriate amounts. DTC may determine to discontinue providing its services with respect to the 2008 Bonds at any time by giving written notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Authority and the Trustee, at the sole cost of the Authority, shall be obligated to deliver Bond certificates as directed in writing by DTC. In the event Bond certificates are issued, the provisions of the Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the 2008 Bonds to any DTC participant having 2008 Bonds credited to its DTC account, or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the 2008 Bonds.

(d) Notwithstanding any other provision of this Fifth Supplement to the Amended and Restated Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or purchase price of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC as sole Bondholder notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

(f) Anything herein to the contrary notwithstanding, so long as any 2008 Bonds are registered in the name of DTC or any nominee thereof, in connection with any optional tender of such 2008 Bonds, the beneficial owners of such 2008 Bonds are responsible for submitting the bondholder tender notice provided for in Section 301 to the Remarketing Agent.

(g) Upon remarketing of 2008 Bonds in accordance with Article III, payment of the purchase price thereof shall be made to DTC and no surrender of certificates is expected to be required. Such sale shall be made through DTC participants (which may include the Remarketing Agent) and the new beneficial owners of such 2008 Bonds shall not receive delivery of Bond certificates. DTC shall transmit payment to DTC participants, and DTC

participants shall transmit payment to beneficial owners whose 2008 Bonds were purchased pursuant to remarketing. Neither the Authority, the Trustee, the Tender Agent nor the Remarketing Agent shall be responsible for transfers of payment to DTC participants or beneficial owners.

(h) The provisions of this Section are subject to the provisions of this Fifth Supplement to the Amended and Restated Indenture relating to Bank Bonds. In connection with the issuance of the 2008 Bonds, an additional Bond for each series of 2008 Bonds will be executed, delivered to the Trustee in the original principal amount of zero dollars (each a "Global Bond") and a corresponding CUSIP number will be obtained by or on behalf of the Authority for each series of 2008 Bonds, to be authenticated by the Trustee and used in accordance with the then-current procedures of DTC, in the event that any of the 2008 Bonds of any series become Bank Bonds. At any time, the principal amount of the Global Bond will be equal to the principal amount of any outstanding Bank Bonds.

Section 208. DELIVERY OF THE 2008 BONDS AND DISPOSITION OF PROCEEDS THEREOF.

(a) Upon the execution and delivery of this Fifth Supplement, to the Amended and Restated Indenture, the Authority shall execute and deliver the 2008 Bonds to the Trustee and the Trustee shall authenticate the 2008 Bonds and deliver them to the initial purchaser or purchasers thereof as directed by the Authority in an order delivered by the Authority to the Trustee upon receipt of the proceeds of the 2008 Bonds. Proceeds from the sale of the 2008 Bonds, together with other available funds, shall be received by the Trustee and deposited in the Settlement Fund and shall then be disbursed and transferred from the Settlement Fund as follows:

(1) To or upon the order of the Authority, the amount specified by the Authority at or after the closing for the issuance of the 2008 Bonds as the costs of issuance of the 2008 Bonds (including, without limitation, fees and expenses of bond counsel, financial advisors, consultants, the Trustee and the Trustee's counsel, the City's counsel and consultants, and the Authority's counsel in connection with the issuance of the 2008 Bonds, fees payable to Bond Insurer with respect to the 2008 Bonds, printing costs payable by the Authority and rating agency fees, premium payments for the Bond Insurance Policy and fees in connection with the delivery of any Liquidity Facility) allocated pro rata from the proceeds of the 2008A Bonds and the 2008B Bonds, from available funds of the Authority.

(2) To the Trustee, to be deposited in the 2003 Bonds account of the Bond Redemption Fund, an amount equal to \$142,085,000, from the proceeds of the 2008A Bonds and other available funds, which will be applied to the redemption of all Outstanding 2003 Bonds called for redemption on May 15, 2008.

(3) To the Trustee, to be deposited in the 2006 Bonds account of the Bond Redemption Fund, an amount equal to \$85,500,000, from the proceeds of the 2008B Bonds and other available funds, which will be applied to the redemption of all Outstanding 2006 Bonds called for redemption on May 15, 2008.

Any amount remaining in the Settlement Fund after the foregoing disbursements and transfers shall be disbursed or transferred by the Trustee to the Debt Service Fund in respect of the 2008 Bonds.

(b) Pursuant to Section 5.07 of the Amended and Restated Indenture, as supplemented and amended by, among other provisions, Section 4.03 of the Second Supplement to the Amended and Restated Indenture, the Trustee is hereby instructed to transfer a portion of the funds in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement for all Outstanding Bonds, taking into account the redemption of the 2003 Bonds and the 2006 Bonds and the issuance and delivery of the 2008 Bonds, to the Redemption Fund for application to the redemption price of the 2003 Bonds and the 2006 Bonds, as set forth in the Closing Receipt for the 2008 Bonds.

ARTICLE III TENDER AND PURCHASE OF BONDS

Section 301. OPTIONAL TENDERS DURING VARIABLE RATE PERIODS

(a) Optional Tender Dates. The holders of 2008 Bonds bearing interest at Variable Rates may elect to have their 2008 Bonds or portions thereof in whole multiples of Authorized Denominations purchased at the Tender Price of such 2008 Bonds (or portions), on the following Optional Tender Dates and upon the giving of the following oral (which may be by telephone) or written (which may be by telecopy or facsimile communication) notices meeting the further requirements of subsection (b) below:

(i) Daily Rate Period. During a Daily Rate Period, 2008 Bonds may be tendered for purchase on any Business Day upon oral or written notice of tender given to the Tender Agent not later than 10:00 a.m., New York City time, on the Optional Tender Date;

(ii) Weekly Rate Period. During a Weekly Rate Period, 2008 Bonds may be tendered for purchase on any Business Day upon oral or written notice of tender to the Tender Agent not later than 5:00 p.m., New York City time, on a Business Day not less than seven (7) days prior to the Optional Tender Date; and

(iii) Term Rate Period. During a Term Rate Period, 2008 Bonds may be tendered for purchase on the first Business Day following such Term Rate Period upon delivery of a written notice of tender to the Tender Agent not later than 5:00 p.m., New York City time, on a Business Day not less than seven (7) days prior to the Optional Tender Date.

(b) Notice by Owner of Tender. Each notice of tender:

(i) shall, in the case of a written notice, be delivered to the Tender Agent at its Principal Office and be in form satisfactory to the Tender Agent;

(ii) shall, whether delivered orally or in writing, state (A) the name and address of such Bondholder and the principal amount of the Bond to which the notice relates, (B) that the Bondholder irrevocably demands purchase of such 2008 Bond or a specified portion thereof in a whole multiple of an Authorized Denomination, (C) the Optional Tender Date on which such 2008 Bond or portion is to be purchased and (D) the payment instructions with respect to the Tender Price; and

(iii) shall automatically constitute, whether delivered orally or in writing (A) an irrevocable offer to sell the 2008 Bond (or portion thereof) to which the notice relates on the Optional Tender Date to any purchaser selected by the Remarketing Agent, at a price equal to the Tender Price of such 2008 Bond (or portion thereof), (B) an irrevocable authorization and instruction to the Tender Agent to effect transfer of such 2008 Bond (or portion thereof) upon payment of the Tender Price to the Tender Agent on the Optional Tender Date, (C) an irrevocable authorization and instruction to the Tender Agent to effect the exchange of the 2008 Bond to be purchased in whole or in part for other 2008 Bonds in an equal aggregate principal amount so as to facilitate the sale of such Bond (or portion thereof to be purchased), and (D) an acknowledgment that such Holder will have no further rights with respect to such 2008 Bond (or portion thereof) upon payment of the Tender Price thereof to the Tender Agent on the Optional Tender Date, except for the right of such Bondholder to receive such Tender Price upon surrender of such 2008 Bond to the Tender Agent.

The determination of the Tender Agent as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the owner of such 2008 Bond.

(c) Notice by Tender Agent of Bonds to be Remarketed. Not later than 11:00 a.m., New York City time, on the Business Day immediately following the date of receipt of any notice of tender for any 2008 Bonds (or promptly upon such receipt on the Optional Tender Date in the case of 2008 Bonds during a Daily Rate Period but in no event later than 11:00 a.m., New York City time), the Tender Agent shall give Immediate Notice (or telephonic notice in the case of Bonds during a Daily Rate Period) to the Trustee, the Authority, the Remarketing Agent and the Bank of the principal amounts (or portions thereof) to be purchased and the Optional Tender Date.

(d) Remarketing of Tendered Bonds. Pursuant to the Remarketing Agreement, the Agent shall offer for sale and use its best efforts to find purchasers for all 2008 Bonds or portions thereof properly tendered. The Remarketing Agent shall cause the Tender Price specified in subsection (a) above for the 2008 Bonds which the Remarketing Agent notified the Tender Agent had been remarketed pursuant to subsection (e)(i) below to be paid to the Tender Agent in immediately available funds at or before 2:00 p.m., New York City time, on the Optional Tender Date, during Daily or Weekly Rate Periods and (ii) in immediately available funds at or before 12:00 noon, New York City time, on the Optional Tender Date, in the case of 2008 Bonds during Term Rate Periods. Notwithstanding the foregoing, the Remarketing Agent shall not offer for sale any 2008 Bond as to which a notice of conversion to a Variable Rate Period, from a Term Rate Period of one length to another, to a Flexible Rate Period or to a Fixed Rate Period has been given by the Tender Agent unless the Remarketing Agent has advised the Person to whom the offer is made of the conversion and the effect of the conversion on the rights of Bondholders to tender their 2008 Bonds as described in the conversion notice from the Tender Agent to the Bondholders.

(e) Purchase of Tendered Bonds.

(i) Notice of Remarketing: Purchases Under Liquidity Facility. The following Immediate Notices shall be given with respect to the remarketing of Tendered Bonds and the amount of 2008 Bonds of each series to be purchased pursuant to the Liquidity Facility:

(A) In the case of Tendered Bonds during other than a Daily Rate Period:

(1) the Remarketing Agent shall notify the Tender Agent of the amount of Tendered Bonds which were remarketed not later than 2:30 p.m., New York City time, on the Business Day immediately preceding the Optional Tender Date and the Tender Agent shall notify the Bank of the amount of Tendered Bonds which were remarketed by 3:00 p.m. on the Business Day immediately preceding the Optional Tender Date; and

(2) If any such notice indicates that any Tendered Bonds were not remarketed, if no such notice is received by the required time or if all of remarketing proceeds have not been received, the Tender Agent shall notify the Trustee, the Bank and the Authority, not later than 9:00 a.m., New York City time, on the Optional Tender Date, of the amount of Tendered Bonds

(x) which were not remarketed,

(y) for which no notice of remarketing was received
and

(z) for which no remarketing proceeds have been received,

and the Trustee shall submit a draw certificate to the Bank not later than 11:00 a.m., New York City time, on the Optional Tender Date for payment of an amount equal to the principal portion of the Tender Price for the portion of the Tendered Bonds (x) which were not remarketed, (y) for which no notice of remarketing was received and (z) for which no remarketing proceeds have been received by the required time, and a demand for payment by the Bank of the accrued interest on the portion of the Tendered Bonds which were not remarketed or for which no notice of remarketing was received by the required time, or for which no remarketing proceeds have been received.

(B) In the case of Tendered Bonds during a Daily Rate Period:

(1) the Remarketing Agent shall notify the Tender Agent of the amount of Tendered Bonds which were remarketed not later than 10:00 a.m., New York City time, on the Optional Tender Date; and

(2) if any such notice indicates that any Tendered Bonds were not remarketed or if no such notice is received by the required time, or if remarketing proceeds are not received by the required time, the Tender Agent shall promptly notify the Trustee, the Bank and the Authority, not later than 10:30 a.m., New York City time, on the Optional Tender Date, of the amount of Tendered Bonds

(x) not remarketed,

(y) for which no notice of remarketing was received, or

(z) for which no remarketing proceeds have been received,

and not later than 11:00 a.m., New York City time, on the Optional Tender Date, the Trustee shall submit a draw certificate for payment of the principal portion of the Tender Price by the Bank for the portion of the 2008 Bonds (x) which were not remarketed, (y)

for which no notice of remarketing was received by the required time or (z) for which no remarketing proceeds have been received, and a demand for payment by the Bank of the accrued interest on the portion of the Tendered Bonds which were not remarketed or for which no notice of remarketing was received by the required time, or for which no remarketing proceeds have been received.

(ii) Information Concerning Purchasers. A notice by telephone, telex or telecopier, to be confirmed in writing if given by telephone, specifying the names, addresses and taxpayer identification numbers of the purchasers, the denominations of 2008 Bonds to be registered in the name of each purchaser and, if available, payment instructions for regularly scheduled interest payments or of any changes in such information previously communicated shall be furnished to the Tender Agent by (i) 3:00 p.m., New York City time, on the Business Day preceding the day on which such 2008 Bonds are to be purchased to the extent available and such notice may be supplemented or amended at any time prior to 12:40 p.m., New York City time, on the day on which such 2008 Bonds are to be purchased with respect to Bonds during a Weekly Rate Period, (ii) 1:00 p.m., New York time, on the day on which such 2008 Bonds are to be purchased with respect to Bonds during a Daily Rate Period or Flexible Rate Period, and (iii) 3:00 p.m., New York City time, on the second Business Day prior to the day on which such 2008 Bonds are to be purchased to the extent available and such notice may be supplemented or amended at any time prior to 12:40 p.m., New York City time, on the day on which such 2008 Bonds are to be purchased with respect to Bonds during a Term Rate Period.

(iii) Payments by the Tender Agent. By 3:00 p.m., New York City time, on the Optional Tender Date set for purchase of Tendered Bonds and upon receipt by the Tender Agent of 100% of the aggregate Tender Price of the Tendered Bonds, the Tender Agent shall pay the Tender Price of such 2008 Bonds to the holders thereof at its Principal Office or by bank wire transfer. Such payments shall be made in immediately available funds. With respect to the payment of the Tender Price, the Tender Agent shall apply in order: (A) moneys paid to it by the Remarketing Agent or by the new purchaser of the Tendered Bonds as proceeds of the remarketing of such 2008 Bonds by the Remarketing Agent, (B) moneys paid to it by the Bank for the purchase of 2008 Bonds pursuant to the Liquidity Facility, and (C) any other moneys provided by the Authority in its sole discretion. If sufficient funds are not available for the purchase of all Tendered Bonds, no purchase shall be consummated as provided in Section 306.

(iv) Registration and Delivery of Tendered or Purchased Bonds. On the date of purchase, the Tender Agent shall register and make available for pick-up or cancel all Bonds purchased on any Optional Tender Date as follows: (A) 2008 Bonds purchased or remarketed by the Remarketing Agent shall be registered and made available to the Remarketing Agent by 2:15 p.m., New York City time, in accordance with the instructions of the Remarketing Agent; (B) 2008 Bonds purchased pursuant to the Liquidity Facility shall be registered in the name of the Authority unless otherwise required by the Liquidity Facility and shall be held in trust by the Tender Agent on behalf of the registered owner; and (C) 2008 Bonds purchased with other moneys provided by the Authority shall be canceled or registered and delivered in accordance with the instructions of the Authority; provided that so long as a Liquidity Facility is in effect, such 2008 Bonds shall not be remarketed or delivered to the Authority unless the Liquidity Facility supports the payment of such 2008 Bonds in accordance with the terms of this Fifth Supplement to the Amended and Restated Indenture and the Liquidity Facility.

(v) Resale of Bonds Purchased Pursuant to the Liquidity Facility. In the event that any 2008 Bonds are purchased pursuant to the Liquidity Facility pursuant to subparagraph (iv) above, the Remarketing Agent shall continue to offer for sale and use its best efforts to sell such 2008 Bonds at a purchase price equal to the principal amount thereof plus accrued interest thereon. 2008 Bonds purchased pursuant to the Liquidity Facility shall not be delivered upon remarketing by the Remarketing Agent or any other sale unless the Liquidity Facility is reinstated for the principal amount thereof and the Interest Component applicable thereto in accordance with its terms.

(vi) Delivery of Bonds: Effect of Failure to Surrender Bonds. All 2008 Bonds to be purchased on any Optional Tender Date shall be required to be delivered to the Principal Office of the Tender Agent by (i) 12:00 noon, New York City time, on the Optional Tender Date with respect to Bonds during a Daily or Weekly Rate Period; or (ii) 5:00 p.m., New York City time, on the second Business Day prior to the Optional Tender Date with respect to Bonds during Term Rate Periods. If the owner of any 2008 Bond (or portion thereof) that is subject to purchase pursuant to this Section fails to deliver such 2008 Bond to the Tender Agent for purchase on the Optional Tender Date and if the Tender Agent is in receipt of the Tender Price therefor, such 2008 Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such 2008 Bond (or portion thereof) shall be transferred to the purchaser thereof as provided in subsection (e)(iv) above. Any Bondholder who fails to deliver a 2008 Bond for purchase as required above shall have no further rights thereunder except the right to receive the Tender Price thereof upon presentation and surrender of said 2008 Bond to the Tender Agent and shall thereafter hold such 2008 Bond as agent for the Tender Agent. Such delivery shall be a condition to payment of the Tender Price by the Tender Agent on the Optional Tender Date.

Section 302. TENDERS DURING FLEXIBLE RATE PERIODS

(a) Repurchase Dates. Each 2008 Bond bearing interest at a Flexible Rate shall be subject to mandatory tender for purchase on each Repurchase Date at the Repurchase Price.

(b) Bonds to be Remarketed. Not later than 11:00 a.m., New York City time, on the Business Day immediately preceding each Repurchase Date, the Tender Agent shall give Immediate Notice to the Remarketing Agent and the Bank of the amount of 2008 Bonds which will be tendered on such Repurchase Date.

(c) Remarketing of Tendered Bonds. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all 2008 Bonds required to be purchased on the Repurchase Date. In remarketing the 2008 Bonds, the Remarketing Agent shall offer and accept purchase commitments for the 2008 Bonds for such Interest Periods and at such Flexible Rates as it deems to be advisable in order to minimize the net interest cost on the 2008 Bonds under prevailing market conditions. The foregoing notwithstanding, no Interest Period may be established which exceeds the shortest of (A) 270 days, (B) the remaining number of days prior to any Mandatory Tender Date occurring pursuant to either Section 303 or 304 hereof, or (C) the remaining number of days prior to each date on which 2008 Bonds are subject to redemption pursuant to Sections 401(a)(i) or (c) hereof (but, in the case of Section 401(a)(i) hereof, only if the Remarketing Agent has received Immediate Notice from the Trustee of a pending redemption of 2008 Bonds pursuant to Section 402(a) hereof) if and to the extent necessary to enable the Tender Agent to make such purchases on or before such date. The Remarketing Agent shall cause the Repurchase Price specified in subsection (a) above for the

2008 Bonds which the Remarketing Agent notified the Tender Agent had been remarketed pursuant to subsection (d)(i) below to be paid to the Tender Agent in immediately available funds at or before 2:00 p.m., New York City time, on the Repurchase Date. At the request of the Trustee, the Remarketing Agent shall also determine and notify the Trustee of Flexible Rates and Interest Periods for 2008 Bonds to be purchased pursuant to the Liquidity Facility or by the Authority as hereinafter provided, such determination to be made in substantially the same manner as is provided above and with a view toward enabling the Remarketing Agent to remarket such 2008 Bonds at a later date.

(d) Purchase of Tendered Bonds; Notice of Remarketing; Purchases Under Liquidity Facility. The following Immediate Notices shall be given with respect to the remarketing of Tendered Bonds and the amount of 2008 Bonds to be purchased pursuant to the Liquidity Facility:

(i) The Remarketing Agent shall notify the Tender Agent of the amount of Tendered Bonds which were remarketed not later than 9:30 a.m., New York City time, on the Repurchase Date; and if any such notice indicates that any Tendered Bonds were not remarketed, or if no such notice is received by the required time, or if not all of the remarketing proceeds have been received, the Tender Agent shall notify the Trustee, the Bank and the Authority by 10:00 a.m., New York City time, on the Repurchase Date of the amount of Tendered Bonds not remarketed, or for which no notice of remarketing was received, or for which no remarketing proceeds have been received, and the Trustee shall submit to the Bank by 11:00 a.m., New York City time, on the Repurchase Date, a draw certificate for payment of an amount equal to the Repurchase Price by the Bank for (A) the portion of the 2008 Bonds which were not remarketed, (B) those for which no notice of remarketing was received by the required time and (C) those for which no remarketing proceeds have been received and a draw certificate for payment of the accrued interest on the portion of the Tendered Bonds by the Bank for the portion of the 2008 Bonds (X) which were not remarketed, (Y) for which no notice of remarketing was received by the required time, or (Z) for which no remarketing proceeds have been received, pursuant to the Liquidity Facility.

(ii) Information Concerning Purchasers. A notice by telephone, telex or telecopier, to be confirmed in writing if given by telephone, specifying the names, addresses and taxpayer identification numbers of the purchasers, the denominations of 2008 Bonds to be registered in the name of each purchaser, the Flexible Rate and Repurchase Date to be applicable to each 2008 Bond and, if available, payment instructions for regularly scheduled interest payments or of any changes in such information previously communicated shall be furnished to the Tender Agent by the Remarketing Agent by 1:00 p.m., New York City time, on the Repurchase Date.

(iii) Payments by the Tender Agent. By 3:00 p.m., New York City time, on the Repurchase Date and upon receipt by the Tender Agent of 100% of the aggregate Repurchase Price of the Tendered Bonds, the Tender Agent shall pay the Repurchase Price of such 2008 Bonds to the holders thereof at its Principal Office or by bank wire transfer. Such payments shall be made in immediately available funds. With respect to the payment of the Repurchase Price, the Tender Agent shall apply in order (A) moneys paid to it by the Remarketing Agent or by the new purchaser of the Tendered Bonds as proceeds of the remarketing of such 2008 Bonds by the Remarketing Agent, (B) moneys paid to it by the Bank for the purchase of 2008 Bonds pursuant to the Liquidity Facility, and (C) any other moneys provided by the Authority in its sole discretion. If sufficient funds are not available for the

purchase of all Tendered Bonds, no purchase shall be consummated as provided in Section 306.

(iv) Registration and Delivery of Tendered or Purchased Bonds. On the Repurchase Date, the Tender Agent shall register and deliver, hold or cancel all 2008 Bonds purchased on such Repurchase Date as follows: (A) 2008 Bonds purchased or remarketed by the Remarketing Agent shall be registered and delivered to the Remarketing Agent by 2:15 p.m., New York City time, in accordance with the instructions of the Remarketing Agent (B) 2008 Bonds purchased pursuant to a draw on the Liquidity Facility shall be registered in the name of the Authority unless otherwise required by the Liquidity Facility and shall be held in trust by the Tender Agent on behalf of the registered owner; and (C) 2008 Bonds purchased with other moneys provided by the Authority shall be canceled or registered and delivered in accordance with the instructions of the Authority, provided that so long as a Liquidity Facility is in effect, such 2008 Bonds shall not be remarketed or delivered to the Authority unless the Liquidity Facility supports the payment of such 2008 Bonds in accordance with the terms of this Fifth Supplement to the Amended and Restated Indenture and the Liquidity Facility.

(v) Resale of Bonds Purchased Pursuant to the Liquidity Facility. In the event that any 2008 Bonds are purchased pursuant to a draw on the Liquidity Facility pursuant to subparagraph (iv) above, the Remarketing Agent shall continue to offer for sale and use its best efforts to sell such 2008 Bonds at a purchase price equal to the principal amount thereof plus accrued interest thereon. 2008 Bonds purchased pursuant to the Liquidity Facility shall not be delivered upon remarketing by the Remarketing Agent or any other sale unless the Liquidity Facility is automatically reinstated for the principal amount thereof and the Interest Component applicable thereto in accordance with its terms or the Remarketing Agent has been advised by the Bank by Immediate Notice that it has elected to reinstate the Liquidity Facility for the required amount and the Bank notifies the Tender Agent by Immediate Notice of such reinstatement and directs the Tender Agent to deliver the 2008 Bonds to the purchaser.

(vi) Delivery of Bonds; Effect of Failure to Surrender Bonds. All 2008 Bonds to be purchased on any Repurchase Date shall be required to be delivered to the Principal Office of the Tender Agent by 1:00 p.m., New York City time, on the Repurchase Date. If the owner of any 2008 Bond (or portion thereof) that is subject to purchase pursuant to this Section fails to deliver such 2008 Bond to the Tender Agent for purchase on the Repurchase Date and if the Tender Agent is in receipt of the Tender Price therefor, such 2008 Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such 2008 Bond (or portion thereof) shall be transferred to the purchaser thereof as provided in subsection (e)(iv) above. Any 2008 Bondholder who fails to deliver a 2008 Bond for purchase as required above shall have no further rights thereunder except the right to receive the Repurchase Price thereof upon presentation and surrender of said 2008 Bond to the Tender Agent. Such delivery shall be a condition to the payment of the Repurchase Price by the Tender Agent on the Repurchase Date.

Section 303. MANDATORY TENDER UPON CONVERSIONS AMONG VARIABLE RATE PERIODS AND FLEXIBLE RATE PERIODS

(a) Variable Rate Conversions. 2008 Bonds which are subject to conversion on any Variable Rate Conversion Date pursuant to Section 203(d) or (e) hereof shall be subject to mandatory tender for purchase on the Variable Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be.

(b) Flexible Rate Conversions. 2008 Bonds which are subject to conversion on any Flexible Rate Conversion Date pursuant to Section 204(b) hereof are subject to mandatory tender for purchase on the applicable Flexible Rate Conversion Date at the Tender Price.

(c) [Reserved]

(d) Notice to Bondholders. Any notice of a conversion given to Bondholders pursuant to Section 203(d)(iii), 203(e)(iii) or 204(b)(iii) hereof shall, in addition to the requirements of such Section, state that the 2008 Bonds to be converted will be subject to mandatory tender for purchase on the Variable Rate Conversion Date or Flexible Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be, and will specify the time at which 2008 Bonds are to be tendered for purchase.

Whenever the 2008 Bonds are held in the DTC System, any failure by DTC or any DTC Participant to provide the notice described above to any beneficial owner of the 2008 Bonds shall not affect the validity of any interest rate on any 2008 Bonds or extend the period for tendering any of the 2008 Bonds for purchase and the Trustee shall not be liable to any 2008 Bondholder by reason of any such failure or defect.

(e) Remarketing. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all 2008 Bonds to be tendered for purchase on the Flexible Rate Conversion Date or Variable Rate Conversion Date. In the event of a conversion to a Variable Rate Period, the terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price specified in subsection (a) above to the Tender Agent in immediately available funds at or before 3:00 p.m., New York City time, on the Variable Rate Conversion Date. In the case of a conversion to a Flexible Rate Period, the terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price specified in subsection (b) above to the Tender Agent in immediately available funds at or before 3:00 p.m., New York City time, on the Flexible Rate Conversion Date and the Flexible Rates and Interest Periods to be established shall be determined in the manner and subject to the limitations set forth in Section 302(c) hereof.

(f) Purchase of Tendered Bonds. The provisions of Section 301(e) regarding purchases of 2008 Bonds shall apply to tenders pursuant to this Section 303 in the case of a conversion during a Variable Rate Period; provided that, for the purpose of so applying such provisions:

(i) the notices required pursuant to Section 301(e)(i) shall be given as therein described, except that the provisions relating specifically to 2008 Bonds during Daily Rate Periods shall be applicable only to 2008 Bonds to be converted from a Daily Rate Period or to a Flexible Rate Period;

(ii) the notice required pursuant to Section 301(e)(ii) shall be given as therein described, except that, in the case of a conversion to a Flexible Rate Period, the notice from the Remarketing Agent concerning the purchasers of the 2008 Bonds shall specify the Flexible Rates and Interest Periods for such 2008 Bonds; and

(iii) the deliveries of 2008 Bonds under Section 301(e)(vi) shall be required to be made at or before 12:00 noon, New York City time, on the Variable Rate

Conversion Date (or 5:00 p.m., New York City time, on the second Business Day prior to the Conversion Date with respect to 2008 Bonds during a Term Rate Period).

The provisions of Section 302(d) regarding purchases of 2008 Bonds shall apply to tenders pursuant to this Section 303 with respect to 2008 Bonds in the case of conversions during a Flexible Rate Period.

Section 304. MANDATORY TENDER UPON FIXED-RATE CONVERSION OR SUBSTITUTION OR TERMINATION OF LIQUIDITY FACILITY

(a) Mandatory Tenders.

(i) Proposed Fixed Rate Conversion Date. The 2008 Bonds to be converted to bear interest at the Fixed Rate pursuant to Section 205 hereof shall be subject to mandatory tender for purchase on a Proposed Fixed Rate Conversion Date at a price equal to the Tender Price or the Repurchase Price, as the case may be.

(ii) Substitution of the Liquidity Facility with an Alternate Liquidity Facility. The 2008 Bonds (other than Bank Bonds and 2008 Bonds bearing interest at the Fixed Rate) are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or the Repurchase Price, as the case may be, on the regularly scheduled Interest Payment Date immediately preceding the effective date of any substitution of the Liquidity Facility with an Alternate Liquidity Facility in accordance with the provisions of Section 310 hereof.

(iii) No Renewal Liquidity Facility. The 2008 Bonds are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or Repurchase Price, as the case may be, on any Renewal Date if by the tenth day preceding such Renewal Date the Trustee has not received a Renewal Liquidity Facility.

(iv) Default under the Liquidity Facility. The 2008 Bonds are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or Repurchase Price, as the case may be, on the fifteenth day (or the next preceding Business Day if such day is not a Business Day) after receipt by the Trustee of notice from the Bank of the occurrence of a default under the Liquidity Facility permitting the Bank to deliver such notice (other than the occurrence of any event of default thereunder which permits the Bank to immediately terminate such Liquidity Facility without notice to or demand upon the Trustee) and that such Liquidity Facility shall be terminated; provided that (1) the Mandatory Tender Date shall be at least five days prior to the termination of the Bank's obligation to honor draws under the Liquidity Facility and (ii) no purchase shall be required if prior to the Mandatory Tender Date the Trustee receives written notice from the Bank to the effect that the default has been cured in accordance with the provisions of the Liquidity Facility and such Liquidity Facility is, as of the date of such notice to the Trustee, in full force and effect and will not terminate as a result of such termination notice from the Bank.

(b) Notice to Bondholders. The Tender Agent shall mail notice to Bondholders of any mandatory tender as follows:

(i) pursuant to Section 304(a)(i) above (or include in any notice mailed pursuant to Section 205(d) hereof), not less than thirty (30) days prior to the Mandatory Tender Date;

(ii) pursuant to Section 304(a)(ii) or (iii) above, not less than fifteen (15) a prior to the Mandatory Tender Date, and

(iii) pursuant to Section 304(a)(iv), on the Business Day next succeeding receipt by the Trustee of the notice from the Bank described therein.

In the case of a notice pursuant to Section 304(a)(i) above, such notice will state, among other things, the Proposed Fixed Rate Conversion Date, that the 2008 Bonds will be subject to mandatory tender for purchase on the Fixed Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be, and the time at which the 2008 Bonds are to be tendered for purchase.

Whenever the 2008 Bonds are held in the DTC System, any failure by DTC or any DTC Participant to provide the notice described above to any beneficial owner of the 2008 Bonds shall not affect the validity of any interest rate on any 2008 Bonds or extend the period for tendering any of the 2008 Bonds for purchase and the Trustee shall not be liable to any 2008 Bondholder by reason of any such failure or defect.

(c) Remarketing. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for such 2008 Bonds following a mandatory tender; provided, however, except in connection with a mandatory tender for purchase on a Proposed Fixed Rate Conversion Date, that 2008 Bonds shall not be remarketed unless and until the Remarketing Agent receives notice from the Trustee that a Liquidity Facility complying with the requirements of Section 310(h) hereof is in place with respect to the 2008 Bonds. The terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price specified in subsection (a) above to the Tender Agent in immediately available funds at or before 10:30 a.m., New York City time.

(d) Purchase of Tendered Bonds. The provisions of Section 301(e) regarding purchases of 2008 Bonds shall apply to mandatory tenders pursuant to this Section 304 with respect to 2008 Bonds during a Variable Rate Period; provided that, for the purpose of so applying such provisions:

(i) the notices required pursuant to Section 301(e)(i) shall be given as therein described, except that the provisions relating specifically to 2008 Bonds during Daily Rate Periods shall be disregarded;

(ii) the notices required to be given pursuant to Section 301(e)(ii) hereof regarding purchasers of 2008 Bonds shall be given in the manner prescribed for tenders of 2008 Bonds during other than Daily Rate Periods; and

(iii) the deliveries of 2008 Bonds under Section 301(e)(iv) shall be required to be made at or before 2:15 p.m., New York City time on the Fixed Rate Conversion Date.

The provisions of Section 302(d) shall apply to tenders pursuant to this Section 304 with respect to 2008 Bonds during a Flexible Rate Period.

Section 305. FAILED CONVERSION

If on a Variable Rate Conversion Date, Flexible Rate Conversion Date or Proposed Fixed Rate Conversion Date, any condition precedent to such conversion required hereunder shall not be satisfied, such Conversion shall not occur, the mandatory tender shall remain effective and if the Authority has filed with the Trustee and the Tender Agent a Favorable Opinion acceptable to the Trustee with respect to the conversion of the 2008 Bonds to Variable Rates for Weekly Rate Periods, the 2008 Bonds shall bear interest at the Variable Rate determined by the Remarketing Agent on the failed Conversion Date for a Weekly Rate Period, and thereafter shall bear interest at Variable Rates for Weekly Rate Periods until a Variable Rate Conversion Date, Flexible Rate Conversion Date or Fixed Rate Conversion Date.

Section 306. INADEQUATE FUNDS FOR TENDERS

(a) If the funds available for purchases of 2008 Bonds pursuant to this Article III are inadequate for the purchase of all 2008 Bonds required to be purchased on any purchase date, the Tender Agent shall immediately: (i) return all Tendered Bonds to the holders thereof; (ii) return all moneys received for the purchase of such 2008 Bonds to the Persons providing such moneys; and (iii) notify all Bondholders in writing (A) if an Event of Default has occurred, of such occurrence, and (B) of the rate to be effective pursuant to following provisions. If the funds available for purchases of 2008 Bonds pursuant to this Article III are inadequate for the purchase of all 2008 Bonds required to be purchased (i) on a proposed Conversion Date, such conversion shall be deemed to have failed and the provisions of Section 305 above shall apply; (ii) in all other cases, the Remarketing Agent shall determine the applicable interest rate in accordance with the provisions of Article II hereof.

(b) The only monies available to pay the Tender Price on any 2008 Bonds which are Tendered Bonds are those monies required to be deposited in the Bond Purchase Fund pursuant to section 308 below. The Authority is not obligated to pay any other amounts from any other source and neither the Trustee nor the Remarketing Agent shall be responsible for the failure of any other person to furnish moneys for the Tender Price of such 2008 Bonds.

(c) Notwithstanding the provisions of this Article III, if on a Proposed Fixed Rate Conversion Date which arises as a result of a Conversion required by Section 202(e) above, insufficient funds are available to complete such tender, such Conversion shall nonetheless occur, and the 2008 Bonds so converted shall bear interest at a Fixed Rate equal to the sum of (i) the yield on "A" rated general obligation bonds with a term equal to the remaining term on the 2008 Bonds being so converted, as published by Municipal Market Data (or any successor entity) on the first Business Day preceding the Proposed Fixed Rate Conversion Date, plus (ii) 5 basis points; provided that such Fixed Rate shall not be in excess of the Maximum Lawful Rate.

Section 307. LIMITS UPON REMARKETING

(a) Tendered Bonds shall not be remarketed to the Authority or any Affiliate unless, prior to such sale, the Authority shall have delivered to the Trustee an unqualified written opinion of counsel experienced in bankruptcy matters and satisfactory to the Trustee and each Rating Agency then maintaining a rating on the 2008 Bonds (which opinion may assume that no Bondholders are "insiders" within the meaning of Title XI of the United States Code) to the effect that payment of such amounts to Bondholders would not be avoidable as preferential payments under Section 547 of the United States Bankruptcy Code recoverable under Section 550 of the United States Bankruptcy Code should the Authority or any Affiliate become a debtor in a proceeding commenced thereunder. Neither the Trustee nor the Tender Agent shall be required

to monitor the actions of the Remarketing Agent to ensure that it will not remarket any Bonds to the Authority or any Affiliate, and for the purposes of this Section 307 hereof, the Trustee and the Tender Agent may, in the absence of actual notice to the contrary, assume that no funds furnished to the Tender Agent by the Remarketing Agent constitute proceeds of the remarketing of any Bonds to the Authority or any Affiliate.

(b) Except in connection with a mandatory tender for purchase on a Proposed Fixed Rate Conversion Date required under Section 202(e), 2008 Bonds shall not be remarketed unless and until a Liquidity Facility complying with the requirements of Section 310(h) hereof is in place with respect to the 2008 Bonds.

(c) Despite the absence of a Liquidity Facility complying with the requirements of Section 310(h) hereof, whether resulting from the termination of an existing Liquidity Facility or otherwise, the Authority shall be under no obligation to purchase 2008 Bonds otherwise subject to optional tender pursuant to Section 301 hereof or mandatory tender pursuant to Sections 302, 303 or 304 hereof prior to the Maturity Date of such 2008 Bonds and the failure to purchase shall not be an Event of Default under the Indenture.

Section 308. BOND PURCHASE FUND

(a) Establishment of Bond Purchase Fund and Accounts. The Trustee shall establish or cause the Tender Agent to establish and maintain, so long as the 2008 Bonds remain outstanding at a Variable Rate or a Flexible Rate, a separate fund to be known as the "Bond Purchase Fund" (the "Bond Purchase Fund"), within which there shall be established a Remarketing Proceeds Account and a Liquidity Facility Purchase Account, which shall be held in trust by the Trustee until applied as hereinafter provided.

(i) Remarketing Proceeds Account. The Trustee or the Tender Agent shall deposit to the credit of the Remarketing Proceeds Account (A) the moneys received upon the remarketing of Tendered Bonds pursuant to section 307 hereof and the Remarketing Agreement to any Person (other than Tendered Bonds sold to the Authority, any Affiliate or any Insider in violation of Section 307 hereof), and (B) the moneys received from the underwriter or purchaser (other than the Authority, any Affiliate, or any Insider) of Tendered Bonds upon the conversion of the interest rate thereon to a Fixed Rate. No moneys other than those described in (A) and (B) of this Section 308(a)(i) shall be deposited into such account.

(ii) Liquidity Facility Purchase Account. The Trustee or the Tender Agent shall deposit to the credit of the Liquidity Facility Purchase Account all proceeds of drawings under the Liquidity Facility to pay the purchase price of Tendered Bonds (other than Bank Bonds), and no other moneys shall be deposited in such account.

(b) Application of Bond Purchase Fund. Moneys in the Bond Purchase Fund shall be held in trust for the benefit of and subject to a lien in favor of the owners of Tendered Bonds and shall be used exclusively for the payment of the purchase price of Tendered Bonds; provided, however, that any moneys remaining on deposit in the Liquidity Facility Purchase Account after payment in full of all amounts due on the Tendered Bonds shall be transferred to the Bank to the extent of amounts owed to the Bank.

(c) Moneys on deposit in the Bond Purchase Fund (other than monies in the Liquidity Facility Purchase Account, which are not to be invested) shall be invested only upon the written direction of the Authority and only in Government Obligations (but only obligations

defined in paragraph (a) of the definition of Government Obligations) with a term not exceeding the earlier of 30 days from the date of investment of such moneys or the date or dates that moneys therefrom are anticipated to be required. Amounts held to pay the purchase price for more than five years shall be applied in the same manner as provided under Section 515 of the Amended and Restated Indenture.

Section 309. NON-PRESENTMENT OF TENDERED BONDS

In the event any Tendered Bonds shall not be presented for purchase and moneys sufficient to pay the purchase price of such Tendered Bonds are held in the Bond Purchase Fund, the Tender Agent shall segregate and hold such moneys in trust (but shall not invest such moneys), without liability for interest thereon, for the benefit of and subject to a security interest in favor of the holders of such Tendered Bonds who shall, except as provided in the last paragraph of Section 308 hereof, thereafter be restricted exclusively to such moneys, for the satisfaction of any claim of whatever nature on their part under the Indenture or on, or with respect to, said Tendered Bonds.

Section 310. LIQUIDITY FACILITY

(a) **Draws on Liquidity Facility.** While in effect, the Trustee shall draw moneys under each Liquidity Facility in accordance with its terms and in accordance with Sections 301(e)(i), 302(d)(i), 303(e) and 304(d) hereof to the extent necessary to pay to the Bondholders the purchase price of Tendered Bonds. Immediately following each drawing under the Liquidity Facility, and not as a condition to such drawing, the Trustee shall use its best efforts to give telephonic notice to the Authority that such a drawing under the Liquidity Facility was made. The Trustee and the Tender Agent shall return any moneys drawn under the Liquidity Facility to the Bank immediately following the applicable purchase date to the extent such moneys exceed the amount necessary to pay the Repurchase Price or Tender Price of Tendered Bonds.

(b) **Maintenance of Liquidity Facility.** The Authority covenants that it shall, at all times that any series of the 2008 Bonds bear interest in a Variable Rate, cause a Liquidity Facility from a Bank rated at least A-1/P-1 and otherwise complying with the requirements of this Section 310 to be in effect with respect to such series of 2008 Bonds. In the event that the Liquidity Facility is suspended or terminated pursuant to an Automatic Termination Event or and Automatic Suspension Event (as defined in the Liquidity Facility), the Bank shall give immediate notice to the Trustee and the Trustee shall give prompt notice to the Bondholders of such occurrence.

(c) **Renewal Liquidity Facility.** The Authority may, subject to the provisions of the Liquidity Facility, at any time arrange for the deposit with the Trustee of a Renewal Liquidity Facility for either series of the 2008 Bonds in substitution for the existing Liquidity Facility. Each Renewal Liquidity Facility shall be satisfactory in form and substance to the Trustee; provided that no such Renewal Liquidity Facility shall be satisfactory to the Trustee unless, in addition to all other requirements to be met therefor, a draft of such Renewal Liquidity Facility, and a draft of the related Renewal Liquidity Facility Agreement, if any, have been submitted to the Trustee at least 20 days prior to the date such Renewal Liquidity Facility is to become effective. In addition, if such Liquidity Facility contains a decrease in the Interest Coverage Rate, the Interest Coverage Period or the Interest Component or a decrease in the portion of the Liquidity Facility designated to pay premium upon purchase of any series of the 2008 Bonds, the Trustee must have received written evidence from each Rating Agency then maintaining a rating on the 2008

Bonds that such rating will not be withdrawn or reduced due to the delivery of such Renewal Liquidity Facility and consent of the Bond Insurer. Upon the delivery of a Renewal Liquidity Facility, the Trustee shall promptly give written notice by first class mail, postage prepaid, to each owner of a 2008 Bond bearing interest at a Variable Rate or a Flexible Rate that a Renewal Liquidity Facility and Renewal Liquidity Facility Agreement will secure such 2008 Bond.

(d) Alternate Liquidity Facility. The Authority may, subject to the provisions of the Liquidity Facility, at any time arrange for the deposit with the Trustee of an Alternate Liquidity Facility for either series of the 2008 Bonds in substitution for the existing Liquidity Facility. Any Alternate Liquidity Facility shall be acceptable to the Bond Insurer. The Alternate Liquidity Facility shall expire no earlier than 360 days from the date of its deposit with the Trustee and, in the event any of the 2008 Bonds bear interest at a Term Rate for a Term Rate Period extending beyond the Stated Expiration Date of such Alternate Liquidity Facility, no earlier than the Liquidity Facility which it replaces. Each Alternate Liquidity Facility shall be satisfactory in form and substance to the Trustee; provided that any such Alternate Liquidity Facility shall not be satisfactory to the Trustee unless, in addition to all other requirements to be met therefor, a draft of such Alternate Liquidity Facility and a draft of any supplemental bond Indenture required to be executed in connection with the delivery of the Alternate Liquidity Facility, and appropriate information concerning the entity which will issue such Alternate Liquidity Facility have been submitted to each Rating Agency then maintaining a rating on the 2008 Bonds entitled to the benefit of the then effective Liquidity Facility, and each such Rating Agency has given notice, promptly confirmed in writing, to the Authority and the Trustee at least 20 days prior to the date such Alternate Liquidity Facility is to become effective as to what rating the 2008 Bonds entitled to the benefit of the Alternate Liquidity Facility will bear after such substitution.

The Liquidity Facility then in effect may be replaced by an Alternate Liquidity Facility only if (i) the provisions for mandatory tender for purchase of the 2008 Bonds described in Section 304 hereof are satisfied, (ii) prior to such replacement the Authority shall have delivered to the Trustee a Favorable Opinion with respect to such replacement, (iii) the Trustee shall receive an opinion of counsel for the Bank Issuing the Alternate Liquidity Facility in a form reasonably acceptable to the Trustee and (iv) the Bank Issuing the Alternate Liquidity Facility or the Authority shall provide funds on or before the substitution for the purchase of all Bank Bonds from the Bank Issuing the Liquidity Facility then in effect.

(e) Surrender of Liquidity Facility. If at any time there shall have been delivered to the Trustee, in substitution for the Liquidity Facility then in effect (with respect to one or both series of 2008 Bonds), either an Alternate Liquidity Facility or a Renewal Liquidity Facility, then the Trustee shall accept such Alternate Liquidity Facility or Renewal Liquidity Facility and shall thereupon surrender the Liquidity Facility (or that portion of the Liquidity Facility being replaced) then in effect to the Bank which issued the Liquidity Facility in accordance with its terms for cancellation unless such substitution is effected through the attachment of an exhibit or similar attachment to the prior Liquidity Facility as permitted by the terms of such Liquidity Facility. At such time as any series of the 2008 Bonds shall have been converted to a Fixed Rate, the Trustee shall promptly surrender the Liquidity Facility then in effect to the Bank which issued such Liquidity Facility in accordance with the terms thereof and of the Indenture for cancellation. The Trustee shall promptly surrender any Liquidity Facility after it expires in accordance with its terms.

(f) Transfer of Liquidity Facility. The Trustee shall not sell, assign or otherwise transfer the Liquidity Facility except to a successor Trustee hereunder and in accordance with the terms of the Liquidity Facility.

(g) Reserved.

(h) Terms of Liquidity Facility. So long as any series of 2008 Bonds bear interest at a Variable Rate or a Flexible Rate, the Authority is required to cause to have on deposit with the Trustee a Liquidity Facility for such series of 2008 Bonds. When a Liquidity Facility is in effect, the Authority shall maintain the Interest Component of the Liquidity Facility in an amount which shall not be less than the amount determined by multiplying

(i) the outstanding principal amount of such 2008 Bonds bearing interest at a Variable Rate or a Flexible Rate, as applicable, times

(ii) the Interest Coverage Rate for such Variable Rate Period or Flexible Rate, as applicable, required to be used pursuant to this paragraph times

(iii) the quotient determined by dividing

(A) the Interest Coverage Period for such Variable Rate Period or Flexible Rate Period, as applicable, required to be used pursuant to this paragraph by

(B) 365 (or 360, in the case of 2008 Bonds bearing interest at Variable Rates for Term Rate Periods or bearing interest at a Fixed Rate).

The Interest Coverage Rate utilized for each Variable Rate Period or Flexible Rate Period in the above described calculation shall not be less than the rate specified by the Remarketing Agent to the Trustee for any series of the 2008 Bonds in each particular Variable Rate Period or Flexible Rate Period as the maximum interest rate at which the Remarketing Agent will remarket such series of the 2008 Bonds in such Variable Rate Period or Flexible Rate Period, which may not be less than the current interest rate or rates borne by such series of the 2008 Bonds in such Variable Rate Period or Flexible Rate Period. Notwithstanding anything herein to the contrary, the interest rate at which any series of the 2008 Bonds may be remarketed may not exceed the Maximum Rate.

The Interest Coverage Period utilized for each Variable Rate Period or Flexible Rate Period in the above described calculation shall not be less than the following:

(iv) with respect to 2008 Bonds bearing interest at a Variable Rate for a Daily Rate Period or a Weekly Rate Period, 34 days;

(v) with respect to 2008 Bonds bearing interest at a Variable Rate for a Term Rate Period, 183 days;

(vi) with respect to 2008 Bonds bearing interest at a Flexible Rate, 270 days; or

(vii) with respect to 2008 Bonds generally, such other number of days then required by any Rating Agency to obtain or maintain an investment grade rating on the 2008 Bonds entitled to the benefit of such Liquidity Facility.

If any Bond is bearing interest at a Variable Rate for a Term Rate Period and if the Stated Expiration Date is scheduled to occur during the current Variable Rate Period therefor, the amount of the Liquidity Facility must include an amount to pay the applicable premium, if any, on the Renewal Date on which such Bond is required to be purchased pursuant to Section 304 hereof.

In addition, each Renewal Liquidity Facility and Alternate Liquidity Facility shall provide for payment of an amount equal to the outstanding principal amount of the 2008 Bonds bearing interest at a Variable Rate or a Flexible Rate. Each Liquidity Facility shall provide that such Liquidity Facility may not be terminated until five days after any draw thereunder is made on a Renewal Date, Substitution Date or Conversion Date.

(i) Bank Bonds.

(i) Any 2008 Bonds purchased with proceeds of a drawing on the Liquidity Facility pursuant to this Article shall be registered in the name of the Bank (or its designated nominee) and are herein called "Bank Bonds". Pending reinstatement of the Liquidity Facility securing such 2008 Bonds or release of such 2008 Bonds by the Bank, the Bank shall be entitled to receive all payments of principal of and interest on Bank Bonds and such 2008 Bonds shall not be transferable or deliverable to any party (including the Authority) except the Bank (except as set forth in Section 310(i)(ii) and (iii) below). As indicated in Section 202 hereof, all Bank Bonds shall bear interest at the Bank Rate. So long as 2008 Bonds remain Bank Bonds, they shall not be eligible for tender under the Liquidity Facility.

So that the Trustee can comply with the procedures and requirements of DTC set forth in DTC's notice dated April 4, 2008, respecting "Variable Rate Demand Obligations ("VRDO") Failed Remarketings and Issuance of Bank Bonds", as the same may be amended from time to time, in the event that all or any portion of the 2008 Bonds of any series become Bank Bonds, upon the issuance of the 2008 Bonds pursuant to Section 201 above, the Authority will execute, deliver a Global Bond for each series as set forth in Section 207(h) above and direct the Trustee, at the time 2008 Bonds become Bank Bonds as provided above, to authenticate such Global Bonds. The aggregate principal amount of such Global Bonds will be initially zero, and will always be equal to the aggregate principal amount of any Bank Bonds to the extent and for so long as such Bank Bonds remain Bank Bonds. Such Global Bonds are being delivered only for the administrative convenience of the Trustee and DTC and at no time shall the sum of the principal amount represented by the Bank Bonds of any series and the principal amount represented by the bond certificates of such series issued pursuant to Section 201 above exceed the principal amount of the 2008 Bonds Outstanding for such series.

(ii) The Remarketing Agent shall continue to use its best efforts to arrange for the sale of any Bank Bonds, subject to the reinstatement of the Liquidity Facility with respect to the drawings with which such 2008 Bonds were purchased, at a price equal to the principal amount thereof plus accrued interest.

(iii) Delivery of Remarketed Bank Bonds and Proceeds Thereof. Upon reinstatement of the Liquidity Facility relating to Bank Bonds and the sale of Bank Bonds arranged by the Remarketing Agent, the Tender Agent shall make available (i) such 2008 Bonds to the Remarketing Agent for redelivery to the purchasers thereof and (ii) the proceeds of such sale to the Bank to the extent of any unpaid obligation under the Liquidity Facility for the prior drawing made by the Tender Agent on the Liquidity Facility in respect of the purchase of such 2008 Bonds.

ARTICLE IV REDEMPTION OF BONDS

Section 401. REDEMPTION DATES AND PRICES

As long as there is no continuing Event of Default under the Indenture, the 2008 Bonds shall be subject to redemption prior to maturity in the amounts, at the times and in the manner provided in this Section 401.

(a) Optional Redemption.

(i) Flexible Rate Period or a Variable Rate Period. During a Flexible Rate Period or a Variable Rate Period, any series of 2008 Bonds bearing interest at a Flexible Rate or a Variable Rate shall be subject to redemption prior to maturity at the option of the Authority, in whole or in part (and, if in part, in an Authorized Denomination) on any Repurchase Date applicable thereto during a Flexible Rate Period or on any Interest Payment Date during a Variable Rate Period (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot), at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

(ii) Term Rate Period. On or prior to the Fixed Rate Conversion Date, 2008 Bonds in a Term Rate Period may be redeemed by the Authority, in whole or in part (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot in such manner as shall be determined by the Trustee), (A) at any time on and after the No-Call Period described below, at a redemption price of 100% of the principal amount of 2008 Bonds called for redemption, plus accrued interest to the date fixed for redemption, and (B) on the day after the end of each Term Rate Period at a redemption price of 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption:

Length of Term Rate Period	Commencement of Redemption Period
Less than 15 years and greater than or equal to 10 years	8 th Anniversary of the commencement of the Term Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Term Rate Period
Less than 8 years	Not subject to optional redemption until commencement of next Term Rate Period

Notwithstanding the foregoing, the No-Call Periods specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the conversion of the interest rate on the 2008 Bonds to a Term Rate Period is to the effect that such change will not have an adverse effect on the validity of the 2008 Bonds or any exemption from federal income taxation to which interest on the 2008 Bonds would otherwise be entitled.

(iii) Fixed Rate. After the Fixed Rate Conversion Date for any series of the 2008 Bonds, the 2008 Bonds of such series may be redeemed by the Authority in whole on any date, or in part on any Interest Payment Date (and, if in part, by lot in such manner as shall be determined by the Trustee), after the No-Call Period described below at a redemption price of 100% of the principal amount of 2008 Bonds called for redemption, plus accrued interest to the date fixed for redemption:

<u>Length of Fixed Rate Period</u>	<u>Commencement of Redemption Period</u>
Less than 15 years and greater than or equal to 10 years	8 th Anniversary of the commencement of the Fixed Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Fixed Rate Period
Less than 8 years	Not subject to optional redemption

Notwithstanding the foregoing, the No-Call Periods and redemption prices specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the conversion of the interest rate on the 2008 Bonds to a Fixed Rate is to the effect that such change will not have an adverse effect on the validity of the 2008 Bonds or any exemption from federal income taxation to which interest on the 2008 Bonds would otherwise be entitled.

(b) Special Optional Redemption. Any 2008 Bonds which: (1) are Bank Bonds, or (2) have been converted to a Fixed Rate pursuant to Section 202(e) above, shall be subject to redemption in whole or in part prior to the Maturity Date therefor at the option of the Authority out of amounts deposited in the Debt Service Fund, on any Business Day at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

(c) Mandatory Sinking Fund Redemption. (i) The 2008A Bonds are subject to mandatory redemption prior to maturity in part by lot, as selected by the Trustee, on June 15 of each year as set forth below, in the respective principal amounts listed opposite each such year from moneys in the Debt Service Fund, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to the redemption date.

<u>Redemption Date (June 15)</u>	<u>Principal Amount</u>	<u>Redemption Date (June 15)</u>	<u>Principal Amount</u>
2009	\$6,825,000.00	2016	\$9,600,000.00
2010	\$7,165,000.00	2017	\$10,080,000.00
2011	\$7,525,000.00	2018	\$10,585,000.00
2012	\$7,900,000.00	2019	\$11,120,000.00
2013	\$8,295,000.00	2020	\$11,670,000.00
2014	\$8,710,000.00	2021	\$12,255,000.00
2015	\$9,145,000.00	2022*	\$12,865,000.00

* Final Maturity

(ii) The 2008B Bonds are subject to mandatory redemption prior to maturity in part by lot, as selected by the Trustee, on June 15 of each year as set forth below, in the respective principal amounts listed opposite each such year from moneys in the Debt Service Fund, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to the redemption date.

<u>Redemption Date (June 15)</u>	<u>Principal Amount</u>	<u>Redemption Date (June 15)</u>	<u>Principal Amount</u>
2009	\$4,925,000.00	2015	\$6,800,000.00
2010	\$5,200,000.00	2016	\$7,175,000.00
2011	\$5,475,000.00	2017	\$7,575,000.00

2012	\$5,800,000.00	2018	\$8,000,000.00
2013	\$6,100,000.00	2019	\$8,425,000.00
2014	\$6,450,000.00	2020	\$8,900,000.00

* Final Maturity

Notwithstanding the foregoing, on and after the Fixed Rate Conversion Date, if the Authority shall, with the consent of the Bond Insurer, file a certificate pursuant to Section 205(d) hereof in connection with the conversion of the 2008 Bonds to the Fixed Rate containing an alternate schedule of mandatory redemption dates and amounts to be effective with respect to the 2008A Bonds or the 2008B Bonds on and after the Fixed Rate Conversion Date, in lieu of the mandatory sinking fund redemption schedule detailed above, the Authority shall redeem such series of 2008 Bonds maturing on such dates and in the such amounts from moneys in the Debt Service Fund as shall be set forth in such certificate, if any, filed in connection with the conversion of the 2008 Bonds to the Fixed Rate, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to the redemption date.

In the event of any partial redemption of the 2008 Bonds pursuant to Section 401(a) or (b), hereof, the mandatory sinking fund redemption payments shall be reduced in such order as the Authority shall elect prior to such redemption or, if no such election is made, in the inverse order thereof. The Trustee shall (in such manner as it in its sole discretion shall choose) adjust the amount of each such reduction in required mandatory redemption payment, so that each such required mandatory sinking fund redemption payment is made in Authorized Denominations.

(d) General Provisions Regarding Redemptions.

(i) No redemption of less than all of the 2008 Bonds outstanding shall be made unless in Authorized Denominations. Any redemption of less than all of the Bonds of any series of the 2008 Bonds Outstanding shall be made first from Bank Bonds. Any redemption of less than all of the 2008 Bonds Outstanding shall be made in such a manner that all 2008 Bonds Outstanding after such redemption are in Authorized Denominations.

(ii) 2008 Bonds may be called for redemption by the Trustee pursuant to Section 401 hereof in accordance with the notice requirements of Section 402 hereof.

(iii) In lieu of redeeming 2008 Bonds pursuant to Section 401, the Trustee may, at the written request of the Authority, use such funds otherwise available hereunder for redemption of 2008 Bonds to purchase 2008 Bonds in the open market at a price not exceeding the redemption price then applicable hereunder. Any 2008 Bonds so purchased in lieu of redemption shall be delivered to the Trustee for cancellation and shall be canceled. It is understood that (i) in the case of any optional redemption or purchase and cancellation of 2008 Bonds with serial maturities, the Authority shall receive credit against its required mandatory redemption deposits, if any, with respect to the 2008 Bonds of such Maturity Date and (ii) in the case of any optional redemption of 2008 Bonds with a term maturity, the Authority shall receive credit against its required mandatory redemption deposits, if any, in such order as the Authority shall designate in writing prior to the redemption or purchase and cancellation or, if no such election is made prior to such redemption or purchase and cancellation, in the inverse order thereof; provided, however, that following such reduction each such mandatory redemption payment is made in integral multiples of an Authorized Denomination.

Section 402. NOTICE OF REDEMPTION

(a) Except as hereinafter provided, upon direction of the Authority as provided in Section 401(a) or (b) above, a copy of the notice of the call for any redemption identifying the 2008 Bonds to be redeemed shall be given by the Trustee to the Bondholders by first class mail, postage prepaid, with respect to 2008 Bonds during a Daily Rate Period or a Weekly Rate Period, not less than 15 days and not more than 30 days prior to the date fixed for redemption and, with respect to 2008 Bonds bearing interest during a Term Rate Period, a Flexible Rate Period or a Fixed Rate Period, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the registered owners of 2008 Bonds to be redeemed at their addresses as shown on the Bond Register. Such notice shall specify the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue on the 2008 Bonds which are the subject of such notice and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. If at the time of mailing of any notice of redemption with respect to any redemption other than a mandatory redemption pursuant to Section 401(c) hereof the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the 2008 Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited. Prior to the Fixed Rate Conversion Date, Immediate Notice of any such redemption shall also be given to the Remarketing Agent promptly following the giving of notice to the Bondholders as aforesaid.

(b) Notwithstanding Section 402(a) hereof, if the 2008 Bonds are to be redeemed pursuant to Section 401(b) hereof, the Trustee shall give Immediate Notice to the Bank upon receipt of the written request of the Authority.

(c) Failure to give notice in the manner prescribed hereunder with respect to any 2008 Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any 2008 Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the 2008 Bonds to be redeemed and to pay interest due thereon and premium, if any, the 2008 Bonds thus called shall not after the applicable redemption date bear interest, be protected by the Indenture or be deemed to be Outstanding under the provisions of the Indenture.

(d) If any 2008 Bond is transferred or exchanged on the Bond Register by the Bond Registrar after notice has been given calling such 2008 Bond for redemption, the Trustee will attach a copy of such notice to the 2008 Bond issued in connection with such transfer or exchange.

Section 403. SELECTION OF BONDS TO BE REDEEMED

If less than all the 2008 Bonds shall be called for redemption under any provision of the Indenture permitting such partial redemption, the particular 2008 Bonds or portions thereof to be redeemed shall be selected by the Authority, in the principal amount designated in writing to the Trustee by the Authority or otherwise as required by the Indenture; provided, however, that (i) Bank Bonds with respect to any series of 2008 Bonds shall be the first 2008 Bonds of such series to be selected for redemption; (ii) in the case of the mandatory redemption of 2008 Bonds which have been assigned to a particular mandatory redemption date pursuant to Section

401(c) hereof, such 2008 Bonds shall be redeemed on the designated dates; and (iii) subject to other applicable provisions of the Indenture, the portion of any 2008 Bond to be redeemed shall be in a principal amount equal to an Authorized Denomination. In selecting 2008 Bonds for redemption, the Trustee shall treat each 2008 Bond as representing that number of 2008 Bonds which is obtained by dividing the principal amount of such 2008 Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any 2008 Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the owner of such 2008 Bond shall forthwith surrender such 2008 Bond to the Trustee for (a) payment to such owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption and (b) delivery to such owner a new 2008 Bond or 2008 Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such 2008 Bond. New 2008 Bonds representing the unredeemed balance of the principal amount of such 2008 Bond shall be issued to the registered owner thereof without charge therefor.

ARTICLE V THE TENDER AGENT AND REMARKETING AGENT

Section 501. TENDER AGENT

The Authority may, at all times on or before the Fixed Rate Conversion Date, appoint a Tender Agent to carry out all of the duties of the Tender Agent hereunder and with the power to act, on or prior to the Fixed Rate Conversion Date, on the Trustee's behalf and subject to its direction in the authentication and delivery of the 2008 Bonds and in connection with registration of transfers and exchanges, tenders, redemptions, notices and purchases thereof and payments thereon, as fully to all intents and purposes as though the Tender Agent had been expressly authorized hereunder to authenticate, deliver, pay, transfer and exchange 2008 Bonds, receive notices pursuant to Section 301, purchase tendered Bonds and make payments on the 2008 Bonds. The Tender Agent shall calculate the interest to be paid on each Interest Payment Date, and will relay such information to the Trustee for its confirmation. In the absence of a Tender Agent, the Trustee shall calculate such interest. Such Tender Agent shall at all times be a commercial bank with trust powers or trust company organized under the laws of the United States of America or one of the states thereof, having an office in New York, New York (or having an agent with such an office) and shall at all times be an institution organized and doing business under the laws of the United States or of any state authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authorities (a) with a combined capital and surplus of at least \$500,000,000 or (b) affiliated with the Trustee. If such institution publishes reports of condition at least annually pursuant to law or the requirements of such authorities, then for the purposes of this Section the combined capital and surplus of such institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The appointment of a Tender Agent under this Section shall be effective upon acceptance by the Tender Agent and shall continue until the Authority shall rescind such appointment or the Tender Agent shall resign. The Tender Agent may act through an agent constituting a commercial bank with trust powers or trust company. If at any time on or prior to the Fixed Rate Conversion Date there is no Tender Agent, all references herein to the Tender Agent shall be deemed to refer to the Trustee. The Tender Agent shall be entitled to the same rights and shall be subject to the same obligations hereunder as the Trustee, and shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in the Indenture (including Section 9.01 of the Amended and Restated Indenture) with respect to the Trustee insofar as such provisions may be applicable.

The Trustee shall make such arrangements with the Tender Agent, in addition to those made as provided herein, as are necessary to be made and to be thereafter continued whereby funds from the sources specified herein will be made available to pay when due the principal and redemption price of, and interest on, 2008 Bonds bearing interest at a Variable Rate or a Flexible Rate.

Section 502. REMARKETING AGENT

The Authority shall appoint a Remarketing Agent for the 2008 Bonds. The Remarketing Agent shall designate its Principal Office to the Trustee, the Authority, the Tender Agent and the Bank and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Authority, the Trustee, and the Tender Agent under which the Remarketing Agent will agree, particularly:

(a) to hold all moneys delivered to it for the purchase of 2008 Bonds for the account of and for the benefit of the person or entity which shall have so delivered such moneys until the 2008 Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity; and

(b) to keep such books and records as shall be consistent with prudent industry practice, and to make such books and records available for inspection by the Authority, the Trustee, the Tender Agent and the Bank at all reasonable times.

The Authority shall cooperate with the Trustee, the Tender Agent and the Bank to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified herein will be made available for the purchase of 2008 Bonds presented at the Payment Office of the Tender Agent and whereby 2008 Bonds, executed by the Authority and authenticated by the Trustee or the Tender Agent, shall be made available to the Remarketing Agent to the extent necessary for delivery pursuant to Section 308 hereof.

The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 30 days' notice to the Authority, the Bank, the Trustee and the Tender Agent. The Remarketing Agent may be removed at any time upon 30 days' notice, by an instrument, signed by the Authority or the Bond Insurer and filed with the Remarketing Agent, the Bank, the Trustee, the Tender Agent and the Bond Insurer or the Authority.

In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys and 2008 Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Authority shall fail to appoint a Remarketing Agent hereunder, or in the event that the Remarketing Agent shall resign, be removed or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Authority shall not have appointed its successor as Remarketing Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section 502, shall ipso facto be deemed to be the Remarketing Agent for all purposes of the Indenture until the appointment by the Authority of the Remarketing Agent or successor Remarketing Agent, as the case may be; provided, however, that the Trustee, in its capacity as Remarketing Agent, shall not be required to remarket Bonds, or to determine the interest rate on the 2008 Bonds.

The Remarketing Agent for its own account or as broker or agent for others may deal in 2008 Bonds and may do anything any other Bondholder may do to the same extent as if the Remarketing Agent were not serving as such.

The Remarketing Agent will not be entitled to any compensation from the Trustee or the Tender Agent or have any claim or rights with respect to any property, rights or interests constituting a part of the trust estate or otherwise held under the Indenture, but must make separate arrangements with the Authority for compensation.

Section 503. QUALIFICATIONS OF REMARKETING AGENT

Except in the case of the interim appointment of the Trustee to serve as Remarketing Agent pursuant to Section 502 hereof, the Remarketing Agent shall at all times be registered as a Municipal Securities Dealer under the Securities Exchange Act of 1934, as amended, and be authorized by law to perform all the duties contemplated by the Indenture to be performed by the Remarketing Agent and shall have knowledge and experience in the remarketing of securities such as the 2008 Bonds and shall not be unacceptable to the Bank or the Bond Insurer.

ARTICLE VI REVENUES AND FUNDS

Section 601. DEBT SERVICE FUND.

(a) The Trustee shall establish as a part of the Debt Service Fund in respect of the 2008 Bonds a 2008 Bonds Sinking Fund Account (the "2008 Bonds Sinking Fund Account") for the retirement of the 2008 Bonds. Moneys deposited in the 2008 Bonds Sinking Fund Account shall be held by the Trustee for the sole benefit of the registered owners of 2008 Bonds specified below and shall be applied as hereafter provided.

The Trustee shall transfer moneys from the Debt Service Fund in respect of the 2008 Bonds to the 2008 Bonds Sinking Fund Account on June 1 of the years and in the amounts required to retire 2008 Bonds as and to the extent required pursuant to Section 401(c) of this Fifth Supplement to the Amended and Restated Indenture.

Prior to May 1 of each year in which 2008 Bonds are subject to mandatory redemption as described in Section 401(c) of this Fifth Supplement to the Amended and Restated Indenture, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 2008 Bonds Sinking Fund Account of as many 2008 Bonds then subject to mandatory sinking fund redemption as can be purchased in the open market or pursuant to offers made at the time by the holders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund in respect of the 2008 Bonds) and any 2008 Bonds so purchased will be cancelled. Prior to May 15 of each year or such date as will permit the Trustee to mail the notice of redemption required under Section 402 of this Fifth Supplement to the Amended and Restated Indenture, so long as any 2008 Bonds shall remain Outstanding, the Trustee shall select 2008 Bonds for redemption, selecting any Bank Bonds of the appropriate series first and thereafter by lot, on June 15 of such year, a principal amount of 2008 Bonds as shall represent the difference between the principal amount of such 2008 Bonds fixed for redemption on such date as described in Section 401(c) of this Fifth Supplement to the Amended and Restated

Indenture and the principal amount thereof which the Trustee shall have purchased or agreed to purchase during the immediately preceding period, as above provided.

Upon selection of the particular 2008 Bonds to be redeemed, as above provided, the Trustee shall send a notice, in the name of the Authority, to the holders of such 2008 Bonds so drawn for redemption in the manner provided in Article IV of this Fifth Supplement to the Amended and Restated Indenture, and, upon presentation by the holders thereof, the Trustee shall pay the principal amount thereof out of moneys in the 2008 Bonds Sinking Fund Account and shall pay accrued interest due from moneys available therefor in the Debt Service Fund in respect of the 2008 Bonds.

If at any time all the 2008 Bonds eligible for redemption shall have been purchased, redeemed or paid, the Trustee shall make no further transfers to the 2008 Bonds Sinking Fund Account and shall transfer any balance then in such account to the Debt Service Fund in respect of the 2008 Bonds. Whenever 2008 Bonds are to be purchased out of the 2008 Bonds Sinking Fund Account, if the Authority shall notify the Trustee that the Authority wishes to arrange for such purchase, the Trustee shall comply with the Authority's arrangements provided they conform to the Indenture.

(b) As long as the Bond insurance Policy shall be in full force and effect, the Authority, the Trustee agrees to comply with the following provisions:

(1) If, on the third Business Day prior to the related scheduled Interest Payment Date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the 2008 Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York city time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2008 Bonds due on such Payment Date, the Trustee shall make a claim under the Bond Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2008 Bonds and the amount required to pay principal of the 2008 Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York city time, on such second business Day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

(2) The Trustee shall designate any portion of payment of principal on 2008 Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2008 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement 2008 Bond to the Bond Insurer, registered in the name of the Financial Security Assurance Inc. in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement 2008 Bond shall have no effect on the amount of principal or interest payable by the Authority on any 2008 Bond or the subrogation rights of the Bond Insurer.

(3) The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any 2008 Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(4) Upon payment of a claim under the Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have the exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Bondholders in the same manner as principal and interest payments are to be made with respect to the 2008 Bonds under the sections hereof regarding payment of 2008 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service other funds available to make such payments. Notwithstanding anything herein to the contrary, the Authority agrees to pay to the Bond Insurer (i) a sum equal to the total of all amounts paid by the Bond Insurer under the Bond Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Bond Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2008 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the 2008 Bonds and that for this purpose, the Bond Insurance Policy issued with respect to the 2008 Bonds shall be deemed to be a Credit Facility.

(5) Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a 2008 Bond payment date shall promptly be remitted to the Bond Insurer.

Section 602. PAYMENT UNDER THE 2003 BONDS SWAP AND THE 2006 BONDS SWAP

(a) In accordance with Section 5.05(c) of the Amended and Restated Indenture, as amended and supplemented, the Trustee shall transfer moneys in the Revenue Fund, as directed by the Authority, to JPMorgan Chase Bank – New York, or its successors and permitted assigns, as counterparty under the 2003 Bonds Swap and as counterparty under the 2006 Bonds Swap (copies of the documentation for each of the 2003 Bonds Swap and the 2006 Bonds Swap are attached to this Fifth Supplement to the Amended and Restated Indenture as Appendix B); provided, however, that all such payments to JPMorgan Chase Bank – New York,

or its successors and permitted assigns, pursuant to the terms of each of the 2003 Bonds Swap and the 2006 Bonds Swap on any date may only be made if the transfers or payments required by Sections 5.05(a) and (b) of the Amended and Restated Indenture, as amended and supplemented, as of and prior to such date have been made in full and all payments required to be made by the Authority as of and prior to such date of or in respect of debt service on the 2008 Bonds and amounts required to be deposited into the Debt Service Reserve Fund (including any amounts owing to the issuer of any municipal bond debt service reserve fund policy on deposit in the Debt Service Reserve Fund) have been made or paid in full.

At the election of the Authority and upon written notice to the Trustee, one or more new accounts in the Revenue Fund shall be created with respect to any interest rate swap transactions relating to any Bonds (each a "Swap Account"). In the event that the Authority elects to create one or more such Swap Accounts, the Trustee shall (i) deposit on a monthly or other periodic basis in such Swap Accounts, as directed by the Authority, and reserve in the Swap Accounts, such amounts as may be directed by the Authority with respect to amounts owing or to be owed in connection with any interest rate swap or hedge agreements relating to any Bonds, and (ii) transfer from such Swap Account to the relevant counterparty under such interest rate swap or hedge agreement such amounts as shall be directed by the Authority; provided, however, that all such transfers to the Swap Account and all such payments made from the SWAP Account pursuant to the terms of any interest rate swap or hedge agreements on any date may only be made if the transfers or payments required by Sections 5.05(a) and (b) of the Amended and Restated Indenture, as amended and supplemented, as of and prior to such date have been made in full and all payments required to be made by the Authority as of and prior to such date of or in respect of debt service on the Bonds and amounts required to be deposited into the Debt Service Reserve Fund (including any amounts owing to the issuer of any municipal bond debt service reserve fund policy on deposit in the Debt Service Reserve Fund) have been made or paid in full.

(b) Payments received from JPMorgan Chase Bank – New York, or its successors and permitted assigns, as counterparty under the 2003 Bonds Swap or the 2006 Bonds Swap shall be deposited to the Debt Service Fund established pursuant to Section 5.06 of the Amended and Restated Indenture.

ARTICLE VII AMENDMENT OF INDENTURE

Section 701. AMENDMENT OF SECTION 2.11.

Subsection (f) of Section 2.11 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"(f) Except for Additional Bonds issued to refund Outstanding Bonds where the Maximum Annual Debt Service Requirement for the Additional Bonds and the total principal and interest payable on the Additional Bonds for the term thereof do not exceed the comparable amounts for the Bonds being refunded or Additional Bonds which have a security interest in the Pledged Revenues which is subordinate to the security interest granted to secure the 1999 Bonds and the 2008 Bonds, a certificate executed by the Authority, including a verification of the calculations by an independent certified public accountant, showing that (1) the PICA Taxes collected with respect to any 12

consecutive months during the 15 month period preceding the date of issuance of such Additional Bonds, after giving retroactive effect during each month of such 12 month period to any PICA Taxes which were not in effect (including for this purpose any increase in the rate of an existing tax) during each such month but which have been imposed prior to the issuance of the Additional Bonds, equaled at least 175% of the Maximum Annual Debt Service Requirement (including the Authority's obligations with respect to repayment of Policy Costs then due and owing with respect to each Credit Facility issued in connection with the Debt Service Reserve Fund for the Bonds and any amounts due to the provider of a credit or liquidity facility issued with respect to a series of Bonds) on Bonds to be Outstanding after the issuance of the Additional Bonds and (2) the PICA Taxes projected to be collected during the 12 months following the issuance of the Additional Bonds, which projections may be based on the PICA Taxes projected for such period in the City's most recent Financial Plan (as defined in the Intergovernmental Cooperation Agreement) approved by the Authority, equal at least 175% of the Debt Service Requirement during such 12 month period on Bonds to be Outstanding after the issuance of the Additional Bonds. In making the foregoing calculations, PICA Taxes other than the Income Tax shall not be included in the calculation unless each Bond Insurer then insuring Outstanding Bonds has consented to the inclusion of such other PICA Taxes in writing."

Section 702. AMENDMENT OF SECTION 4.12.

(a) Section 4.12(b) of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"(b) the official statement or other disclosure, if any, prepared in connection with the issuance of additional debt, whether or not it is on a parity with the 1999 Bonds or the 2008 Bonds, within 30 days after the sale thereof;"

(b) Section 4.12(d) of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"(d) the notice of the redemption, other than mandatory sinking fund redemption, of any of the 1999 Bonds, and the 2008 Bonds, including the principal amount, maturities and CUSIP numbers thereof;"

Section 703. AMENDMENT OF ARTICLE VII.

Article VII of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture, is amended by adding the following new paragraph at the end of such section:

"If any advance refunding of the 2008 Bonds is accomplished prior to the Fixed Rate Conversion Date, (i) moneys held to defease such 2008 Bonds shall be invested only in Government Obligations with maturity dates on or prior to the next Flexible Rate Adjustment Date or Variable Rate Adjustment Date, as the case may be, for the 2008 Bonds, the 2008 Bonds shall be redeemed on or prior to such Flexible Rate Adjustment Date or Variable Rate Adjustment Date and the 2008 Bonds which have been advance refunded prior to maturity shall no longer be subject to any optional or mandatory tender or (ii) the Trustee shall have received written evidence from each Rating Agency then rating the 2008 Bonds that the rating borne by such 2008 Bonds immediately prior to such refunding will not be withdrawn or reduced by reason of such advance refunding."

Section 704. AMENDMENT OF SECTION 8.01.

Section 8.01 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended, Restated Indenture and the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture, is amended as follows:

(i) In the fifth to last line of the paragraph following subsection 8.01(e), after the words "1999 Bonds", delete the "2003 Bonds or the 2006 Bonds" and add the words "or in the 2008 Bonds".

(ii) A new Event of Default shall be added to Section 8.01 as new subsection (h), which provision shall read, as follows:

(h) If remarketing proceeds or moneys received under the Liquidity Facility are held by the Tender Agent in the full amount required, but payment of the purchase price of any 2008 Bond tendered pursuant to Article III of the Fifth Supplement to the Amended and Restated Indenture is not made when it becomes due and payable;

Section 705. AMENDMENT OF SECTION 8.09.

Section 8.09 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture, is amended as follows:

(i) In the fifth line of Section 8.09, after the words "1999 Bonds", delete the "2003 Bonds or the 2006 Bonds" and add the words "or the 2008 Bonds"

(ii) The following additional paragraph is added at the end of Section 8.09 with respect to the 2008 Bonds, for as long as the Bond Insurance Policy remains in effect:

"Any reorganization or liquidation plan with respect to the Authority must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation of the Authority, the Bond Insurer shall have the right to vote on behalf of all Bondholders who

hold the Bond Insurer-Insured 2008 Bonds absent a default by the Bond Insurer under the applicable Bond Insurance Policy insuring such 2008 Bonds."

Section 706. AMENDMENT OF SECTION 10.01.

Section 10.01 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture, is amended by adding the following new paragraph (o) immediately following paragraph (n).

(o) With respect to the 2008 Bonds, to increase or decrease the maximum interest rate used to compute (i) the Interest Coverage Rate, as defined in Section 103 of the Fifth Supplement to the Amended and Restated Indenture, and (ii) the maximum rate at which the 2008 Bonds may be remarketed, as set forth in Section 310(h) of the Fifth Supplement to the Amended and Restated Indenture; provided, however, that the Trustee shall have first obtained the written consent for such amendment from the Bond Insurer insuring the 2008 Bond and any Credit Facility Issuer and the written confirmation from Moody's that such amendment shall not adversely affect the rating issued by such Rating Agency then applicable to the 2008 Bonds."

Section 707. AMENDMENT OF SECTION 10.02.

The last paragraph of Section 10.02 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, is amended as follows:

(i) In the seventh line of the last paragraph of Section 10.02, after the words "1999 Bond ", delete "2003 Bonds or 2006 Bonds", and add "or 2008 Bonds".

(ii) The following additional paragraph is added at the end of Section 10.02 with respect to the 2008 Bonds, for as long as the Bond Insurance Policy remains in effect:

"Unless otherwise provided in this Section, and provided that the Bond Insurer is not in default under the Bond Insurance Policy and has not been downgraded by one or more of the Rating Agencies, the Bond Insurer's consent shall be required in lieu of Bondholder consent, when required, for the following purposes: (i) execution and delivery of any supplemental Indenture, (ii) removal of the Trustee or paying agent, if any, and selection and appointment of any successor trustee or paying agent, and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent."

Section 708. AMENDMENT OF SECTION 10.04.

Section 10.04 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture of Trust, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture, is

amended by adding the following additional paragraph at the end thereof with respect to the 2008 Bonds:

"Any provision of this Fifth Supplement to the Amended and Restated Indenture expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer, so long as the Bond Insurer is not in default under the Bond Insurance Policy and has not been downgraded by one or more of the Rating Agencies. The Bond Insurer reserves the right to charge the Authority a fee for any consent or amendment to the Indenture while the Bond Insurance Policy is outstanding, provided that the Bond Insurer is not in default under the Bond Insurance Policy and has not been downgraded by one or more of the Rating Agencies."

Section 709. AMENDMENT OF SECTION 11.07.

Section 11.07 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture of Trust, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"Section 11.07 of the Amended and Restated Indenture is amended to add the following addresses as the addresses for the Credit Facility Issuer with respect to the Bonds:

To the Authority:

Pennsylvania Intergovernmental Cooperation Authority
1429 Walnut St., 14th Floor
Philadelphia, PA 19102
Attention: Executive Director

To the Trustee:

U.S. Bank National Association
Two Liberty Place
50 South 16th Street, Suite 2000
Mail Station: EX-PA-WBSP
Philadelphia, PA 19102
Attention: Ralph E. Jones

If to the Tender Agent:

U.S. Bank National Association
Two Liberty Place
50 South 16th Street, Suite 2000
Mail Station: EX-PA-WBSP
Philadelphia, PA 19102
Attention: Ralph E. Jones

If to Counterparty on 2003 Bonds SWAP:

JPMORGAN CHASE BANK- NEW YORK

Payments to be made as follows

Swap Payment JPMorgan Chase Bank

Instructions:

Favour: PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY c/o First Union
National Bank

ABA/Bank No.: [ABA #:053000219]

Account No.: [1556597839]

Reference: Trust operations DDA 500000006439
Attention: Howard Parker 215-670-4541

If to Counterparty on 2006 Bonds SWAP:

JPMORGAN CHASE BANK- NEW YORK

Payments to be made as follows

Swap Payment JPMorgan Chase Bank

Instructions:

Favour: [JPMorgan London]

ABA/Bank No.: [ABA #:021000238]

Account No.: [670-07-054]

Reference: [Further credit to swap group account]

Section 710. AMENDMENT OF SECTION 11.10.

(a) The second sentence of Section 11.10 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture and the Fourth supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"When the 1999 Bonds, or the 2008 Bonds are no longer Outstanding, and all amounts owed to the respective Bond Insurer shall have been paid in full, no further notice to or consent or approval of the respective Bond Insurer shall be required under the terms of this Fifth Supplement to the Amended and Restated Indenture and such Bond Insurer shall cease to be a third party beneficiary of this Fifth Supplement to the Amended and Restated Indenture."

(b) Section 11.10 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and Restated Indenture, the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture, is further amended by adding the following new sentence at the end of such section.

"Notwithstanding anything herein to the contrary, unless the Bond Insurer is in default under the Bond Insurance Policy or has been downgraded by one or more of the Rating Agencies, the Authority shall not be permitted to surrender, cancel, terminate, amend or modify the Bond Insurance Policy or replace the Bond Insurer with respect to the 2008 Bonds without prior written consent of the Bank, if any, and prior written confirmation from each Rating Agency that

such substitution shall not adversely affect the rating issued by such Rating Agency then applicable to the 2008 Bonds."

Section 711. SPECIAL PROVISIONS FOR THE BENEFIT OF THE BOND INSURER.

(a) The following provisions are added as a new Section 11.17 to Article XI of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture, with respect to the 2008 Bonds:

"Section 11.15. Notices and Information to be Provided to the Bond Insurer. With respect to the 2008 Bonds and while the Bond Insurance Policy is in effect, the Trustee shall furnish to the Bond Insurer, to the extent such items have been delivered or made available to the Trustee, the following:

(a) to the attention of the Bond Insurer's Surveillance Department, unless otherwise indicated, and upon request:

(i) a copy of any financial statement, audit and/or annual report of the Authority,

(ii) a copy of any notice to be given by the Trustee to the registered owners of the 2008 Bonds, including, without limitation, notice of any redemption of or defeasance of Obligations, and any certificate rendered pursuant to this Amended and Restated Indenture relating to the security for the Obligations, and

(iii) such additional information as the Bond Insurer may reasonably request.

(b) to the attention of the Bond Insurer's General Counsel Office, unless otherwise indicated:

(i) notice of any failure of the Authority, of which the Trustee is aware, to provide the relevant notices, certificates and other documents required to be delivered by the Authority pursuant to the terms of the Indenture, and

(ii) notwithstanding any other provision of the Indenture, the Trustee shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and promptly upon the occurrence of any Event of Default under the Indenture of which the Trustee is aware.

Additionally, the Authority will permit the Bond Insurer to discuss the affairs, finances and accounts of the Authority or any information the Bond Insurer may reasonably request regarding the security for the 2008 Bonds with appropriate officers of the Authority. The Authority will permit the Bond Insurer to make copies of all books and records relating to the 2008 Bonds at any reasonable time.

The Bond Insurer shall have the right to direct an accounting at the Authority's expense, and the Authority's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if

such extension would not materially adversely affect the interests of any registered owner of the 2008 Bonds."

Section 712. SPECIAL PROVISIONS FOR THE BENEFIT OF THE FITCH.

(a) The following provisions are added as a new Section 11.18 to Article XI of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture, with respect to the 2008 Bonds:

"Section 11.18. Notices and Information to be Provided to the Fitch. With respect to the 2008 Bonds, the Authority shall furnish to Fitch, notice of any change in the Trustee or Remarketing Agent, the expiration, termination or extension of the Liquidity Facility, or any Optional Redemption or Special Optional Redemption of the 2008 Bonds."

ARTICLE VIII INDENTURE TO REMAIN IN EFFECT; MISCELLANEOUS

Section 801. INDENTURE TO REMAIN IN EFFECT.

Except as amended and supplemented by this Fifth Supplement to the Amended and Restated Indenture, the Existing Indenture shall remain in full force and effect and is in all respects ratified, approved and confirmed, and the Existing Indenture and this Fifth Supplement to the Amended and Restated Indenture shall be read, taken and construed as one and the same instrument so that all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture shall apply and remain in full force and effect with respect to this Fifth Supplement to the Amended and Restated Indenture and the 1999 Bonds, as appropriate. In case of any conflict between the provisions of the Existing Indenture and this Fifth Supplement to the Amended and Restated Indenture of Trust, the provisions of this Fifth Supplement to the Amended and Restated Indenture shall apply. Without limiting the foregoing, the Authority hereby assigns, pledges and grants to the Trustee and confirms its prior grant to the Trustee of a lien on and security interest in all right, title and interest of the Authority in and to the Pledged Revenues in order to secure (i) the payment of the principal of, premium, if any, and interest on the Bonds (including without limitation the 2008 Bonds) according to their tenor and effect, and (ii) the performance and observance by the Authority expressed herein and in the Bonds (including without limitation the 2008 Bonds).

Section 802. COUNTERPARTS.

This Fifth Supplement to the Amended and Restated Indenture may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 803. GOVERNING LAW.

This Fifth Supplement to the Amended and Restated Indenture shall be governed by and construed in accordance with the laws of the Commonwealth.

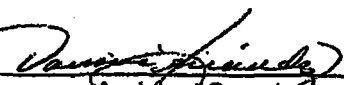
Section 804. CAPTIONS.


The captions and headings in this Fifth Supplement to the Amended and Restated Indenture are for reference purposes only and shall not control or affect the meaning or interpretation of any provisions of this Fifth Supplement to the Amended and Restated Indenture.

IN WITNESS WHEREOF, the Authority has caused this Fifth Supplement to the Amended and Restated Indenture to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials and the Trustee has caused this Fifth Supplement to the Amended and Restated Indenture to be executed in its name and with its corporate seal hereunto affixed and attested by its respective duly authorized signers, as of the date first above written.

ATTEST:

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

By: 
Assistant Secretary
[SEAL]

By: 
(Vice) Chairperson

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

By: 
Authorized Signatory

[SEAL]

EXHIBIT A-1: FORM OF 2008A BOND

Financial Security Assurance Inc. ("Financial Security"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Bond to U.S. Bank National Association, Philadelphia, Pennsylvania, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from Financial Security or the Paying Agent.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or to such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co. has an interest herein.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2008A

<u>MATURITY DATE</u>	<u>ORIGINAL ISSUE DATE</u>	<u>INTEREST MODE</u>	<u>CUSIP</u>	<u>NUMBER</u>
June 15, 2022	May 15, 2008	VARIABLE RATE	708840 HC 0	AR-1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED THIRTY-THREE MILLION SEVEN HUNDRED FORTY THOUSAND DOLLARS
(\$133,740,000.00)

AS HEREINAFTER DESCRIBED, UNDER CERTAIN CIRCUMSTANCES ON CERTAIN DATES THIS 2008A BOND IS PERMITTED TO BE OR IS REQUIRED TO BE TENDERED FOR PURCHASE TO THE TENDER AGENT AT A PRICE EQUAL TO 100% OF THE PRINCIPAL AMOUNT HEREOF PLUS INTEREST ACCRUED AND UNPAID HEREON TO BUT NOT INCLUDING THE DATE OF SUCH TENDER. THE OWNER HEREOF WHO ELECTS TO TENDER THIS 2008A BOND OR IS REQUIRED TO TENDER THIS 2008A BOND FOR PURCHASE SHALL BE ENTITLED SOLELY TO THE PAYMENT OF SUCH PURCHASE PRICE AND SHALL NOT BE ENTITLED TO THE PAYMENT OF ANY PRINCIPAL HEREOF OR ANY INTEREST ACCRUED HEREON ON OR AFTER SUCH DATE.

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay in lawful money of the United States of America to the registered owner named above, or registered assigns, on the maturity date stated above, unless this 2008A Bond shall have previously been called for redemption and payment of the redemption price made or provided for, but solely from amounts specified in the Fifth Supplement to the Amended and Restated Indenture (as defined below), upon surrender hereof, the principal amount specified hereon, and to pay interest on the principal amount in like manner, but solely from amounts specified in the Fifth Supplement to the Amended and Restated Indenture, from the Interest Payment Date next preceding the authentication date hereof, unless this 2008A Bond has been authenticated on the date of first authentication and delivery of the 2008A Bonds or on an Interest Payment Date to which interest has been paid, in which event interest shall be computed from such authentication date, at the rates per annum and on the dates determined as described in the Indenture (as defined below) until payment of the principal amount, or provision therefor, shall have been made upon redemption, at Maturity, or otherwise.

The principal of and premium, if any, on 2008A Bonds bearing interest at a Variable Rate or Flexible Rate shall be payable at the Principal Office of the Trustee, U.S. Bank National Association, in Philadelphia, Pennsylvania, upon presentation and surrender of such 2008A Bonds, which presentation and surrender can be made at the Principal Office of the Tender Agent. The principal of and premium, if any, on the 2008A Bonds bearing interest at a Fixed Rate shall be payable at the Principal Office of the Trustee upon presentation and surrender of such 2008A Bonds. Payment of principal of any 2008A Bond shall be made to any owner of \$1,000,000 or more in aggregate principal amount of 2008A Bonds by wire transfer to such owner on the principal payment date for said 2008A Bonds upon written notice from such owner containing the wire transfer address within the continental United States to which such owner wishes to have such wire directed, which written notice is received not later than the Business Day next preceding the 10th day prior to the principal payment or maturity date applicable to such 2008A Bonds, provided that such wire transfer shall only be made upon presentation and surrender of such 2008A Bonds at the Principal Office of the Trustee or Tender Agent, as applicable, on the principal payment date. Any payment of the purchase price of a Tendered Bond shall be payable at the Principal Office of the Tender Agent, upon presentation and surrender of such 2008A Bond, as hereinafter described.

Subject to the provisions of the Indenture applicable to 2008A Bonds issued in Book Entry form, interest payments on a 2008A Bond (other than with respect to Defaulted Interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Bond Registrar on the Record Date; provided, however, that during a Flexible Rate Period such payments shall be payable only upon presentation and surrender of such 2008A Bond to the Tender Agent. Interest payments on a 2008A Bond (other than with respect to defaulted interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Bond Registrar on the Record Date; provided, however, that during a Flexible Rate Period such payments shall be payable only upon presentation and surrender of such 2008A Bond to the Tender Agent. Interest on the 2008A Bonds shall, except as hereinafter provided, be paid: (i) during a Flexible or Variable Rate Period, by check or draft of the Tender Agent mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register or at such other address furnished in writing by such registered owner to the Tender Agent, (ii) during a Flexible or Variable Rate Period, by wire transfer sent on the Interest Payment Date to the registered owner upon written notice to the Tender Agent from the registered owner containing the wire transfer address (which shall be in the continental United States) to which the registered owner wishes to have such wire directed which written notice is received not later than the Business Day prior to the first interest Payment Date to which it relates, it being understood that such notice may refer to multiple interest payments; (iii) on or prior to the Fixed Rate Conversion Date, in such other fashion as is agreed upon between the registered owner and the Tender Agent, including, without limitation, by wire transfer upon such prior notice as may be satisfactory to the Tender Agent or (iv) after the Fixed Rate Conversion Date, by check or draft of the Trustee mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register.

Interest during a Flexible Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. Interest during a Variable Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed except during a Term Rate Period and during a Fixed Rate Period interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

This 2008A Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the Principal Office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture and upon surrender of this 2008A Bond. Upon such transfer a new Bond or Bonds of like date and tenor in Authorized Denominations of the same Maturity for the aggregate principal amount which the transferee or transferees are entitled to receive will be issued to the transferee or transferees in exchange therefor as provided in the Indenture. The Authority, the Trustee, the Tender Agent, the Remarketing Agent, the Bank and any Paying Agent may treat the person in whose name this 2008A Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, redemption premium, if any, and interest due hereon and for all other purposes, and neither the Authority, the Trustee nor any paying agent shall be affected by any notice to the contrary. If any 2008A Bond is transferred or exchanged on the Bond Register by the Trustee after notice of the optional redemption or the optional or mandatory tender of such 2008A Bond has been given, the Trustee shall attach a copy of such notice to the 2008A Bond issued in connection with such transfer or exchange. Subsequent to the Fixed Rate Conversion Date, the Trustee shall not be required to register the transfer of or exchange any 2008A Bond after the mailing of notice calling such 2008A Bond or portion thereof for redemption.

has occurred as herein provided, or during the period of fifteen days next preceding the giving of notice calling any 2008A Bond or Bonds for redemption.

DEFINITIONS

To the extent not defined herein, the terms used in this 2008A Bond shall have the same meanings as set forth in the Indenture.

"Alternate Liquidity Facility" means a Liquidity Facility provided in accordance with the Fifth Supplement to the Amended and Restated Indenture (other than (a) the initial Liquidity Facility or (b) a Renewal Liquidity Facility), including, without limitation, a letter of credit or line of credit of a commercial bank or a credit facility from a financial institution, a standby bond purchase agreement, surety bond or like collateralization, or a combination thereof, which provides security for payment of the purchase price of 2008A Bonds delivered or deemed delivered in accordance with Article III of the Fifth Supplement to the Amended and Restated Indenture (referred to in this definition as "liquidity support"); provided that at all times while any of the 2008A Bonds bear interest at a Variable Rate or a Flexible Rate such 2008A Bonds (other than Bank Bonds) shall be entitled to liquidity support. Any amendment of a Liquidity Facility which is not a Renewal Liquidity Facility shall be an Alternate Liquidity Facility.

"Authorized Denomination" means (i) during any Daily Rate Period, Weekly Rate Period or Flexible Rate Period, \$100,000 and \$5,000 multiples in excess thereof, and (ii) during any Term Rate Period or Fixed Rate Period, \$5,000 and integral multiples thereof.

"Bank" means any bank or other financial institution issuing any Liquidity Facility, and initially means JPMorgan Chase Bank.

"Bank Bonds" means Tendered Bonds purchased with moneys made available under the Liquidity Facility and registered in the name or for the benefit of the Bank (or its nominee) in accordance with the Liquidity Facility.

"Bank Rate" means the per annum rate of interest payable on any Bank Bonds as determined pursuant to the Liquidity Facility or any reimbursement agreement entered into with respect to a letter of credit that is a Liquidity Facility; provided that the Bank Rate shall not exceed the Maximum Rate.

"Business Day" means, with respect to the 2008A Bonds, any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in Philadelphia, Pennsylvania or in any other city in which the Principal Office of the Trustee or the designated office of the Tender Agent, the Remarketing Agent, the Bond Insurer (or the Bond Insurer's custodian at which claims under the Bond Insurance Policy are to be paid) or the Bank is located are required or authorized by law (including executive order) to close or on which the Principal Office of the Trustee, or the designated office of the Tender Agent, the Remarketing Agent or the Bank is closed for reasons not related to financial condition, (iii) a day on which the New York Stock Exchange is closed, or (iv) with respect to payments due from the Authority or notices required to be given by the Authority in connection herewith, a day on which the Authority is authorized or required to remain closed.

"Conversion Date" means each Fixed Rate Conversion Date, Flexible Rate Conversion Date and Variable Rate Conversion Date.

"Daily Rate Period" means, with respect to the 2008A Bonds, each period from and commencing on a Business Day and including and ending on the first day preceding the first Business Day thereafter.

"Fifth Supplement to the Amended and Restated Indenture" means the Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 by and between the Authority and the Trustee.

"Fixed Rate" means the rate to be borne by the 2008A Bonds from and after the Fixed Rate Conversion Date to maturity, which shall be the lowest rate which, in the judgment of the Remarketing Agent, is necessary to enable the 2008A Bonds to be remarketed at the principal amount thereof, plus accrued interest, if any, on the Fixed Rate Conversion Date.

"Fixed Rate Conversion Date" means the date on which the 2008A Bonds begin to bear interest at the Fixed Rate.

"Fixed Rate Period" means the period of time commencing on the Fixed Rate Conversion Date and ending on the Maturity Date.

"Flexible Rate" means the lowest annual rate of interest, expressed as a percentage and rounded to the nearest one thousandth of one percent, determined by the Remarketing Agent on a Flexible Rate Adjustment Date, which would, in the judgment of the Remarketing Agent, enable a particular 2008A Bond to be remarketed at the principal amount thereof on such Flexible Rate Adjustment Date given the applicable Interest Period for such 2008A Bond (or, if the Remarketing Agent for any reason fails to determine such rate, the rate determined in accordance with the provisions set forth in the Fifth Supplement to the Amended and Restated Indenture).

"Flexible Rate Adjustment Date" means a Business Day on which a Flexible Rate and an Interest Period for a particular 2008A Bond commence.

"Flexible Rate Conversion Date" means a date on which the 2008A Bonds begin to bear interest at Flexible Rates.

"Flexible Rate Period" means any period of time commencing on a Flexible Rate Conversion Date and ending on a Variable Rate Conversion Date, a Fixed Rate Conversion Date or on the Maturity Date.

"Immediate Notice" means notice by telephone, telex or telecopier to such address as the addressee shall have directed in writing, promptly followed by written notice by first class mail, postage prepaid.

"Initial Bank" means JPMorgan Chase Bank, in its capacity as issuer of the Initial Liquidity Facility.

"Initial Liquidity Facility" means the transferable Standby Bond Purchase Agreement dated as of May 1, 2008, entered into between the Authority and the Initial Bank concurrently with the original issuance of the 2008A Bonds.

"Indenture" means collectively, the Amended and Restated Indenture of Trust dated as of December 1, 1994, as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996, a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999, a Third Supplement to the Amended and Restated Indenture dated as of June 1, 2003, a Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006 and the Fifth Supplement to the Amended and Restated Indenture, all by and between the Authority and the Trustee.

"Interest Accrual Period" means the period during which a 2008 Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid, from the date of original authentication and delivery of the 2008 Bonds) to, but not including, the Interest Payment Date on which interest is to be paid.

"Interest Component" means the maximum amount stated in the Liquidity Facility (as reduced and reinstated from time to time in accordance with the terms thereof) which may be drawn for the payment of accrued interest on the 2008A Bonds or for the payment of the portion of the purchase price of Tendered Bonds corresponding to interest accrued on the Tendered Bonds.

"Interest Coverage Period" means the number of days for 2008A Bonds bearing interest in a particular interest mode which is used to determine the Interest Component, determined in accordance with the requirements of Section 310(h) of the Fifth Supplement to the Amended and Restated Indenture in a manner consistent with the periods utilized in calculating interest accrued on 2008A Bonds in such interest mode.

"Interest Coverage Rate" means the rate which is used to determine the Interest Component, initially 12% per annum for 2008A Bonds in the Weekly Rate Period secured by the Initial Liquidity Facility, and shall be specified for 2008A Bonds bearing interest in each subsequent mode by the Remarketing Agent in writing to the Trustee at the time such 2008A Bonds commence bearing interest in accordance with such mode, as such rate may be changed

from time to time by the Remarketing Agent subject to compliance with Section 310(h) of the Fifth Supplement to the Amended and Restated Indenture. Notwithstanding the foregoing, the maximum Interest Coverage Rate that may be established with respect to the 2008A Bonds shall be 12% per annum.

"Interest Payment Date" means: (i) during a Flexible Rate Period, each Repurchase Date; (ii) during a Variable Rate Period, (A) when used with respect to a Daily or Weekly Rate Period, the fifteenth (15th) day (or the next succeeding Business Day if the fifteenth is not a Business Day) of each calendar month occurring after the Variable Rate Conversion Date with respect thereto, and (B) when used with respect to a Term Rate Period, the June 15 or December 15 next succeeding the Variable Rate Conversion Date and the fifteenth day of each sixth month thereafter; (iii) each Mandatory Tender Date; (iv) after the Fixed Rate Conversion Date, each June 15 and December 15; (v) for Bank Bonds, means those dates on which interest payments are to be made under, and as described in, the Liquidity Facility; (vi) the Maturity Date; and (vii) for 2008A Bonds called for redemption, the applicable redemption date.

"Interest Period" means, for each 2008A Bond bearing interest at a Flexible Rate, that period of time beginning on a Flexible Rate Adjustment Date and to but not including the next Flexible Rate Adjustment Date, determined by the Remarketing Agent on a Flexible Rate Adjustment Date, which would, in the judgment of the Remarketing Agent, taking into account the Flexible Rate for the particular 2008A Bond being determined on such Flexible Rate Adjustment Date and the Flexible Rates and Interest Periods then borne by all other outstanding 2008A Bonds, enable the 2008A Bonds as a whole to bear the lowest overall rates achievable in the domestic financial market during the interest Period selected (or, if the Remarketing Agent for any reason fails to determine such date, the date determined in accordance with the provisions set forth in the Fifth Supplement to the Amended and Restated Indenture).

"Liquidity Facility" means the Initial Liquidity Facility, or any Renewal Liquidity Facility or Alternate Liquidity Facility at the time in effect.

"Mandatory Tender Date" means any date on which a holder of a 2008A Bond is required to tender any 2008A Bond for purchase in accordance with Sections 302, 303 or 304 of the Fifth Supplement to the Amended and Restated Indenture.

"Mandatorily Tendered Bonds" means the 2008A Bonds required to be tendered for purchase on a Mandatory Tender Date.

"Maturity Date" means, with respect to the 2008A Bonds, June 15, 2022 or, with respect to each 2008A Bond, bearing interest at a Fixed Rate which has been assigned a specific maturity date pursuant to Section 205(d) of the Fifth Supplement to the Amended and Restated Indenture, "Maturity Date" means the date so assigned.

"Maximum Lawful Rate" means the maximum rate of interest on the relevant obligation permitted by applicable law.

"Maximum Rate" means (i) with respect to 2008 Bonds bearing interest at a Variable Rate or a Flexible Rate, an interest rate not to exceed the lesser of (a) twelve percent (12%) per annum, and (b) the Maximum Lawful Rate, or (ii) with respect to Bank Bonds, an interest rate not to exceed the lesser of (a) twenty-five percent (25%) per annum, or (b) the Maximum Lawful Rate.

"No-Call Period" means the period of time (measured from the Conversion Date) during which the 2008A Bonds in the Fixed Rate Period or the Term Rate Period may not be called for optional redemption as set forth in Section 401(a) (ii) of the Fifth Supplement to the Amended and Restated Indenture.

"Optional Tender Date" means the date specified by a holder of a 2008A Bond in a Tender Notice for purchase of any 2008A Bond during a Variable Rate Period in accordance with Section 301 of the Fifth Supplement to the Amended and Restated Indenture.

"Optionally Tendered Bonds" means the 2008A Bonds tendered or deemed tendered for purchase on an Optional Tender Date.

"Proposed Fixed Rate Conversion Date" means the date indicated in the written notice of the Authority given pursuant to Section 205 of the Fifth Supplement to the Amended and Restated Indenture on which the Authority intends to effect a conversion of the interest rate on the 2008A Bonds to the Fixed Rate.

"Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the 2008A Bonds at the request of the Authority, which at the time of issuance of the 2008A Bonds includes S&P, Moody's and Fitch.

"Record Date" means, with respect to the 2008A Bonds, while the 2008A Bonds bear interest during a Daily Rate Period, a Weekly Rate Period or a Flexible Rate Period, the close of business on the last Business Day preceding an Interest Payment Date, and while the 2008A Bonds bear interest in a Term Rate Period or a Fixed Rate Period, the close of business on the last day of the calendar month next preceding an Interest Payment Date.

"Remarketing Agent" means RBC Capital Markets Corporation, in its capacity as remarketing agent, and its successor for the time being in such capacity.

"Remarketing Agreement" means a Remarketing Agreement between the Authority and the Remarketing Agent whereby the Remarketing Agent undertakes to perform the duties of the Remarketing Agent under the Fifth Supplement to the Amended and Restated Indenture, as amended from time to time and consented to by the Bond Insurer.

"Renewal Date" means the interest Payment Date next preceding the Stated Expiration Date of the Liquidity Facility at the time in effect (or the next preceding Business Day if such day is not a Business Day).

"Renewal Liquidity Facility" means a Liquidity Facility provided in accordance with Section 310 hereof which has been issued with terms and conditions identical to, and by the same provider as the Liquidity Facility in substitution for which the Renewal Liquidity Facility is to be provided, except for: (a) an extension of the Stated Expiration Date; (b) an increase or decrease in the Interest Coverage Rate or the Interest Coverage Period; (c) an increase or decrease in the Interest Component; (d) an increase or decrease in the portion of the Liquidity Facility designated to pay premium upon purchase of 2008A Bonds to the extent required or permitted by Section 310(h) of the Fifth Supplement to the Amended and Restated Indenture; (e) changes in the business covenants contained in, the fees payable pursuant to and the interest rate on advances made under the Liquidity Facility; or (f) any combination of (a), (b), (c), (d) and (e).

"Representation Letter" means that blanket letter from the Authority to DTC with respect to the issuance of 2008A Bonds in book-entry form.

"Repurchase Date" means, for any 2008A Bond during a Flexible Rate Period, a Business Day determined by the Remarketing Agent on an applicable Flexible Rate Adjustment Date as the date on which such 2008A Bond will be repurchased by the Trustee or the Tender Agent, on behalf of the Authority (or, if the Remarketing Agent for any reason fails to determine such date, the date determined in accordance with the provisions of the Fifth Supplement to the Amended and Restated Indenture).

"Repurchase Price" means, with respect to each particular 2008A Bond during a Flexible Rate Period, an amount equal to 100% of the principal amount thereof.

"Stated Expiration Date" means the stated date of expiration or termination of the Liquidity Facility, including any extensions thereof.

"Tender Agent" means that Person appointed pursuant to Section 501 of the Fifth Supplement to the Amended and Restated Indenture to perform those functions with respect to the 2008A Bonds related to the registration of transfers

and exchanges, tenders, redemptions, notices and purchases thereof and payments thereon prior to the commencement of a Fixed Rate Period.

"Tendered Bonds" means Optionally Tendered Bonds and Mandatorily Tendered Bonds.

"Tender Notice" means the notice from a holder of a 2008A Bond to the Tender Agent of an Optional Tender Date in accordance with the provisions set forth in the Fifth Supplement to the Amended and Restated Indenture.

"Tender Price" means with respect to each Tendered Bond, 100% of the principal amount of any such Tendered Bond plus, if an Optional Tender Date is not an Interest Payment Date, interest accrued and unpaid thereon to, but not including, the Optional Tender Date with respect to such 2008A Bond.

"Term Rate Period" means any Variable Rate Period from and commencing on the fifteenth (15th) day of a calendar month (or the next succeeding Business Day if the fifteenth is not a Business Day) to but not including the fifteenth (15th) day (or the next succeeding Business Day if the fifteenth is not a Business Day) of the twelfth (or any integral multiple of 12) succeeding calendar month.

"Variable Rate" means, with respect to the then effective Variable Rate Period, the lowest interest rate which, in the judgment of the Remarketing Agent, would enable the 2008A Bonds to be remarketed at the principal amount thereof, plus accrued interest thereon, if any, on the Variable Rate Adjustment Date with respect thereto (or, if the Remarketing Agent for any reason fails to determine such rate, the rate determined in accordance with the provisions set forth in the Fifth Supplement to the Amended and Restated Indenture).

"Variable Rate Adjustment Date" means the first day of each Variable Rate Period.

"Variable Rate Conversion Date" means a date on which the 2008A Bonds begin to bear interest at a Variable Rate for (i) a particular Variable Rate Period which is of a different type than the preceding Variable Rate Period, (ii) a Term Rate Period which is of a different length than the preceding Term Rate Period except when shorter by reason of the Maturity Date or (iii) any Variable Rate Period which succeeds a Flexible Rate Period.

"Variable Rate Period" means each Daily Rate Period, Weekly Rate Period and Term Rate Period

"Weekly Rate Period" means any Variable Rate Period from and commencing on Thursday of any calendar week and including and ending on the Wednesday of the next calendar week; provided, however, that any Weekly Rate Period which does not follow another Weekly Rate Period shall commence on the Variable Rate Conversion Date with respect thereto and end on the first or second Wednesday thereafter, at the discretion of the Remarketing Agent in order to most efficiently effect the conversion, and any Weekly Rate Period which is not followed by another Weekly Rate Period shall commence on the last or second to last Thursday of a calendar month, at the discretion of the Remarketing Agent in order to most efficiently effect the conversion, and end on the day preceding the final Interest Payment Date for such Weekly Rate Period.

INTEREST RATES

The 2008A Bonds shall bear interest initially at a Variable Rate with a Weekly Rate Period from and including the date of initial issuance until a Conversion Date. During each Variable Rate Period, the 2008A Bonds shall bear interest at the lesser of (i) the Interest Coverage Rate or (ii) the Variable Rate. In no event shall the interest rate on the 2008 Bonds exceed the Maximum Rate. During the Fixed Rate Period, the 2008A Bonds shall bear interest at a Fixed Interest Rate. The 2008A Bonds shall bear interest accruing for each Interest Accrual Period payable on the next Interest Payment Date.

Limits on Interest Periods and Rates. No Interest Period shall be established during a Flexible Rate Period and no Variable Rate Period shall be established which would cause the Interest Coverage Period of the Liquidity Facility to be less than the requirements of the Fifth Supplement to the Amended and Restated Indenture. No interest rate on a 2008A Bond shall be established during a Variable Rate Period which exceeds the Interest Coverage Rate. No Interest Period or Flexible Rate shall be established during a Flexible Rate Period which would cause the aggregate

amount of all interest which could accrue on the 2008A Bonds bearing interest at the Flexible Rate during such Flexible Rate Period to exceed the Interest Component allocable to such 2008A Bonds. In addition, no Flexible Rate shall be established which exceeds the applicable Interest Coverage Rate and no Interest Period shall be established during a Flexible Rate Period which exceeds 270 days.

Bank Bonds. Notwithstanding anything herein to the contrary, Bank Bonds shall bear interest at the Bank Rate determined in accordance with the provisions of the Liquidity Facility and not the Variable Rate or Flexible Rate that would otherwise be applicable to such 2008A Bonds were they not Bank Bonds. In connection with the issuance of this 2008A Bond, an additional Bond will be executed, delivered to and authenticated by the Trustee in the original principal amount of zero dollars (each a "Global Bond") and a corresponding CUSIP number will be obtained by or on behalf of the Authority for each series of 2008 Bonds, for use, in accordance with the then-current procedures of DTC, in the event that all or any portion of the 2008A Bonds become Bank Bonds. At all times, the principal amount of the Global Bond will be equal to the principal amount of any outstanding Bank Bonds; provided, however, at no time shall the amount represented by this 2008A Bond, together with the amount represented by the Global Bond, exceed the total amount of the 2008A Bonds outstanding under the Indenture.

Conversions. With the consent of the Bond Insurer, the Authority may elect to convert the 2008A Bonds to bear interest at a Variable Rate, a Flexible Rate or a Fixed Rate, as well as from one Variable Rate to another, and from a Term Rate Period of one length to a Term Rate Period of a different length. Upon such conversion, the 2008A Bonds may accrue interest at such interest rate modes as provided in the Fifth Supplement to the Amended and Restated Indenture. In order to effect such conversion, the Authority shall provide written direction to the Trustee, the Tender Agent (if any), the Remarketing Agent (if any) of its election to convert the 2008A Bonds to another interest rate mode and comply with the notice, mandatory tender and other provisions set forth in the Fifth Supplement to the Amended and Restated Indenture.

Conversion to Fixed Rate in Extraordinary Circumstances. So long as (i) the Bond Insurer (A) is not in default under the Bond Insurance Policy, and (B) maintains an investment grade rating with each of the Rating Agencies, and (ii) the Bond Insurance Policy is in full force and effect and enforceable in accordance with its material terms, the Bond Insurer may, upon sixty (60) days notice, direct that the interest rate mode on the 2008A Bonds shall be converted to a Fixed Rate pursuant to the Fifth Supplement to the Amended and Restate Indenture (i) upon failure of the Bank to purchase of 2008A Bonds when required under the Fifth Supplement to the Amended and Restated Indenture or under the Liquidity Facility; (ii) upon expiration or termination of the Liquidity Facility with no substitution therefor; (iii) if any such 2008A Bonds are held as Bank Bonds for 45 days or more in any bond year or there are two failed attempts to remarket such 2008A Bonds in any bond year; (iv) if Bank Bonds or more than fifteen percent (15%) of the aggregate principal amount of 2008A Bonds bear interest at the Maximum Rate applicable to such bonds for a period of 30 consecutive days, or (v) if the Authority fails to replace the Liquidity Facility when required. With the Bond Insurer's consent, this provision may be amended or waived by the Authority and the trustee without the consent of the holders of any Bond under the Indenture.

Conversion of Interest Rate Mode. Any conversion of the interest rate mode on the 2008 Bonds that would result in (i) 2008A Bonds being remarketed at a premium or (ii) a change in the original amortization schedule for the 2008A Bonds shall require the prior consent of the Bond Insurer.

VARIABLE RATES; CONVERSIONS TO VARIABLE RATE PERIODS

Determination by Remarketing Agent; Notice of Rates Determined. Except as hereinafter provided, the Variable Rate to be applicable to the 2008A Bonds during any Variable Rate Period shall be determined by the Remarketing Agent and notice thereof shall be given as follows:

(i) Notice of each Variable Rate shall be available commencing on the Business Day immediately succeeding the date of determination during any Daily Rate Period and Weekly Rate Period by telephone from the Tender Agent upon request of any owner of a 2008A Bond.

(ii) If the Remarketing Agent fails for any reason to determine or notify the Tender Agent of the Variable Rate for any Variable Rate Period when required under the Amended and Restated Indenture (A) for 2008A Bonds in a Daily Rate Period or Weekly Rate Period, the Variable Rate for such Rate Period shall be equal to 135% of the

SIFMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System, Inc. until the Remarketing Agent next determines the Variable Rate as required under the Indenture, (B) for 2008A Bonds in a Term Rate Period with a duration of one year or less, such 2008A Bonds shall automatically convert to a Weekly Rate Period and the Variable Rate for such Rate Period shall be equal to 135% of the SIFMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System, Inc. until the Remarketing Agent next determines the Variable Rate as required under the Indenture; and (C) for 2008A Bonds in a Term Rate Period with a duration in excess of one year, such 2008A Bonds shall automatically convert to a Term Rate Period of two years and the Variable Rate for such Rate Period shall be equal to the sum of (i) the yield on 2 year "A" rated general obligation 2008A Bonds as published by Municipal Market Data (or any successor entity) on the first Business Day preceding the Variable Rate Adjustment Date plus (ii) 5 basis points unless the Authority has filed with the Trustee and the Tender Agent a Favorable Opinion acceptable to the Trustee (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) with respect to the conversion of the 2008A Bonds to Variable Rates for Weekly Rate Periods, in which case the 2008A Bonds shall automatically convert to a Weekly Rate Period and the Variable Rate for such Rate Period shall be equal to 135% of the SIFMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System until the Remarketing Agent next determines the Variable Rate as required under the Fifth Supplement to the Amended and Restated Indenture.

(iii) All determinations of Variable Rates shall be conclusive and binding upon the holders of the 2008A Bonds to which such rates are applicable. Failure by the Trustee or the Tender Agent to give any notice as in the Indenture provided, any defect therein, and any failure by any holder of a 2008A Bond to receive any such notice (including without limitation any Immediate Notice) shall not extend the period for making elections, in any way change the rights of the owners of 2008A Bonds to elect to have such 2008A Bonds purchased, in any way change the conditions which must be satisfied in order for such election to be effective or for payment of the purchase price to be made after an effective election or in any way change such owner's obligation to tender the 2008A Bonds for purchase.

Daily Rates and Weekly Rates. A Variable Rate shall be determined by the Remarketing Agent (i) for each Daily Rate Period not later than 10:30 a.m., New York City time, on the commencement date of the Daily Rate Period to which it relates and (ii) for each Weekly Rate Period not later than 10:00 a.m., New York City time on the commencement date of the Weekly Rate Period to which it relates (or the preceding Business Day if such day is not a Business Day).

Term Rates. A Variable Rate shall be determined by the Remarketing Agent for each Term Rate Period not later than 12:00 noon, New York City time, on the Business Day immediately preceding the commencement date of such period.

Conversions between Variable Rate Periods. At the option of the Authority, the 2008A Bonds may be converted from one Variable Rate Period to another and from a Term Rate Period of one length to a Term Rate Period of a different length as follows:

(i) In any such case, the Variable Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that if the conversion is from a Term Rate Period to a different Variable Rate Period or a Term Rate Period of a different length, the Variable Rate Conversion Date shall be limited to a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced.

(ii) The Authority shall give written notice of any such conversion to the Remarketing Agent, the Trustee, the Tender Agent, the Bond Insurer, and the Bank not less than seven (7) Business Days prior to the date on which the Tender Agent is required to notify the Bondholders of the conversion pursuant to subparagraph (iii) below. Such notice shall specify the Variable Rate Conversion Date and the Variable Rate Period (and the length of any Term Rate Period) to which the conversion will be made.

As a precondition to effecting a change to a different Variable Rate Period or to a Term Rate Period of a different length, on or before the Variable Rate Conversion Date, a Favorable Opinion shall be delivered to the Authority, the Trustee and the Tender Agent. Notwithstanding the foregoing, such Favorable Opinion shall not be required to be delivered in either case with respect to (i) a conversion to a Daily Rate Period or Weekly Rate Period

or to a Term Rate Period with a duration of one year if the immediately preceding Period was a Daily Rate Period or Weekly Rate Period or a Term Rate Period with a duration of one year or (ii) a conversion to a Term Rate Period with a duration of more than one year if the immediately preceding Variable Rate Period was a Term Rate Period with a duration of more than one year.

(iii) Not less than thirty (30) days prior to the Variable Rate Conversion Date if converting to a Daily or Weekly Rate Period or any other Variable Rate Period, the Tender Agent shall mail a written notice of the conversion to the holders of all 2008 Bonds to be converted. Such notice shall specify the Variable Rate Conversion Date and set forth the matters required to be stated pursuant to Section 303 of the Fifth Supplement to the Amended and Restated Indenture with respect to purchases of 2008 Bonds governed by such Section.

(iv) The Variable Rate for the Variable Rate Period commencing on the Variable Rate Conversion Date shall be determined by the Remarketing Agent in the manner provided above on the date set forth above applicable to the Variable Rate Period to which the conversion shall be made. Notice of such Variable Rates shall be given or made available on the dates and to the parties specified above in the manner provided above applicable to the Variable Rate Period to which the conversion shall be made.

Conversions from Flexible Rate Periods. At the option of the Authority, the 2008A Bonds may be converted from a Flexible Rate Period to a Variable Rate Period as follows:

(i) The Variable Rate Conversion Date shall be the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Periods theretofore established for the 2008A Bonds to be converted.

(ii) Not less than fourteen (14) days prior to the Variable Rate Conversion Date if converting to a Daily Rate Period or a Weekly Rate Period and not less than thirty (30) days prior to the Variable Rate Conversion Date if converting to any other Variable Rate Period, the Tender Agent shall mail a written notice of the conversion to all holders of the 2008A Bonds to be converted. The 2008A Bonds will be subject to mandatory tender for purchase on the Variable Rate Conversion Date.

(iii) The Variable Rate for the Variable Rate Period commencing on the Variable Rate Conversion Date shall be determined by the Remarketing Agent in the manner provided above on the date set forth above applicable to the Variable Rate Period to which the conversion shall be made. Notice of such Variable Rates shall be given or made available on the dates and to the parties specified above in the manner provided above applicable to the Variable Rate Period to which the conversion shall be made.

FLEXIBLE RATES; CONVERSIONS TO FLEXIBLE RATE PERIODS

Flexible Rates. A Flexible Rate for each Interest Period shall be determined as follows:

(i) The Interest Periods for each 2008A Bond shall be of such duration, not exceeding 270 days, as may be offered by the Remarketing Agent and specified by the purchaser.

(ii) The Flexible Rate for each Interest Period shall be effective from and including the commencement date of such period through and including the last day thereof. Each such Flexible Rate shall be determined by the Remarketing Agent in connection with the sale of the 2008A Bond or Bonds to which it relates.

(iii) If the Remarketing Agent fails for any reason to determine or notify the Tender Agent of the Interest Period or Flexible Rate when required under the Fifth Supplement to the Amended and Restated Indenture, the Interest Period shall be of the shortest permitted duration and the Flexible Rate shall be equal to 135% of the SIFMA Municipal Swap Index in effect on the first day of such Interest Period.

(iv) All determinations of Flexible Rates and Interest Periods shall be conclusive and binding upon the Authority, the Trustee, the Tender Agent, the Bank and the holders of the 2008A Bonds to which such rates and periods are applicable.

Conversions for Flexible Rate Periods. At the option of Authority, the 2008A Bonds may be converted from a Variable Rate Period to a Flexible Rate Period as follows:

(i) In any such case, the Flexible Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that in the case of a conversion from a Term Rate Period, the Flexible Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced.

(ii) Not than thirty (30) days prior to the Flexible Rate Conversion Date, the Tender Agent shall mail a written notice of the conversion to the holders of all Bonds to be converted, specifying the Flexible Rate Conversion Date. The 2008A Bonds will be subject to mandatory tender for purchase on the Variable Rate Conversion Date.

FIXED RATE CONVERSION AT OPTION OF THE AUTHORITY

At the option of the Authority, the 2008A Bonds bearing interest at a Variable Rate or Flexible Rates may be converted to bear interest at the Fixed Rate as provided in the Fifth Supplement to the Amended and Restated Indenture. Any such conversion shall be made as follows:

(a) The Fixed Rate Conversion Date shall be: (i) in the case of a conversion from a Variable Rate Period other than a Term Rate Period, a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; (ii) in the case of a conversion from a Term Rate Period, a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced; or (iii) in the case of a conversion from a Flexible Rate Period, a day which is the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Period theretofore established for the 2008A Bonds to be converted.

(b) In the event of a conversion from a Variable Rate Period or a Flexible Rate Period, the Tender Agent shall mail a notice of the proposed conversion to the holders of all Bonds to be converted not less than thirty (30) days prior to the Proposed Fixed Rate Conversion Date and shall inform the holders of the 2008A Bonds of: (i) the Proposed Fixed Rate Conversion Date; and (ii) the other matters required in connection with the mandatory tender of the 2008A Bonds. The 2008A Bonds will be subject to mandatory tender for purchase on the Fixed Rate Conversion Date.

(c) The Fixed Rate(s) established for the 2008A Bonds to be effective on the Fixed Rate Conversion Date shall be set forth in an underwriting or purchase contract and shall equal the minimum interest rate(s) necessary to remarket such 2008A Bonds on the Fixed Rate Conversion Date at an aggregate purchase price of 100% of the principal amount thereof taking into account the fact that such 2008A Bonds shall mature or be subject to mandatory sinking fund redemption on a particular June 15 up to and including June 15, 2022, that all 2008A Bonds shall pay interest semiannually on each Interest Payment Date of each year and that all 2008A Bonds maturing on a particular June 15 shall bear interest at the same rate.

The determination of the Fixed Interest Rate(s) shall be conclusive and binding upon the Authority, the Trustee, the Tender Agent, if any, the Bank, if any, and the holders of the 2008A Bonds to which such rate(s) will be applicable.

PURCHASE OF THE 2008A BONDS

Optional Tenders During Variable Rate Periods

Optional Tender Dates. The holders of 2008A Bonds bearing interest at Variable Rates may elect to have their 2008A Bonds or portions thereof in whole multiples of Authorized Denominations purchased at the Tender Price of such 2008A Bonds (or portions thereof), on the following Optional Tender Dates and upon the giving of the following oral (which may be by telephone) or written (which may be by telecopy or facsimile communication) notices meeting the further requirements below:

(i) Daily Rate Period. During a Daily Rate Period, 2008A Bonds may be tendered for purchase on any Business Day upon oral or written notice of tender given to the Tender Agent not later than 10:00 a.m., New York City time, on the Optional Tender Date;

(ii) Weekly Rate Period. During a Weekly Rate Period, 2008A Bonds may be tendered for purchase on any Business Day upon oral or written notice of tender to the Tender Agent not later than 5:00 p.m., New York City time, on a Business Day not less than seven (7) days prior to the Optional Tender Date; and

(iii) Term Rate Period. During a Term Rate Period, 2008A Bonds may be tendered for purchase on the first Business Day following such Term Rate Period upon delivery of a written notice of tender to the Tender Agent not later than 5:00 p.m., New York City time, on a Business Day not less than seven (7) days prior to the Optional Tender Date.

Notice of Tender. Each notice of tender: (i) shall, in the case of a written notice, be delivered to the Tender Agent at its Principal Office and be in form satisfactory to the Tender Agent; (ii) shall, whether delivered orally or in writing, state (A) the name and address of such holder of a 2008A Bond and the principal amount of the 2008A Bond to which the notice relates, (B) that the holder of such 2008A Bond irrevocably demands purchase of such 2008A Bond or a specified portion thereof in a whole multiple of an Authorized Denomination, (C) the Optional Tender Date on which such 2008A Bond or portion is to be purchased and (D) the payment instructions with respect to the Tender Price; and (iii) shall automatically constitute, whether delivered orally or in writing (A) an irrevocable offer to sell the 2008A Bond (or portion thereof) to which the notice relates on the Optional Tender Date to any purchaser selected by the Remarketing Agent, at a price equal to the Tender Price of such 2008A Bond or portion thereof, (B) an irrevocable authorization and instruction to the Tender Agent to effect transfer of such 2008A Bond (or portion thereof) upon payment of the Tender Price to the Tender Agent on the Optional Tender Date, (C) an irrevocable authorization and instruction to the Tender Agent to effect the exchange of the 2008A Bond to be purchased in whole or in part for other 2008A Bonds in an equal aggregate principal amount so as to facilitate the sale of such 2008A Bond (or portion thereof to be purchased), and (D) an acknowledgment that such holder of a 2008A Bond will have no further rights with respect to such 2008A Bond (or portion thereof) upon payment of the Tender Price thereof to the Tender Agent on the Optional Tender Date, except for the right of such holder of a 2008A Bond to receive such Tender Price upon surrender of such 2008A Bond to the Tender Agent.

The determination of the Tender Agent as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the owner of such 2008A Bond.

Delivery of 2008A Bonds. All 2008A Bonds to be purchased on any Optional Tender Date shall be required to be delivered to the Principal Office of the Tender Agent by (i) 12:00 noon, New York City time, on the Optional Tender Date with respect to 2008A Bonds during a Daily Rate Period or a Weekly Rate Period; or (ii) 5:00 p.m., New York City time, on the second Business Day prior to the Optional Tender Date with respect to 2008A Bonds during Term Rate Periods.

Tenders During Flexible Rate Periods

Repurchase Dates. Each 2008A Bond bearing interest at a Flexible Rate shall be subject to mandatory tender for purchase on each Repurchase Date at the Repurchase Price.

Remarketing of Tendered Bonds. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all 2008A Bonds required to be purchased on the Repurchase Date. In remarketing the 2008A Bonds, the Remarketing Agent shall offer and accept purchase commitments for the 2008A Bonds for such Interest Periods and at such Flexible Rates as it deems to be advisable in order to minimize the net interest cost on the 2008A Bonds under prevailing market conditions. The foregoing notwithstanding, no Interest Period may be established which exceeds the shortest of (A) 270 days, (B) the remaining number of days prior to any Mandatory Tender Date occurring as a result of a proposed conversion, or (C) the remaining number of days prior to each date on which 2008A Bonds are subject to optional or mandatory sinking fund redemption, if and to the extent necessary to enable the Tender Agent to make such purchases on or before such date.

Payments by the Tender Agent. By 3:00 p.m., New York City time, on the Repurchase Date and upon receipt by the Tender Agent of 100% of the aggregate Repurchase Price of the Tendered 2008A Bonds, the Tender Agent shall pay the Repurchase Price of such 2008A Bonds to the holders thereof at its Principal Office or by bank wire transfer. Such payments shall be made in immediately available funds. If sufficient funds are not available for the purchase of all tendered 2008A Bonds, no purchase shall be consummated.

Delivery of 2008A Bonds. All 2008A Bonds to be purchased on any Repurchase Date shall be required to be delivered to the Principal Office of the Tender Agent by 1:00 p.m., New York City time, on the Repurchase Date.

Mandatory Tender Upon Conversions among Variable Rate Periods and Flexible Rate Periods

Variable Rate Conversions. 2008A Bonds which are subject to conversion on any Variable Rate Conversion Date shall be subject to mandatory tender for purchase on the Variable Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be.

Flexible Rate Conversions. 2008A Bonds which are subject to conversion on any Flexible Rate Conversion Date are subject to mandatory tender for purchase on the applicable Flexible Rate Conversion Date at the Tender Price.

Notice to Bondholders. Any notice of a Conversion given to Bondholders shall state that the 2008A Bonds to be converted will be subject to mandatory tender for purchase on the Variable Rate Conversion Date or Flexible Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be, and will specify the time at which Bonds are to be tendered for purchase.

Delivery of 2008A Bonds. (A) **During a Variable Rate Period.** All 2008A Bonds to be purchased shall be required to be delivered to the principal corporate trust office of the Tender Agent by (i) 1:00 p.m., New York City time, on the Mandatory Tender Date with respect to 2008A Bonds during a Daily or Weekly Rate Period; or (ii) 5:00 p.m., New York City time, on the second Business Day prior to the Mandatory Tender Date with respect to 2008A Bonds during Term Rate Periods, (B) **During a Flexible Rate Period.** All 2008A Bonds shall be required to be delivered to the principal corporate trust office of the Tender Agent by 1:00 p.m., New York City time, on the Mandatory Tender Date.

Mandatory Tender Upon Fixed Rate Conversion or Substitution or Termination of Liquidity Facility

(i) **Proposed Fixed Rate Conversion Date.** The 2008A Bonds to be converted to bear interest at the Fixed Rate pursuant to Section 205 of the Fifth Supplement to the Amended and Restated Indenture shall be subject to mandatory tender for purchase on a Proposed Fixed Rate Conversion Date at a price equal to the Tender Price or the Repurchase Price, as the case may be.

(ii) **Substitution of the Liquidity Facility with an Alternate Liquidity Facility.** The 2008A Bonds (other than Bank Bonds and 2008A Bonds bearing interest at the Fixed Rate) are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or the Repurchase Price, as the case may be, on the regularly scheduled Interest Payment Date immediately preceding the effective date of any substitution of the Liquidity Facility with an Alternate Liquidity Facility in accordance with the provisions of Section 310 of the Fifth Supplement to the Amended and Restated Indenture.

(iii) **No Renewal Liquidity Facility.** The 2008A Bonds are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or Repurchase Price, as the case may be, on any Renewal Date if by the tenth day preceding such Renewal Date the Trustee has not received a Renewal Liquidity Facility.

(iv) **Default under the Liquidity Facility.** The 2008A Bonds are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or Repurchase Price, as the case may be, on the fifteenth day (or the next preceding Business Day if such day is not a Business Day) after receipt by the Trustee of notice from the Bank of the occurrence of a default under the Liquidity Facility permitting the Bank to deliver such notice (other than the occurrence of any event of default thereunder which permits the Bank to immediately terminate such Liquidity Facility without notice to or demand upon the Trustee) and that such Liquidity Facility shall be terminated; provided

that (i) the Mandatory Tender Date shall be at least five days prior to the termination of the Bank's obligation to honor draws under the Liquidity Facility and (ii) no purchase shall be required if prior to the Mandatory Tender Date the Trustee receives written notice from the Bank to the effect that the default has been cured in accordance with the provisions of the Liquidity Facility and such Liquidity Facility is, as of the date of such notice to the Trustee, in full force and effect and will not terminate as a result of such termination notice from the Bank.

Notice to Bondholders. The Tender Agent shall mail notice to Bondholders of any mandatory tender as follows: (A) pursuant to (i) above, not less than thirty (30) days prior to the Mandatory Tender Date; (B) pursuant to (ii) or (iii) above, not less than fifteen (15) days prior to the Mandatory Tender Date, and (C) pursuant to (iv) above, on the Business Day next succeeding receipt by the Trustee of the notice from the Bank described therein.

In the case of a notice pursuant to (i) above, such notice will state, among other things, the Proposed Fixed Rate Conversion Date, that the 2008A Bonds will be subject to mandatory tender for purchase on the Fixed-Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be, and the time at which the 2008A Bonds are to be tendered for purchase.

Delivery of 2008A Bonds. All 2008A Bonds to be purchased on any Mandatory Tender Date shall be required to be delivered to the Principal Office of the Tender Agent by (i) 12:00 noon, New York City time, on the Mandatory Tender Date with respect to 2008A Bonds during a Daily Rate Period or a Weekly Rate Period; or (ii) 5:00 p.m., New York City time, on the second Business Day prior to the Mandatory Tender Date with respect to 2008A Bonds during Term Rate Periods.

Purchase of Tendered Bonds: Payments by the Tender Agent. By 3:00 p.m., New York City time, on the Optional Tender Date or Mandatory Tender Date set for purchase of Tendered Bonds and upon receipt by the Tender Agent of 100% of the aggregate purchase price of the Tendered Bonds, the Tender Agent shall pay the purchase price of such 2008A Bonds to the holders thereof at its Principal Office or by bank wire transfer. Such payments shall be made in immediately available funds. If sufficient funds are not available for the purchase of all Tendered Bonds, no purchase shall be consummated.

Effect of Failure to Surrender Bonds. If the owner of any 2008A Bond (or portion thereof) that is subject to purchase fails to deliver such 2008A Bond to the Tender Agent for purchase on the Optional Tender Date or Mandatory Tender Date and if the Tender Agent is in receipt of the purchase price therefor, such 2008A Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such 2008A Bond (or portion thereof) shall be transferred to the purchaser. Any holder of a 2008A Bond who fails to deliver a 2008A Bond for purchase as required above shall have no further rights thereunder except the right to receive the purchase price thereof upon presentation and surrender of said 2008A Bond to the Tender Agent. Such delivery shall be a condition to payment of the purchase price by the Tender Agent on the Optional Tender Date or Mandatory Tender Date.

Failed Conversion. If on a Variable Rate Conversion Date, Flexible Rate Conversion Date or Proposed Fixed Rate Conversion Date, any condition precedent to such conversion required under the Indenture shall not be satisfied, such conversion shall not occur, but the mandatory tender shall remain effective.

Inadequate Funds for Tenders. If the funds available for purchases of 2008A Bonds pursuant to Article III of the Fifth Supplement to the Amended and Restated Indenture are inadequate for the purchase of all 2008A Bonds required to be purchased on any purchase date, the Tender Agent shall immediately: (i) return all Tendered Bonds to the holders thereof; (ii) return all moneys received for the purchase of such 2008A Bonds to the Persons providing such moneys; and (iii) notify all Bondholders in writing (A) if an Event of Default has occurred, of such occurrence, and (B) of the rate to be effective pursuant to following provisions. If the funds available for purchases of 2008A Bonds pursuant to Article III of the Fifth Supplement to the Amended and Restated Indenture are inadequate for the purchase of all 2008A Bonds required to be purchased (i) on a proposed Conversion Date, such conversion shall be deemed to have failed and the provisions above shall apply; (ii) in all other cases, the Remarketing Agent shall determine the applicable interest rate in accordance with the provisions of Article II of the Indenture.

The only monies available to pay the Tender Price on any 2008A Bonds which are Tendered Bonds are those monies required to be deposited in the Bond Purchase Fund pursuant to the Fifth Supplement to the Amended and

Restated Indenture. The Authority is not obligated to pay any other amounts from any other source and neither the Trustee nor the Remarketing Agent shall be responsible for the failure of any other person to furnish moneys for the Tender Price of such 2008A Bonds.

Notwithstanding the provisions of the Fifth Supplement to the Amended and Restated Indenture, if on a Proposed Fixed Rate Conversion Date which arises as a result of a Conversion described above in the paragraph entitled "*Conversion to Fixed Rate in Extraordinary Circumstances*", insufficient funds are available to complete such tender, such Conversion shall nonetheless occur, and the 2008A Bonds so converted shall bear interest at a Fixed Rate equal to the sum of (i) the yield on "A" rated general obligation bonds with a term equal to the remaining term on the 2008A Bonds being so converted, as published by Municipal Market Data (or any successor entity) on the first Business Day preceding the Proposed Fixed Rate Conversion Date, plus (ii) 5 basis points; provided that such Fixed Rate shall not be in excess of the Maximum Lawful Rate.

Tender Agent. The Trustee may, at all times on or before the Fixed Rate Conversion Date, appoint a Tender Agent with the power to act, on or prior to such Conversion Date, on the Trustee's behalf and subject to its direction in the authentication and delivery of the 2008A Bonds and in connection with registration of transfers and exchanges, tenders, redemptions, notices and purchase thereof and payments thereon, as fully to all intents and purposes as though the Tender Agent had been expressly authorized under the Indenture to authenticate, deliver, pay, transfer and exchange 2008A Bonds, receive tender notices, purchase tendered 2008A Bonds and make payments on the 2008A Bonds. As of the original issue date of the 2008A Bonds, the Trustee will not appoint a Tender Agent.

Remarketing Agent. RBC Capital Markets Corporation, has been appointed as the initial Remarketing Agent. The Remarketing Agent may be replaced in accordance with the provisions of the Indenture.

Effect of Notices. Failure by the Trustee or the Tender Agent to give any notice, or any defect therein, shall not extend the period for making elections or in any way change the rights of the owners of such 2008A Bonds to elect to have their Bonds purchased on any Optional Tender Date or Mandatory Tender Date. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been given, whether or not the owner of such 2008A Bonds receives the notice.

REDEMPTION

Optional Redemption.

(i) Flexible Rate Period or a Variable Rate Period. During a Flexible Rate Period or a Variable Rate Period, the 2008A Bonds shall be subject to redemption prior to maturity at the option of the Authority, in whole or in part (and if in part in an Authorized Denomination) on any Repurchase Date applicable thereto during a Flexible Rate Period or on any Interest Payment Date during a Variable Rate Period (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot), at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

(ii) Term Rate Period. On or prior to the Fixed Rate Conversion Date, 2008A Bonds in a Term Rate Period may be redeemed by the Authority, in whole or in part (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot in such manner as shall be determined by the Trustee), (A) at any time on and after the No-Call Period described below, at a redemption price of 100% of the principal amount of 2008A Bonds called for redemption, plus accrued interest to the date fixed for redemption, and (B) on the day after the end of each Term Rate Period at a redemption price of 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption:

<u>Length of Term Rate Period</u>	<u>Commencement of Redemption Period</u>
Greater than or equal to 10 years	8 th Anniversary of the commencement of the Fixed Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Fixed Rate Period

Notwithstanding the foregoing, the No-Call Periods specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the conversion of the interest rate on the 2008A Bonds to a Term Rate Period is to the effect that such change will not have an adverse effect on the validity of the 2008A Bonds or any exemption from federal income taxation to which interest on the 2008A Bonds would otherwise be entitled.

(iii) **Fixed Rate.** After the Fixed Rate Conversion Date, the 2008A Bonds may be redeemed by the Authority in whole on any date, or in part on any Interest Payment Date (and, if in part, by lot in such manner as shall be determined by the Trustee), after the No-Call Period described below at a redemption price of 100% of the principal amount of 2008A Bonds called for redemption, plus accrued interest to the date fixed for redemption:

Length of Fixed Rate Period	Commencement of Redemption Period
Greater than or equal to 10 years	8 th Anniversary of the commencement of the Fixed Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Fixed Rate Period
Less than 8 years	Not subject to optional redemption

Notwithstanding the foregoing, the No-Call Periods and redemption prices specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the conversion of the interest rate on the 2008A Bonds to a Fixed Rate is to the effect that such change will not have an adverse effect on the validity of the 2008A Bonds or any exemption from federal income taxation to which interest on the 2008A Bonds would otherwise be entitled.

Special Optional Redemption. Any 2008 Bonds which: (1) are Bank Bonds, or (2) have been converted to a Fixed Rate as described in the paragraph above entitled "Conversion to Fixed Rate in Extraordinary Circumstances", shall be subject to redemption in whole or in part prior to the Maturity Date therefor at the option of the Authority out of amounts deposited in the Debt Service Fund, on any Business Day at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

Mandatory Sinking Fund Redemption. The 2008A Bonds are subject to mandatory redemption prior to maturity in part by lot, as selected by the Trustee, on June 15 of each year as set forth below, in the respective principal amounts listed opposite each such year from moneys in the Debt Service Fund, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent interest Payment Date to the redemption date.

Redemption Date (June 15)	Principal Amount	Redemption Date (June 15)	Principal Amount
2009	\$6,825,000.00	2016	\$ 9,600,000.00
2010	7,165,000.00	2017	10,080,000.00
2011	7,525,000.00	2018	10,585,000.00
2012	7,900,000.00	2019	11,120,000.00
2013	8,295,000.00	2020	11,670,000.00
2014	8,710,000.00	2021	12,255,000.00
2015	9,145,000.00	2022*	12,865,000.00

* Maturity

Notwithstanding the foregoing, on and after the Fixed Rate Conversion Date, if the Authority shall, with the consent of the Bond Insurer, file a certificate pursuant to Section 205(d) of the Fifth Supplement to the Amended and Restated Indenture in connection with the conversion of the 2008A Bonds to the Fixed Rate containing an alternate schedule of mandatory redemption dates and amounts to be effective with respect to the 2008A Bonds on and after the Fixed Rate Conversion Date, in lieu of the mandatory sinking fund redemption schedule detailed above, the Authority shall redeem 2008A Bonds maturing on such dates and in the such amounts from moneys in the Debt Service Fund as shall be set forth in such certificate, if any, filed in connection with the conversion of the 2008A

Bonds to the Fixed Rate, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to the redemption date.

In the event of any partial optional or special optional redemption of the 2008A Bonds, the mandatory sinking fund redemption payments shall be reduced in such order as the Authority shall elect prior to such redemption or, if no such election is made, in the inverse order thereof. The Trustee shall (in such manner as it in its sole discretion shall choose) adjust the amount of each such reduction in required mandatory redemption payment, so that each such required mandatory sinking fund redemption payment is made in Authorized Denominations.

General Provisions Regarding Redemptions. No redemption of less than all of the 2008A Bonds outstanding shall be made unless in Authorized Denominations. Any redemption of less than all of the 2008A Bonds Outstanding shall be made first from Bank Bonds. Any redemption of less than all of the 2008A Bonds Outstanding shall be made in such a manner that all Bonds Outstanding after such redemption are in Authorized Denominations.

Notice of Redemption. 2008A Bonds may be called for redemption by the Trustee (other than pursuant to the Special Optional Redemption provisions above, which require Immediate Notice to the Bank prior to the redemption date) (A) in the case of 2008A Bonds during a Variable Rate Period other than a Term Rate Period, upon receipt by the Trustee at least 15 days prior to the redemption date of a written request of the Authority requesting such redemption or (B) in all other cases, upon receipt by the Trustee not less than 30 days prior to the redemption date identified in the written request of the Authority requesting such redemption. A copy of the notice of the call for any redemption identifying the 2008A Bonds to be redeemed shall be given by the Trustee to the holders of the 2008A Bonds by first class mail postage prepaid, which notice shall specify the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue on the 2008A Bonds which are the subject of such notice and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. If at the time of mailing of any notice of redemption with respect to any redemption other than a mandatory redemption pursuant to the Fifth Supplement to the Amended and Restated Indenture the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the 2008A Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited.

Failure to give notice in the manner prescribed hereunder with respect to any 2008A Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any 2008A Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the 2008A Bonds to be redeemed and to pay interest due thereon and premium, if any, the 2008A Bonds thus called shall not after the applicable redemption date bear interest, be protected by the Indenture or be deemed to be Outstanding under the provisions of the Indenture.

GENERAL

This 2008A Bond is one of a duly authorized issue of Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008A, issued in the aggregate principal amount of \$133,740,000 (the "2008A Bonds"). The 2008A Bonds are issued to enable the Authority to refund certain of its outstanding bonds and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The 2008A Bonds are issued under and pursuant to the Act and a resolution of the Authority duly adopted on March 18, 2008 (the "Resolution") and under the Indenture between the Authority and the Trustee, and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the "Pledged Revenues"). Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Liquidity Facility. From the date of their original issuance, the 2008A Bonds (other than Bank Bonds) will be secured by a Standby Bond Purchase Agreement dated as of May 1, 2008 (the "Liquidity Facility") with JPMorgan Chase Bank (the "Initial Bank") pursuant to which the Initial Bank has agreed to pay to the Trustee the purchase price of 2008A Bonds which are tendered for optional or mandatory purchase pursuant to the Fifth Supplement to the Amended and Restated Indenture which have not been successfully remarketed. The Liquidity Facility expires on May 14, 2009, subject to termination or extension as provided therein.

The Authority may, subject to the provisions of the Liquidity Facility and the Indenture, at any time arrange for the deposit with the Trustee of a Renewal Liquidity Facility or on Alternate liquidity Facility in substitution for the existing Liquidity Facility. The Indenture also permits the termination of a Liquidity Facility then in effect without replacement in certain cases specified in the Indenture on and after the Conversion Date. The Liquidity Facility then in effect may be replaced only if the requirements specified in the Indenture are satisfied.

The executed counterparts of the Indenture and the Liquidity Facility are on file at the principal corporate trust office of the Trustee.

THIS 2008A BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS 2008A BOND. THIS 2008A BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST, THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, INCLUDING THE CITY, EXCEPT THE AUTHORITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE 2008A BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGEEES OF THE AUTHORITY, INCLUDING HOLDERS OF 2008A BONDS, SHALL HAVE NO RECOURSE, LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, EXCEPT THE AUTHORITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE 2008A BONDS. THE LIABILITY OF THE AUTHORITY IN RESPECT OF THIS 2008A BOND IS LIMITED SOLELY TO THE PLEDGED REVENUES.

The owner of this 2008A Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. Modifications or alterations of the Indenture or any trust indenture supplemental thereto, may be made only to the extent and in the circumstances permitted by the Indenture. The 2008A Bonds are not subject to acceleration of maturity upon the occurrence of an Event of Default.

This 2008A Bond shall not be entitled to any right, security or benefit under the Indenture or be void or become obligatory for any purpose until this 2008A Bond shall have been authenticated by the Trustee or the Tender Agent, by execution of the certificate of authentication inscribed hereon.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of the 2008A Bonds in order to make them legal, valid and binding obligations of the Authority in accordance with their terms, and the execution of the Indenture have happened, exist and have been performed as so required; the

Authority has received payment in full for the 2008A Bonds; and no limitation of indebtedness, either statutory or constitutional, has been exceeded in the issuance of the 2008A Bonds.

This 2008A Bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Indenture, at all times shall be and shall be understood to be an investment security within the meaning of and for all the purposes of the Uniform Commercial Code of Pennsylvania. This 2008A Bond is issued with the intent that the laws of the Commonwealth of Pennsylvania shall govern its construction.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this 2008A Bond to be executed with the manual or facsimile signature of its Chairperson or Vice Chairperson and its official seal or a facsimile thereof to be imprinted hereon and attested with the manual or facsimile signature of its Secretary or Assistant Secretary.

ATTEST:

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____
(Assistant) Secretary

By: _____
(Vice) Chairperson

[SEAL]

CERTIFICATE OF AUTHENTICATION

This 2008A Bond is one of the 2008A Bonds described in the with-mentioned Indenture. The text of the opinion attached hereto is the text of the opinion of Bond Counsel, WolfBlock LLP, Philadelphia, Pennsylvania, dated and delivered on the date of delivery of and payment for the 2008A Bonds, an executed counterpart of which is on file with the Trustee.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated:

By: _____
Authorized Signatory

ASSIGNMENT

For value received _____ hereby sells, assigns and transfers unto _____ the within Bond issued by the Pennsylvania Intergovernmental Cooperation Authority and all rights thereunder, hereby irrevocably appointing _____ to transfer said 2008A Bond on the 2008A Bond Register; with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: * _____

* Signature(s) must be Guaranteed by a member of an approved Signature Guarantee Medallion Program.

NOTICE* The signature to this assignment must correspond with the name as it appears upon the face of within Bond in every particular, without alteration or any change whatever.

TEN ENT — as tenants by the entireties

UNIF GIFT MIN ACT – _____ Custodian _____ (Minor)
(Cust) _____ (State)
under Uniform Gifts to Minors Act _____ (State)

Financial Security Assurance Inc. ("Financial Security"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Bond to U.S. Bank National Association, Philadelphia, Pennsylvania, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from Financial Security or the Paying Agent.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or to such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co. has an interest herein.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2008A
(Global Bond)

<u>MATURITY DATE</u>	<u>ORIGINAL ISSUE DATE</u>	<u>INTEREST MODE</u>	<u>CUSIP</u>	<u>NUMBER</u>
June 15, 2022	May 15, 2008	VARIABLE RATE	708840 HE 6	BB AR-1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: Initially ZERO DOLLARS (\$0.00)

At all times equal to the principal amount of the PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program); Series of 2008A, which are Bank Bonds under the Indenture, Not to exceed ONE HUNDRED THIRTY-THREE MILLION SEVEN HUNDRED FORTY THOUSAND DOLLARS (\$133,740,000.00)

IN CONNECTION WITH THE ISSUANCE OF THE 2008A BONDS, THIS ADDITIONAL BOND HAS BEEN EXECUTED, DELIVERED TO AND AUTHENTICATED BY THE TRUSTEE IN THE ORIGINAL PRINCIPAL AMOUNT OF ZERO DOLLARS (A "GLOBAL BOND") FOR USE, IN ACCORDANCE WITH THE THEN-CURRENT PROCEDURES OF THE SECURITIES DEPOSITORY FOR THE 2008A BONDS, IN THE EVENT THAT ALL OR ANY PORTION OF THE 2008A BONDS BECOME BANK BONDS. AT ALL TIMES, THE PRINCIPAL AMOUNT OF THE GLOBAL BOND WILL BE EQUAL TO THE PRINCIPAL AMOUNT OF ANY OUTSTANDING BANK BONDS; PROVIDED, HOWEVER, AT NO TIME SHALL THE AMOUNT REPRESENTED BY THIS GLOBAL BOND, TOGETHER WITH THE AMOUNT REPRESENTED BY THE 2008A BOND, EXCEED THE TOTAL AMOUNT OF THE 2008A BONDS OUTSTANDING UNDER THE INDENTURE.

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay in lawful money of the United States of America to the registered owner named above, or registered assigns, on the maturity date stated above, unless the 2008A Bond shall have previously been called for redemption and payment of the redemption price made or provided for, but solely from amounts specified in the Indenture (as defined below), upon surrender hereof, the principal amount hereof, and to pay interest on the principal amount in

like manner, but solely from amounts specified in the Indenture, from the Interest Payment Date next preceding the authentication date hereof, unless the 2008A Bond has been authenticated on the date of first authentication and delivery of the 2008A Bonds or on an Interest Payment Date to which interest has been paid, in which event interest shall be computed from such authentication date, at the rates per annum and on the dates determined as described in the Indenture (as defined below) until payment of the principal amount, or provision therefor, shall have been made upon redemption, at Maturity, or otherwise.

The principal of and premium, if any, on 2008A Bonds bearing interest at a Variable Rate or Flexible Rate shall be payable at the Principal Office of the Trustee, U.S. Bank National Association, in Philadelphia, Pennsylvania, upon presentation and surrender of such 2008A Bonds, which presentation and surrender can be made at the Principal Office of the Tender Agent. The principal of and premium, if any, on the 2008A Bonds bearing interest at a Fixed Rate shall be payable at the Principal Office of the Trustee upon presentation and surrender of such 2008A Bonds. Payment of principal of any 2008A Bond shall be made to any owner of \$1,000,000 or more in aggregate principal amount of 2008A Bonds by wire transfer to such owner on the principal payment date for said 2008A Bonds upon written notice from such owner containing the wire transfer address within the continental United States to which such owner wishes to have such wire directed, which written notice is received not later than the Business Day next preceding the 10th day prior to the principal payment or maturity date applicable to such 2008A Bonds, provided that such wire transfer shall only be made upon presentation and surrender of such 2008A Bonds at the Principal Office of the Trustee or Tender Agent, as applicable, on the principal payment date. Any payment of the purchase price of a Tendered Bond shall be payable at the Principal Office of the Tender Agent, upon presentation and surrender of such 2008A Bond, as hereinafter described.

Subject to the provisions of the Indenture applicable to 2008A Bonds issued in Book Entry form, interest payments on a 2008A Bond (other than with respect to Defaulted Interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Bond Registrar on the Record Date; provided, however, that during a Flexible Rate Period such payments shall be payable only upon presentation and surrender of such 2008A Bond to the Tender Agent. Interest payments on a 2008A Bond (other than with respect to defaulted interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Bond Registrar on the Record Date; provided, however, that during a Flexible Rate Period such payments shall be payable only upon presentation and surrender of such 2008A Bond to the Tender Agent. Interest on the 2008A Bonds shall, except as hereinafter provided, be paid: (i) during a Flexible or Variable Rate Period, by check or draft of the Tender Agent mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register or at such other address furnished in writing by such registered owner to the Tender Agent, (ii) during a Flexible or Variable Rate Period, by wire transfer sent on the Interest Payment Date to the registered owner upon written notice to the Tender Agent from the registered owner containing the wire transfer address (which shall be in the continental United States) to which the registered owner wishes to have such wire directed which written notice is received not later than the Business Day prior to the first Interest Payment Date to which it relates, it being understood that such notice may refer to multiple interest payments; (iii) on or prior to the Fixed Rate Conversion Date, in such other fashion as is agreed upon between the registered owner and the Tender Agent, including, without limitation, by wire transfer upon such prior notice as may be satisfactory to the Tender Agent or (iv) after the Fixed Rate Conversion Date, by check or draft of the Trustee mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register.

Interest during a Flexible Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. Interest during a Variable Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed except during a Term Rate Period and during a Fixed Rate Period interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

This 2008A Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the Principal Office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture and upon surrender of this 2008A Bond. Upon such transfer a new Bond or Bonds of like date and tenor in Authorized Denominations of the same Maturity for the aggregate principal amount which the transferee or transferees are entitled to receive will be issued to the transferee or transferees in exchange therefor as provided in the Indenture. The Authority, the Trustee, the Tender Agent, the Remarketing Agent, the Bank and any Paying Agent may treat the person in whose name this 2008A Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, redemption premium, if any, and interest due

hereon and for all other purposes, and neither the Authority, the Trustee nor any paying agent shall be affected by any notice to the contrary. If any 2008A Bond is transferred or exchanged on the Bond Register by the Trustee after notice of the optional redemption or the optional or mandatory tender of such 2008A Bond has been given, the Trustee shall attach a copy of such notice to the 2008A Bond issued in connection with such transfer or exchange. Subsequent to the Fixed Rate Conversion Date, the Trustee shall not be required to register the transfer of or exchange any 2008A Bond after the mailing of notice calling such 2008A Bond or portion thereof for redemption has occurred as herein provided, or during the period of fifteen days next preceding the giving of notice calling any 2008A Bond or Bonds for redemption.

To the extent not defined herein, the terms used in this 2008A Bond shall have the same meanings as set forth in the Indenture.

INTEREST RATES

Bank Bonds. Notwithstanding anything herein or in the 2008A Bond to the contrary, Bank Bonds shall bear interest at the Bank Rate determined in accordance with the provisions of the Liquidity Facility and not the Variable Rate or Flexible Rate that would otherwise be applicable to such 2008A Bonds were they not Bank Bonds and shall be payable in accordance with the Indenture and the Liquidity Facility. In connection with the issuance of the 2008A Bond, this Bond has been executed and delivered to the Trustee in the original principal amount of zero dollars (each a "Global Bond") and a corresponding CUSIP number has been obtained by or on behalf of the Authority for this Bond, which is to be authenticated by the Trustee as provided for in the Indenture, for use, in accordance with the then-current procedures of DTC, in the event that all or any portion of the 2008A Bonds become Bank Bonds. At all times, the principal amount of the Global Bond will be equal to the principal amount of any outstanding Bank Bonds; provided, however, at no time shall the amount represented by this 2008A Bond, together with the amount represented by the Global Bond, exceed the total amount of the 2008A Bonds outstanding under the Indenture.

REDEMPTION

Optional Redemption.

(i) **Flexible Rate Period or a Variable Rate Period.** During a Flexible Rate Period or a Variable Rate Period, the 2008A Bonds shall be subject to redemption prior to maturity at the option of the Authority, in whole or in part (and if in part in an Authorized Denomination) on any Repurchase Date applicable thereto during a Flexible Rate Period or on any Interest Payment Date during a Variable Rate Period (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot), at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

(ii) **Term Rate Period.** On or prior to the Fixed Rate Conversion Date, 2008A Bonds in a Term Rate Period may be redeemed by the Authority, in whole or in part (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot in such manner as shall be determined by the Trustee), (A) at any time on and after the No-Call Period described below, at a redemption price of 100% of the principal amount of 2008A Bonds called for redemption, plus accrued interest to the date fixed for redemption, and (B) on the day after the end of each Term Rate Period at a redemption price of 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption:

<u>Length of Term Rate Period</u>	<u>Commencement of Redemption Period</u>
Greater than or equal to 10 years	8 th Anniversary of the commencement of the Fixed Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Fixed Rate Period
Less than 8 years	Not subject to optional redemption

Notwithstanding the foregoing, the No-Call Periods specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the conversion of the interest rate on the 2008A Bonds to a Term Rate Period is to the effect that such change will not have an adverse effect on the validity of the 2008A Bonds or any exemption from federal income taxation to which interest on the 2008A Bonds would otherwise be entitled.

(iii) **Fixed Rate.** After the Fixed Rate Conversion Date, the 2008A Bonds may be redeemed by the Authority in whole on any date, or in part on any Interest Payment Date (and, if in part, by lot in such manner as shall be determined by the Trustee), after the No-Call Period described below at a redemption price of 100% of the principal amount of 2008A Bonds called for redemption, plus accrued interest to the date fixed for redemption:

Length of Fixed Rate Period	Commencement of Redemption Period
Greater than or equal to 10 years	8 th Anniversary of the commencement of the Fixed Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Fixed Rate Period
Less than 8 years	Not subject to optional redemption

Notwithstanding the foregoing, the No-Call Periods and redemption prices specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the conversion of the interest rate on the 2008A Bonds to a Fixed Rate is to the effect that such change will not have an adverse effect on the validity of the 2008A Bonds or any exemption from federal income taxation to which interest on the 2008A Bonds would otherwise be entitled.

Special Optional Redemption. Any 2008 Bonds which: (1) are Bank Bonds, or (2) have been converted to a Fixed Rate as described in the paragraph above entitled "Conversion to Fixed Rate in Extraordinary Circumstances", shall be subject to redemption in whole or in part prior to the Maturity Date therefor at the option of the Authority out of amounts deposited in the Debt Service Fund, on any Business Day at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

Mandatory Sinking Fund Redemption. The 2008A Bonds are subject to mandatory redemption prior to maturity in part by lot, as selected by the Trustee, on June 15 of each year as set forth below, in the respective principal amounts listed opposite each such year from moneys in the Debt Service Fund, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent interest Payment Date to the redemption date.

Redemption Date (June 15)	Principal Amount	Redemption Date (June 15)	Principal Amount
2009	\$6,825,000.00	2016	\$ 9,600,000.00
2010	\$7,165,000.00	2017	\$10,080,000.00
2011	\$7,525,000.00	2018	\$10,585,000.00
2012	\$7,900,000.00	2019	\$11,120,000.00
2013	\$8,295,000.00	2020	\$11,670,000.00
2014	\$8,710,000.00	2021	\$12,255,000.00
2015	\$9,145,000.00	2022*	\$12,865,000.00

* Maturity

Notwithstanding the foregoing, on and after the Fixed Rate Conversion Date, if the Authority shall, with the consent of the Bond Insurer, file a certificate pursuant to Section 205(d) of the Fifth Supplement to the Amended and Restated Indenture in connection with the conversion of the 2008A Bonds to the Fixed Rate containing an alternate schedule of mandatory redemption dates and amounts to be effective with respect to the 2008A Bonds on and after the Fixed Rate Conversion Date, in lieu of the mandatory sinking fund redemption schedule detailed above, the

Authority shall redeem 2008A Bonds maturing on such dates and in the such amounts from moneys in the Debt Service Fund as shall be set forth in such certificate, if any, filed in connection with the conversion of the 2008A Bonds to the Fixed Rate, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to the redemption date.

In the event of any partial optional or special optional redemption of the 2008A Bonds, the mandatory sinking fund redemption payments shall be reduced in such order as the Authority shall elect prior to such redemption or, if no such election is made, in the inverse order thereof. The Trustee shall (in such manner as it in its sole discretion shall choose) adjust the amount of each such reduction in required mandatory redemption payment, so that each such required mandatory sinking fund redemption payment is made in Authorized Denominations.

General Provisions Regarding Redemptions. No redemption of less than all of the 2008A Bonds outstanding shall be made unless in Authorized Denominations. Any redemption of less than all of the 2008A Bonds Outstanding shall be made first from Bank Bonds. Any redemption of less than all of the 2008A Bonds Outstanding shall be made in such a manner that all Bonds Outstanding after such redemption are in Authorized Denominations.

Notice of Redemption. 2008A Bonds may be called for redemption by the Trustee (other than pursuant to the Special Optional Redemption provisions above, which require Immediate Notice to the Bank prior to the redemption date) (A) in the case of 2008A Bonds during a Variable Rate Period other than a Term Rate Period, upon receipt by the Trustee at least 15 days prior to the redemption date of a written request of the Authority requesting such redemption or (B) in all other cases, upon receipt by the Trustee not less than 30 days prior to the redemption date identified in the written request of the Authority requesting such redemption. A copy of the notice of the call for any redemption identifying the 2008A Bonds to be redeemed shall be given by the Trustee to the holders of the 2008A Bonds by first class mail postage prepaid, which notice shall specify the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue on the 2008A Bonds which are the subject of such notice and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. If at the time of mailing of any notice of redemption with respect to any redemption other than a mandatory redemption pursuant to the Fifth Supplement to the Amended and Restated Indenture the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the 2008A Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited.

Failure to give notice in the manner prescribed hereunder with respect to any 2008A Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any 2008A Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the 2008A Bonds to be redeemed and to pay interest due thereon and premium, if any, the 2008A Bonds thus called shall not after the applicable redemption date bear interest, be protected by the Indenture or be deemed to be Outstanding under the provisions of the Indenture.

GENERAL

This 2008A Bond is one of a duly authorized issue of Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008A, issued in the aggregate principal amount of \$133,740,000 (the "2008A Bonds"). The 2008A Bonds are issued to enable the Authority to refund certain of its outstanding bonds and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The 2008A Bonds are issued under and pursuant to the Act and a resolution of the Authority duly adopted on March 18, 2008 (the "Resolution") and under the Indenture between the Authority and the Trustee, and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the "Pledged Revenues"). Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Liquidity Facility. From the date of their original issuance, the 2008A Bonds (other than Bank Bonds) will be secured by a Standby Bond Purchase Agreement dated as of May 1, 2008 (the "Liquidity Facility") with JPMorgan Chase Bank (the "Initial Bank") pursuant to which the Initial Bank has agreed to pay to the Trustee the purchase price of 2008A Bonds which are tendered for optional or mandatory purchase pursuant to the Fifth Supplement to the Amended and Restated Indenture which have not been successfully remarketed. The Liquidity Facility expires on May 14, 2009, subject to termination or extension as provided therein.

The Authority may, subject to the provisions of the Liquidity Facility and the Indenture, at any time arrange for the deposit with the Trustee of a Renewal Liquidity Facility or on Alternate liquidity Facility in substitution for the existing Liquidity Facility. The Indenture also permits the termination of a Liquidity Facility then in effect without replacement in certain cases specified in the Indenture on and after the Conversion Date. The Liquidity Facility then in effect may be replaced only if the requirements specified in the Indenture are satisfied.

The executed counterparts of the Indenture and the Liquidity Facility are on file at the principal corporate trust office of the Trustee.

THIS 2008A BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS 2008A BOND. THIS 2008A BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST, THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, INCLUDING THE CITY, EXCEPT THE AUTHORITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE 2008A BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGEEES OF THE AUTHORITY, INCLUDING HOLDERS OF 2008A BONDS, SHALL HAVE NO RECOURSE, LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, EXCEPT THE AUTHORITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE 2008A BONDS. THE LIABILITY OF THE AUTHORITY IN RESPECT OF THIS 2008A BOND IS LIMITED SOLELY TO THE PLEDGED REVENUES.

The owner of this 2008A Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. Modifications or alterations of the Indenture or any trust indenture supplemental thereto, may be made only to the extent and in the circumstances permitted by the Indenture. The 2008A Bonds are not subject to acceleration of maturity upon the occurrence of an Event of Default.

This 2008A Bond shall not be entitled to any right, security or benefit under the Indenture or be void or become obligatory for any purpose until this 2008A Bond shall have been authenticated by the Trustee or the Tender Agent, by execution of the certificate of authentication inscribed hereon.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of the 2008A Bonds in order to make them legal, valid and binding obligations of the Authority in accordance with their terms, and the execution of the Indenture have happened, exist and have been performed as so required; the

Authority has received payment in full for the 2008A Bonds; and no limitation of indebtedness, either statutory or constitutional; has been exceeded in the issuance of the 2008A Bonds.

This 2008A Bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Indenture, at all times shall be and shall be understood to be an investment security within the meaning of and for all the purposes of the Uniform Commercial Code of Pennsylvania. This 2008A Bond is issued with the intent that the laws of the Commonwealth of Pennsylvania shall govern its construction.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this 2008A Bond to be executed with the manual or facsimile signature of its Chairperson or Vice Chairperson and its official seal or a facsimile thereof to be imprinted hereon and attested with the manual or facsimile signature of its Secretary or Assistant Secretary.

ATTEST:

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____
(Assistant) Secretary

By: _____
(Vice) Chairperson

[SEAL]

CERTIFICATE OF AUTHENTICATION

This 2008A Bond (Global Bond) is the Global Bond representing 2008A Bonds described in the with-mentioned Indenture. The text of the opinion attached hereto is the text of the opinion of Bond Counsel, WolfBlock LLP, Philadelphia, Pennsylvania, dated and delivered on the date of delivery of and payment for the 2008A Bonds, an executed counterpart of which is on file with the Trustee.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated:

By: _____
Authorized Signatory

ASSIGNMENT

For value received _____ hereby sells, assigns and transfers unto _____ the within Bond issued by the Pennsylvania Intergovernmental Cooperation Authority and all rights thereunder, hereby irrevocably appointing _____ to transfer said 2008A Bond on the 2008A Bond Register, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed*: _____

* Signature(s) must be Guaranteed by a member of an approved Signature Guarantee Medallion Program.

NOTICE* The signature to this assignment must correspond with the name as it appears upon the face of within Bond in every particular, without alteration or any change whatever.

TEN ENT – as tenants by the entireties

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts to Minors Act _____ (State)

EXHIBIT A-2: FORM OF 2008B BOND

Financial Security Assurance Inc. ("Financial Security"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Bond to U.S. Bank National Association, Philadelphia, Pennsylvania, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from Financial Security or the Paying Agent.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or to such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co. has an interest herein.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2008B

<u>MATURITY DATE</u>	<u>ORIGINAL</u>	<u>ISSUE DATE</u>	<u>INTEREST MODE</u>	<u>CUSIP</u>	<u>NUMBER</u>
June 15, 2020		May 15, 2008	VARIABLE RATE	708840 HD 8	BR-1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHTY MILLION EIGHT HUNDRED TWENTY-FIVE THOUSAND DOLLARS
(\$80,825,000.00)

AS HEREINAFTER DESCRIBED, UNDER CERTAIN CIRCUMSTANCES ON CERTAIN DATES THIS 2008B BOND IS PERMITTED TO BE OR IS REQUIRED TO BE TENDERED FOR PURCHASE TO THE TENDER AGENT AT A PRICE EQUAL TO 100% OF THE PRINCIPAL AMOUNT HEREOF PLUS INTEREST ACCRUED AND UNPAID HEREON TO BUT NOT INCLUDING THE DATE OF SUCH TENDER. THE OWNER HEREOF WHO ELECTS TO TENDER THIS 2008B BOND OR IS REQUIRED TO TENDER THIS 2008B BOND FOR PURCHASE SHALL BE ENTITLED SOLELY TO THE PAYMENT OF SUCH PURCHASE PRICE AND SHALL NOT BE ENTITLED TO THE PAYMENT OF ANY PRINCIPAL HEREOF OR ANY INTEREST ACCRUED HEREON ON OR AFTER SUCH DATE.

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay in lawful money of the United States of America to the registered owner named above, or registered assigns, on the maturity date stated above, unless this 2008B Bond shall have previously been called for redemption and payment of the redemption price made or provided for, but solely from amounts specified in the Fifth Supplement to the Amended and Restated Indenture (as defined below) upon surrender hereof, the principal amount specified hereon, and to pay interest on the principal amount in like manner, but solely from amounts specified in the Fifth Supplement to the Amended and Restated Indenture, from the Interest Payment Date next preceding the authentication date hereof, unless this 2008B Bond has been authenticated on the date of first authentication and delivery of the 2008B Bonds or on an Interest Payment Date to which interest has been paid, in which event interest shall be computed from such authentication date, at the rates per annum and on the dates determined as described in the Indenture (as defined below) until payment of the principal amount, or provision therefor, shall have been made upon redemption, at Maturity, or otherwise.

The principal of and premium, if any, on 2008B Bonds bearing interest at a Variable Rate or Flexible Rate shall be payable at the Principal Office of the Trustee, U.S. Bank National Association, in Philadelphia, Pennsylvania, upon presentation and surrender of such 2008B Bonds, which presentation and surrender can be made at the Principal Office of the Tender Agent. The principal of and premium, if any, on the 2008B Bonds bearing interest at a Fixed Rate shall be payable at the Principal Office of the Trustee upon presentation and surrender of such 2008B Bonds. Payment of principal of any 2008B Bond shall be made to any owner of \$1,000,000 or more in aggregate principal amount of 2008B Bonds by wire transfer to such owner on the principal payment date for said 2008B Bonds upon written notice from such owner containing the wire transfer address within the continental United States to which such owner wishes to have such wire directed, which written notice is received not later than the Business Day next preceding the 10th day prior to the principal payment or maturity date applicable to such 2008B Bonds, provided that such wire transfer shall only be made upon presentation and surrender of such 2008B Bonds at the Principal Office of the Trustee or Tender Agent, as applicable, on the principal payment date. Any payment of the purchase price of a Tendered Bond shall be payable at the Principal Office of the Tender Agent, upon presentation and surrender of such 2008B Bond, as hereinafter described.

Subject to the provisions of the Indenture applicable to 2008B Bonds issued in Book Entry form, interest payments on a 2008B Bond (other than with respect to Defaulted Interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Bond Registrar on the Record Date; provided, however, that during a Flexible Rate Period such payments shall be payable only upon presentation and surrender of such 2008B Bond to the Tender Agent. Interest payments on a 2008B Bond (other than with respect to defaulted interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Bond Registrar on the Record Date; provided, however, that during a Flexible Rate Period such payments shall be payable only upon presentation and surrender of such 2008B Bond to the Tender Agent. Interest on the 2008B Bonds shall, except as hereinafter provided, be paid: (i) during a Flexible or Variable Rate Period, by check or draft of the Tender Agent mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register or at such other address furnished in writing by such registered owner to the Tender Agent, (ii) during a Flexible or Variable Rate Period, by wire transfer sent on the Interest Payment Date to the registered owner upon written notice to the Tender Agent from the registered owner containing the wire transfer address (which shall be in the continental United States) to which the registered owner wishes to have such wire directed which written notice is received not later than the Business Day prior to the first interest Payment Date to which it relates, it being understood that such notice may refer to multiple interest payments; (iii) on or prior to the Fixed Rate Conversion Date, in such other fashion as is agreed upon between the registered owner and the Tender Agent, including, without limitation, by wire transfer upon such prior notice as may be satisfactory to the Tender Agent or (iv) after the Fixed Rate Conversion Date, by check or draft of the Trustee mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register.

Interest during a Flexible Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. Interest during a Variable Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed except during a Term Rate Period and during a Fixed Rate Period interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

This 2008B Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the Principal Office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture and upon surrender of this 2008B Bond. Upon such transfer a new Bond or Bonds of like date and tenor in Authorized Denominations of the same Maturity for the aggregate principal amount which the transferee or transferees are entitled to receive will be issued to the transferee or transferees in exchange therefor as provided in the Indenture. The Authority, the Trustee, the Tender Agent, the Remarketing Agent, the Bank and any Paying Agent may treat the person in whose name this 2008B Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, redemption premium, if any, and interest due hereon and for all other purposes, and neither the Authority, the Trustee nor any paying agent shall be affected by any notice to the contrary. If any 2008B Bond is transferred or exchanged on the Bond Register by the Trustee after notice of the optional redemption or the optional or mandatory tender of such 2008B Bond has been given, the Trustee shall attach a copy of such notice to the 2008B Bond issued in connection with such transfer or exchange. Subsequent to the Fixed Rate Conversion Date, the Trustee shall not be required to register the transfer of or exchange any 2008B Bond after the mailing of notice calling such 2008B Bond or portion thereof for redemption.

has occurred as herein provided, or during the period of fifteen days next preceding the giving of notice calling any 2008B Bond or Bonds for redemption.

DEFINITIONS

To the extent not defined herein, the terms used in this 2008B Bond shall have the same meanings as set forth in the Indenture.

"Alternate Liquidity Facility" means a Liquidity Facility provided in accordance with the Fifth Supplement to the Amended and Restated Indenture (other than (a) the initial Liquidity Facility or (b) a Renewal Liquidity Facility), including, without limitation, a letter of credit or line of credit of a commercial bank or a credit facility from a financial institution, a standby bond purchase agreement, surety bond or like collateralization, or a combination thereof, which provides security for payment of the purchase price of 2008B Bonds delivered or deemed delivered in accordance with Article III of the Fifth Supplement to the Amended and Restated Indenture (referred to in this definition as "liquidity support"); provided that at all times while any of the 2008B Bonds bear interest at a Variable Rate or a Flexible Rate such 2008B Bonds (other than Bank Bonds) shall be entitled to liquidity support. Any amendment of a Liquidity Facility which is not a Renewal Liquidity Facility shall be an Alternate Liquidity Facility.

"Authorized Denomination" means (i) during any Daily Rate Period, Weekly Rate Period or Flexible Rate Period, \$100,000 and \$5,000 multiples in excess thereof, and (ii) during any Term Rate Period or Fixed Rate Period, \$5,000 and integral multiples thereof.

"Bank" means any bank or other financial institution issuing any Liquidity Facility, and initially means JPMorgan Chase Bank.

"Bank Bonds" means Tendered Bonds purchased with moneys made available under the Liquidity Facility and registered in the name or for the benefit of the Bank (or its nominee) in accordance with the Liquidity Facility.

"Bank Rate" means the per annum rate of interest payable on any Bank Bonds as determined pursuant to the Liquidity Facility or any reimbursement agreement entered into with respect to a letter of credit that is a Liquidity Facility; provided that the Bank Rate shall not exceed the Maximum Rate.

"Business Day" means, with respect to the 2008B Bonds, any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in Philadelphia, Pennsylvania or in any other city in which the Principal Office of the Trustee or the designated office of the Tender Agent, the Remarketing Agent, the Bond Insurer (or the Bond Insurer's custodian at which claims under the Bond Insurance Policy are to be paid) or the Bank is located are required or authorized by law (including executive order) to close or on which the Principal Office of the Trustee, or the designated office of the Tender Agent, the Remarketing Agent or the Bank is closed for reasons not related to financial condition, (iii) a day on which the New York Stock Exchange is closed, or (iv) with respect to payments due from the Authority or notices required to be given by the Authority in connection herewith, a day on which the Authority is authorized or required to remain closed.

"Conversion Date" means each Fixed Rate Conversion Date, Flexible Rate Conversion Date and Variable Rate Conversion Date.

"Daily Rate Period" means, with respect to the 2008B Bonds, each period from and commencing on a Business Day and including and ending on the first day preceding the first Business Day thereafter.

"Fifth Supplement to the Amended and Restated Indenture" means the Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 by and between the Authority and the Trustee.

"Fixed Rate" means the rate to be borne by the 2008B Bonds from and after the Fixed Rate Conversion Date to maturity, which shall be the lowest rate which, in the judgment of the Remarketing Agent, is necessary to enable the 2008B Bonds to be remarketed at the principal amount thereof, plus accrued interest, if any, on the Fixed Rate Conversion Date.

"Fixed Rate Conversion Date" means the date on which the 2008B Bonds begin to bear interest at the Fixed Rate.

"Fixed Rate Period" means the period of time commencing on the Fixed Rate Conversion Date and ending on the Maturity Date.

"Flexible Rate" means the lowest annual rate of interest, expressed as a percentage and rounded to the nearest one thousandth of one percent, determined by the Remarketing Agent on a Flexible Rate Adjustment Date, which would, in the judgment of the Remarketing Agent, enable a particular 2008B Bond to be remarketed at the principal amount thereof on such Flexible Rate Adjustment Date given the applicable Interest Period for such 2008B Bond (or, if the Remarketing Agent for any reason fails to determine such rate, the rate determined in accordance with the provisions set forth in the Fifth Supplement to the Amended and Restated Indenture).

"Flexible Rate Adjustment Date" means a Business Day on which a Flexible Rate and an Interest Period for a particular 2008B Bond commence.

"Flexible Rate Conversion Date" means a date on which the 2008B Bonds begin to bear interest at Flexible Rates.

"Flexible Rate Period" means any period of time commencing on a Flexible Rate Conversion Date and ending on a Variable Rate Conversion Date, a Fixed Rate Conversion Date or on the Maturity Date.

"Immediate Notice" means notice by telephone, telex or telecopier to such address as the addressee shall have directed in writing, promptly followed by written notice by first class mail, postage prepaid.

"Initial Bank" means JPMorgan Chase Bank, in its capacity as issuer of the Initial Liquidity Facility.

"Initial Liquidity Facility" means the transferable Standby Bond Purchase Agreement dated as of May 1, 2008, entered into between the Authority and the Initial Bank concurrently with the original issuance of the 2008B Bonds.

"Indenture" means collectively, the Amended and Restated Indenture of Trust dated as of December 1, 1994, as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996, a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999, a Third Supplement to the Amended and Restated Indenture dated as of June 1, 2003, a Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006 and the Fifth Supplement to the Amended and Restated Indenture, all by and between the Authority and the Trustee.

"Interest Accrual Period" means the period during which a 2008 Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid, from the date of original authentication and delivery of the 2008 Bonds) to, but not including, the Interest Payment Date on which interest is to be paid.

"Interest Component" means the maximum amount stated in the Liquidity Facility (as reduced and reinstated from time to time in accordance with the terms thereof) which may be drawn for the payment of accrued interest on the 2008B Bonds or for the payment of the portion of the purchase price of Tendered Bonds corresponding to interest accrued on the Tendered Bonds.

"Interest Coverage Period" means the number of days for 2008B Bonds bearing interest in a particular interest mode which is used to determine the Interest Component, determined in accordance with the requirements of Section 310(h) of the Fifth Supplement to the Amended and Restated Indenture in a manner consistent with the periods utilized in calculating interest accrued on 2008B Bonds in such interest mode.

"Interest Coverage Rate" means the rate which is used to determine the Interest Component, initially 12% per annum for 2008B Bonds in the Weekly Rate Period secured by the Initial Liquidity Facility, and shall be specified for 2008B Bonds bearing interest in each subsequent mode by the Remarketing Agent in writing to the Trustee at the time such 2008B Bonds commence bearing interest in accordance with such mode, as such rate may be changed

from time to time by the Remarketing Agent subject to compliance with Section 310(h) of the Fifth Supplement to the Amended and Restated Indenture. Notwithstanding the foregoing, the maximum Interest Coverage Rate that may be established with respect to the 2008B Bonds shall be 12% per annum.

"Interest Payment Date" means: (i) during a Flexible Rate Period, each Repurchase Date; (ii) during a Variable Rate Period, (A) when used with respect to a Daily or Weekly Rate Period, the fifteenth (15th) day (or the next succeeding Business Day if the fifteenth is not a Business Day) of each calendar month occurring after the Variable Rate Conversion Date with respect thereto, and (B) when used with respect to a Term Rate Period, the June 15 or December 15 next succeeding the Variable Rate Conversion Date and the fifteenth day of each sixth month thereafter; (iii) each Mandatory Tender Date; (iv) after the Fixed Rate Conversion Date, each June 15 and December 15; (v) for Bank Bonds, means those dates on which interest payments are to be made under, and as described in, the Liquidity Facility; (vi) the Maturity Date; and (vii) for 2008B Bonds called for redemption, the applicable redemption date.

"Interest Period" means, for each 2008B Bond bearing interest at a Flexible Rate, that period of time beginning on a Flexible Rate Adjustment Date and to but not including the next Flexible Rate Adjustment Date, determined by the Remarketing Agent on a Flexible Rate Adjustment Date, which would, in the judgment of the Remarketing Agent, taking into account the Flexible Rate for the particular 2008B Bond being determined on such Flexible Rate Adjustment Date and the Flexible Rates and Interest Periods then borne by all other outstanding 2008B Bonds, enable the 2008B Bonds as a whole to bear the lowest overall rates achievable in the domestic financial market during the interest Period selected (or, if the Remarketing Agent for any reason fails to determine such date, the date determined in accordance with the provisions set forth in the Fifth Supplement to the Amended and Restated Indenture).

"Liquidity Facility" means the Initial Liquidity Facility, or any Renewal Liquidity Facility or Alternate Liquidity Facility at the time in effect.

"Mandatory Tender Date" means any date on which a holder of a 2008B Bond is required to tender any 2008B Bond for purchase in accordance with Sections 302, 303 or 304 of the Fifth Supplement to the Amended and Restated Indenture.

"Mandatorily Tendered Bonds" means the 2008B Bonds required to be tendered for purchase on a Mandatory Tender Date.

"Maturity Date" means, with respect to the 2008B Bonds, June 15, 2020 or, with respect to each 2008B Bond, bearing interest at a Fixed Rate which has been assigned a specific maturity date pursuant to Section 205(d) of the Fifth Supplement to the Amended and Restated Indenture, "Maturity Date" means the date so assigned.

"Maximum Lawful Rate" means the maximum rate of interest on the relevant obligation permitted by applicable law.

"Maximum Rate" means (i) with respect to 2008 Bonds bearing interest at a Variable Rate or a Flexible Rate, an interest rate not to exceed the lesser of (a) twelve percent (12%) per annum, and (b) the Maximum Lawful Rate, or (ii) with respect to Bank Bonds, an interest rate not to exceed the lesser of (a) twenty-five percent (25%) per annum, or (b) the Maximum Lawful Rate.

"No-Call Period" means the period of time (measured from the Conversion Date) during which the 2008B Bonds in the Fixed Rate Period or the Term Rate Period may not be called for optional redemption as set forth in Section 401(a) (ii) of the Fifth Supplement to the Amended and Restated Indenture.

"Optional Tender Date" means the date specified by a holder of a 2008B Bond in a Tender Notice for purchase of any 2008B Bond during a Variable Rate Period in accordance with Section 301 of the Fifth Supplement to the Amended and Restated Indenture.

"Optionally Tendered Bonds" means the 2008B Bonds tendered or deemed tendered for purchase on an Optional Tender Date.

"Proposed Fixed Rate Conversion Date" means the date indicated in the written notice of the Authority given pursuant to Section 205 of the Fifth Supplement to the Amended and Restated Indenture on which the Authority intends to effect a conversion of the interest rate on the 2008B Bonds to the Fixed Rate.

"Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the 2008B Bonds at the request of the Authority, which at the time of issuance of the 2008B Bonds includes S&P, Moody's and Fitch.

"Record Date" means, with respect to the 2008B Bonds, while the 2008B Bonds bear interest during a Daily Rate Period, a Weekly Rate Period or a Flexible Rate Period, the close of business on the last Business Day preceding an Interest Payment Date, and while the 2008B Bonds bear interest in a Term Rate Period or a Fixed Rate Period, the close of business on the last day of the calendar month next preceding an Interest Payment Date.

"Remarketing Agent" means RBC Capital Markets Corporation, in its capacity as remarketing agent, and its successor for the time being in such capacity.

"Remarketing Agreement" means a Remarketing Agreement between the Authority and the Remarketing Agent whereby the Remarketing Agent undertakes to perform the duties of the Remarketing Agent under the Fifth Supplement to the Amended and Restated Indenture, as amended from time to time and consented to by the Bond Insurer.

"Renewal Date" means the interest Payment Date next preceding the Stated Expiration Date of the Liquidity Facility at the time in effect (or the next preceding Business Day if such day is not a Business Day).

"Renewal Liquidity Facility" means a Liquidity Facility provided in accordance with Section 310 hereof which has been issued with terms and conditions identical to, and by the same provider as the Liquidity Facility in substitution for which the Renewal Liquidity Facility is to be provided, except for: (a) an extension of the Stated Expiration Date; (b) an increase or decrease in the Interest Coverage Rate or the Interest Coverage Period; (c) an increase or decrease in the Interest Component; (d) an increase or decrease in the portion of the Liquidity Facility designated to pay premium upon purchase of 2008B Bonds to the extent required or permitted by Section 310(h) of the Fifth Supplement to the Amended and Restated Indenture; (e) changes in the business covenants contained in, the fees payable pursuant to and the interest Rate on advances made under the Liquidity Facility; or (f) any combination of (a), (b), (c), (d) and (e).

"Representation Letter" means that blanket letter from the Authority to DTC with respect to the issuance of 2008B Bonds in book-entry form.

"Repurchase Date" means, for any 2008B Bond during a Flexible Rate Period, a Business Day determined by the Remarketing Agent on an applicable Flexible Rate Adjustment Date as the date on which such 2008B Bond will be repurchased by the Trustee or the Tender Agent, on behalf of the Authority (or, if the Remarketing Agent for any reason fails to determine such date, the date determined in accordance with the provisions of the Fifth Supplement to the Amended and Restated Indenture).

"Repurchase Price" means, with respect to each particular 2008B Bond during a Flexible Rate Period, an amount equal to 100% of the principal amount thereof.

"Stated Expiration Date" means the stated date of expiration or termination of the Liquidity Facility, including any extensions thereof.

"Tender Agent" means that Person appointed pursuant to Section 501 of the Fifth Supplement to the Amended and Restated Indenture to perform those functions with respect to the 2008B Bonds related to the registration of transfers

and exchanges, tenders, redemptions, notices and purchases thereof and payments thereon prior to the commencement of a Fixed Rate Period.

"Tendered Bonds" means Optionally Tendered Bonds and Mandatorily Tendered Bonds.

"Tender Notice" means the notice from a holder of a 2008B Bond to the Tender Agent of an Optional Tender Date in accordance with the provisions set forth in the Fifth Supplement to the Amended and Restated Indenture.

"Tender Price" means with respect to each Tendered Bond, 100% of the principal amount of any such Tendered Bond plus, if an Optional Tender Date is not an Interest Payment Date, interest accrued and unpaid thereon to, but not including, the Optional Tender Date with respect to such 2008B Bond.

"Term Rate Period" means any Variable Rate Period from and commencing on the fifteenth (15th) day of a calendar month (or the next succeeding Business Day if the fifteenth is not a Business Day) to but not including the fifteenth (15th) day (or the next succeeding Business Day if the fifteenth is not a Business Day) of the twelfth (or any integral multiple of 12) succeeding calendar month.

"Variable Rate" means, with respect to the then effective Variable Rate Period, the lowest interest rate which, in the judgment of the Remarketing Agent, would enable the 2008B Bonds to be remarketed at the principal amount thereof, plus accrued interest thereon, if any, on the Variable Rate Adjustment Date with respect thereto (or, if the Remarketing Agent for any reason fails to determine such rate, the rate determined in accordance with the provisions set forth in the Fifth Supplement to the Amended and Restated Indenture).

"Variable Rate Adjustment Date" means the first day of each Variable Rate Period.

"Variable Rate Conversion Date" means a date on which the 2008B Bonds begin to bear interest at a Variable Rate for (i) a particular Variable Rate Period which is of a different type than the preceding Variable Rate Period, (ii) a Term Rate Period which is of a different length than the preceding Term Rate Period except when shorter by reason of the Maturity Date or (iii) any Variable Rate Period which succeeds a Flexible Rate Period.

"Variable Rate Period" means each Daily Rate Period, Weekly Rate Period and Term Rate Period

"Weekly Rate Period" means any Variable Rate Period from and commencing on Thursday of any calendar week and including and ending on the Wednesday of the next calendar week; provided, however, that any Weekly Rate Period which does not follow another Weekly Rate Period shall commence on the Variable Rate Conversion Date with respect thereto and end on the first or second Wednesday thereafter, at the discretion of the Remarketing Agent in order to most efficiently effect the conversion, and any Weekly Rate Period which is not followed by another Weekly Rate Period shall commence on the last or second to last Thursday of a calendar month, at the discretion of the Remarketing Agent in order to most efficiently effect the conversion, and end on the day preceding the final Interest Payment Date for such Weekly Rate Period.

INTEREST RATES

The 2008B Bonds shall bear interest initially at a Variable Rate with a Weekly Rate Period from and including the date of initial issuance until a Conversion Date. During each Variable Rate Period, the 2008B Bonds shall bear interest at the lesser of (i) the Interest Coverage Rate or (ii) the Variable Rate. In no event shall the interest rate on the 2008 Bonds exceed the Maximum Rate. During the Fixed Rate Period, the 2008B Bonds shall bear interest at a Fixed Interest Rate. The 2008A Bonds shall bear interest accruing for each Interest Accrual Period payable on the next Interest Payment Date.

Limits on Interest Periods and Rates. No Interest Period shall be established during a Flexible Rate Period and no Variable Rate Period shall be established which would cause the Interest Coverage Period of the Liquidity Facility to be less than the requirements of the Fifth Supplement to the Amended and Restated Indenture. No interest rate on a 2008B Bond shall be established during a Variable Rate Period which exceeds the Interest Coverage Rate. No Interest Period or Flexible Rate shall be established during a Flexible Rate Period which would cause the aggregate

amount of all interest which could accrue on the 2008B Bonds bearing interest at the Flexible Rate during such Flexible Rate Period to exceed the Interest Component allocable to such 2008B Bonds. In addition, no Flexible Rate shall be established which exceeds the applicable Interest Coverage Rate and no Interest Period shall be established during a Flexible Rate Period which exceeds 270 days.

Bank Bonds. Notwithstanding anything herein to the contrary, Bank Bonds shall bear interest at the Bank Rate determined in accordance with the provisions of the Liquidity Facility and not the Variable Rate or Flexible Rate that would otherwise be applicable to such 2008B Bonds were they not Bank Bonds. In connection with the issuance of this 2008B Bond, an additional Bond will be executed, delivered to and authenticated by the Trustee in the original principal amount of zero dollars (each a "Global Bond") and a corresponding CUSIP number will be obtained by or on behalf of the Authority for each series of 2008 Bonds, for use, in accordance with the then-current procedures of DTC, in the event that all or any portion of the 2008B Bonds become Bank Bonds. At all times, the principal amount of the Global Bond will be equal to the principal amount of any outstanding Bank Bonds; provided, however, at no time shall the amount represented by this 2008B Bond, together with the amount represented by the Global Bond, exceed the total amount of the 2008B Bonds outstanding under the Indenture.

Conversions. With the consent of the Bond Insurer, the Authority may elect to convert the 2008B Bonds to bear interest at a Variable Rate, a Flexible Rate or a Fixed Rate, as well as from one Variable Rate to another, and from a Term Rate Period of one length to a Term Rate Period of a different length. Upon such conversion, the 2008B Bonds may accrue interest at such interest rate modes as provided in the Fifth Supplement to the Amended and Restated Indenture. In order to effect such conversion, the Authority shall provide written direction to the Trustee, the Tender Agent (if any), the Remarketing Agent (if any) of its election to convert the 2008B Bonds to another interest rate mode and comply with the notice, mandatory tender and other provisions set forth in the Fifth Supplement to the Amended and Restated Indenture.

Conversion to Fixed Rate in Extraordinary Circumstances. So long as (i) the Bond Insurer (A) is not in default under the Bond Insurance Policy, and (B) maintains an investment grade rating with each of the Rating Agencies, and (ii) the Bond Insurance Policy is in full force and effect and enforceable in accordance with its material terms, the Bond Insurer may, upon sixty (60) days notice, direct that the interest rate mode on the 2008B Bonds shall be converted to a Fixed Rate pursuant to the Fifth Supplement to the Amended and Restate Indenture (i) upon failure of the Bank to purchase of 2008B Bonds when required under the Fifth Supplement to the Amended and Restated Indenture or under the Liquidity Facility; (ii) upon expiration or termination of the Liquidity Facility with no substitution therefor; (iii) if any such 2008B Bonds are held as Bank Bonds for 45 days or more in any bond year or there are two failed attempts to remarket such 2008B Bonds in any bond year; (iv) if Bank Bonds or more than fifteen percent (15%) of the aggregate principal amount of 2008B Bonds bear interest at the Maximum Rate applicable to such bonds for a period of 30 consecutive days, or (v) if the Authority fails to replace the Liquidity Facility when required. With the Bond Insurer's consent, this provision may be amended or waived by the Authority and the trustee without the consent of the holders of any Bond under the Indenture.

Conversion of Interest Rate Mode. Any conversion of the interest rate mode on the 2008 Bonds that would result in (i) 2008B Bonds being remarketed at a premium or (ii) a change in the original amortization schedule for the 2008B Bonds shall require the prior consent of the Bond Insurer.

VARIABLE RATES; CONVERSIONS TO VARIABLE RATE PERIODS

Determination by Remarketing Agent; Notice of Rates Determined. Except as hereinafter provided, the Variable Rate to be applicable to the 2008B Bonds during any Variable Rate Period shall be determined by the Remarketing Agent and notice thereof shall be given as follows:

(i) Notice of each Variable Rate shall be available commencing on the Business Day immediately succeeding the date of determination during any Daily Rate Period and Weekly Rate Period by telephone from the Tender Agent upon request of any owner of a 2008B Bond.

(ii) If the Remarketing Agent fails for any reason to determine or notify the Tender Agent of the Variable Rate for any Variable Rate Period when required under the Amended and Restated Indenture (A) for 2008B Bonds in a Daily Rate Period or Weekly Rate Period, the Variable Rate for such Rate Period shall be equal to 135% of the

SIFMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System, Inc. until the Remarketing Agent next determines the Variable Rate as required under the Indenture, (B) for 2008B Bonds in a Term Rate Period with a duration of one year or less, such 2008B Bonds shall automatically convert to a Weekly Rate Period and the Variable Rate for such Rate Period shall be equal to 135% of the SIFMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System, Inc until the Remarketing Agent next determines the Variable Rate as required under the Indenture; and (C) for 2008B Bonds in a Term Rate Period with a duration in excess of one year, such 2008B Bonds shall automatically convert to a Term Rate Period of two years and the Variable Rate for such Rate Period shall be equal to the sum of (i) the yield on 2 year "A" rated general obligation 2008B Bonds as published by Municipal Market Data (or any successor entity) on the first Business Day preceding the Variable Rate Adjustment Date plus (ii) 5 basis points unless the Authority has filed with the Trustee and the Tender Agent a Favorable Opinion acceptable to the Trustee (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) with respect to the conversion of the 2008B Bonds to Variable Rates for Weekly Rate Periods, in which case the 2008B Bonds shall automatically convert to a Weekly Rate Period and the Variable Rate for such Rate Period shall be equal to 135% of the SIFMA Municipal Swap Index published for that Variable Rate Period by Munifacts Wire System until the Remarketing Agent next determines the Variable Rate as required under the Fifth Supplement to the Amended and Restated Indenture.

(iii) All determinations of Variable Rates shall be conclusive and binding upon the holders of the 2008B Bonds in which such rates are applicable. Failure by the Trustee or the Tender Agent to give any notice as in the Indenture provided, any defect therein, and any failure by any holder of a 2008B Bond to receive any such notice (including without limitation any Immediate Notice) shall not extend the period for making elections, in any way change the rights of the owners of 2008B Bonds to elect to have such 2008B Bonds purchased, in any way change the conditions which must be satisfied in order for such election to be effective or for payment of the purchase price to be made after an effective election or in any way change such owner's obligation to tender the 2008B Bonds for purchase.

Daily Rates and Weekly Rates. A Variable Rate shall be determined by the Remarketing Agent (i) for each Daily Rate Period not later than 10:30 a.m., New York City time, on the commencement date of the Daily Rate Period to which it relates and (ii) for each Weekly Rate Period not later than 10:00 a.m., New York City time on the commencement date of the Weekly Rate Period to which it relates (or the preceding Business Day if such day is not a Business Day).

Term Rates. A Variable Rate shall be determined by the Remarketing Agent for each Term Rate Period not later than 12:00 noon, New York City time, on the Business Day immediately preceding the commencement date of such period.

Conversions between Variable Rate Periods. At the option of the Authority, the 2008B Bonds may be converted from one Variable Rate Period to another and from a Term Rate Period of one length to a Term Rate Period of a different length as follows:

(i) In any such case, the Variable Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that if the conversion is from a Term Rate Period to a different Variable Rate Period or a Term Rate Period of a different length, the Variable Rate Conversion Date shall be limited to a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced.

(ii) The Authority shall give written notice of any such conversion to the Remarketing Agent, the Trustee, the Tender Agent, the Bond Insurer, and the Bank not less than seven (7) Business Days prior to the date on which the Tender Agent is required to notify the Bondholders of the conversion pursuant to subparagraph (iii) below. Such notice shall specify the Variable Rate Conversion Date and the Variable Rate Period (and the length of any Term Rate Period) to which the conversion will be made.

As a precondition to effecting a change to a different Variable Rate Period or to a Term Rate Period of a different length, on or before the Variable Rate Conversion Date, a Favorable Opinion shall be delivered to the Authority, the Trustee and the Tender Agent. Notwithstanding the foregoing, such Favorable Opinion shall not be required to be delivered in either case with respect to (i) a conversion to a Daily Rate Period or Weekly Rate Period

or to a Term Rate Period with a duration of one year if the immediately preceding Period was a Daily Rate Period or Weekly Rate Period or a Term Rate Period with a duration of one year or (ii) a conversion to a Term Rate Period with a duration of more than one year if the immediately preceding Variable Rate Period was a Term Rate Period with a duration of more than one year.

(iii) Not less than thirty (30) days prior to the Variable Rate Conversion Date if converting to a Daily or Weekly Rate Period or any other Variable Rate Period, the Tender Agent shall mail a written notice of the conversion to the holders of all 2008 Bonds to be converted. Such notice shall specify the Variable Rate Conversion Date and set forth the matters required to be stated pursuant to Section 303 of the Fifth Supplement to the Amended and Restated Indenture with respect to purchases of 2008 Bonds governed by such Section.

(iv) The Variable Rate for the Variable Rate Period commencing on the Variable Rate Conversion Date shall be determined by the Remarketing Agent in the manner provided above on the date set forth above applicable to the Variable Rate Period to which the conversion shall be made. Notice of such Variable Rates shall be given or made available on the dates and to the parties specified above in the manner provided above applicable to the Variable Rate Period to which the conversion shall be made.

Conversions from Flexible Rate Periods. At the option of the Authority, the 2008B Bonds may be converted from a Flexible Rate Period to a Variable Rate Period as follows:

(i) The Variable Rate Conversion Date shall be the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Periods theretofore established for the 2008B Bonds to be converted.

(ii) Not less than fourteen (14) days prior to the Variable Rate Conversion Date if converting to a Daily Rate Period or a Weekly Rate Period and not less than thirty (30) days prior to the Variable Rate Conversion Date if converting to any other Variable Rate Period, the Tender Agent shall mail a written notice of the conversion to all holders of the 2008B Bonds to be converted. The 2008B Bonds will be subject to mandatory tender for purchase on the Variable Rate Conversion Date.

(iii) The Variable Rate for the Variable Rate Period commencing on the Variable Rate Conversion Date shall be determined by the Remarketing Agent in the manner provided above on the date set forth above applicable to the Variable Rate Period to which the conversion shall be made. Notice of such Variable Rates shall be given or made available on the dates and to the parties specified above in the manner provided above applicable to the Variable Rate Period to which the conversion shall be made.

FLEXIBLE RATES; CONVERSIONS TO FLEXIBLE RATE PERIODS

Flexible Rates. A Flexible Rate for each Interest Period shall be determined as follows:

(i) The Interest Periods for each 2008B Bond shall be of such duration, not exceeding 270 days, as may be offered by the Remarketing Agent and specified by the purchaser.

(ii) The Flexible Rate for each Interest Period shall be effective from and including the commencement date of such period through and including the last day thereof. Each such Flexible Rate shall be determined by the Remarketing Agent in connection with the sale of the 2008B Bond or Bonds to which it relates.

(iii) If the Remarketing Agent fails for any reason to determine or notify the Tender Agent of the Interest Period or Flexible Rate when required under the Fifth Supplement to the Amended and Restated Indenture, the Interest Period shall be of the shortest permitted duration and the Flexible Rate shall be equal to 135% of the SIFMA Municipal Swap Index in effect on the first day of such Interest Period.

(iv) All determinations of Flexible Rates and Interest Periods shall be conclusive and binding upon the Authority, the Trustee, the Tender Agent, the Bank and the holders of the 2008B Bonds to which such rates and periods are applicable.

Conversions for Flexible Rate Periods. At the option of Authority, the 2008B Bonds may be converted from a Variable Rate Period to a Flexible Rate Period as follows:

(i) In any such case, the Flexible Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that in the case of a conversion from a Term Rate Period, the Flexible Rate Conversion Date shall be a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced.

(ii) Not less than thirty (30) days prior to the Flexible Rate Conversion Date, the Tender Agent shall mail a written notice of the conversion to the holders of all Bonds to be converted, specifying the Flexible Rate Conversion Date. The 2008B Bonds will be subject to mandatory tender for purchase on the Variable Rate Conversion Date.

FIXED RATE CONVERSION AT OPTION OF THE AUTHORITY

At the option of the Authority, the 2008B Bonds bearing interest at a Variable Rate or Flexible Rates may be converted to bear interest at the Fixed Rate as provided in the Fifth Supplement to the Amended and Restated Indenture. Any such conversion shall be made as follows:

(a) The Fixed Rate Conversion Date shall be: (i) in the case of a conversion from a Variable Rate Period other than a Term Rate Period, a regularly scheduled Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; (ii) in the case of a conversion from a Term Rate Period, a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced; or (iii) in the case of a conversion from a Flexible Rate Period, a day which is the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Period theretofore established for the 2008B Bonds to be converted.

(b) In the event of a conversion from a Variable Rate Period or a Flexible Rate Period, the Tender Agent shall mail a notice of the proposed conversion to the holders of all Bonds to be converted not less than thirty (30) days prior to the Proposed Fixed Rate Conversion Date and shall inform the holders of the 2008B Bonds of: (i) the Proposed Fixed Rate Conversion Date; and (ii) the other matters required in connection with the mandatory tender of the 2008B Bonds. The 2008B Bonds will be subject to mandatory tender for purchase on the Fixed Rate Conversion Date.

(c) The Fixed Rate(s) established for the 2008B Bonds to be effective on the Fixed Rate Conversion Date shall be set forth in an underwriting or purchase contract and shall equal the minimum interest rate(s) necessary to remarket such 2008B Bonds on the Fixed Rate Conversion Date at an aggregate purchase price of 100% of the principal amount thereof taking into account the fact that such 2008B Bonds shall mature or be subject to mandatory sinking fund redemption on a particular June 15 up to and including June 15, 2022, that all 2008B Bonds shall pay interest semiannually on each Interest Payment Date of each year and that all 2008B Bonds maturing on a particular June 15 shall bear interest at the same rate.

The determination of the Fixed Interest Rate(s) shall be conclusive and binding upon the Authority, the Trustee, the Tender Agent, if any, the Bank, if any, and the holders of the 2008B Bonds to which such rate(s) will be applicable.

PURCHASE OF THE 2008B BONDS

Optional Tenders During Variable Rate Periods

Optional Tender Dates. The holders of 2008B Bonds bearing interest at Variable Rates may elect to have their 2008B Bonds or portions thereof in whole multiples of Authorized Denominations purchased at the Tender Price of such 2008B Bonds (or portions thereof), on the following Optional Tender Dates and upon the giving of the following oral (which may be by telephone) or written (which may be by telecopy or facsimile communication) notices meeting the further requirements below:

(i) Daily Rate Period. During a Daily Rate Period, 2008B Bonds may be tendered for purchase on any Business Day upon oral or written notice of tender given to the Tender Agent not later than 10:00 a.m., New York City time, on the Optional Tender Date;

(ii) Weekly Rate Period. During a Weekly Rate Period, 2008B Bonds may be tendered for purchase on any Business Day upon oral or written notice of tender to the Tender Agent not later than 5:00 p.m., New York City time, on a Business Day not less than seven (7) days prior to the Optional Tender Date; and

(iii) Term Rate Period. During a Term Rate Period, 2008B Bonds may be tendered for purchase on the first Business Day following such Term Rate Period upon delivery of a written notice of tender to the Tender Agent not later than 5:00 p.m., New York City time, on a Business Day not less than seven (7) days prior to the Optional Tender Date.

Notice of Tender. Each notice of tender: (i) shall, in the case of a written notice, be delivered to the Tender Agent at its Principal Office and be in form satisfactory to the Tender Agent; (ii) shall, whether delivered orally or in writing, state (A) the name and address of such holder of a 2008B Bond and the principal amount of the 2008B Bond to which the notice relates, (B) that the holder of such 2008B Bond irrevocably demands purchase of such 2008B Bond or a specified portion thereof in a whole multiple of an Authorized Denomination, (C) the Optional Tender Date on which such 2008B Bond or portion is to be purchased and (D) the payment instructions with respect to the Tender Price; and (iii) shall automatically constitute, whether delivered orally or in writing (A) an irrevocable offer to sell the 2008B Bond (or portion thereof) to which the notice relates on the Optional Tender Date to any purchaser selected by the Remarketing Agent, at a price equal to the Tender Price of such 2008B Bond or portion thereof, (B) an irrevocable authorization and instruction to the Tender Agent to effect transfer of such 2008B Bond (or portion thereof) upon payment of the Tender Price to the Tender Agent on the Optional Tender Date, (C) an irrevocable authorization and instruction to the Tender Agent to effect the exchange of the 2008B Bond to be purchased in whole or in part for other 2008 Bonds in an equal aggregate principal amount so as to facilitate the sale of such 2008B Bond (or portion thereof to be purchased), and (D) an acknowledgment that such holder of a 2008B Bond will have no further rights with respect to such 2008B Bond (or portion thereof) upon payment of the Tender Price thereof to the Tender Agent on the Optional Tender Date, except for the right of such holder of a 2008B Bond to receive such Tender Price upon surrender of such 2008B Bond to the Tender Agent.

The determination of the Tender Agent as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the owner of such 2008B Bond.

Delivery of 2008B Bonds. All 2008B Bonds to be purchased on any Optional Tender Date shall be required to be delivered to the Principal Office of the Tender Agent by (i) 12:00 noon, New York City time, on the Optional Tender Date with respect to 2008B Bonds during a Daily Rate Period or a Weekly Rate Period; or (ii) 5:00 p.m., New York City time, on the second Business Day prior to the Optional Tender Date with respect to 2008B Bonds during Term Rate Periods.

Tenders During Flexible Rate Periods

Repurchase Dates. Each 2008B Bond bearing interest at a Flexible Rate shall be subject to mandatory tender for purchase on each Repurchase Date at the Repurchase Price.

Remarketing of Tendered Bonds. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all 2008B Bonds required to be purchased on the Repurchase Date. In remarketing the 2008B Bonds, the Remarketing Agent shall offer and accept purchase commitments for the 2008B Bonds for such Interest Periods and at such Flexible Rates as it deems to be advisable in order to minimize the net interest cost on the 2008B Bonds under prevailing market conditions. The foregoing notwithstanding, no Interest Period may be established which exceeds the shortest of (A) 270 days, (B) the remaining number of days prior to any Mandatory Tender Date occurring as a result of a proposed conversion, or (C) the remaining number of days prior to each date on which 2008B Bonds are subject to optional or mandatory sinking fund redemption, if and to the extent necessary to enable the Tender Agent to make such purchases on or before such date.

Payments by the Tender Agent. By 3:00 p.m., New York City time, on the Repurchase Date and upon receipt by the Tender Agent of 100% of the aggregate Repurchase Price of the Tendered 2008B Bonds, the Tender Agent shall pay the Repurchase Price of such 2008B Bonds to the holders thereof at its Principal Office or by bank wire transfer. Such payments shall be made in immediately available funds. If sufficient funds are not available for the purchase of all tendered 2008B Bonds, no purchase shall be consummated.

Delivery of 2008B Bonds. All 2008B Bonds to be purchased on any Repurchase Date shall be required to be delivered to the Principal Office of the Tender Agent by 1:00 p.m., New York City time, on the Repurchase Date.

Mandatory Tender Upon Conversions among Variable Rate Periods and Flexible Rate Periods

Variable Rate Conversions. 2008B Bonds which are subject to conversion on any Variable Rate Conversion Date shall be subject to mandatory tender for purchase on the Variable Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be.

Flexible Rate Conversions. 2008B Bonds which are subject to conversion on any Flexible Rate Conversion Date are subject to mandatory tender for purchase on the applicable Flexible Rate Conversion Date at the Tender Price.

Notice to Bondholders. Any notice of a Conversion given to Bondholders shall state that the 2008B Bonds to be converted will be subject to mandatory tender for purchase on the Variable Rate Conversion Date or Flexible Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be, and will specify the time at which Bonds are to be tendered for purchase.

Delivery of 2008B Bonds. (A) During a Variable Rate Period. All 2008B Bonds to be purchased shall be required to be delivered to the principal corporate trust office of the Tender Agent by (i) 1:00 p.m., New York City time, on the Mandatory Tender Date to 2008B Bonds during a Daily or Weekly Rate Period; or (ii) 5:00 p.m., New York City time, on the second Business Day prior to the Mandatory Tender Date with respect to 2008B Bonds during Term Rate Periods, (B) During a Flexible Rate Period. All 2008B Bonds shall be required to be delivered to the principal corporate trust office of the Tender Agent by 1:00 p.m., New York City time, on the Mandatory Tender Date.

Mandatory Tender Upon Fixed Rate Conversion or Substitution or Termination of Liquidity Facility

(i) Proposed Fixed Rate Conversion Date. The 2008B Bonds to be converted to bear interest at the Fixed Rate pursuant to Section 205 of the Fifth Supplement to the Amended and Restated Indenture shall be subject to mandatory tender for purchase on a Proposed Fixed Rate Conversion Date at a price equal to the Tender Price or the Repurchase Price, as the case may be.

(ii) Substitution of the Liquidity Facility with an Alternate Liquidity Facility. The 2008B Bonds (other than Bank Bonds and 2008B Bonds bearing interest at the Fixed Rate) are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or the Repurchase Price, as the case may be, on the regularly scheduled Interest Payment Date immediately preceding the effective date of any substitution of the Liquidity Facility with an Alternate Liquidity Facility in accordance with the provisions of Section 310 of the Fifth Supplement to the Amended and Restated Indenture.

(iii) No Renewal Liquidity Facility. The 2008B Bonds are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or Repurchase Price, as the case may be, on any Renewal Date if by the tenth day preceding such Renewal Date the Trustee has not received a Renewal Liquidity Facility.

(iv) Default under the Liquidity Facility. The 2008B Bonds are subject to mandatory tender for purchase at a purchase price equal to the Tender Price or Repurchase Price, as the case may be, on the fifteenth day (or the next preceding Business Day if such day is not a Business Day) after receipt by the Trustee of notice from the Bank of the occurrence of a default under the Liquidity Facility permitting the Bank to deliver such notice (other than the occurrence of any event of default thereunder which permits the Bank to immediately terminate such Liquidity Facility without notice to or demand upon the Trustee) and that such Liquidity Facility shall be terminated; provided that (i) the Mandatory Tender Date shall be at least five days prior to the termination of the Bank's obligation to

honor draws under the Liquidity Facility and (ii) no purchase shall be required if prior to the Mandatory Tender Date the Trustee receives written notice from the Bank to the effect that the default has been cured in accordance with the provisions of the Liquidity Facility and such Liquidity Facility is, as of the date of such notice to the Trustee, in full force and effect and will not terminate as a result of such termination notice from the Bank.

Notice to Bondholders. The Tender Agent shall mail notice to Bondholders of any mandatory tender as follows: (A) pursuant to (i) above, not less than thirty (30) days prior to the Mandatory Tender Date; (B) pursuant to (ii) or (iii) above, not less than fifteen (15) days prior to the Mandatory Tender Date, and (C) pursuant to (iv) above, on the Business Day next succeeding receipt by the Trustee of the notice from the Bank described therein.

In the case of a notice pursuant to (i) above, such notice will state, among other things, the Proposed Fixed Rate Conversion Date, that the 2008B Bonds will be subject to mandatory tender for purchase on the Fixed-Rate Conversion Date at the Tender Price or Repurchase Price, as the case may be, and the time at which the 2008B Bonds are to be tendered for purchase.

Delivery of 2008B Bonds. All 2008B Bonds to be purchased on any Mandatory Tender Date shall be required to be delivered to the Principal Office of the Tender Agent by (i) 12:00 noon, New York City time, on the Mandatory Tender Date with respect to 2008B Bonds during a Daily Rate Period or a Weekly Rate Period; or (ii) 5:00 p.m., New York City time, on the second Business Day prior to the Mandatory Tender Date with respect to 2008B Bonds during Term Rate Periods.

Purchase of Tendered Bonds: Payments by the Tender Agent. By 3:00 p.m., New York City time, on the Optional Tender Date or Mandatory Tender Date set for purchase of Tendered Bonds and upon receipt by the Tender Agent of 100% of the aggregate purchase price of the Tendered Bonds, the Tender Agent shall pay the purchase price of such 2008B Bonds to the holders thereof at its Principal Office or by bank wire transfer. Such payments shall be made in immediately available funds. If sufficient funds are not available for the purchase of all Tendered Bonds, no purchase shall be consummated.

Effect of Failure to Surrender Bonds. If the owner of any 2008B Bond (or portion thereof) that is subject to purchase fails to deliver such 2008B Bond to the Tender Agent for purchase on the Optional Tender Date or Mandatory Tender Date and if the Tender Agent is in receipt of the purchase price therefor, such 2008B Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such 2008B Bond (or portion thereof) shall be transferred to the purchaser. Any holder of a 2008B Bond who fails to deliver a 2008B Bond for purchase as required above shall have no further rights thereunder except the right to receive the purchase price thereof upon presentation and surrender of said 2008B Bond to the Tender Agent. Such delivery shall be a condition to payment of the purchase price by the Tender Agent on the Optional Tender Date or Mandatory Tender Date.

Failed Conversion. If on a Variable Rate Conversion Date, Flexible Rate Conversion Date or Proposed Fixed Rate Conversion Date, any condition precedent to such conversion required under the Indenture shall not be satisfied, such conversion shall not occur, but the mandatory tender shall remain effective.

Inadequate Funds for Tenders. If the funds available for purchases of 2008B Bonds pursuant to Article III of the Fifth Supplement to the Amended and Restated Indenture are inadequate for the purchase of all 2008B Bonds required to be purchased on any purchase date, the Tender Agent shall immediately: (i) return all Tendered Bonds to the holders thereof; (ii) return all moneys received for the purchase of such 2008B Bonds to the Persons providing such moneys; and (iii) notify all Bondholders in writing (A) if an Event of Default has occurred, of such occurrence, and (B) of the rate to be effective pursuant to following provisions. If the funds available for purchases of 2008B Bonds pursuant to Article III of the Fifth Supplement to the Amended and Restated Indenture are inadequate for the purchase of all 2008B Bonds required to be purchased (i) on a proposed Conversion Date, such conversion shall be deemed to have failed and the provisions above shall apply; (ii) in all other cases, the Remarketing Agent shall determine the applicable interest rate in accordance with the provisions of Article II of the Indenture.

The only monies available to pay the Tender Price on any 2008B Bonds which are Tendered Bonds are those monies required to be deposited in the Bond Purchase Fund pursuant to the Fifth Supplement to the Amended and Restated Indenture. The Authority is not obligated to pay any other amounts from any other source and neither the Trustee

nor the Remarketing Agent shall be responsible for the failure of any other person to furnish moneys for the Tender Price of such 2008B Bonds.

Notwithstanding the provisions of the Fifth Supplement to the Amended and Restated Indenture, if on a Proposed Fixed Rate Conversion Date which arises as a result of a Conversion described above in the paragraph entitled "*Conversion to Fixed Rate in Extraordinary Circumstances*", insufficient funds are available to complete such tender, such Conversion shall nonetheless occur, and the 2008B Bonds so converted shall bear interest at a Fixed Rate equal to the sum of (i) the yield on "A" rated general obligation bonds with a term equal to the remaining term on the 2008B Bonds being so converted, as published by Municipal Market Data (or any successor entity) on the first Business Day preceding the Proposed Fixed Rate Conversion Date, plus (ii) 5 basis points; provided that such Fixed Rate shall not be in excess of the Maximum Lawful Rate.

Tender Agent. The Trustee may, at all times on or before the Fixed Rate Conversion Date, appoint a Tender Agent with the power to act, on or prior to such Conversion Date, on the Trustee's behalf and subject to its direction in the authentication and delivery of the 2008B Bonds and in connection with registration of transfers and exchanges, tenders, redemptions, notices and purchase thereof and payments thereon, as fully to all intents and purposes as though the Tender Agent had been expressly authorized under the Indenture to authenticate, deliver, pay, transfer and exchange 2008B Bonds, receive tender notices, purchase tendered 2008B Bonds and make payments on the 2008B Bonds. As of the original issue date of the 2008B Bonds, the Trustee will not appoint a Tender Agent.

Remarketing Agent. RBC Capital Markets Corporation, has been appointed as the initial Remarketing Agent. The Remarketing Agent may be replaced in accordance with the provisions of the Indenture.

Effect of Notices. Failure by the Trustee or the Tender Agent to give any notice, or any defect therein, shall not extend the period for making elections or in any way change the rights of the owners of such 2008B Bonds to elect to have their Bonds purchased on any Optional Tender Date or Mandatory Tender Date. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been given, whether or not the owner of such 2008B Bonds receives the notice.

REDEMPTION

Optional Redemption.

(i) **Flexible Rate Period or a Variable Rate Period.** During a Flexible Rate Period or a Variable Rate Period, the 2008B Bonds shall be subject to redemption prior to maturity at the option of the Authority, in whole or in part (and if in part in an Authorized Denomination) on any Repurchase Date applicable thereto during a Flexible Rate Period or on any Interest Payment Date during a Variable Rate Period (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot), at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

(ii) **Term Rate Period.** On or prior to the Fixed Rate Conversion Date, 2008B Bonds in a Term Rate Period may be redeemed by the Authority, in whole or in part (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot in such manner as shall be determined by the Trustee), (A) at any time on and after the No-Call Period described below, at a redemption price of 100% of the principal amount of 2008B Bonds called for redemption, plus accrued interest to the date fixed for redemption, and (B) on the day after the end of each Term Rate Period at a redemption price of 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption:

<u>Length of Term Rate Period</u>	<u>Commencement of Redemption Period</u>
Greater than or equal to 10 years	8 th Anniversary of the commencement of the Fixed Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Fixed Rate Period
Less than 8 years	Not subject to optional redemption

Notwithstanding the foregoing, the No-Call Periods specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the conversion of the interest rate on the 2008B Bonds to a Term Rate Period is to the effect that such change will not have an adverse effect on the validity of the 2008B Bonds or any exemption from federal income taxation to which interest on the 2008B Bonds would otherwise be entitled.

(iii) **Fixed Rate.** After the Fixed Rate Conversion Date, the 2008B Bonds may be redeemed by the Authority in whole on any date, or in part on any Interest Payment Date (and, if in part, by lot in such manner as shall be determined by the Trustee), after the No-Call Period described below at a redemption price of 100% of the principal amount of 2008B Bonds called for redemption, plus accrued interest to the date fixed for redemption:

<u>Length of Fixed Rate Period</u>	<u>Commencement of Redemption Period</u>
Greater than or equal to 10 years	8 th Anniversary of the commencement of the Fixed Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Fixed Rate Period
Less than 8 years	Not subject to optional redemption

Notwithstanding the foregoing, the No-Call Periods and redemption prices specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the conversion of the interest rate on the 2008B Bonds to a Fixed Rate is to the effect that such change will not have an adverse effect on the validity of the 2008B Bonds or any exemption from federal income taxation to which interest on the 2008B Bonds would otherwise be entitled.

Special Optional Redemption. Any 2008 Bonds which: (1) are Bank Bonds, or (2) have been converted to a Fixed Rate as described in the paragraph above entitled "Conversion to Fixed Rate in Extraordinary Circumstances", shall be subject to redemption in whole or in part prior to the Maturity Date therefor at the option of the Authority out of amounts deposited in the Debt Service Fund, on any Business Day at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

Mandatory Sinking Fund Redemption. The 2008B Bonds are subject to mandatory redemption prior to maturity in part by lot, as selected by the Trustee, on June 15 of each year as set forth below, in the respective principal amounts listed opposite each such year from moneys in the Debt Service Fund, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent interest Payment Date to the redemption date.

Redemption Date (June 15)	Principal Amount	Redemption Date (June 15)	Principal Amount
2009	\$4,925,000.00	2015	\$6,800,000.00
2010	5,200,000.00	2016	7,175,000.00
2011	5,475,000.00	2017	7,575,000.00
2012	5,800,000.00	2018	8,000,000.00
2013	6,100,000.00	2019	8,425,000.00
2014	6,450,000.00	2020*	8,900,000.00

*** Maturity**

Notwithstanding the foregoing, on and after the Fixed Rate Conversion Date, if the Authority shall, with the consent of the Bond Insurer, file a certificate pursuant to Section 205(d) of the Fifth Supplement to the Amended and Restated Indenture in connection with the conversion of the 2008B Bonds to the Fixed Rate containing an alternate schedule of mandatory redemption dates and amounts to be effective with respect to the 2008B Bonds on and after the Fixed Rate Conversion Date, in lieu of the mandatory sinking fund redemption schedule detailed above, the Authority shall redeem 2008B Bonds maturing on such dates and in the such amounts from moneys in the Debt Service Fund as shall be set forth in such certificate, if any, filed in connection with the conversion of the 2008B Bonds to the Fixed Rate, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to the redemption date.

In the event of any partial optional or special optional redemption of the 2008B Bonds, the mandatory sinking fund redemption payments shall be reduced in such order as the Authority shall elect prior to such redemption or, if no such election is made, in the inverse order thereof. The Trustee shall (in such manner as it in its sole discretion shall choose) adjust the amount of each such reduction in required mandatory redemption payment, so that each such required mandatory sinking fund redemption payment is made in Authorized Denominations.

General Provisions Regarding Redemptions. No redemption of less than all of the 2008B Bonds outstanding shall be made unless in Authorized Denominations. Any redemption of less than all of the 2008B Bonds Outstanding shall be made first from Bank Bonds. Any redemption of less than all of the 2008B Bonds Outstanding shall be made in such a manner that all Bonds Outstanding after such redemption are in Authorized Denominations.

Notice of Redemption. 2008B Bonds may be called for redemption by the Trustee (other than pursuant to the Special Optional Redemption provisions above, which require Immediate Notice to the Bank prior to the redemption date) (A) in the case of 2008B Bonds during a Variable Rate Period other than a Term Rate Period, upon receipt by the Trustee at least 15 days prior to the redemption date of a written request of the Authority requesting such redemption or (B) in all other cases, upon receipt by the Trustee not less than 30 days prior to the redemption date identified in the written request of the Authority requesting such redemption. A copy of the notice of the call for any redemption identifying the 2008B Bonds to be redeemed shall be given by the Trustee to the holders of the 2008B Bonds by first class mail postage prepaid, which notice shall specify the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue on the 2008B Bonds which are the subject of such notice and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. If at the time of mailing of any notice of redemption with respect to any redemption other than a mandatory redemption pursuant to the Fifth Supplement to the Amended and Restated Indenture the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the 2008B Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited.

Failure to give notice in the manner prescribed hereunder with respect to any 2008B Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any 2008B Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the 2008B Bonds to be redeemed and to pay interest due thereon and premium, if any, the 2008B Bonds thus called shall not after the applicable redemption date bear interest, be protected by the Indenture or be deemed to be Outstanding under the provisions of the Indenture.

GENERAL

This 2008B Bond is one of a duly authorized issue of Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008B, issued in the aggregate principal amount of \$80,825,000 (the "2008B Bonds"). The 2008B Bonds are issued to enable the Authority to refund certain of its outstanding bonds and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The 2008B Bonds are issued under and pursuant to the Act and a resolution of the Authority duly adopted on March 18, 2008 (the "Resolution") and under the Indenture between the Authority and the Trustee, and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the "Pledged Revenues"). Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Liquidity Facility. From the date of their original issuance, the 2008B Bonds (other than Bank Bonds) will be secured by a Standby Bond Purchase Agreement dated as of May 1, 2008 (the "Liquidity Facility") with JPMorgan Chase Bank (the "Initial Bank") pursuant to which the Initial Bank has agreed to pay to the Trustee the purchase price of 2008B Bonds which are tendered for optional or mandatory purchase pursuant to the Fifth Supplement to the Amended and Restated Indenture which have not been successfully remarketed. The Liquidity Facility expires on May 14, 2009, subject to termination or extension as provided therein.

The Authority may, subject to the provisions of the Liquidity Facility and the Indenture, at any time arrange for the deposit with the Trustee of a Renewal Liquidity Facility or on Alternate liquidity Facility in substitution for the existing Liquidity Facility. The Indenture also permits the termination of a Liquidity Facility then in effect without replacement in certain cases specified in the Indenture on and after the Conversion Date. The Liquidity Facility then in effect may be replaced only if the requirements specified in the Indenture are satisfied.

The executed counterparts of the Indenture and the Liquidity Facility are on file at the principal corporate trust office of the Trustee.

THIS 2008B BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS 2008B BOND. THIS 2008B BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST, THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, INCLUDING THE CITY, EXCEPT THE AUTHORITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE 2008B BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGEEES OF THE AUTHORITY, INCLUDING HOLDERS OF 2008B BONDS, SHALL HAVE NO RECOURSE, LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, EXCEPT THE AUTHORITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON

THE 2008B BONDS. THE LIABILITY OF THE AUTHORITY IN RESPECT OF THIS 2008B BOND IS LIMITED SOLELY TO THE PLEDGED REVENUES.

The owner of this 2008B Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. Modifications or alterations of the Indenture or any trust indenture supplemental thereto, may be made only to the extent and in the circumstances permitted by the Indenture. The 2008B Bonds are not subject to acceleration of maturity upon the occurrence of an Event of Default.

This 2008B Bond shall not be entitled to any right, security or benefit under the Indenture or be void or become obligatory for any purpose until this 2008B Bond shall have been authenticated by the Trustee or the Tender Agent, by execution of the certificate of authentication inscribed hereon.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of the 2008B Bonds in order to make them legal, valid and binding obligations of the Authority in accordance with their terms, and the execution of the Indenture have happened, exist and have been performed as so required; the Authority has received payment in full for the 2008B Bonds; and no limitation of indebtedness, either statutory or constitutional, has been exceeded in the issuance of the 2008B Bonds.

This 2008B Bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Indenture, at all times shall be and shall be understood to be an investment security within the meaning of and for all the purposes of the Uniform Commercial Code of Pennsylvania. This 2008B Bond is issued with the intent that the laws of the Commonwealth of Pennsylvania shall govern its construction.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this 2008B Bond to be executed with the manual or facsimile signature of its Chairperson or Vice Chairperson and its official seal or a facsimile thereof to be imprinted hereon and attested with the manual or facsimile signature of its Secretary or Assistant Secretary.

ATTEST:

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____
(Assistant) Secretary

By: _____
(Vice) Chairperson

[SEAL]

CERTIFICATE OF AUTHENTICATION

This 2008B Bond is one of the 2008B Bonds described in the with-mentioned Indenture. The text of the opinion attached hereto is the text of the opinion of Bond Counsel, WolfBlock LLP, Philadelphia, Pennsylvania, dated and delivered on the date of delivery of and payment for the 2008B Bonds, an executed counterpart of which is on file with the Trustee.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated: _____

By: _____
Authorized Signatory

ASSIGNMENT

For value received _____ hereby sells, assigns and transfers unto _____ the within Bond issued by the Pennsylvania Intergovernmental Cooperation Authority and all rights thereunder, hereby irrevocably appointing _____ to transfer said 2008B Bond on the 2008B Bond Register, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: * _____

* Signature(s) must be Guaranteed by a member of an approved Signature Guarantee Medallion Program.

NOTICE* The signature to this assignment must correspond with the name as it appears upon the face of within Bond in every particular, without alteration or any change whatever.

TEN COM – as tenants in common

JT TEN – as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - Custodian

(Cust) (Minor)
under Uniform Gifts to Minors Act (State)

Financial Security Assurance Inc. ("Financial Security"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Bond to U.S. Bank National Association, Philadelphia, Pennsylvania, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from Financial Security or the Paying Agent.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or to such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co. has an interest herein.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2008B
(Global Bond)

<u>MATURITY DATE</u>	<u>ORIGINAL</u>	<u>INTEREST MODE</u>	<u>CUSIP</u>	<u>NUMBER</u>
June 15, 2020	<u>ISSUE DATE</u> May 15, 2008	VARIABLE RATE	708840 HF 3	BB BR-1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: Initially ZERO DOLLARS (\$0.00)
At all times equal to the principal amount of the PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008A, which are Bank Bonds under the Indenture, Not to exceed EIGHTY MILLION EIGHT HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$80,825,000.00)

IN CONNECTION WITH THE ISSUANCE OF THE 2008B BONDS, THIS ADDITIONAL BOND HAS BEEN EXECUTED, DELIVERED TO AND AUTHENTICATED BY THE TRUSTEE IN THE ORIGINAL PRINCIPAL AMOUNT OF ZERO DOLLARS (A "GLOBAL BOND") FOR USE, IN ACCORDANCE WITH THE THEN-CURRENT PROCEDURES OF THE SECURITIES DEPOSITORY FOR THE 2008B BONDS, IN THE EVENT THAT ALL OR ANY PORTION OF THE 2008B BONDS BECOME BANK BONDS. AT ALL TIMES, THE PRINCIPAL AMOUNT OF THE GLOBAL BOND WILL BE EQUAL TO THE PRINCIPAL AMOUNT OF ANY OUTSTANDING BANK BONDS; PROVIDED, HOWEVER, AT NO TIME SHALL THE AMOUNT REPRESENTED BY THIS GLOBAL BOND, TOGETHER WITH THE AMOUNT REPRESENTED BY THE 2008B BOND, EXCEED THE TOTAL AMOUNT OF THE 2008B BONDS OUTSTANDING UNDER THE INDENTURE.

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay in lawful money of the United States of America to the registered owner named above, or registered assigns, on the maturity date stated above, unless this 2008B Bond shall have previously been called for redemption and payment of the redemption price made or provided for, but solely from amounts specified in the Indenture, upon surrender hereof, the principal amount hereof, and to pay interest on the principal amount in like manner, but solely from amounts specified in the Indenture, from the Interest Payment Date next preceding the authentication date hereof, unless this 2008B Bond has been authenticated on the date of first authentication and delivery of the 2008B

Bonds or on an Interest Payment Date to which interest has been paid, in which event interest shall be computed from such authentication date, at the rates per annum and on the dates determined as described herein and in the Indenture (as defined below) until payment of the principal amount, or provision therefor, shall have been made upon redemption, at Maturity, or otherwise.

The principal of and premium, if any, on 2008B Bonds bearing interest at a Variable Rate or Flexible Rate shall be payable at the Principal Office of the Trustee, U.S. Bank National Association, in Philadelphia, Pennsylvania, upon presentation and surrender of such 2008B Bonds, which presentation and surrender can be made at the Principal Office of the Tender Agent. The principal of and premium, if any, on the 2008B Bonds bearing interest at a Fixed Rate shall be payable at the Principal Office of the Trustee upon presentation and surrender of such 2008B Bonds. Payment of principal of any 2008B Bond shall be made to any owner of \$1,000,000 or more in aggregate principal amount of 2008B Bonds by wire transfer to such owner on the principal payment date for said 2008B Bonds upon written notice from such owner containing the wire transfer address within the continental United States to which such owner wishes to have such wire directed, which written notice is received not later than the Business Day next preceding the 10th day prior to the principal payment or maturity date applicable to such 2008B Bonds, provided that such wire transfer shall only be made upon presentation and surrender of such 2008B Bonds at the Principal Office of the Trustee or Tender Agent, as applicable, on the principal payment date. Any payment of the purchase price of a Tendered Bond shall be payable at the Principal Office of the Tender Agent, upon presentation and surrender of such 2008B Bond, as hereinafter described.

Subject to the provisions of the Indenture applicable to 2008B Bonds issued in Book Entry form, interest payments on a 2008B Bond (other than with respect to Defaulted Interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Bond Registrar on the Record Date; provided, however, that during a Flexible Rate Period such payments shall be payable only upon presentation and surrender of such 2008B Bond to the Tender Agent. Interest payments on a 2008B Bond (other than with respect to defaulted interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Bond Registrar on the Record Date; provided, however, that during a Flexible Rate Period such payments shall be payable only upon presentation and surrender of such 2008B Bond to the Tender Agent. Interest on the 2008B Bonds shall, except as hereinafter provided, be paid: (i) during a Flexible or Variable Rate Period, by check or draft of the Tender Agent mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register or at such other address furnished in writing by such registered owner to the Tender Agent, (ii) during a Flexible or Variable Rate Period, by wire transfer sent on the Interest Payment Date to the registered owner upon written notice to the Tender Agent from the registered owner containing the wire transfer address (which shall be in the continental United States) to which the registered owner wishes to have such wire directed which written notice is received not later than the Business Day prior to the first interest Payment Date to which it relates, it being understood that such notice may refer to multiple interest payments; (iii) on or prior to the Fixed Rate Conversion Date, in such other fashion as is agreed upon between the registered owner and the Tender Agent, including, without limitation, by wire transfer upon such prior notice as may be satisfactory to the Tender Agent or (iv) after the Fixed Rate Conversion Date, by check or draft of the Trustee mailed on the Interest Payment Date to such registered owner at the address of such owner as it appears on the Bond Register.

Interest during a Flexible Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. Interest during a Variable Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed except during a Term Rate Period and during a Fixed Rate Period interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

This 2008B Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the Principal Office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture and upon surrender of this 2008B Bond. Upon such transfer a new Bond or Bonds of like date and tenor in Authorized Denominations of the same Maturity for the aggregate principal amount which the transferee or transferees are entitled to receive will be issued to the transferee or transferees in exchange therefor as provided in the Indenture. The Authority, the Trustee, the Tender Agent, the Remarketing Agent, the Bank and any Paying Agent may treat the person in whose name this 2008B Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, redemption premium, if any, and interest due hereon and for all other purposes, and neither the Authority, the Trustee nor any paying agent shall be affected by any notice to the contrary. If any 2008B Bond is transferred or exchanged on the Bond Register by the Trustee after

notice of the optional redemption or the optional or mandatory tender of such 2008B Bond has been given, the Trustee shall attach a copy of such notice to the 2008B Bond issued in connection with such transfer or exchange. Subsequent to the Fixed Rate Conversion Date, the Trustee shall not be required to register the transfer of or exchange any 2008B Bond after the mailing of notice calling such 2008B Bond or portion thereof for redemption has occurred as herein provided, or during the period of fifteen days next preceding the giving of notice calling any 2008B Bond or Bonds for redemption.

To the extent not defined herein, the terms used in this 2008B Bond shall have the same meanings as set forth in the Indenture.

INTEREST RATES

Bank Bonds. Notwithstanding anything herein or in the 2008B Bond to the contrary, Bank Bonds shall bear interest at the Bank Rate determined in accordance with the provisions of the Liquidity Facility and not the Variable Rate or Flexible Rate that would otherwise be applicable to such 2008B Bonds were they not Bank Bonds and shall be payable in accordance with the Indenture and the Liquidity Facility. In connection with the issuance of the 2008AB Bond, this Bond has been executed and delivered to the Trustee in the original principal amount of zero dollars (each a "Global Bond") and a corresponding CUSIP number has been obtained by or on behalf of the Authority for this Bond, which is to be authenticated by the Trustee as provided for in the Indenture, for use, in accordance with the then-current procedures of DTC, in the event that all or any portion of the 2008B Bonds become Bank Bonds. At all times, the principal amount of the Global Bond will be equal to the principal amount of any outstanding Bank Bonds; provided, however, at no time shall the amount represented by this 2008B Bond, together with the amount represented by the Global Bond, exceed the total amount of the 2008B Bonds outstanding under the Indenture.

REDEMPTION

Optional Redemption.

(i) **Flexible Rate Period or a Variable Rate Period.** During a Flexible Rate Period or a Variable Rate Period, the 2008B Bonds shall be subject to redemption prior to maturity at the option of the Authority, in whole or in part (and if in part in an Authorized Denomination) on any Repurchase Date applicable thereto during a Flexible Rate Period or on any Interest Payment Date during a Variable Rate Period (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot), at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

(ii) **Term Rate Period.** On or prior to the Fixed Rate Conversion Date, 2008B Bonds in a Term Rate Period may be redeemed by the Authority, in whole or in part (and, if in part, by the redemption of any Bank Bonds first and thereafter by lot in such manner as shall be determined by the Trustee), (A) at any time on and after the No-Call Period described below, at a redemption price of 100% of the principal amount of 2008B Bonds called for redemption, plus accrued interest to the date fixed for redemption, and (B) on the day after the end of each Term Rate Period at a redemption price of 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption:

<u>Length of Term Rate Period</u>	<u>Commencement of Redemption Period</u>
Greater than or equal to 10 years	8 th Anniversary of the commencement of the Fixed Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Fixed Rate Period
Less than 8 years	Not subject to optional redemption

Notwithstanding the foregoing, the No-Call Periods specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the

conversion of the interest rate on the 2008B Bonds to a Term Rate Period is to the effect that such change will not have an adverse effect on the validity of the 2008B Bonds or any exemption from federal income taxation to which interest on the 2008B Bonds would otherwise be entitled.

(iii) **Fixed Rate.** After the Fixed Rate Conversion Date, the 2008B Bonds may be redeemed by the Authority in whole on any date, or in part on any Interest Payment Date (and, if in part, by lot in such manner as shall be determined by the Trustee), after the No-Call Period described below at a redemption price of 100% of the principal amount of 2008B Bonds called for redemption, plus accrued interest to the date fixed for redemption:

<u>Length of Fixed Rate Period</u>	<u>Commencement of Redemption Period</u>
Greater than or equal to 10 years	8 th Anniversary of the commencement of the Fixed Rate Period
Less than 10 years and greater than or equal to 8 years	6 th Anniversary of the commencement of the Fixed Rate Period
Less than 8 years	Not subject to optional redemption

Notwithstanding the foregoing, the No-Call Periods and redemption prices specified above may be changed by the Remarketing Agent upon the written request of the Authority if the Favorable Opinion required to be delivered in connection with the conversion of the interest rate on the 2008B Bonds to a Fixed Rate is to the effect that such change will not have an adverse effect on the validity of the 2008B Bonds or any exemption from federal income taxation to which interest on the 2008B Bonds would otherwise be entitled.

Special Optional Redemption. Any 2008 Bonds which: (1) are Bank Bonds, or (2) have been converted to a Fixed Rate as described in the paragraph above entitled "Conversion to Fixed Rate in Extraordinary Circumstances", shall be subject to redemption in whole or in part prior to the Maturity Date therefor at the option of the Authority out of amounts deposited in the Debt Service Fund, on any Business Day at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

Mandatory Sinking Fund Redemption. The 2008B Bonds are subject to mandatory redemption prior to maturity in part by lot, as selected by the Trustee, on June 15 of each year as set forth below, in the respective principal amounts listed opposite each such year from moneys in the Debt Service Fund, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent interest Payment Date to the redemption date.

<u>Redemption Date</u> <u>(June 15)</u>	<u>Principal Amount</u>	<u>Redemption Date</u> <u>(June 15)</u>	<u>Principal Amount</u>
2009	\$4,925,000.00	2015	\$6,800,000.00
2010	\$5,200,000.00	2016	\$7,175,000.00
2011	\$5,475,000.00	2017	\$7,575,000.00
2012	\$5,800,000.00	2018	\$8,000,000.00
2013	\$6,100,000.00	2019	\$8,425,000.00
2014	\$6,450,000.00	2020	\$8,900,000.00

* Maturity

Notwithstanding the foregoing, on and after the Fixed Rate Conversion Date, if the Authority shall, with the consent of the Bond Insurer, file a certificate pursuant to Section 205(d) of the Fifth Supplement to the Amended and Restated Indenture in connection with the conversion of the 2008B Bonds to the Fixed Rate containing an alternate schedule of mandatory redemption dates and amounts to be effective with respect to the 2008B Bonds on and after the Fixed Rate Conversion Date, in lieu of the mandatory sinking fund redemption schedule detailed above, the Authority shall redeem 2008B Bonds maturing on such dates and in the such amounts from moneys in the Debt Service Fund as shall be set forth in such certificate, if any, filed in connection with the conversion of the 2008B Bonds to the Fixed Rate, at a redemption price equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date to the redemption date.

In the event of any partial optional or special optional redemption of the 2008B Bonds, the mandatory sinking fund redemption payments shall be reduced in such order as the Authority shall elect prior to such redemption or, if no such election is made, in the inverse order thereof. The Trustee shall (in such manner as it in its sole discretion shall choose) adjust the amount of each such reduction in required mandatory redemption payment, so that each such required mandatory sinking fund redemption payment is made in Authorized Denominations.

General Provisions Regarding Redemptions. No redemption of less than all of the 2008B Bonds outstanding shall be made unless in Authorized Denominations. Any redemption of less than all of the 2008B Bonds Outstanding shall be made first from Bank Bonds. Any redemption of less than all of the 2008B Bonds Outstanding shall be made in such a manner that all Bonds Outstanding after such redemption are in Authorized Denominations.

Notice of Redemption. 2008B Bonds may be called for redemption by the Trustee (other than pursuant to the Special Optional Redemption provisions above, which require Immediate Notice to the Bank prior to the redemption date) (A) in the case of 2008B Bonds during a Variable Rate Period other than a Term Rate Period, upon receipt by the Trustee at least 15 days prior to the redemption date of a written request of the Authority requesting such redemption or (B) in all other cases, upon receipt by the Trustee not less than 30 days prior to the redemption date identified in the written request of the Authority requesting such redemption. A copy of the notice of the call for any redemption identifying the 2008B Bonds to be redeemed shall be given by the Trustee to the holders of the 2008B Bonds by first class mail postage prepaid, which notice shall specify the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue on the 2008B Bonds which are the subject of such notice and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. If at the time of mailing of any notice of redemption with respect to any redemption other than a mandatory redemption pursuant to the Fifth Supplement to the Amended and Restated Indenture the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the 2008B Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited.

Failure to give notice in the manner prescribed hereunder with respect to any 2008B Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any 2008B Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the 2008B Bonds to be redeemed and to pay interest due thereon and premium, if any, the 2008B Bonds thus called shall not after the applicable redemption date bear interest, be protected by the Indenture or be deemed to be Outstanding under the provisions of the Indenture.

GENERAL

This 2008B Bond is one of a duly authorized issue of Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008B, issued in the aggregate principal amount of \$80,825,000 (the "2008B Bonds"). The 2008B Bonds are issued to enable the Authority to refund certain of its outstanding bonds and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The 2008B Bonds are issued under and pursuant to the Act and a resolution of the Authority duly adopted on March 18, 2008 (the "Resolution") and under the Indenture between the Authority and the Trustee, and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the "Pledged Revenues"). Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Liquidity Facility. From the date of their original issuance, the 2008B Bonds (other than Bank Bonds) will be secured by a Standby Bond Purchase Agreement dated as of May 1, 2008 (the "Liquidity Facility") with JPMorgan Chase Bank (the "Initial Bank") pursuant to which the Initial Bank has agreed to pay to the Trustee the purchase price of 2008B Bonds which are tendered for optional or mandatory purchase pursuant to the Fifth Supplement to

the Amended and Restated Indenture which have not been successfully remarketed. The Liquidity Facility expires on May 14, 2009, subject to termination or extension as provided therein.

The Authority may, subject to the provisions of the Liquidity Facility and the Indenture, at any time arrange for the deposit with the Trustee of a Renewal Liquidity Facility or on Alternate liquidity Facility in substitution for the existing Liquidity Facility. The Indenture also permits the termination of a Liquidity Facility then in effect without replacement in certain cases specified in the Indenture on and after the Conversion Date. The Liquidity Facility then in effect may be replaced only if the requirements specified in the Indenture are satisfied.

The executed counterparts of the Indenture and the Liquidity Facility are on file at the principal corporate trust office of the Trustee.

THIS 2008B BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS 2008B BOND. THIS 2008B BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST, THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, INCLUDING THE CITY, EXCEPT THE AUTHORITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE 2008B BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGEEES OF THE AUTHORITY, INCLUDING HOLDERS OF 2008B BONDS, SHALL HAVE NO RECOURSE, LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, EXCEPT THE AUTHORITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE 2008B BONDS. THE LIABILITY OF THE AUTHORITY IN RESPECT OF THIS 2008B BOND IS LIMITED SOLELY TO THE PLEDGED REVENUES.

The owner of this 2008B Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. Modifications or alterations of the Indenture or any trust indenture supplemental thereto, may be made only to the extent and in the circumstances permitted by the Indenture. The 2008B Bonds are not subject to acceleration of maturity upon the occurrence of an Event of Default.

This 2008B Bond shall not be entitled to any right, security or benefit under the Indenture or be void or become obligatory for any purpose until this 2008B Bond shall have been authenticated by the Trustee or the Tender Agent, by execution of the certificate of authentication inscribed hereon.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of the 2008B Bonds in order to make them legal, valid and binding obligations of the Authority in accordance with their terms, and the execution of the Indenture have happened, exist and have been performed as so required; the Authority has received payment in full for the 2008B Bonds; and no limitation of indebtedness, either statutory or constitutional, has been exceeded in the issuance of the 2008B Bonds.

This 2008B Bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Indenture, at all times shall be and shall be understood to be an investment security within the meaning of and for all

the purposes of the Uniform Commercial Code of Pennsylvania. This 2008B Bond is issued with the intent that the laws of the Commonwealth of Pennsylvania shall govern its construction.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this 2008B Bond to be executed with the manual or facsimile signature of its Chairperson or Vice Chairperson and its official seal or a facsimile thereof to be imprinted hereon and attested with the manual or facsimile signature of its Secretary or Assistant Secretary.

ATTEST:

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

By: _____
(Assistant) Secretary

By: _____
(Vice) Chairperson

[SEAL]

CERTIFICATE OF AUTHENTICATION

This 2008B Bond (Global Bond) is the Global Bond representing the 2008B Bonds described in the with-mentioned Indenture. The text of the opinion attached hereto is the text of the opinion of Bond Counsel, WolfBlock LLP, Philadelphia, Pennsylvania, dated and delivered on the date of delivery of and payment for the 2008B Bonds, an executed counterpart of which is on file with the Trustee.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated: _____

By: _____
Authorized Signatory

ASSIGNMENT

For value received _____ hereby sells, assigns and transfers unto _____ the within Bond issued by the Pennsylvania Intergovernmental Cooperation Authority and all rights thereunder, hereby irrevocably appointing _____ to transfer said 2008B Bond on the 2008B Bond Register, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed*: _____

* Signature(s) must be Guaranteed by a member of an approved Signature Guarantee Medallion Program.

NOTICE* The signature to this assignment must correspond with the name as it appears upon the face of within Bond in every particular, without alteration or any change whatever.

TEN ENT – as tenants by the entireties

UNIF GIFT MIN ACT - _____ Custodian _____

(Cust)

(Minor)

(State)

EXHIBIT B: INTEREST RATE SWAP TRANSACTION DOCUMENTS



Option On Interest Rate Swap Transaction

Amended and Restated as of 15 June 2001

Date: 6 December 2001

The purpose of this document is to confirm the terms and conditions of the Option on an Interest Rate Swap Transaction entered into between:

**JPMORGAN CHASE BANK, N.A.
and**

PENNSYLVANIA INTERGOVERNMENTAL COORDINATION AUTHORITY ("Counterparty")

on the Trade Date and identified by the JPMorgan Chase Bank, N.A. Deal Number specified below (the "Swap Transaction"). This agreement constitutes a "Confirmation" as defined in the agreement specified below. It is not intended to have this confirmation serve as final documentation for this transaction and, accordingly, no other confirmations will follow.

This Confirmation and provisions described in the 2000 ISDA Definitions, incorporating the June 2000 amendments to the 1992 ISDA Definitions, shall govern the interpretation of this Confirmation, and the 1992 ISDA Definitions (Counterparty Definitions) shall be interpreted in the context of the Swap Transaction. In the event of any inconsistency between these definitions and provisions and this Confirmation, this Confirmation will govern.

References in this Confirmation to "Transaction" shall be deemed to be references to "Swap Transaction" for the purposes of interpreting the Swap Definitions, and references to the Swap Definitions to "Swap Transaction" shall be deemed to be references to "Transaction" for the purposes of interpreting this Confirmation.

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement, including the Schedule thereto, dated as of 6 December 2001, as amended and supplemented from time to time (the "Agreement") between JPMorgan Chase Bank, N.A. ("JPMorgan") and the Counterparty. All provisions contained in the Agreement govern this Confirmation except as separately modified below.

JPMorgan Chase Deal Number:	000000007729
Type of Transaction:	Call - Buyer has the right to received fixed rate and pay floating rate, as referred to in the underlying swap transaction
Trade Date:	16 November 2001
Buyer:	JPMorgan
Seller:	Counterparty
Notional:	3,015,000.00 USD
Payment Settlement Date:	6 December 2001, subject to adjustment in accordance with the Modified Following Business Day Convention, based on Business Days in London, New York

Resources for Researchers

Procedures for Housing

Indicated that the right to exercise this option by receiving the shares of the Company by phone (immediately followed by written confirmation on the date and during the term of the specified interval).

Optimal Style

Notations Page

Notice of Election must be given between the hours of 9:00 AM and 11:00 am New York time on Wed and New York Calendar Days prior to each Election Date.

Western Day

On any local National Day after 12 noon 2006 up to and including 15 December 2019.

Physical Substrate

Appendix

7. The basis of the particular Group Transaction is which the Option holder can be determined.

History

Discharge Date**Thompson Drive:**

15 June 2004

Real Analysis

Product Name: Tissue

Discussion

Notional Amount

See Quantity Discounts Below

Robert Ross Hyde Reynolds, Judge

Just 15 December, 15 June ending with 15 December, have immediately following the Greater Days by, and including the 7500th Day, subject to adjustment in accordance with the World Publishing Division Day Counters.

Abstract

Estimando el Valor Económico

Friend Your Day Company Products:

Summary

Universal Products

Each price zone, and including, was Payment Date is, but including the next following Payment Date and there will be no adjustment to the Calculation Period.

Planning Assistance

Problems from Review

Introduction

Notional Amount

Los Angeles Unified School District

Planning Your Paper Presentation

Monday on the 15th day of each calendar month ending with the calendar month immediately following the previous Day on the next following day. The Commission may, subject to adjustment in accordance with the Method of Following Business Day Convention.

Reading Room Challenge

100-1-27000-200A

Designated Maturity:	2 Month
Floating Amount:	The Floating Rate used to calculate the Floating Amount payable to Morgan on each Payment Date will be equal to the rate determined in compliance with the specified Floating Rate Option and Designated Maturity, multiplied by 67 percent. For the avoidance of doubt, the Floating Amount payable by Morgan shall be calculated as follows: Floating Amount = Notional Amount x (Floating Rate x 67 percent) x Day Count Fraction
Spread:	None
Floating Rate Day Count Fraction:	Actual/Actual
Calculation Period:	Each period from, and including, one Payment Date to, but excluding, the next following Payment Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Reset Day:	Each Thursday in the Calculation Period, there to be no adjustment to the Reset Date.
Amortizing:	Applicable
Method of Amortizing:	Weighted
Compounding:	Inapplicable
Payment Business Day Location for Counterparty:	London, New York
Payment Business Day Location for JP Morgan Chase:	London, New York
Calculation Agent:	JP Morgan
Expendable With Net:	No
Outstanding Principal Balance Schedule:	

Accrued Reset Date	JP Morgan On National Outstanding	Counterparty On National Outstanding
6/15/2006	89,958,000	89,958,000
6/15/2007	89,958,000	89,958,000
6/15/2008	89,958,000	89,958,000
6/15/2009	79,950,000	79,950,000
6/15/2010	70,700,000	70,700,000
6/15/2011	65,725,000	65,725,000
6/15/2012	59,625,000	59,625,000
6/15/2013	53,325,000	53,325,000

6/15/2014	44,875,000	44,875,000
6/15/2015	44,875,000	44,875,000
6/15/2016	23,980,000	23,980,000
6/15/2017	23,325,000	23,325,000
6/15/2018	17,325,000	17,325,000
6/15/2019	8,980,000	8,980,000

Fixed Rate Schedule:**Beginning On: Contingently Fixed Rate Amounts At:**

15-Jan-2006	5.43419 percent
15-Jun-2007	5.49858 percent
15-Jan-2008	5.51830 percent
15-Jun-2009	5.51798 percent
15-Jan-2010	5.51898 percent
15-Jun-2011	5.52637 percent
15-Jan-2012	5.51286 percent
15-Jun-2013	5.50688 percent

This transaction may not be assigned by either party without the prior written consent of the other party.

2. Termination Option

As provided in paragraph (b)(3) of Part 1 of the Schedule dated the date hereof between JPMorgan and the Counterparty, it is the intention of the parties that the Counterparty shall have the right to terminate the Transaction described in this Confirmation whether or not JPMorgan has exercised the option described in this Confirmation and whether or not the Election Date with respect to such Transaction has occurred. In the event the Counterparty terminates the Transaction, the Termination payment shall be Amount paid pursuant to Part 1(d) of the Schedule in Money Amount.

3. Account Details**Payments to JPMorgan Chase Bank, N.A.:**

Payments to JPMorgan in USD: JPMORGAN CHASE NEW YORK
JPMORGAN CHASE BANK N.A.
BIC: CHASUS33XXX
ABA#: 021000121
AC No: 899987779

If in the event this Transaction is physically extended into a swap, the office of JPMorgan Chase Bank, N.A. will change from New York to London.

Swap Payment Instructions: JPMorgan Chase Bank, N.A.

Revsoc: JPMorgan London
ABA/Bank No: ABA: 021000121
Account No: 670-07-054
Reference: Further check to swap grossly minimal

Payments to Counterparty:

Amounts for payments in USD: Wachovia Bank, National Association

Revsoc: PENNSYLVANIA INTERGOVERNMENT
COORDINATION AUTHORITY

JPMorgan

ABA Bank No:
Account No:
Reference:

c/o Wachovia Bank, National Association
63300239
DTAS000000016439
FICA 16
Attention: Allen Jackson, CT UFW

4. Offices

- (a) The Office of JPMorgan for the Group Transaction is NEW YORK; and
- (b) The Office of the Company for the Group Transaction is PHILADELPHIA.

All requests regarding confidential should be sent to:

JPMorgan Chase Bank, N.A.
200 Bankers Building, 2nd Floor
Newark, NJ 07102-2107

Attention: Documentation Control
Telephone: 1-342-634-4989
Facsimile: 1-908-433-3406

Please quote the JPMorgan Chase Bank Number indicated above.

JPMORGAN SECURITIES INCORPORATED is acting solely as agent for JPMorgan and will have no obligations under this Transaction.

5. Representations

Each party herein represents to the other as follows:

- (a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decision to enter into this Transaction and as to whether this Transaction is appropriate or proper. It is based upon its own judgment and upon advice from such persons as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction; it being understood that information and suggestions related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into this Transaction. No communication (written or oral) received from the other party shall be deemed to be an invitation or guarantee as to the proposed results of this Transaction.
- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice) and understands and accepts, the terms, the conditions and risks of this Transaction. It is also capable of assessing and assessing the risks of this Transaction.
- (c) **Status of Parties.** The other party is not acting as a fiduciary for or as advisor to it in respect of this Transaction.



Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us or by sending to us a letter, telex or facsimile reply, similar to this letter, which letter, telex or facsimile reply sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms. When referring to this Confirmation, please indicate: JPMorgan Deal Number: 0500000507759

JPMorgan Chase Bank, N.A.

Carmine Pilla

Name: Carmine Pilla

Title: Vice President

Accepted and confirmed as of the date first written:
PENNSYLVANIA INTERGOVERNMENTAL
COORDINATION AUTHORITY

Pat Doherty

Name: Pat Doherty

Title: Executive Director

Your business address: _____



Client Service Group

All queries regarding contributions should be sent to:

JP Morgan Chase Bank, N.A.

Client

JP Morgan Client Telephone Number

Client Service Group (801) 328-3440

Group E-mail address

JP Morgan (801) 328-3440

Phone

Cell

Please quote the JP Morgan client number(s) 80000007700.

**SUPPLEMENTAL CERTIFICATE REGARDING
IDENTIFICATION OF ANTICIPATORY HEDGE FOR TAX-EXEMPT BOND ISSUE**

By Certificate of Identification of Anticipatory Hedge For Tax-Exempt Bond Issue dated December 6, 2001 in the form attached hereto as Exhibit A (the "Original Certificate") the Pennsylvania Intergovernmental Cooperation Authority ("Bond Issuer") identified on its books and records a Floating to Fixed (Synthetic Fixed) Forward Starting Interest Rate Swaption Agreement (the "Contract").

JP Morgan Chase Bank, N.A. ("Hedge Provider") has given proper notice of the exercise of its option set forth in the Contract to cause the swap described therein to become effective. In connection therewith, Bond Issuer intends to issue, on June 15, 2006, its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2006 (the "2006 Bonds") to currently refund Bond Issuer's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 1996. In connection with the issuance of the 2006 Bonds, Bond Issuer and Hedge Provider have agreed to amend and restate the confirmation relating to the Contract pursuant to that certain Swaption Confirmation (REVISION) dated June 9, 2006 in the form attached hereto as Exhibit B (the "REVISION"), in order to adjust the notional principal amounts set forth in the Outstanding Principal Balance Schedule section of such Swaption Confirmation to correspond to the authorized denominations and mandatory sinking fund redemptions of the 2006 Bonds. The Issue Price of the Hedged Bonds will be \$89,950,000. All other information set forth in the Original Certificate, including pricing of the Contract, remains true and correct.

Bond Issuer intends to confirm and identify on its books and records the REVISION as part of the hedging contract identified on its books and records by the Original Certificate (and, specifically, not as a separate or additional hedging contract) and will maintain this Supplemental Certification on its permanent records for the therein referenced Hedge Bonds.

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

Dated: June 13, 2006

By 
Rob Dubow, Executive Director

PRICING CERTIFICATE

**Re: Floating to Fixed (Synthetic Fixed) Forward Starting
Interest Rate Swaption Agreement**

Background: In November 2001 the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") solicited cash bids from potential purchasers of an option to enter an interest rate swap contract with the Authority on June 15, 2006. Bids were submitted on November 16, 2001. The winning bidder was JPMorgan Chase Bank, National Association (formerly known as JPMorgan Chase Bank, "JPMorgan"), which offered a cash payment of \$5,815,000. The option was granted in the form of a Floating to Fixed (Synthetic Fixed) Forward Starting Interest Rate Swaption Agreement (the "Swaption Agreement"), which was entered into by the Authority and JPMorgan on December 6, 2001, at which time JPMorgan paid the Authority \$5,815,000 in accordance with its bid. Investment Management Advisory Group, Inc. served as bidding agent.

JPMorgan has exercised its option, and, therefore, an interest rate swap transaction, as amended and restated (the "Swap Agreement") will become effective today, pursuant to which JPMorgan will make floating rate payments to the Authority at a rate equal to 67% of the "1 Month LIBOR Index", and the Authority will make fixed rate payments to JPMorgan at rates provided for in the Swap Agreement. The fixed rates payable pursuant to the Swap Agreement correspond to the interest rates on certain fixed rate bonds issued by the Authority in 1996, which, it is our understanding, have been redeemed today with the proceeds of floating rate refunding bonds in a current refunding. The refunding bonds will be weekly tender floating rate bonds insured by Ambac Assurance Corporation.

The Authority has requested this Certificate to assist it in determining the yield on the refunding bonds, which the Authority will treat as "integrated" with the Swap Agreement for federal tax purposes under section 148 of the Internal Revenue Code.

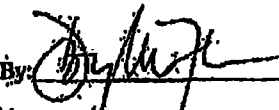
Certification. Our best estimate, in light of the passage of time, is that 4.37% would have been the fixed rate that would have been quoted to other persons, if any, to enter into a reasonably comparable bilateral forward starting interest rate swap with a trade date of November 16, 2001 and an effective date of June 15, 2006, if any, taking into full account the other terms and conditions of the Swap Agreement, and with an entity similarly situated to the Authority, including taxable business corporations and other tax exempt issuers, if any, taking into full account the security and sources of payment provided for the payments to JPMorgan, the risk profile of such an entity, structuring and other terms under the Swap Agreement.

In making this certification, we have assumed that all other terms were as provided in the Swap Agreement.

JPMorgan was requested to provide this certificate for purposes of the Authority's computation of yield on the refunding bonds and does not modify or interpret the Swap Agreement in any respect. JPMorgan makes no representations as to the legal sufficiency of the information set forth in this certificate for purposes of complying with the Internal Revenue Code of 1986, any Treasury Regulation or for any other purpose.

JP MORGAN CHASE BANK, NATIONAL
ASSOCIATION

Dated as of: June 15, 2006

By: 
Nancy Duggan Fadden
Title: Managing Director

INTEGRATION CERTIFICATE

Re: Floating to Fixed (Synthetic Fixed) Forward Starting Interest Rate Swaption Agreement

Background. In November 2001 the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") solicited cash bids from potential purchasers of an option to enter an interest rate swap contract with the Authority on June 15, 2006. Bids were submitted on November 16, 2001. The winning bidder was JPMorgan Chase Bank ("Morgan"), which offered a cash payment of \$5,815,000. The option was granted in the form of a Floating to Fixed (Synthetic Fixed) Forward Starting Interest Rate Swaption Agreement (the "Swaption Agreement"), which was entered into by the Authority and Morgan on December 6, 2001, at which time Morgan paid the Authority \$5,815,000 in accordance with its bid. Investment Management Advisory Group, Inc. served as bidding agent.

Morgan has exercised its option under the Swaption Agreement, and therefore Morgan and the Authority are entering an interest rate swap contract dated today under which Morgan will make floating rate payments to the Authority at an index rate equal to 67% of the "1 Month LIBOR Index", and the Authority will make fixed rate payments to Morgan at rates provided for in the Swaption Agreement. The fixed rates in the Swaption Agreement correspond to the interest rates on certain fixed rate bonds issued by the Authority in 1996, which will be redeemed today with the proceeds of floating rate refunding bonds in a current refunding. The refunding bonds will be ARS (auction rate securities) insured by Ambac Assurance Corporation.

The Authority has requested this Certificate to assist it in determining the yield on the same maturities, assuming the refunding bonds for federal tax purposes under section 148 of the Internal Revenue Code.

Certification. We believe, based on historic data, that the rate setting methodology used to compute payments on the refunding bonds is substantially the same as the index formula to be used to compute floating rate payments pursuant to the Swaption Agreement so long as the refunding bonds are in the ARS mode. In addition, the floating rate payments under the Swaption Agreement are reasonably expected to be substantially the same as the floating rate payments on the refunding bonds throughout the term of the Swaption Agreement so long as the refunding bonds remain in the ARS mode, and assuming that there will be no material changes in the credit of the refunding bonds, or the federal marginal tax rate.

INVESTMENT MANAGEMENT ADVISORY
GROUP, INC.

By: 

Name: David J. Eckhart
Title: President

Dated as of: June 15, 2006

43684v5



ATTN: Joseph Vignola, Executive Director
PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY
1429 Walnut Street, 14th Floor, Philadelphia, PA 19102

FAX NO: 215 563 2570

FROM: SAMUEL GRUER
On behalf of JP MORGAN SECURITIES INCORPORATED
As Agent for JP MORGAN CHASE BANK – NEW YORK

RE: TRANSACTION CONFIRMATION
TRADE DATE: 16 November 2001
EFFECTIVE DATE: 6 December 2001

YOUR REF:
OUR REF: 507760

DATE SENT:

NO OF PAGES: 0(Excluding Cover)



Option On Interest Rate Swap Transaction

Date: 6 December 2001

The purpose of this document is to confirm the terms and conditions of the Option on an Interest Rate Swap Transaction entered into between:

JPMORGAN CHASE BANK – NEW YORK

and

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ("Counterparty")

on the Trade Date and identified by the JPMorgan Chase Deal Number specified below (the "Swap Transaction"). This agreement constitutes a "Confirmation" as referred to in the agreement specified below. It is our intention to have this confirmation serve as final documentation for this transaction and accordingly, no other confirmation will follow.

The definitions and provisions contained in the 2000 ISDA Definitions, incorporating the June 2000 version of the Annex as amended and supplemented through the date of this Confirmation, and the 1992 ISDA U.S. Municipal Counterparty Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation (the "Swap Definitions"). In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

References in this Confirmation to "Transaction" shall be deemed to be references to "Swap Transaction" for the purposes of interpreting the Swap Definitions, and references in the Swap Definitions to "Swap Transaction" shall be deemed to be references to "Transaction" for the purposes of interpreting this Confirmation.

If JPMorgan Chase and the Counterparty are not yet parties to a Swap Agreement, the parties agree that this Transaction will be documented under a master agreement to be entered on the basis of the printed form of Master Agreement (Multicurrency-Cross Border) published by the International Swap Dealers Association, Inc., together with changes as shall be agreed between the parties (the "Master Agreement"). Upon execution and delivery by the parties of a Master Agreement, this Confirmation shall supplement, form a part of, and be subject to such Master Agreement. Until the parties execute and deliver a Master Agreement, this Confirmation shall supplement, form a part of, and be subject to the printed form of Master Agreement published by ISDA, as if the parties had executed that agreement (but without any Schedule thereto) on the Trade Date of this Confirmation.

JPMorgan Chase Deal Number:

507760

Type Of Transaction:

Call – Buyer has the right to receive fixed rate and pay floating rate, as referred to in the underlying swap transaction

Trade Date:

16 November 2001

Buyer:

JPMorgan Chase Bank

Seller:

Counterparty



Premium: 10,720,000.00 USD

Premium Settlement Date: 6 December 2001, subject to adjustment in accordance with the Modified Following Business Day Convention, based on Business Days in London, New York

Procedures For Exercise:

Procedure for Exercise: JPMorgan Chase has the right to exercise this option by notifying Counterparty by phone (immediately followed by written notification) on the date and during the time of day specified below.

Option Style: American

Notification Date: Notice of Exercise must be given between the hours of 9:00 AM and 11:00 AM New York time at least 90 New York Calendar Days prior to each Exercise Date.

Exercise Date: On any local Business Day after 15 June 2003 up to and including 15 December, 2021.

Physical Settlement: Applicable

1. The terms of the particular Swap Transaction to which this Option relates are as follows:

Effective Date: Exercise Date.

Termination Date: 15 June 2022

Fixed Amounts:

Fixed Rate Payer: Counterparty

Notional Amount: See Outstanding Principal Balance Schedule

Fixed Rate Payer Payment Dates: Each 15 December, 15 June starting with 15 December, June immediately following the Effective Date up to, and including, the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

Fixed Rate: See Fixed Rate Schedule

Fixed Rate Day Count Fraction: 30/360

Calculation Period: Each period from, and including, one Payment Date to, but excluding the next following Payment Date and there will be no adjustment to the Calculation Period.



Floating Amounts:

Floating Rate Payer:

JPMorgan Chase Bank

Notional Amount:

See Outstanding Principal Balance Schedule

Floating Rate Payer Payment Dates:

Monthly on the 15th day of each calendar month starting with the calendar month immediately following the Effective Date up to, and including, the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

Floating Rate Option :

USD-LIBOR-BBA

Designated Maturity:

1 Month

Floating Rate Amount:

The Floating Rate used to calculate the Floating Amount payable by JPMorgan Chase on each Payment Date will be equal to the rate determined in accordance with the specified Floating Rate Option and Designated Maturity, multiplied by 67 percent. For the avoidance of doubt, the Floating Amount payable by Morgan shall be calculated as follows.

$$\text{Floating Amount} = \text{Notional Amount} \times (\text{Floating Rate} \times 67 \text{ percent}) \times \text{Day Count Fraction}.$$

Spread:

None

Floating Rate Day Count Fraction:

Actual/Actual

Calculation Period:

Each period from, and including, one Payment Date to, but excluding, the next following Payment Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

Reset Day:

Each Thursday in the Calculation Period, there will be no adjustments to the Reset Date.

Averaging

Applicable

Method of Averaging:

Weighted.

Compounding:

Inapplicable

Payment Business Day Locations for Counterparty:

London, New York

Payment Business Day Locations for JPMorgan Chase:

London, New York



Calculation Agent:

JPMorgan Chase Bank, or as defined in the Master Agreement.

Payments will be:

Net

Outstanding Principal Balance Schedule:

Accrual Start Date:	JPMorgan Chase pays on Outstanding Notional:	Counterparty pays on Outstanding Notional:
---------------------	---	---

15-Jun-2003	163,185,000.00 USD	163,185,000.00 USD
15-Jun-2004	157,850,000.00 USD	157,850,000.00 USD
15-Jun-2005	152,255,000.00 USD	152,255,000.00 USD
15-Jun-2006	146,385,000.00 USD	146,385,000.00 USD
15-Jun-2007	140,220,000.00 USD	140,220,000.00 USD
15-Jun-2008	133,740,000.00 USD	133,740,000.00 USD
15-Jun-2009	126,915,000.00 USD	126,915,000.00 USD
15-Jun-2010	119,750,000.00 USD	119,750,000.00 USD
15-Jun-2011	112,225,000.00 USD	112,225,000.00 USD
15-Jun-2012	104,325,000.00 USD	104,325,000.00 USD
15-Jun-2013	96,030,000.00 USD	96,030,000.00 USD
15-Jun-2014	87,320,000.00 USD	87,320,000.00 USD
15-Jun-2015	78,175,000.00 USD	78,175,000.00 USD
15-Jun-2016	68,575,000.00 USD	68,575,000.00 USD
15-Jun-2017	58,495,000.00 USD	58,495,000.00 USD
15-Jun-2018	47,910,000.00 USD	47,910,000.00 USD
15-Jun-2019	36,790,000.00 USD	36,790,000.00 USD
15-Jun-2020	25,120,000.00 USD	25,120,000.00 USD
15-Jun-2021	12,865,000.00 USD	12,865,000.00 USD

Fixed Rate Schedule:

Beginning On:	Counterparty Fixed Rate Accrues At:
15-Jun-2003	5.01077 percent
15-Jun-2004	5.01621 percent
15-Jun-2005	5.01864 percent
15-Jun-2006	5.01738 percent
15-Jun-2007	5.01155 percent
15-Jun-2008	5.00000 percent

This transaction may not be assigned by either party without the prior written consent of the other party.

2. Termination Option

As provided in paragraph (h)(i) of Part 1 of the Schedule dated the date hereof between JP Morgan Chase Bank and the Counterparty, it is the intention of the parties that the Counterparty shall have the right to terminate the Transaction described in this Confirmation whether or not JP Morgan Chase Bank has exercised the option described in this Confirmation and whether or not the Effective Date with respect to such Transaction has occurred. In the event the Counterparty terminates the Transaction, the Termination payment shall be determined pursuant to Part 1(g) of the Schedule to Master Agreement.



3. Account Details

Payments to JPMorgan Chase:

Account for payments in USD:	JPMorgan Chase Bank
Favour:	MGT New York
ABA/Bank No.:	021000238
Account No.:	999-97-979
Reference:	Ref: Interest Rate Protection Payment

If in the event this Transaction is physically exercised into a swap, the office of JPMorgan Chase Bank will change from New York to London

Swap Payment Instructions:	JPMorgan Chase Bank
Favour:	JPMorgan London
ABA/Bank No.:	ABA #: 021000238
Account No.:	670-07-054
Reference:	Further credit to swap group account

Payments to Counterparty:

Account for payments in USD:	JPMorgan Chase Bank
Favour:	PENNSYLVANIA INTERGOVERNMENTAL COOPERATIVE AUTHORITY C/o First Union National Bank
ABA/Bank No.:	053000219
Account No.:	1536597839
Reference:	Trust Operations DDA 500000006439 Attention: Howard Parker 215-670-4541

4. Offices

- (a) The Office of JPMorgan Chase for the Swap Transaction is NEW YORK; and
- (b) The Office of the Counterparty for the Swap Transaction is PHILADELPHIA.

All inquiries regarding confirmations should be sent to:

JPMorgan Chase Bank
4 Metrotech Center
17th Floor
Brooklyn, New York 11245

JPMORGAN SECURITIES INCORPORATED is acting solely as agent for JPMorgan Chase Bank and will have no obligations under this Transaction.

5. Representations.

Each party hereto represents to the other as follows:

(a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgement and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms



and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction.

(b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, the conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

(c) **Status of Parties.** The other party is not acting as a fiduciary for or an advisor to it in respect of that Transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us or by sending to us a letter, telex or facsimile substantially similar to this letter, which letter, telex or facsimile sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms. When referring to this Confirmation, please indicate: JPMorgan Chase Deal Number: 507760.

Yours sincerely,

JPMORGAN CHASE BANK

By:
Name:
Title:

Confirmed as of the
date first above written:

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

By: _____
Name:
Title:

Your Ref No.....

**SIXTH SUPPLEMENT TO THE AMENDED AND
RESTATED INDENTURE OF TRUST**

between

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of June 1, 2009

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Exhibit A Form of 2009 Bonds
Schedule 1 Bond Maturity Schedule

**SIXTH SUPPLEMENT TO THE AMENDED AND RESTATED
INDENTURE OF TRUST**

THIS SIXTH SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST, dated as of June 1, 2009, between the **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY** (the "**Authority**"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania under and by virtue of the Constitution and laws of the Commonwealth of Pennsylvania (the "**Commonwealth**"), and **U.S. BANK NATIONAL ASSOCIATION** (the "**Trustee**"), a national banking association organized under the laws of the United States, as successor trustee under the Indenture,

WITNESSETH:

WHEREAS, the Authority is authorized and empowered under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (as such Act may be further amended from time to time, the "**Act**"), to issue its bonds in accordance with the Act for various purposes, including, without limitation, providing financial assistance to a city of the first class in the Commonwealth to finance a deficit other than a cash flow deficit, to finance capital projects and to otherwise assist such a city and to refund outstanding indebtedness of the Authority; and

WHEREAS, the Authority and CoreStates Bank, N.A., as trustee (the "**Initial Trustee**"), entered into an Indenture of Trust, dated as of June 1, 1992 (the "**Original Indenture**"), to provide for the issuance and securing of Bonds (as defined in the Original Indenture); and

WHEREAS, the Authority and the Initial Trustee entered into a First Supplemental Indenture of Trust dated as of June 22, 1992 amending certain provisions of the Original Indenture (the Original Indenture as so amended is referred to herein as the "**Amended Indenture**"); and

WHEREAS, Meridian Bank succeeded the Initial Trustee as trustee under the Amended Indenture; and

WHEREAS, the Authority and Meridian Bank, as trustee, entered into a Second Supplemental Indenture of Trust dated as of July 15, 1993 (the "**Second Supplemental Indenture**") amending and supplementing the Amended Indenture; and

WHEREAS, the Authority and Meridian Bank, as trustee, entered into a Third Supplemental Indenture of Trust dated as of August 15, 1993 (the "**Third Supplemental Indenture**") amending and supplementing the Amended Indenture; and

WHEREAS, pursuant to the Third Supplemental Indenture, the Authority issued \$178,675,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A (the "**1993A Bonds**") for the purpose of refunding certain Bonds issued by the Authority in 1992; and

WHEREAS, the Authority amended and restated the Amended Indenture, as amended and supplemented by the Second Supplemental Indenture and the Third Supplemental Indenture,

pursuant to an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the **"Amended and Restated Indenture"**) between the Authority and Meridian Bank, as Trustee, in order to, inter alia, incorporate in one document all of the provisions thereof, and issue its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994 (the **"1994 Bonds"**), in order to pay costs of certain capital projects; and

WHEREAS, pursuant to the First Supplement to the Amended and Restated Indenture dated as of May 15, 1996 (the **"First Supplement to the Amended and Restated Indenture"**) between the Authority and Meridian Bank, as Trustee, the Authority issued \$343,030,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996 (the **"1996 Bonds"**), in order to (i) pay the costs of advance refunding certain Bonds issued by the Authority in 1992 and 1994, and (ii) pay the costs of issuing such Additional Bonds; and

WHEREAS, First Union National Bank succeeded Meridian Bank as Trustee under the Amended and Restated Indenture; and

WHEREAS, pursuant to the Second Supplement to the Amended and Restated Indenture dated as of April 1, 1999 (the **"Second Supplement to the Amended and Restated Indenture"**) between the Authority and First Union National Bank, as Trustee, the Authority issued \$610,005,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999 (the **"1999 Bonds"**), for the purpose of financing, together with other available funds, (i) the costs of advance refunding certain Bonds issued by the Authority in 1993, (ii) a Credit Facility to satisfy the Debt Service Reserve Requirement, and (iii) the costs of issuing such Additional Bonds and of obtaining credit enhancement for the Bonds (the **"1999 Refunding"**); and

WHEREAS, Wachovia Bank, National Association succeeded First Union National Bank, as Trustee, under the Amended and Restated Indenture; and

WHEREAS, pursuant to the Third Supplement to the Amended and Restated Indenture dated as of June 1, 2003 (the **"Third Supplement to the Amended and Restated Indenture,"** between the Authority and Wachovia Bank, National Association, as Trustee, the Authority issued \$165,550,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2003 (the **"2003 Bonds"**) for the purpose of financing, together with other available funds, (i) the costs of refunding the outstanding 1993A Bonds, and (ii) the costs of issuing the 2003 Bonds and of obtaining credit enhancement for the 2003 Bonds; and

WHEREAS, pursuant to the Fourth Supplement to the Amended and Restated Indenture dated as of June 1, 2006 (the **"Fourth Supplement to the Amended and Restated Indenture"**) between the Authority and Wachovia Bank, National Association, as Trustee, the Authority issued \$89,950,000 of its Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2006 (Auction Rate Securities) (the **"2006 Bonds"**), to (i) pay the costs of currently refunding the outstanding 1996 Bonds, and (ii) pay the costs of obtaining credit enhancement for such 2006 Bonds (the **"2006 Refunding"**); and

WHEREAS, U.S. Bank National Association has succeeded Wachovia Bank, National Association, as Trustee, under the Indenture; and

WHEREAS, pursuant to the Fifth Supplement to the Amended and Restated Indenture dated as of May 1, 2008 (the **"Fifth Supplement to the Amended and Restated Indenture"** and together with the Amended and Restated Indenture, the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture and the Fourth Supplement to the Amended and Restated Indenture, the **"Existing Indenture"**) between the Authority and U.S. Bank National Association, as Trustee, the Authority issued \$133,740,000 of its Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series 2008A (the **"2008A Bonds"**) and \$80,825,000 of its Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series 2008B (the **"2008B Bonds"** and together with the 2008A Bonds, the **"2008 Bonds"**) for the purpose of (i) refunding the 2003 Bonds and the 2006 Bonds and (ii) paying the costs of credit enhancement for and the costs of issuance of the 2008 Bonds (the **"2008 Refunding"**); and

WHEREAS, the Authority has previously entered into the 2009 Bonds Swap (as defined hereafter) in anticipation of the refunding of the 1999 Bonds; and

WHEREAS, the Authority has determined to issue and sell Additional Bonds to (i) pay the costs of currently refunding the 1999 Bonds and (ii) pay the costs of issuing such Additional Bonds, including the costs of terminating the 2009 Bonds Swap (as defined herein) (the **"2009 Refunding"**); and

WHEREAS, by a resolution adopted on May 5, 2009, the Authority has determined to issue and sell its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009 (the **"2009 Bonds"**) for the purpose of financing, together with other available funds, the 2009 Refunding pursuant to the terms of this Sixth Supplement to the Amended and Restated Indenture (the **"Sixth Supplement to the Amended and Restated Indenture"** and, together with the Existing Indenture, the **"Indenture"**); and

WHEREAS, the 2009 Bonds are to be substantially in the form attached hereto as Exhibit A; and

WHEREAS, in order to accomplish the current refunding of the outstanding 1999 Bonds, the Authority shall direct the Trustee: (i) to deposit into the 1999 Bonds Account of the Bond Redemption Fund proceeds of the 2009 Bonds in an amount which, when added to certain funds held by the Trustee for the benefit of the 1999 Bonds and other available funds, will be sufficient to (a) pay the maturing principal of and interest on the 1999 Bonds through and including June 15, 2009, and (b) pay on June 15, 2009, the redemption price of all outstanding 1999 Bonds, which have been called for redemption on June 15, 2009 and (ii) to pay the costs of terminating the 2009 Bonds Swap; and

WHEREAS, the execution and delivery of this Sixth Supplement to the Amended and Restated Indenture and the 2009 Bonds have been duly authorized and all things necessary to make the 2009 Bonds, when executed by the Authority and authenticated by the Trustee, valid and binding legal obligations of the Authority and to make this Sixth Supplement to the Amended and Restated Indenture of Trust a valid and binding agreement have been done; and

NOW, THEREFORE, THIS SIXTH SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE WITNESSETH:

That, in order to secure the principal of and interest and premium, if any, on the 2009 Bonds issued hereunder according to their tenor and effect and to secure the performance and observance by the Authority of all the covenants and conditions contained herein and in the Existing Indenture and to declare the terms and conditions upon and subject to which the 2009 Bonds are issued and secured, and for and in consideration of the mutual covenants contained herein and in the Existing Indenture, the Authority and the Trustee are entering into this Sixth Supplement to the Amended and Restated Indenture of Trust, which shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of the 2009 Bonds.

ARTICLE I AUTHORITY AND DEFINITIONS

Section 1.01 Supplemental Indenture Of Trust

This Sixth Supplement to the Amended and Restated Indenture is supplemental to the Existing Indenture.

Section 1.02 Authority for the Sixth Supplement to the Amended and Restated Indenture

This Sixth Supplement to the Amended and Restated Indenture is adopted (i) pursuant to the provisions of the Act and (ii) in accordance with Article X of the Amended and Restated Indenture.

Section 1.03 Definitions

(a) Except as provided in this Sixth Supplement to the Amended and Restated Indenture, all terms which are defined in Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture, the Fourth Supplement to the Amended and Restated Indenture, and the Fifth Supplement to the Amended and Restated Indenture, shall have the same meanings, respectively, in this Sixth Supplement to the Amended and Restated Indenture as are given to such terms in said Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture, the Fourth Supplement to the Amended and Restated Indenture, and the Fifth Supplement to the Amended and Restated Indenture.

(b) Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture, the Fourth Supplement to the Amended and Restated Indenture, and the Fifth Supplement to the Amended and Restated Indenture, is hereby amended by amending certain definitions contained in the Existing Indenture (but only to the extent such definitions apply to the 2009 Bonds) and by adding the following definitions with respect to the 2009 Bonds:

“Authorized Denomination” means \$5,000 and integral multiples thereof.

"Closing Date" means June 15, 2009, the date of delivery of the 2009 Bonds to the Underwriter against payment therefor.

"DTC" means The Depository Trust Company (a limited purpose trust company), New York, New York.

"Interest Accrual Period" means the period during which a 2009 Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid, from the date of the original authentication and delivery of the 2009 Bonds) to, but not including, the Interest Payment Date on which interest is to be paid.

"Interest Payment Date" means December 15, 2009 and each June 15 and December 15 thereafter for so long as any 2009 Bonds remain outstanding.

"Investment Securities" means each of the following:

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank;

(2) Direct obligations of any of the following federal agencies whether or not such obligations are fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer;

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on

the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

(6) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraphs (1) or (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(7) Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P;

(8) That certain "Debt Service Reserve Forward Delivery Agreement" dated as of June 6, 2000 by and between the Trustee, the Authority and Wachovia Bank, National Association (successor to First Union Securities, Inc.) and any securities which are "Eligible Securities" as defined therein;

(9) That certain "Debt Service Reserve Forward Delivery Agreement" dated as of June 6, 2000 by and between the Trustee, the Authority and JPMorgan Chase Bank, National Association, and any securities which are "Eligible Securities" as defined therein;

(10) Government Obligations; and

(11) Investment Securities, as defined in the Amended and Restated Indenture.

Notwithstanding the foregoing, no moneys of the Authority may be invested in obligations issued by or obligations guaranteed by the City of Philadelphia, without the approval of a qualified majority of the board of the Authority, and, in any case, no moneys held in a debt service reserve fund may be invested in obligations issued by or obligations guaranteed by the City of Philadelphia.

"Municipal Obligations" means any obligations issued or guaranteed by any state or political subdivision of a state or by any public instrumentality of any of the foregoing.

"Outstanding", "Bonds outstanding" or "outstanding Bonds" means, with respect to the 2009 Bonds, as of any given date, all 2009 Bonds which have been duly authenticated and delivered under the Indenture, except:

(a) 2009 Bonds canceled after purchase in the open market or because of payment at or redemption prior to their maturity;

(b) 2009 Bonds for the payment or redemption of which cash or Government Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity date or redemption date of any such 2009 Bonds) in accordance with Article VII of the Amended and Restated Indenture; provided that if such Bonds are to be redeemed prior to their stated maturity date thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

(c) 2009 Bonds in lieu of which others have been authenticated under Section 2.07 or 2.08 of the Amended and Restated Indenture;

"Participant" means, with respect to DTC or another Securities Depository, a participant in or member of DTC or such other Securities Depository, respectively.

"Person" means a corporation, association, partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

"Principal Office" means, with respect to the 2009 Bonds, the corporate trust office of the Trustee responsible for the administration of this Sixth Supplement to the Amended and Restated Indenture, as designated in Section 11.07 of the Amended and Restated Indenture.

"Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the 2009 Bonds at the request of the Authority, which at the time of issuance of the 2009 Bonds includes S&P, Moody's and Fitch.

"Record Date" means, with respect to the 2009 Bonds, the close of business on the last day of the calendar month next preceding an Interest Payment Date.

"Representation Letter" means that blanket letter from the Authority to DTC with respect to the issuance of Bonds in book-entry form.

"Securities Depository" means DTC, or, if applicable, any successor securities depository appointed pursuant to the Indenture.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor thereto.

"Special Record Date" means a special date fixed to determine the names and addresses of holders of the 2009 Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in the Indenture.

"2009 Basis Cap" means the transaction (basis cap) evidenced by the Master Agreement and the Schedule thereto, each dated as of December 6, 2001, and the Confirmation relating thereto, dated May 18, 2004, each by and between the Authority and JPMorgan Chase Bank, as amended, supplemented or otherwise modified and in effect from time to time.

"2009 Bonds Swap" means the interest rate swaption transaction evidenced by the Master Agreement and the Schedule thereto, each dated as of December 6, 2001, and the Confirmation relating thereto, dated as of May 1, 2002, each by and between the Authority and JPMorgan Chase Bank, in each case as amended, supplemented or otherwise modified and in effect from time to time, as such interest rate swap relates to the 2009 Bonds.

"Underwriter" means Goldman, Sachs & Co., as the representative of the underwriters for the 2009 Bonds, and its successors and assigns.

ARTICLE II THE 2009 BONDS

Section 2.01 Authorization and Description of the 2009 Bonds

(a) The 2009 Bonds are authorized to be issued in an aggregate principal amount of \$354,925,000. The 2009 Bonds shall be designated "Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009." The 2009 Bonds shall be issued as fully registered Bonds in Authorized Denominations.

(b) Unless the Authority shall otherwise direct, the 2009 Bonds shall be numbered consecutively from R-1 upward. Interest on the 2009 Bonds shall be payable on each Interest Payment Date, until payment of the principal amount of such 2009 Bond, or provision therefor, shall have been made upon redemption, at maturity or otherwise. Each Bond shall be dated as of the most recent Interest Payment Date to which interest has been duly paid or provided for next preceding its date of issue, unless issued on an Interest Payment Date on which interest has been paid or provided for, in which event it shall be dated as of such Interest Payment Date or, if issued prior to the first Interest Payment Date on which interest is paid, it shall be dated the date of initial issuance of the 2009 Bonds.

(c) The 2009 Bonds shall mature on the dates and in the amounts and shall bear interest at the annual rates set forth in Schedule 1 attached hereto.

(d) The principal of and premium, if any, on the 2009 Bonds shall be payable at the Principal Office of the Trustee, upon presentation and surrender. Payment of principal of any 2009 Bond shall be made to any owner of \$1,000,000 or more in aggregate principal amount of 2009 Bonds by wire transfer to such owner on the principal payment date for such 2009 Bonds upon written notice from such owner to the Trustee containing the wire transfer address within the continental United States to which such owner wishes to have such wire directed, which written notice is received not later than the tenth (10th) day next preceding the principal payment or maturity date applicable to such 2009 Bonds, provided that such wire transfer shall only be made upon presentation and surrender of such 2009 Bonds at the Principal Office of the Trustee on the principal payment date.

(e) Interest payments on a 2009 Bond (other than with respect to defaulted interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Registrar on the Record Date.

(f) The 2009 Bonds shall be substantially in the form hereinafter set forth as Exhibit A with such appropriate variations, omissions and insertions as are permitted or required by the Indenture or deemed necessary by the Trustee and the Authority.

Section 2.02 Fixed Interest Rates

The 2009 Bonds shall bear interest at fixed annual interest rates as set forth in Schedule 1 attached thereto.

Section 2.03 Book Entry System

(a) It is intended that the 2009 Bonds be registered so as to participate in a securities depository system with DTC (the "DTC System"), as set forth herein. Except as provided in subparagraph (c) of this Section, the registered owner of all of the 2009 Bonds shall be DTC and the 2009 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on any 2009 Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of immediately available funds to the account of Cede & Co. on the Interest Payment Date for the 2009 Bonds at the address indicated on the Record Date or Special Record Date for Cede & Co. in the Bond Register kept by the Trustee.

(b) The 2009 Bonds shall be initially issued in the form of separate single fully registered 2009 Bond for each maturity, authenticated by the Trustee in the amount of each separately stated maturity for the 2009 Bonds. Upon initial issuance, the ownership of such 2009 Bonds shall be registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the Authority shall treat DTC (or its nominee) as the sole and exclusive owner of the 2009 Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the 2009 Bonds, selecting the 2009 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Sixth Supplement to the Amended and Restated Indenture, registering the transfer of 2009 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the Authority shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the Authority shall have any responsibility or

obligation to any DTC Participant, any person claiming a beneficial ownership interest in the 2009 Bonds under or through DTC or any DTC Participant, or any other Person which is not shown on the registration books of the Trustee as being a Bondholder, with respect to: (i) the accuracy of any records maintained by DTC or any DTC Participant; (ii) the payment of DTC or any DTC Participant of any amount in respect of the principal, or redemption price of or interest on the 2009 Bonds; (iii) any notice which is permitted or required to be given to Bondholders under the Indenture; (iv) the selection by DTC or any DTC Participant of any Person to receive payment in the event of a partial redemption of the 2009 Bonds; or (v) any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal of and premium, if any, and interest on the 2009 Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the Commonwealth of Pennsylvania) DTC and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal of and premium, if any, and interest on the 2009 Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated 2009 Bond. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Sixth Supplement to the Amended and Restated Indenture shall be deemed to be changed to reflect such new nominee of DTC.

(c) In the event the Authority determines that it is in its best interest to discontinue the use of book entry system for the 2009 Bonds, the Authority may notify in writing DTC and the Trustee, whereupon DTC will notify the DTC participants of the availability through DTC of Bond certificates. In such event, the Trustee shall deliver, transfer and exchange Bond certificates as directed in writing by DTC as the Bondholder in appropriate amounts. DTC may determine to discontinue providing its services with respect to the 2009 Bonds at any time by giving written notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Authority and the Trustee, at the sole cost of the Authority, shall be obligated to deliver Bond certificates as directed in writing by DTC. In the event Bond certificates are issued, the provisions of the Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the 2009 Bonds to any DTC Participant having 2009 Bonds credited to its DTC account, or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the 2009 Bonds.

(d) Notwithstanding any other provision of this Sixth Supplement to the Amended and Restated Indenture to the contrary, so long as any 2009 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such 2009 Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC as sole Bondholder notice of

such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole 2009 Bondholder.

Section 2.04 Delivery of the 2009 Bonds and Disposition of Proceeds

(a) Upon the execution and delivery of this Sixth Supplement to the Amended and Restated Indenture, the Authority shall execute and deliver the 2009 Bonds to the Trustee and the Trustee shall authenticate the 2009 Bonds and deliver them to the initial purchaser or purchasers thereof as directed by the Authority in an order delivered by the Authority to the Trustee upon receipt of the proceeds of the 2009 Bonds. Proceeds from the sale of the 2009 Bonds, together with any other available funds deposited by the Authority with the Trustee for such purpose, shall be received by the Trustee and deposited in the Settlement Fund and shall then be disbursed and transferred from the Settlement Fund as follows:

(1) to or upon the order of the Authority, the amount specified by the Authority at or after the closing for the issuance of the 2009 Bonds as the costs of issuance of the 2009 Bonds;

(2) to the Trustee, to be deposited in the 1999 Bonds Account of the Bond Redemption Fund, an amount equal to \$366,667,775, which will be applied to the current redemption of all Outstanding 1999 Bonds called for redemption on June 15, 2009; and

(3) to JP Morgan Chase Bank, to pay the Authority's costs of terminating the 2009 Bonds Swap, an amount equal to \$52,750,000.

Any amount remaining in the Settlement Fund after the foregoing disbursements and transfers shall be disbursed or transferred by the Trustee to the Debt Service Fund in respect of the 2009 Bonds.

ARTICLE III AMENDMENT OF ADDITIONAL BONDS TEST

Section 2.11(f) of the Existing Indenture is hereby amended prospectively to provide for the following new Additional Bonds test for all Additional Bonds issued after the 2009 Bonds:

(f) Except for Additional Bonds issued to refund Outstanding Bonds where the Maximum Annual Debt Service Requirement for the Additional Bonds and the total principal and interest payable on the Additional Bonds for the term thereof do not exceed the comparable amounts for the Bonds being refunded or Additional Bonds which have a security interest in the Pledged Revenues which is subordinate to the security interest granted to secure all Outstanding Bonds, a certificate executed by the Authority, including a verification of the calculations by an independent certified public accountant, showing that (i) the PICA Taxes collected with respect to any 12 consecutive months during the 15 month period preceding the date of issuance of such Additional Bonds, after giving retroactive effect during each month of such 12 month period to any PICA Taxes which were not in effect (including for this

purpose any increase in the rate of an existing tax) during each such month but which have been imposed prior to the issuance of the Additional Bonds, equaled at last 300% of the Maximum Annual Debt Service Requirement (including the Authority's obligation with respect to repayment of Policy Costs then due and owing with respect to each Credit Facility issued in connection with the Debt Service Reserve Fund for the Bonds and any amounts due to the provider of a credit or liquidity facility issued with respect to a series of Bonds) on Bonds to be Outstanding after the issuance of the Additional Bonds and (2) the PICA Taxes projected to be collected during the 12 months following issuance of the Additional Bonds, which projection may be based on the PICA Taxes projected for such period in the City's most recent Financial Plan (as defined in the Intergovernmental Cooperation Agreement) approved by the Authority, equal at least 300% of the Debt Service Requirement during such 12 month period on Bonds to be Outstanding after the issuance of the Additional Bond. In making the foregoing calculations, PICA Taxes other than the Income Tax shall not be included in the calculation unless each Bond Insurer then insuring Outstanding Bonds has consented to the inclusion of such other PICA Taxes in writing.

ARTICLE IV REDEMPTION OF THE 2009 BONDS.

Section 4.01 Redemption Dates And Prices

As long as there is no continuing Event of Default under the Indenture, the 2009 Bonds shall be subject to redemption prior to maturity in the amounts, at the times and in the manner provided in this Section 4.01.

(a) Optional Redemption. The 2009 Bonds maturing on or after June 15, 2020 are subject to optional redemption, at the Authority's option, on or after June 15, 2019 in whole or in part at any time, and from time to time in any order of maturity specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

(b) General Provisions Regarding Redemptions.

(i) No redemption of less than all of the 2009 Bonds outstanding shall be made unless in Authorized Denominations. Any redemption of less than all of the 2009 Bonds Outstanding shall be made in such a manner that all 2009 Bonds Outstanding after such redemption are in Authorized Denominations.

(ii) 2009 Bonds may be called for redemption by the Trustee pursuant to Section 4.01 hereof in accordance with the notice requirements of Section 4.02 hereof.

Section 4.02 Notice Of Redemption

(a) Except as hereinafter provided, and upon direction of the Authority in the case of Section 4.01(a) above, a copy of the notice of the call for any redemption identifying the 2009 Bonds to be redeemed shall be given by the Trustee to the Bondholders by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the registered owners of 2009 Bonds to be redeemed at their addresses as shown on the Bond Register. Such notice shall specify the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue on the 2009 Bonds which are the subject of such notice and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. If at the time of mailing of any notice of redemption with respect to any redemption other than a mandatory redemption pursuant to Section 4.01(b) hereof the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the 2009 Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited.

(b) Failure to give notice in the manner prescribed hereunder with respect to any 2009 Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any 2009 Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the 2009 Bonds to be redeemed and to pay interest due thereon and premium, if any, the 2009 Bonds thus called shall not after the applicable redemption date bear interest, be protected by the Indenture or be deemed to be Outstanding under the provisions of the Indenture.

(c) If any 2009 Bond is transferred or exchanged on the Bond Register by the Registrar after notice has been given calling such 2009 Bond for redemption, the Trustee will attach a copy of such notice to the 2009 Bond issued in connection with such transfer or exchange.

Section 4.03 Selection of Bonds To Be Redeemed

If less than all the 2009 Bonds shall be called for redemption under any provision of the Indenture permitting such partial redemption, the particular 2009 Bonds or portions thereof to be redeemed shall be selected by the Authority, in the principal amount designated in writing to the Trustee by the Authority or otherwise as required by the Indenture, and the portion of any 2009 Bond to be redeemed shall be in a principal amount equal to an Authorized Denomination. In selecting 2009 Bonds for redemption, the Trustee shall treat each 2009 Bond as representing that number of 2009 Bonds which is obtained by dividing the principal amount of such 2009 Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any 2009 Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the owner of such 2009 Bond shall forthwith surrender such 2009 Bond to the Trustee for (a) payment to such owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption and (b) delivery to such owner a new 2009 Bond or 2009 Bonds in the aggregate principal amount of the unredeemed balance of the

principal amount of such 2009 Bond. New 2009 Bonds representing the unredeemed balance of the principal amount of such 2009 Bond shall be issued to the registered owner thereof without charge therefor.

ARTICLE V TERMINATION OF THE 2009 BONDS SWAP

Section 5.01 Termination of the 2009 Bonds Swap

The Authority hereby confirms as follows in connection with the termination of the 2009 Bonds Swap: The Authority entered into the 2009 Bonds Swap in order to hedge its anticipated variable rate bond interest rate exposure in connection with the refunding of the 1999 Bonds. Current market circumstances, including the difficulty of completing a variable rate refunding of the 1999 Bonds and the lack of available credit enhancement and liquidity for the 2009 Bonds, have required the Authority to reconsider issuing the 2009 Bonds as variable rate debt. The Authority has determined, after careful review and consultation with Swap Financial Group, its financial and swap advisor, to issue the 2009 Bonds as fixed rate bonds and to terminate the 2009 Bonds Swap and pay the current market swap termination fee. The swap termination fee will be paid by the Authority to J.P. Morgan Chase Bank from the proceeds of the 2009 Bonds pursuant to Section 2.04(a)(3) hereof.

The Authority acknowledges that the Trustee has no knowledge of or information related to, and the Trustee disclaims all knowledge of, or information related to, the matters described in Section 5.01 hereof, except that the Trustee has transferred certain funds to the Authority in accordance with Section 2.04(a)(3) hereof.

ARTICLE VI REVENUES AND FUNDS

Section 6.01 Payments Under the 2003 Bonds Swap, the 2006 Bonds Swap and the 2009 Basis Cap

(a) In accordance with Section 5.05(c) of the Amended and Restated Indenture, as amended and supplemented, the Trustee shall transfer moneys in the Revenue Fund, as directed by the Authority, to JP Morgan Chase Bank, or its successors and permitted assigns, as counterparty under the 2003 Bonds Swap, as counterparty under the 2006 Bonds Swap and as counterparty under the 2009 Basis Cap; provided, however, that all such payments to JPMorgan Chase Bank, or its successors and permitted assigns, pursuant to the terms of each of the 2009 Bonds Swap, the 2006 Bonds Swap and the 2009 Basis Cap on any date may be made only if the transfers or payments required by Sections 5.05(a) and (b) of the Amended and Restated Indenture, as amended and supplemented, as of and prior to such date have been made in full and all payments required to be made by the Authority as of and prior to such date of or in respect of debt service on the Bonds and amounts required to be deposited into the Debt Service Reserve Fund (including any amounts owing to the issuer of any municipal bond debt service reserve fund policy on deposit in the Debt Service Reserve Fund) have been made or paid in full.

At the direction of the Authority and upon written notice to the Trustee, one or more new accounts in the Revenue Fund shall be created with respect to any interest rate swap transactions relating to any Bonds (each a "Swap Account"). In the event that the Authority elects to create one or more such Swap Accounts, the Trustee shall (i) deposit on a monthly or other periodic basis in

such Swap Accounts, as directed by the Authority, and reserve in the Swap Accounts, such amounts as may be directed by the Authority with respect to amounts owing or to be owned in connection with any interest rate swap or hedge agreements relating to any Bonds; and (ii) transfer from such Swap Account to the relevant counterparty under such interest rate swap or hedge agreement such amounts as shall be directed by the Authority; provided, however, that all such transfers to the Swap Account and all such payments made from the Swap Account pursuant to the terms of any interest rate swap or hedge agreements on any date may only be made if the transfers or payments required by Sections 5.05(a) and (b) of the Amended and Restated Indenture, as amended and supplemented, as of and prior to such date have been made in full and all payments required to be made by the Authority as of and prior to such date of or in respect of debt service on the Bonds and amounts required to be deposited into the Debt Service Reserve Fund (including any amounts owing to the issuer of any municipal bond debt service reserve fund policy on deposit in the Debt Service Reserve Fund) have been made or paid in full.

(b) Payments received from JP Morgan Chase Bank, or its successors and permitted assigns, as counterparty under the 2009 Bonds Swap, the 2006 Bonds Swap and the 2009 Basis Cap shall be deposited to the Debt Service Fund established pursuant to Section 5.06 of the Amended and Restated Indenture.

ARTICLE VII OTHER AMENDMENT OF INDENTURE

Section 7.01 Amendment of Section 4.12

(a) Section 4.12(b) of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, the Fourth Supplement to the Amended and Restated Indenture and the Fifth Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

“(b) the official statement or other disclosure, if any, prepared in connection with the issuance of additional debt, whether or not it is on a parity with the 2008 Bonds or the 2009 Bonds, within 30 days after the sale thereof;”.

(b) Section 4.12(d) of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture, the Fourth Supplement to the Amended and Restated Indenture and the Fifth Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

“(d) the notice of the redemption, other than mandatory sinking fund redemption, of any of the 2008 Bonds and the 2009 Bonds, including the principal amount, maturities and CUSIP numbers thereof;”.

Section 7.02 Amendment of Section 8.01

Section 8.01 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture and the Third Supplement to the Amended and Restated Indenture, the Fourth

Supplement to the Amended and Restated Indenture and the Fifth Supplement to the Amended and Restated Indenture, is amended as follows:

In the fifth to last line of the paragraph following subsection 8.01 (e), delete the words "1999 Bonds" and add the words "or in the 2009 Bonds".

Section 7.03 Amendment of Section 8.09

Section 8.09 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture, the Fourth Supplement to the Amended and Restated Indenture and the Fifth Supplement to the Amended and Restated Indenture, is amended as follows:

In the fifth line of Section 8.09, delete the words "1999 Bonds", and add the words "or the 2009 Bonds".

Section 7.04 Amendment of Section 10.02

The last paragraph of Section 10.02 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture, the Fourth Supplement to the Amended and Restated Indenture and the Fifth Supplement to the Amended and Restated Indenture, is amended as follows:

In the seventh line of the last paragraph of Section 10.02, delete the words "1999 Bond " and add "or 2009 Bonds".

ARTICLE VIII INDENTURE TO REMAIN IN EFFECT; MISCELLANEOUS

Section 8.01 Indenture to Remain in Effect

Except as amended and supplemented by this Sixth Supplement to the Amended and Restated Indenture, the Existing Indenture shall remain in full force and effect and is in all respects ratified, approved and confirmed, and the Existing Indenture and this Sixth Supplement to the Amended and Restated Indenture shall be read, taken and construed as one and the same instrument so that all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture shall apply and remain in full force and effect with respect to this Sixth Supplement to the Amended and Restated Indenture and the 2009 Bonds, as appropriate. In case of any conflict between the provisions of the Existing Indenture and this Sixth Supplement to the Amended and Restated Indenture of Trust, the provisions of this Sixth Supplement to the Amended and Restated Indenture shall apply. Without limiting the foregoing, the Authority hereby assigns, pledges and grants to the Trustee and confirms its prior grant to the Trustee of a lien on and security interest in all right, title and interest of the Authority in and to the Pledged Revenues in order to secure (i) the payment of the principal of, premium, if any, and interest on the Bonds (including without limitation the 2009 Bonds) according to their tenor and effect, and (ii) the performance and observance by the Authority expressed herein and in the Bonds (including without limitation the 2009 Bonds).

Section 8.02 Counterparts

This Sixth Supplement to the Amended and Restated Indenture may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.03 Governing Law

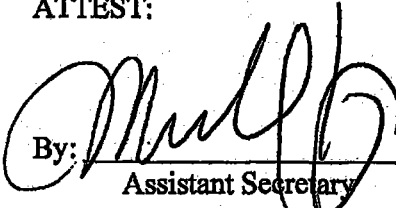
This Sixth Supplement to the Amended and Restated Indenture shall be governed by and construed in accordance with the laws of the Commonwealth.

Section 8.04 Captions

The captions and headings in this Sixth Supplement to the Amended and Restated Indenture are for reference purposes only and shall not control or affect the meaning or interpretation of any provisions of this Sixth Supplement to the Amended and Restated Indenture.


IN WITNESS WHEREOF, the Authority has caused this Sixth Supplement to the Amended and Restated Indenture to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials and the Trustee has caused this Sixth Supplement to the Amended and Restated Indenture to be executed in its name and with its corporate seal hereunto affixed and attested by its respective duly authorized signers, as of the date first above written.

ATTEST:

By: 
Assistant Secretary

[SEAL]

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: 
Chairperson

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

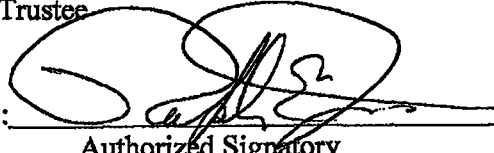
By: 
Authorized Signatory

EXHIBIT A
Form of 2009 Bonds

No. R-

\$

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

<u>Interest</u> <u>Rate</u> ____%	<u>Maturity Date</u> June 15, ____	<u>Dated Date</u> June 15, 2009	<u>CUSIP</u>
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REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

Interest on the Series 2009 Bonds shall be paid on each Interest Payment Date and shall be computed on the basis of a year of 360 days consisting of twelve 30-day months.

THIS BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, INCLUDING THE CITY, EXCEPT THE AUTHORITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE SERIES 2009 BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGEEES OF THE AUTHORITY, INCLUDING HOLDERS OF SERIES 2009 BONDS, SHALL HAVE NO RECOURSE, LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, EXCEPT THE AUTHORITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2009 BONDS.

This Bond is fully registered in the name of the owner on the Bond Register kept for that purpose at the Principal Office or the Registrar. No transfer shall be valid as against the Authority or the Trustee unless made by the registered owner in person or by his duly authorized attorney or legal representative and similarly noted upon the Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the order or the registered owner, a new registered Bond or Bonds, in authorized denominations aggregating the principal amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this Bond and registered in such names as shall be requested.

The Authority, the Trustee and the Registrar may treat the person in whose name this Bond is registered as the absolute owner of this Bond for all purposes whether or not this Bond shall be overdue, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All payments of the principal, interest or redemption price made to the registered owner hereof in the manner set forth herein and in the Indenture shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Indenture shall be conclusive and binding upon such

registered owner, his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the Commonwealth of Pennsylvania to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Bond, exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Authority in his individual capacity, and neither the members of the Board of the Authority nor any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Indenture or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the execution of the Sixth Supplement to the Amended and Restated Indenture (hereinafter defined) and the issuance of this Bond.

This Bond shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

This Bond is one of a duly authorized issue of Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009 issued in the aggregate principal amount of \$354,925,000 (the "Series 2009 Bonds"). The Series 2009 Bonds are issued to enable the Authority to refund certain of its outstanding bonds and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The Series 2009 Bonds are issued under and pursuant to the Act and a resolution of the Authority duly adopted on May 5, 2009 (the "Resolution") and under an Amended and Restated Indenture of Trust dated as of December 1, 1994, as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996, a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999, a Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003, a Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006, a Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 and a Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 (collectively, the "Indenture"), between the Authority and the Trustee, and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the "Pledged Revenues").

Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Optional Redemption

The Series 2009 Bonds maturing on and after June 15, 2020 are redeemable by the Authority at its option, on or after June 15, 2019, in whole at any time, or in part at any time, and from time to time, in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount of Series 2009 Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of Redemption

When the Authority shall determine to redeem Series 2009 Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of Series 2009 Bonds to be redeemed, the Trustee, at the Authority's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall, among other things, state the redemption price and the date fixed for redemption, that on such date the Series 2009 Bonds called for redemption will be due and become payable at the Principal Office of the Trustee, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of all Series 2009 Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Series 2009 Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption, without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Trustee, such notice shall be conditioned upon the deposit of moneys with the Trustee before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days prior to the redemption date, addressed to the Holders of Series 2009 Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any Series 2009 Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Series 2009 Bonds.

Reference is made to the Act, the Resolution, the Indenture and the PICA Tax Ordinance, executed or certified counterparts of which are on file at the corporate trust office of the Trustee, for statements of the purposes for which the Series 2009 Bonds are issued, a description of the Pledged Revenues assigned and pledged for the security of the Series 2009 Bonds (including the PICA Tax) and the nature, extent and manner of enforcement of such security, certain covenants of the Authority and the City made for the benefit of Bondholders, the terms and conditions under which the Indenture may be amended or modified, the rights and duties of the Authority and the Trustee, and the extent of the rights of the registered owners of the Series 2009 Bonds issued under the Indenture.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this Bond to be executed with the manual or facsimile signature of its Chairperson or Vice Chairperson and its official seal or a facsimile thereof to be imprinted hereon and attested with the manual or facsimile signature of its Assistant Secretary, as of the date first above written.

ATTEST:
INTERGOVERNMENTAL

PENNSYLVANIA
COOPERATION AUTHORITY

By: _____
Assistant Secretary

By: _____
Chairperson

[SEAL]

AUTHENTICATION CERTIFICATE

This Bond is one of the Series 2009 Bonds described in the within mentioned Indenture. The text of the opinion of Bond Counsel printed on or attached to this Bond is the complete text of the opinion of Ballard Spahr Andrews & Ingersoll, LLP, of Philadelphia, Pennsylvania, a signed original of which is on file with the undersigned, which was dated and delivered on the date of the original delivery of and payment for the Series 2009 Bonds.

**U.S. BANK NATIONAL ASSOCIATION,
Trustee**

By: _____
Authorized Signature

Date of Authentication:

TEXT OF OPINION OF BOND COUNSEL

June 15, 2009

Pennsylvania Intergovernmental Cooperation
Authority
1500 Walnut Street
Suite 1600
Philadelphia, PA 19103

Goldman, Sachs & Co., as representative
of the Underwriters
85 Broad Street
New York, NY 10005

\$354,925,000 Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds (City of Philadelphia Funding
Program), Series of 2009

Ladies and Gentlemen:

We have acted as Bond Counsel to the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") in connection with the issuance and sale by the Authority of the above referenced bonds (the "2009 Bonds") pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L. 9, No. 6), as amended (the "Act"), and an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "Amended and Restated Indenture"), between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended pursuant to the First Supplement to the Amended and Restated Indenture dated as of May 15, 1996 (the "First Supplement to the Amended and Restated Indenture"), the Second Supplement to the Amended and Restated Indenture dated as of April 1, 1999 (the "Second Supplement to the Amended and Restated Indenture"), the Third Supplement to the Amended and Restated Indenture dated as of June 1, 2003 (the "Third Supplement to the Amended and Restated Indenture"), the Fourth Supplement to the Amended and Restated Indenture dated as of June 1, 2006 (the "Fourth Supplement to the Amended and Restated Indenture"), the Fifth Supplement to the Amended and Restated Indenture dated as of May 1, 2008 (the "Fifth Supplement to the Amended and Restated Indenture") and the Sixth Supplement to the Amended and Restated Indenture dated as of June 1, 2009 (the "Sixth Supplement to the Amended and Restated Indenture," and together with the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture, the Fourth Supplement to the Amended and Restated Indenture, the Fifth Supplement to the Amended and Restated Indenture and the Amended and Restated Indenture, collectively, the "Indenture").

The 2009 Bonds are being issued for the purpose of providing funds which, together with other available moneys, will be used to: (i) currently refund the Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999, outstanding in the aggregate principal amount of \$326,865,000 (the "1999 Bonds"), (ii) pay the costs of terminating an interest rate swap transaction which relates to the 2009 Bonds and (iii) pay the costs of issuing the 2009 Bonds (collectively, the "Refunding Project").

As expressly stated in the form of the 2009 Bonds and in the Indenture, the 2009 Bonds are limited obligations of the Authority payable solely from the Pledged Revenues (as defined in the Indenture). The 2009 Bonds do not otherwise constitute a pledge of the general credit of the Authority. Further, the 2009 Bonds do not constitute a pledge of the credit of the Commonwealth of Pennsylvania ("Commonwealth") or any political subdivision thereof, including the City of Philadelphia ("City"), nor do the 2009 Bonds constitute a pledge of the taxing power of the Commonwealth or any political subdivision thereof, including the City. The Authority has no taxing power. Neither the Commonwealth nor any political subdivision thereof (including the City) is liable for the payment of the principal of, redemption premium, if any, or interest on, the 2009 Bonds.

In our capacity as Bond Counsel, we have examined: (a) the relevant provisions of the Constitution of the Commonwealth; (b) the Act; (c) the proceedings of the Authority with respect to the authorization, issuance and sale of the 1999 Bonds and the 2009 Bonds, including, *inter alia*, the Resolution of the Authority adopted May 5, 2009 ("Resolution"); (d) certain statements, certifications, affidavits and other documents and matters of law which we have considered relevant, including, without limitation, a tax certification of officials of the Authority having responsibility for issuing the 2009 Bonds ("Tax Compliance Certificate"), given pursuant to the Internal Revenue Code of 1986, as amended ("Code"), an opinion of counsel to the Authority of even date herewith ("Authority Counsel's Opinion") and the other documents and instruments listed on the Closing Agenda filed with the Trustee, which are dated the date of original delivery of the 2009 Bonds. We have also examined a fully executed and authenticated 2009 Bond and assume that all of the 2009 Bonds are in such form and are similarly executed and authenticated.

In rendering the opinion set forth below, we have relied upon the authenticity, accuracy, truthfulness and completeness of all documents, records, certifications and other instruments examined including, without limitation, the authenticity of all signatures appearing thereon. We have also relied, in the opinion set forth below, upon the Authority Counsel's Opinion, as to the valid existence of the Authority and the due authorization, execution and delivery by the Authority of certain operative documents.

Except with respect to paragraph 6 below, our opinion is given only with respect to the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof.

Based upon the foregoing, we are of the opinion that:

1. The Authority is a body corporate and politic validly existing under the laws of the Commonwealth with full power and authority to undertake the Refunding Project, to execute and deliver the Sixth Supplement to the Amended and Restated Indenture and to issue the 2009 Bonds.

2. The Sixth Supplement to the Amended and Restated Indenture has been duly authorized, executed and delivered by the Authority and the obligations of the Authority thereunder are legal, valid, binding, and enforceable in accordance with their terms, except as may be affected by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights ("Creditors' Rights Limitations").

3. The 2009 Bonds have been duly authorized, executed, issued and delivered by, and are the legal, valid and binding limited obligations of, the Authority, entitled to the benefit and security of the Indenture and enforceable in accordance with their terms, except as may be affected by Creditors' Rights Limitations.

4. The Indenture creates a valid pledge to the Trustee for the benefit of the holders of the 2009 Bonds of, and a valid and binding security interest in, the Pledged Revenues (as defined in the Indenture), except as may be affected by Creditors' Rights Limitations.

5. Interest on the 2009 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax and the 2009 Bonds are exempt from personal property taxes in the Commonwealth.

Under current law, interest on the 2009 Bonds (including original issue discount) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain defined corporations.

Original issue premium on a 2009 Bond issued at an issue price that exceeds its principal amount is amortizable periodically over the term of a 2009 Bond through reductions in the holder's tax basis for the 2009 Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss.

In rendering this opinion, we have assumed compliance by the Authority with the covenants contained in the Resolution, the Indenture and in the Tax Compliance Certificate that are intended to comply with the provisions of the Code relating to actions to be taken by the Authority in respect of the 2009 Bonds after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the 2009 Bonds. These covenants relate to, *inter alia*, the use of proceeds of the 2009 Bonds and the rebating to the United States Treasury of specified arbitrage earnings, if required. Failure to comply with such covenants could result in the interest on the 2009 Bonds becoming includible in gross income for federal income tax purposes from their date of issuance.

Ownership of the 2009 Bonds may result in collateral federal income tax consequences to certain taxpayers. We express no opinion as to any collateral tax consequences, federal or state, as to which owners of the 2009 Bonds should consult their own tax advisors.

We express no opinion as to any matter not set forth in the numbered paragraphs herein including with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of the Official Statement prepared in respect of the 2009 Bonds, and make no representation that we have independently verified the contents thereof. This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect changes in law which may occur or changes in facts or circumstances which may come to our attention hereafter.

Very truly yours,

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ whose taxpayer identification number is _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books of the Registrar, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

SCHEDULE 1

MATURITIES, AMOUNTS AND INTEREST RATES

\$354,925,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 2009

<u>DUE</u> <u>JUNE 15</u>	<u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>
2010	\$27,940,000	2.000%
2011	765,000	2.500
2011	24,075,000	5.000
2012	925,000	3.000
2012	25,120,000	5.000
2013	890,000	3.000
2013	26,430,000	5.000
2014	4,395,000	4.000
2014	24,250,000	5.000
2015	375,000	4.000
2015	29,640,000	5.000
2016	31,485,000	5.000
2017	33,040,000	5.000
2018	900,000	4.000
2018	24,665,000	5.000
2019	18,110,000	5.000
2020	19,020,000	5.000
2021	1,965,000	4.000
2021	18,000,000	5.000
2022	20,945,000	5.000
2023	1,800,000	4.250
2023	20,190,000	5.000



Blanket Issuer Letter of Representations
(To be Completed by Issuer)

Pennsylvania Intergovernmental Cooperation Authority
(Name of Issuer)

April 12, 1999
(Date)

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: William J. Leonard
(Authorized Officer's Signature)

William J. Leonard
(Vice) Chairperson

(Type Name & Title)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: _____

1429 Walnut Street - 14th Floor
(Street Address)

Philadelphia, PA 19102
(City) (State) (Zip)

(215) 561-9160
(Phone Number)



Blanket Issuer Letter of Representations
(To be Completed by Issuer)

Pennsylvania Intergovernmental Cooperation Authority
(Name of Issuer)

April 12, 1999

(Date)

Underwriting Department—Eligibility
The Depository Trust Company
55 Water Street 19th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By William J. Leonard
(Authorized Officer's Signature)

William J. Leonard
(Vice) Chairperson
(Print Name)

Received and Accepted:

Robert Bander

**SEVENTH SUPPLEMENT TO THE AMENDED AND
RESTATED INDENTURE OF TRUST**

between

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of May 1, 2010

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**SEVENTH SUPPLEMENT TO THE AMENDED AND RESTATED
INDENTURE OF TRUST**

THIS SEVENTH SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST, dated as of May 1, 2010, between the **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY** (the “**Authority**”), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania under and by virtue of the Constitution and laws of the Commonwealth of Pennsylvania (the “**Commonwealth**”), and **U.S. BANK NATIONAL ASSOCIATION** (the “**Trustee**”), a national banking association organized under the laws of the United States, as successor trustee under the Indenture,

WITNESSETH:

WHEREAS, the Authority is authorized and empowered under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (as such Act may be further amended from time to time, the “**Act**”), to issue its bonds in accordance with the Act for various purposes, including, without limitation, providing financial assistance to a city of the first class in the Commonwealth to finance a deficit other than a cash flow deficit, to finance capital projects and to otherwise assist such a city and to refund outstanding indebtedness of the Authority; and

WHEREAS, the Authority and CoreStates Bank, N.A., as trustee, entered into an Indenture of Trust, dated as of June 1, 1992, as amended and supplemented by a First Supplemental Indenture of Trust, dated as of June 22, 1992, a Second Supplemental Indenture of Trust dated as of July 15, 1993, and a Third Supplemental Indenture of Trust, dated as of August 15, 1993 (collectively, the “**Original Indenture**”); and

WHEREAS, the Authority amended and restated the Original Indenture, pursuant to an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the “**Amended and Restated Indenture**”) between the Authority and Meridian Bank, as Trustee, in order to, inter alia, incorporate in one document all of the provisions thereof, and issue its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994; and

WHEREAS, pursuant to the First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996 (the “**First Supplement**”) between the Authority and Meridian Bank, as Trustee, the Authority issued \$343,030,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996; and

WHEREAS, pursuant to the Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999 (the “**Second Supplement**”) between the Authority and First Union National Bank (successor to Meridian Bank), as Trustee, the Authority issued \$610,005,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999; and

WHEREAS, pursuant to the Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003 (the **“Third Supplement”**) between the Authority and Wachovia Bank, National Association (successor to First Union National Bank), as Trustee, the Authority issued \$165,550,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2003; and

WHEREAS, pursuant to the Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006 (the **“Fourth Supplement”**) between the Authority and Wachovia Bank, National Association, as Trustee, the Authority issued \$89,950,000 of its Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2006 (Auction Rate Securities); and

WHEREAS, pursuant to the Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 (the **“Fifth Supplement”**) between the Authority and U.S. Bank National Association (successor to Wachovia Bank, National Association), as Trustee, the Authority issued \$133,740,000 of its Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2008A (the **“2008A Bonds”**) and \$80,825,000 of its Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2008B (the **“2008B Bonds”** and together with the 2008A Bonds, the **“2008 Bonds”**); and

WHEREAS, pursuant to the Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 (the **“Sixth Supplement”** and together with the Amended and Restated Indenture, First Supplement, Second Supplement, Third Supplement, Fourth Supplement and Fifth Supplement, the **“Existing Indenture”**) between the Authority and U.S. Bank National Association, as Trustee, the Authority issued \$354,925,000 of its Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2009 (the **“2009 Bonds”**); and

WHEREAS, as a result of various refundings of bonds issued under the Existing Indenture, the 2008 Bonds and the 2009 Bonds are the only bonds currently outstanding under the Existing Indenture; and

WHEREAS, the Authority has previously entered into the 2008 Swap Agreements (hereinafter defined) and has determined to issue and sell Additional Bonds to (i) pay the costs of currently refunding the 2008 Bonds and (ii) pay the costs of issuing such Additional Bonds, including the costs of terminating the 2008 Swap Agreements (the **“2010 Refunding”**); and

WHEREAS, by a resolution adopted on April 20, 2010, the Authority has determined to issue and sell its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the **“2010 Bonds”**) for the purpose of financing, together with other available funds, the 2010 Refunding pursuant to the terms of this Seventh Supplement to the Amended and Restated Indenture (the **“Seventh Supplement”** and, together with the Existing Indenture, the **“Indenture”**); and

WHEREAS, the 2010 Bonds are to be substantially in the form attached hereto as Exhibit A; and

WHEREAS, in order to accomplish the current refunding of the outstanding 2008 Bonds, the Authority shall direct the Trustee: (i) to deposit into the Bond Redemption Fund a portion of the proceeds of the 2010 Bonds in an amount which, when added to certain funds held by the Trustee for the benefit of the 2008 Bonds and other available funds of the Authority, will be sufficient to pay on May 15, 2010, the redemption price of all outstanding 2008 Bonds, which have been called for redemption on May 15, 2010 and (ii) to pay the costs of terminating the 2008 Swap Agreements; and

WHEREAS, the execution and delivery of this Seventh Supplement and the 2010 Bonds have been duly authorized and all things necessary to make the 2010 Bonds, when executed by the Authority and authenticated by the Trustee, valid and binding legal obligations of the Authority and to make this Seventh Supplement a valid and binding agreement have been done; and

NOW, THEREFORE, THIS SEVENTH SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST WITNESSETH:

That, in order to secure the principal of and interest and premium, if any, on the 2010 Bonds issued hereunder according to their tenor and effect and to secure the performance and observance by the Authority of all the covenants and conditions contained herein and in the Existing Indenture and to declare the terms and conditions upon and subject to which the 2010 Bonds are issued and secured, and for and in consideration of the mutual covenants contained herein and in the Existing Indenture, the Authority and the Trustee are entering into this Seventh Supplement, which shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of the 2010 Bonds.

ARTICLE I

AUTHORITY AND DEFINITIONS

Section 1.01. Supplemental Indenture of Trust

This Seventh Supplement is supplemental to the Existing Indenture.

Section 1.02. Authority for the Seventh Supplement

This Seventh Supplement is adopted (i) pursuant to the provisions of the Act and (ii) in accordance with Article X of the Amended and Restated Indenture.

Section 1.03. Definitions

(a) Except as provided in this Seventh Supplement, all terms which are defined in Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement and the Sixth Supplement, shall have the same meanings, respectively, in this Seventh Supplement as are given to such terms in said Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement and the Sixth Supplement.

(b) Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement and the Sixth Supplement, is hereby amended and supplemented by amending certain definitions contained in the Existing Indenture (but only to the extent such definitions apply to the 2010 Bonds) and by adding the following definitions with respect to the 2010 Bonds:

“Authorized Denomination” means \$5,000 and integral multiples thereof.

“Closing Date” means May 14, 2010, the date of delivery of the 2010 Bonds to the Underwriter against payment therefor.

“Interest Payment Date” means each June 15 and December 15, commencing on December 15, 2010, for so long as any 2010 Bonds remain outstanding.

“Outstanding”, “Bonds outstanding” or “outstanding Bonds” means, with respect to the 2010 Bonds, as of any given date, all 2010 Bonds which have been duly authenticated and delivered under the Indenture, except:

(a) 2010 Bonds canceled after purchase in the open market or because of payment at, or redemption prior to, their maturity;

(b) 2010 Bonds for the payment or redemption of which cash or Government Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity date or redemption date of any such 2010 Bonds) in accordance with Article VII of the Amended and Restated Indenture; provided that if such Bonds are to be redeemed prior to their stated maturity date thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

(c) 2010 Bonds in lieu of which others have been authenticated under Section 2.07 or 2.08 of the Amended and Restated Indenture;

“Participant” means, with respect to DTC or another Securities Depository, a participant in or member of DTC or such other Securities Depository, respectively.

“Person” means a corporation, association, partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

“Principal Office” means, with respect to the 2010 Bonds, the corporate trust office of the Trustee responsible for the administration of this Seventh Supplement, as designated in Section 11.07 of the Amended and Restated Indenture.

“Record Date” means, with respect to the 2010 Bonds, the close of business on the last day of the calendar month next preceding an Interest Payment Date.

“Representation Letter” means that blanket letter from the Authority to DTC with respect to the issuance of bonds in book-entry form.

“Securities Depository” means DTC, or, if applicable, any successor securities depository appointed pursuant to the Indenture.

“Special Record Date” means a special date fixed to determine the names and addresses of holders of the 2010 Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in the Indenture.

“2008 Swap Agreements” means the two interest rate swap agreements evidenced by the Master Agreement and the Schedule thereto, each dated as of December 6, 2001, and each Confirmation relating thereto, each by and between the Authority and JPMorgan Chase Bank, N.A., in each case as amended, supplemented or otherwise modified and in effect from time to time, designated as JPMorgan Chase Deal Number 507760 and JPMorgan Chase Deal Number 507759, as each such interest rate swap agreement relates to the 2008A Bonds and the 2008B Bonds.

“Underwriter” means Goldman, Sachs & Co., as underwriter of the 2010 Bonds, and its successors and assigns.

ARTICLE II

THE 2010 BONDS

Section 2.01. Authorization and Description of the 2010 Bonds

(a) The 2010 Bonds are authorized to be issued in an aggregate principal amount of \$206,960,000. The 2010 Bonds shall be designated “Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010”. The 2010 Bonds shall be issued as fully registered bonds in Authorized Denominations. The 2010 Bonds shall be substantially in the form hereinafter set forth as Exhibit A with such appropriate variations, omissions and insertions as are permitted or required by the Indenture or deemed necessary by the Trustee and the Authority.

(b) Unless the Authority shall otherwise direct, the 2010 Bonds shall be numbered consecutively from R-1 upward. Interest on the 2010 Bonds shall be payable on each Interest Payment Date, until payment of the principal amount of such 2010 Bond, or provision therefor, shall have been made upon redemption, at maturity or otherwise. Each 2010 Bond shall be dated as of the most recent Interest Payment Date to which interest has been duly paid or provided for next preceding its date of issue, unless issued on an Interest Payment Date on which interest has been paid or provided for, in which event it shall be dated as of such Interest Payment Date or, if issued prior to the first Interest Payment Date on which interest is paid, it shall be dated the date of initial issuance of the 2010 Bonds.

(c) The 2010 Bonds shall mature on the dates and in the amounts and shall bear interest at the fixed interest rates set forth in Schedule 1 attached hereto.

(d) The principal of and premium, if any, on the 2010 Bonds shall be payable at the Principal Office of the Trustee, upon presentation and surrender. Payment of principal of any 2010 Bond shall be made to any owner of \$1,000,000 or more in aggregate principal amount of 2010 Bonds by wire transfer to such owner on the principal payment date for such 2010 Bonds upon written notice from such owner to the Trustee containing the wire transfer instructions within the continental United States to which such owner wishes to have such wire directed, which written notice is received not later than the tenth (10th) day next preceding the principal payment or maturity date applicable to such 2010 Bonds, provided that such wire transfer shall only be made upon presentation and surrender of such 2010 Bonds at the Principal Office of the Trustee on the principal payment date.

(e) Interest payments on a 2010 Bond (other than with respect to defaulted interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Registrar on the Record Date, or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment date by a holder of \$1,000,000 or more in aggregate principal amount of 2010 Bonds, by wire transfer to an account in a bank located in the United States designated by such Bondholder.

Section 2.02. Book Entry System

(a) It is intended that the 2010 Bonds be registered so as to participate in a securities depository system with DTC (the “**DTC System**”), as set forth herein. Except as provided in subparagraph (c) of this Section, the registered owner of all of the 2010 Bonds shall be DTC and the 2010 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on any 2010 Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of immediately available funds to the account of Cede & Co. on each Interest Payment Date at the address indicated on the Record Date or Special Record Date for Cede & Co. in the Bond Register kept by the Trustee.

(b) The 2010 Bonds shall be initially issued in the form of separate single fully registered bond for each maturity, authenticated by the Trustee in the amount of each separately stated maturity for the 2010 Bonds. Upon initial issuance, the ownership of such 2010 Bonds shall be registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the Authority shall treat DTC (or its nominee) as the sole and exclusive owner of the 2010 Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the 2010 Bonds, selecting the 2010 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Seventh Supplement, registering the transfer of 2010 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the Authority shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the 2010 Bonds under or through DTC or any Participant, or any other Person which is not shown on the registration books of the Trustee as being a Bondholder, with respect to: (i) the accuracy of any records maintained by DTC or any Participant; (ii) the payment of DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the

2010 Bonds; (iii) any notice which is permitted or required to be given to Bondholders under the Indenture; (iv) the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the 2010 Bonds; or (v) any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal of and premium, if any, and interest on the 2010 Bonds only to or "upon the order of" (as that phrase is used in the Uniform Commercial Code as adopted in the Commonwealth of Pennsylvania) DTC and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal of and premium, if any, and interest on the 2010 Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated 2010 Bond. Upon delivery, by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Seventh Supplement shall be deemed to be changed to reflect such new nominee of DTC.

(c) In the event the Authority determines that it is in its best interest to discontinue the use of book entry system for the 2010 Bonds, the Authority may notify in writing DTC and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of bond certificates. In such event, the Trustee shall deliver, transfer and exchange Bond certificates as directed in writing by DTC in appropriate amounts. DTC may determine to discontinue providing its services with respect to the 2010 Bonds at any time by giving written notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Authority and the Trustee, at the sole cost of the Authority, shall be obligated to deliver Bond certificates as directed in writing by DTC. In the event Bond certificates are issued, the provisions of the Indenture shall apply to, among other things, the transfer and exchange of the 2010 Bonds and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the 2010 Bonds to any Participant having 2010 Bonds credited to its DTC account, or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the 2010 Bonds.

(d) Notwithstanding any other provision of this Seventh Supplement to the contrary, so long as any 2010 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such 2010 Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC as sole Bondholder notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole 2010 Bondholder.

Section 2.03. Delivery of the 2010 Bonds; Disposition of Proceeds and Transfer of Funds

Upon the execution and delivery of this Seventh Supplement, the Authority shall execute and deliver the 2010 Bonds to the Trustee and the Trustee shall authenticate the 2010 Bonds and deliver them to the initial purchaser or purchasers thereof as directed by the Authority in an order delivered by the Authority to the Trustee upon receipt of the proceeds of the 2010 Bonds. Proceeds from the sale of the 2010 Bonds, together with any other available funds deposited by the Authority with the Trustee for such purpose, shall be received by the Trustee and deposited in the Settlement Fund and shall then be disbursed and transferred from the Settlement Fund as follows:

- (1) to or upon the order of the Authority, the amount specified by the Authority at or after the closing for the issuance of the 2010 Bonds as the costs of issuance of the 2010 Bonds;
- (2) to the Trustee, to be deposited in the Bond Redemption Fund, an amount equal to \$190,539,318.59, which will be applied, together with other available funds of the Authority, to the current redemption of all Outstanding 2008 Bonds on May 17, 2010; and
- (3) to JPMorgan Chase Bank, N.A. to pay the Authority's costs of terminating the 2008 Swap Agreements, an amount equal to \$39,678,000.00.

Any amount remaining in the Settlement Fund after the foregoing disbursements and transfers shall be disbursed or transferred by the Trustee to the Debt Service Fund in respect of the 2010 Bonds.

The Trustee shall transfer a portion of the funds currently held in the Debt Service Fund to the Redemption Fund, in an amount equal to the amount necessary to effect the current redemption of the 2008 Bonds, less the amount to be deposited therein pursuant to 2.03(2) hereof.

ARTICLE III

REDEMPTION OF THE 2010 BONDS

Section 3.01. Redemption Dates and Prices

As long as there is no continuing Event of Default under the Indenture, the 2010 Bonds shall be subject to redemption prior to maturity in the amounts, at the times and in the manner provided in this Section 3.01.

(a) Optional Redemption. The 2010 Bonds maturing on or after June 15, 2021 are subject to redemption at the option of the Authority on and after June 15, 2020, in whole at any time, or in part, from time to time, if in part in such order of maturity and in such principal amount within a maturity as specified by the Authority, and within a maturity as selected by the

Trustee by lot, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

(b) General Provisions Regarding Redemptions.

(i) No redemption of less than all of the 2010 Bonds outstanding shall be made unless in Authorized Denominations. Any redemption of less than all of the 2010 Bonds Outstanding shall be made in such a manner that all 2010 Bonds Outstanding after such redemption are in Authorized Denominations.

(ii) 2010 Bonds may be called for redemption by the Trustee pursuant to Section 3.01 hereof in accordance with the notice requirements of Section 3.02 hereof.

Section 3.02. Notice of Redemption

(a) Except as hereinafter provided, and upon direction of the Authority in the case of Section 3.01(a) above, a copy of the notice of the call for any redemption identifying the 2010 Bonds to be redeemed shall be given by the Trustee to the Bondholders by first class mail, postage prepaid, not less twenty (20) than nor more than sixty (60) days prior to the date fixed for redemption, to the registered owners of 2010 Bonds to be redeemed at their addresses as shown on the Bond Register. Such notice shall specify the redemption date, the redemption price, the place and manner of payment and that from the redemption date, interest will cease to accrue on the 2010 Bonds which are the subject of such notice and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. If at the time of mailing of any notice of optional redemption the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the 2010 Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited.

(b) Failure to give notice in the manner prescribed hereunder with respect to any 2010 Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any 2010 Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the 2010 Bonds to be redeemed and to pay interest due thereon and premium, if any, the 2010 Bonds thus called shall not after the applicable redemption date bear interest, be protected by the Indenture or be deemed to be Outstanding under the provisions of the Indenture.

(c) If any 2010 Bond is transferred or exchanged on the Bond Register by the Registrar after notice has been given calling such 2010 Bond for redemption, the Trustee will attach a copy of such notice to the 2010 Bond issued in connection with such transfer or exchange.

Section 3.03. Selection of Bonds To Be Redeemed

If less than all the 2010 Bonds shall be called for redemption under any provision of the Indenture permitting such partial redemption, the particular 2010 Bonds or portions thereof to be

redeemed shall be selected by the Authority, in the principal amount designated in writing to the Trustee by the Authority or otherwise as required by the Indenture, and the portion of any 2010 Bond to be redeemed shall be in a principal amount equal to an Authorized Denomination. In selecting 2010 Bonds for redemption, the Trustee shall treat each 2010 Bond as representing that number of 2010 Bonds which is obtained by dividing the principal amount of such 2010 Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any 2010 Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the owner of such 2010 Bond shall forthwith surrender such 2010 Bond to the Trustee for (a) payment to such owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption and (b) delivery to such owner a new 2010 Bond or 2010 Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such 2010 Bond. New 2010 Bonds representing the unredeemed balance of the principal amount of such 2010 Bond shall be issued to the registered owner thereof without charge therefor.

ARTICLE IV

TERMINATION OF THE 2008 SWAP AGREEMENTS

Section 4.01. Termination of the 2008 Swap Agreements

The Authority hereby confirms as follows in connection with the termination of the 2008 Swap Agreements: The Authority entered into the 2008 Swap Agreements in order to hedge its variable rate bond interest rate exposure in connection with the 2008 Bonds. The Authority has determined, after review and consultation with Mohanty Gargiulo LLC, its financial and swap advisor, to issue the 2010 Bonds as fixed rate bonds and to terminate the 2008 Swap Agreements and pay the current market swap termination fee. The swap termination fee will be paid by the Authority to JPMorgan Chase Bank, N.A. from the proceeds of the 2010 Bonds pursuant to Section 2.03(a)(3) hereof.

The Authority acknowledges that the Trustee has no knowledge of or information related to, and the Trustee disclaims all knowledge of, or information related to, the matters described in Section 5.01 hereof, except that the Trustee has transferred certain funds to JPMorgan Chase Bank, N.A. in accordance with Section 2.03(a)(3) hereof.

ARTICLE V

AMENDMENT OF INDENTURE

Section 5.01. Amendment of Section 8.01

Section 8.01 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement and the Sixth Supplement, is amended as follows:

In the fifth to last line of the paragraph following subsection 8.01 (e), delete the words “2008 Bonds” and add the words “or in the 2010 Bonds”.

ARTICLE VI

INDENTURE TO REMAIN IN EFFECT; MISCELLANEOUS

Section 6.01. Indenture to Remain in Effect

Except as amended and supplemented by this Seventh Supplement, the Existing Indenture shall remain in full force and effect and is in all respects ratified, approved and confirmed, and the Existing Indenture and this Seventh Supplement shall be read, taken and construed as one and the same instrument so that all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture shall apply and remain in full force and effect with respect to this Seventh Supplement and the 2010 Bonds, as appropriate. In case of any conflict between the provisions of the Existing Indenture and this Seventh Supplement, the provisions of this Seventh Supplement shall apply. Without limiting the foregoing, the Authority hereby assigns, pledges and grants to the Trustee and confirms its prior grant to the Trustee of a lien on and security interest in all right, title and interest of the Authority in and to the Pledged Revenues in order to secure (i) the payment of the principal of, premium, if any, and interest on the Bonds (including without limitation the 2010 Bonds) according to their tenor and effect, and (ii) the performance and observance by the Authority of all covenants and agreements of the Authority expressed herein and in the Bonds (including without limitation the 2010 Bonds).

Section 6.02. Counterparts

This Seventh Supplement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

Section 6.03. Governing Law

This Seventh Supplement shall be governed by and construed in accordance with the laws of the Commonwealth.

Section 6.04. Captions

The captions and headings in this Seventh Supplement are for reference purposes only and shall not control or affect the meaning or interpretation of any provisions of this Seventh Supplement.


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IN WITNESS WHEREOF, the Authority has caused this Seventh Supplement to the Amended and Restated Indenture to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials and the Trustee has caused this Seventh Supplement to the Amended and Restated Indenture to be executed in its name, as of the date first above written.

ATTEST:

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

By: 
(Assistant) Secretary

By: 
(Vice) Chairperson

[SEAL]

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

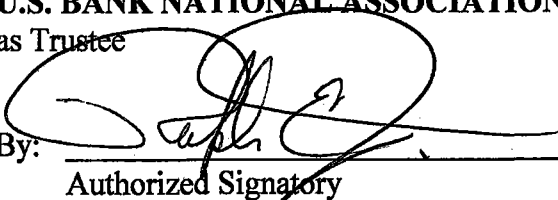
By: 
Authorized Signatory

EXHIBIT A
Form of 2010 Bonds

No. R - _____ \$ _____

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
____%	June 15, ____	May 14, 2010	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close or business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the

“Special Payment Date”). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

Interest on the Series 2010 Bonds shall be paid on each Interest Payment Date and shall be computed on the basis of a year of 360 days consisting of twelve 30-day months.

THIS BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, INCLUDING THE CITY, EXCEPT THE AUTHORITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE SERIES 2010 BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGEEES OF THE AUTHORITY, INCLUDING HOLDERS OF SERIES 2010 BONDS, SHALL HAVE NO RECOURSE, LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, EXCEPT THE AUTHORITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2010 BONDS.

This Bond is fully registered in the name of the owner on the Bond Register kept for that purpose at the Principal Office or the Registrar. No transfer shall be valid as against the Authority or the Trustee unless made by the registered owner in person or by his duly authorized attorney or legal representative and similarly noted upon the Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the order of the registered owner, a new registered Bond or Bonds, in authorized denominations aggregating the principal amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this Bond and registered in such names as shall be requested.

The Authority, the Trustee and the Registrar may treat the person in whose name this Bond is registered as the absolute owner of this Bond for all purposes whether or not this Bond

shall be overdue, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All payments of the principal, interest or redemption price made to the registered owner hereof in the manner set forth herein and in the Indenture shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Indenture shall be conclusive and binding upon such registered owner, his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the Commonwealth of Pennsylvania to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Bond, exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Authority in his individual capacity, and neither the members of the Board of the Authority nor any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Indenture or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the execution of the Seventh Supplement to the Amended and Restated Indenture, dated as of May 1, 2010, between the Authority and the Trustee (the "Seventh Supplement") and the issuance of this Bond.

This Bond shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

This Bond is one of a duly authorized issue of Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 issued in the aggregate principal amount of \$206,960,000 (the "Series 2010 Bonds"). The Series 2010 Bonds are issued to enable the Authority to refund certain of its outstanding bonds and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The Series 2010 Bonds are issued under and pursuant to the Act and a resolution of the Authority duly adopted on April 20, 2010 (the "Resolution") and under an Amended and Restated Indenture of Trust dated as of December 1, 1994, as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996, a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999, a Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003, a Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006, a Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008, a Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 and the Seventh Supplement (collectively, the "Indenture"), between the Authority and the Trustee,

and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the “Pledged Revenues”).

Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Optional Redemption

The Series 2010 Bonds maturing on and after June 15, 2021 are subject to redemption at the option of the Authority on and after June 15, 2020, in whole at any time, or in part, from time to time, if in part in such order of maturity and in such principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount of Series 2010 Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of Redemption

When the Authority shall determine to redeem Series 2010 Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of Series 2010 Bonds to be redeemed, the Trustee, at the Authority’s expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall, among other things, state the redemption price and the date fixed for redemption, that on such date the Series 2010 Bonds called for redemption will be due and become payable at the Principal Office of the Trustee, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of all Series 2010 Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Series 2010 Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption, without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Trustee, such notice shall be conditioned upon the deposit of moneys with the Trustee before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, first- class postage prepaid, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date, addressed to the Holders of Series 2010 Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any 2010 Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Series 2010 Bonds.

Reference is made to the Act, the Resolution, the Indenture and the PICA Tax Ordinance, executed or certified counterparts of which are on file at the corporate trust office of the Trustee,

for statements of the purposes for which the Series 2010 Bonds are issued, a description of the Pledged Revenues assigned and pledged for the security of the Series 2010 Bonds (including the PICA Tax) and the nature, extent and manner of enforcement of such security, certain covenants of the Authority and the City made for the benefit of Bondholders, the terms and conditions under which the Indenture may be amended or modified, the rights and duties of the Authority and the Trustee, and the extent of the rights of the registered owners of the Series 2010 Bonds issued under the Indenture.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this Bond to be executed with the manual or facsimile signature of its Chairperson or Vice Chairperson and its official seal or a facsimile thereof to be imprinted hereon and attested with the manual or facsimile signature of its Secretary or Assistant Secretary, as of the date first above written.

ATTEST:

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____ By: _____
(Assistant) Secretary (Vice) Chairperson

[SEAL]

AUTHENTICATION CERTIFICATE

This Bond is one of the Series 2010 Bonds described in the within mentioned Indenture. The text of the opinion of Bond Counsel printed on or attached to this Bond is the complete text of the opinion of Greenberg Traurig, LLP, of Philadelphia, Pennsylvania, a signed original of which is on file with the undersigned, which was dated and delivered on the date of the original delivery of and payment for the Series 2010 Bonds.

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By: _____
Authorized Signature

Date of Authentication:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ whose taxpayer identification number is _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books of the Registrar, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

SCHEDULE 1

MATURITIES, AMOUNTS AND INTEREST RATES

\$206,960,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 2010

DUE JUNE 15	AMOUNT	INTEREST RATE
2011	\$14,395,000	4.00%
2012	15,730,000	5.00
2013	16,335,000	5.00
2014	16,995,000	5.00
2015	17,670,000	5.00
2016	18,375,000	5.00
2017	19,110,000	5.00
2018	19,875,000	5.00
2019	20,650,000	5.00
2020	21,470,000	5.00
2021	12,925,000	5.00
2022	13,430,000	5.00

No. R - 1

\$14,395,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

Interest Rate
4.000%

Maturity Date
June 15, 2011

Dated Date
May 14, 2010

CUSIP
708840 JE4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOURTEEN MILLION THREE HUNDRED NINETY FIVE
THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder") on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

Interest on the Series 2010 Bonds shall be paid on each Interest Payment Date and shall be computed on the basis of a year of 360 days consisting of twelve 30-day months.

THIS BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, INCLUDING THE CITY, EXCEPT THE AUTHORITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE SERIES 2010 BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGORS OF THE AUTHORITY, INCLUDING HOLDERS OF SERIES 2010 BONDS, SHALL HAVE NO RECOURSE, LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, EXCEPT THE AUTHORITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2010 BONDS.

This Bond is fully registered in the name of the owner on the Bond Register kept for that purpose at the Principal Office or the Registrar. No transfer shall be valid as against the Authority or the Trustee unless made by the registered owner in person or by his duly authorized attorney or legal representative and similarly noted upon the Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the order of the registered owner, a new registered Bond or Bonds, in authorized denominations aggregating the principal amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this Bond and registered in such names as shall be requested.

The Authority, the Trustee and the Registrar may treat the person in whose name this Bond is registered as the absolute owner of this Bond for all purposes whether or not this Bond shall be overdue, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All payments of the principal, interest or redemption price made to the registered owner hereof in the manner set forth herein and in the Indenture shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so

paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Indenture shall be conclusive and binding upon such registered owner, his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the Commonwealth of Pennsylvania to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Bond, exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Authority in his individual capacity, and neither the members of the Board of the Authority nor any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Indenture or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the execution of the Seventh Supplement to the Amended and Restated Indenture, dated as of May 1, 2010, between the Authority and the Trustee (the "Seventh Supplement") in the issuance of this Bond.

This Bond shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

This Bond is one of a duly authorized issue of Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 issued in the aggregate principal amount of \$206,960,000 (the "Series 2010 Bonds"). The Series 2010 Bonds are issued to enable the Authority to refund certain of its outstanding bonds and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The Series 2010 Bonds are issued under and pursuant to the Act and a resolution of the Authority duly adopted on April 20, 2010 (the "Resolution") and under an Amended and Restated Indenture of Trust dated as of December 1, 1994, as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996, a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999, a Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003, a Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006, a Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008, a Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 and the Seventh Supplement (collectively, the "Indenture"), between the Authority and the Trustee, and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys

and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the "Pledged Revenues").

Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Optional Redemption

The Series 2010 Bonds maturing on and after June 15, 2021 are subject to redemption at the option of the Authority on and after June 15, 2020, in whole at any time, or in part, from time to time, if in part in such order of maturity and in such principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount of Series 2010 Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of Redemption

When the Authority shall determine to redeem Series 2010 Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of Series 2010 Bonds to be redeemed, the Trustee, at the Authority's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall, among other things, state the redemption price and the date fixed for redemption, that on such date the Series 2010 Bonds called for redemption will be due and become payable at the Principal Office of the Trustee, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of all Series 2010 Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Series 2010 Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption, without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Trustee, such notice shall be conditioned upon the deposit of moneys with the Trustee before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, first-class postage prepaid, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date, addressed to the Holders of Series 2010 Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any 2010 Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Series 2010 Bonds.

Reference is made to the Act, the Resolution, the Indenture and the PICA Tax Ordinance, executed or certified counterparts of which are on file at the corporate trust office of the Trustee, for statements of the purposes for which the Series 2010 Bonds are issued, a description of the Pledged Revenues assigned and pledged for the security of the Series 2010 Bonds (including the PICA Tax) and the nature, extent and manner of enforcement of such security, certain covenants of the Authority and the City made for the benefit of Bondholders, the terms and conditions

under which the Indenture may be amended or modified, the rights and duties of the Authority and the Trustee, and the extent of the rights of the registered owners of the Series 2010 Bonds issued under the Indenture.

SPECIMEN

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this Bond to be executed with the manual or facsimile signature of its Chairperson or Vice Chairperson and its official seal or a facsimile thereof to be imprinted hereon and attested with the manual or facsimile signature of its Secretary or Assistant Secretary, as of the date first above written.

ATTEST:

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By:

(Assistant) Secretary

(Vice) Chairperson

[SEAL]

AUTHENTICATION CERTIFICATE

This Bond is one of the Series 2010 Bonds described in the within mentioned Indenture. The text of the opinion of Bond Counsel printed on or attached to this Bond is the complete text of the opinion of Greenberg Traurig, LLP, of Philadelphia, Pennsylvania, a signed original of which is on file with the undersigned, which was dated and delivered on the date of the original delivery of and payment for the Series 2010 Bonds.

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By: 

Authorized Signature

Date of Authentication:

SPECIMEN
May 14, 2010

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ whose taxpayer identification number is _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books of the Registrar, with full power of substitution in the premises.

Date: _____

Signature Guaranteed: _____

SPECIMEN

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

No. R - 2

\$15,730,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.000%	June 15, 2012	May 14, 2010	708840 JF1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIFTEEN MILLION SEVEN HUNDRED THIRTY THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the registered Owner identified above or registered assigns (the "Holder") on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

No. R - 3

\$16,335,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.000%	June 15, 2013	May 14, 2010	708840 JG9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIXTEEN MILLION THREE HUNDRED THIRTY FIVE
THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

No. R - 4

\$16,995,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

Interest Rate
5.000%

Maturity Date
June 15, 2014

Dated Date
May 14, 2010

CUSIP
708840 JH7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIXTEEN MILLION NINE HUNDRED NINETY FIVE
THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined) to the Registered Owner identified above or registered assigns (the "Holder") on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

No. R - 5

\$17,670,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
 (City of Philadelphia Funding Program)
 Series of 2010

Interest Rate
 5.000%

Maturity Date
 June 15, 2015

Dated Date
 May 14, 2010

CUSIP
 708840 JJ3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVENTEEN MILLION SIX HUNDRED SEVENTY
 THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

No. R - 6

\$18,375,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

Interest Rate
5.000%

Maturity Date
June 15, 2016

Dated Date
May 14, 2010

CUSIP
708840 JK0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHTEEN MILLION THREE HUNDRED SEVENTY FIVE
THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

No. R - 7

\$19,110,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

Interest Rate
5.000%

Maturity Date
June 15, 2017

Dated Date
May 14, 2010

CUSIP
708840 JL8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINETEEN MILLION ONE HUNDRED TEN THOUSAND
DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined), to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close or business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

No. R - 8

\$19,875,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.000%	June 15, 2018	May 14, 2010	708840 JM6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINETEEN MILLION EIGHT HUNDRED SEVENTY FIVE
THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

No. R - 9

\$20,650,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.000%	June 15, 2019	May 14, 2010	708840 JN4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY MILLION SIX HUNDRED FIFTY THOUSAND
DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

No. R - 10

\$21,470,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

Interest Rate
5.000%

Maturity Date
June 15, 2020

Dated Date
May 14, 2010

CUSIP
708840 JP9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY ONE MILLION FOUR HUNDRED SEVENTY
THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder") on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

No. R - 11

\$12,925,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

Interest Rate
5.000%

Maturity Date
June 15, 2021

Dated Date
May 14, 2010

CUSIP
708840 JQ7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWELVE MILLION NINE HUNDRED TWENTY FIVE
THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

No. R - 12

\$13,430,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

Interest Rate
5.000%

Maturity Date
June 15, 2022

Dated Date
May 14, 2010

CUSIP
708840 JR5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THIRTEEN MILLION FOUR HUNDRED THIRTY THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

\$354,925,000

**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 2009**

BOND PURCHASE CONTRACT

June 10, 2009

Pennsylvania Intergovernmental
Cooperation Authority
1500 Walnut Street, Suite 1600
Philadelphia, Pennsylvania 19102

Ladies and Gentlemen:

The undersigned Goldman, Sachs & Co. (hereinafter sometimes called the "Representative"), acting on behalf of itself and on behalf of the other underwriters named in the list attached as Schedule 1 hereto, as said list may from time to time be changed by the mutual agreement of the Representative and the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") prior to Closing (hereinafter defined) (the Representative and such other underwriters as finally determined being herein collectively called the "Underwriters") offers to enter into this Bond Purchase Contract (the "Purchase Contract") with the Authority acting pursuant to a resolution adopted by its governing board as authorized by the Act (hereinafter defined), which, upon the Authority's written acceptance of this offer, will be binding upon the Authority and upon the Underwriters. This offer is made subject to the Authority's written acceptance of this Purchase Contract on or before 4:00 P.M., Philadelphia time on the date hereof, and if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Authority at any time prior to the acceptance hereof by the Authority. Upon acceptance by the Authority, this Purchase Contract shall be binding upon the Authority and the Underwriters in accordance with its terms. "Act" means the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein and in the Letter of Representations (hereinafter defined), the Underwriters, jointly and severally, hereby agree to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell and deliver to the Underwriters for such purpose, all (but not less than all) of \$354,925,000 aggregate principal amount of the Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009 (the "2009 Bonds"). The purchase price of the 2009 Bonds (the "Purchase Price") shall be \$380,168,109.70 (which is equal to the par amount of the 2009 Bonds plus net original issue premium of \$26,678,272.20 less Underwriters' discount of \$1,435,162.50). The payment for and delivery of the 2009 Bonds, and the consummation of the

other actions contemplated herein to take place prior to or at the time of such payment and delivery, are herein sometimes called the "Closing."

2. The 2009 Bonds. The 2009 Bonds shall be as described in, and will be issued and secured under and pursuant to: (a) an Amended and Restated Indenture of Trust, dated as of December 1, 1994 (the "1994 Indenture") between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996 (the "First Supplemental Indenture"), a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999 (the "Second Supplemental Indenture"), a Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003 (the "Third Supplemental Indenture"), a Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006 (the "Fourth Supplemental Indenture"), a Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 (the "Fifth Supplemental Indenture") and a Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 (the "Sixth Supplemental Indenture" and, together with the 1994 Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, and the Fifth Supplemental Indenture, the "Indenture"), and (b) a resolution adopted by the Authority on May 5, 2009 (the "Resolution") authorizing the issuance, sale and delivery of the 2009 Bonds.

The Authority has previously issued nine Series of Bonds. Seven Series of Bonds are no longer outstanding: Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992 in the original aggregate principal amount of \$474,555,000; Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1993 in the original aggregate principal amount of \$643,430,000; Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A in the original aggregate principal amount of \$178,675,000; Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994 in the original aggregate principal amount of \$122,020,000; Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996 in the original aggregate principal amount of \$343,030,000; Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2003 in the original principal amount of \$165,550,000; and Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2006 in the original aggregate principal amount of \$85,500,000. Two Series of Bonds remain outstanding: Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999 in the original aggregate principal amount of \$610,005,900, of which \$357,530,000 are currently outstanding (the "1999 Bonds"); and Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), consisting of Series of 2008A in the original aggregate principal amount of \$133,740,000, all of which are currently outstanding (the "2008A Bonds") and Series of 2008B in the original aggregate principal amount of \$80,825,000, all of which are currently outstanding (the "2008B Bonds" and together with the 2008A Bonds, the "2008 Bonds").

The 2009 Bonds shall mature in the amounts and on the dates, shall bear interest from their respective dates at the respective rates and shall be offered at the initial public offering prices and yields, each as specified in the Final Official Statement (hereinafter defined), the Indenture and in Schedule 2 attached hereto. Interest on the 2009 Bonds shall be payable semiannually on each June 15 and December 15, commencing December 15, 2009. The 2009

Bonds shall be subject to optional redemption prior to maturity as described in Schedule 2 attached hereto, in the Final Official Statement and in the Indenture.

The proceeds from the sale of the 2009 Bonds will be used, together with other available funds of the Authority, to (i) currently refund the 1999 Bonds stated to mature on and after June 15, 2010 in the aggregate principal amount of \$326,865,000, (ii) pay the costs of terminating the 2009 Bonds Swap (as defined in the Sixth Supplemental Indenture), and (iii) pay the costs of issuing the 2009 Bonds. The 1999 Bonds stated to mature on June 15, 2009 together with accrued interest on all of the Outstanding 1999 Bonds to June 15, 2009 will be paid from available funds held under the Indenture.

Prior to the execution and delivery of the Indenture, there shall have been enacted or executed, as applicable, and be in full force and effect, without modification: (a) an Ordinance (Bill No. 1437, effective July 1, 1991), adopted by the City Council of the City of Philadelphia ("City Council") and approved by the Mayor on June 12, 1991 (the "Tax Ordinance"), levying for the exclusive purposes of the Authority, pursuant to Section 601 of the Act, a 1.5% tax on salaries, wages, commissions and other compensation earned by residents of the City of Philadelphia and on net profits of businesses, professions and other activities conducted by residents of the City of Philadelphia (the "Authority Tax"); (b) an Intergovernmental Cooperation Agreement, dated as of January 8, 1992 (the "Cooperation Agreement"), between the City of Philadelphia (the "City") and the Authority, pursuant to the Act and an Ordinance adopted by the City Council and approved by the Mayor of the City (the "Mayor") on January 3, 1992 (the "Cooperation Ordinance"); (c) a Pennsylvania Intergovernmental Cooperation Authority Income Tax Collection Agency Agreement, dated as of June 1, 1992 (the "Tax Collection Agreement"), between the City and the Commonwealth of Pennsylvania (the "Commonwealth"), including a letter, dated June 28, 1991 (the "Agency Letter"), from the Department of Revenue of the Commonwealth, appointing the Revenue Department of the City and the Law Department of the City agents for the collection and enforcement of the Authority Tax; (d) a City Account Deposit and Disbursement Agreement, dated as of December 6, 1991 (the "City Account Deposit Agreement"), by and between the Authority and Wachovia Bank, National Association, successor to CoreStates Bank, N.A., and acknowledged and agreed to by the City; and (e) a letter (the "Disbursement Letter") from the Authority to the Treasurer of the Commonwealth, issued pursuant to the Act, directing the Treasurer of the Commonwealth to make weekly disbursements to the Trustee of proceeds of the tax imposed pursuant to the Tax Ordinance for deposit in the Revenue Fund established under the Indenture, so long as any bonds issued under the Indenture, including the 2009 Bonds, are outstanding. The Resolution, the Indenture, the Disclosure Agreement (as defined herein), the Cooperation Agreement, the Tax Collection Agreement, the Tax Compliance Certificate (hereinafter defined), the City Tax Certifications (hereinafter defined), the City Account Deposit Agreement, the Agency Letter, and the Disbursement Letter are sometimes herein collectively called the "Bond Documents." The Cooperation Ordinance and the Tax Ordinance are sometimes herein collectively called the "Ordinances."

A five-year financial plan of the City, covering Fiscal Years 2009 through 2013 was approved by a Qualified Majority of the Authority on June 17, 2008 and including all amendments, supplements or revisions thereto required to be prepared in accordance with the requirements of the Act and the Cooperation Agreement, hereinafter is referred to as the "Plan".

The Bond Documents and the Ordinances shall be substantially in the forms heretofore submitted to the Representative, with only such changes therein as shall be mutually agreed upon between the Authority and the Representative and as shall be required by the Act, the Resolution and the Ordinances.

3. Authority of Representative. The Underwriters have heretofore designated the undersigned, Goldman, Sachs & Co., as their Representative and the undersigned represents and warrants that: it has been duly authorized to execute this Purchase Contract and to act hereunder on behalf of the other Underwriters solely for the purpose of carrying out the provisions of this Purchase Contract; and authority, discretion or other power conferred upon the Underwriters under any of the provisions of this Purchase Contract may be exercised by the Representative; and the payment for and acceptance of the 2009 Bonds and delivery and presentation of any receipt for the 2009 Bonds and any other instruments in connection with the Closing solely by the Representative on behalf of the Underwriters shall be valid and sufficient for all purposes and binding upon all of the Underwriters. Each Underwriter hereby severally represents and warrants to the Authority that it is registered under the Securities Exchange Act of 1934, as amended, as a broker or dealer or is exempt from such registration pursuant to rules promulgated, or an order issued, by the Securities and Exchange Commission (the "SEC") and that it is not prohibited from acting in such capacity by the application of Rule G-37 of the Municipal Securities Rulemaking Board.

4. Offering. The Underwriters agree to make a bona fide public offering of all of the 2009 Bonds at prices not in excess of the initial public offering prices or yields not less than the initial yields set forth on the inside front cover of the Final Official Statement, and in Schedule 2 attached hereto, reserving, however, the right to change such prices or yields without notice as the Underwriters shall deem necessary in connection with the public offering of the 2009 Bonds.

5. Use of Documents. The Authority hereby acknowledges that, in connection with the public offering and sale of the 2009 Bonds, (a) it has authorized and approved the distribution by the Underwriters of the preliminary official statement, dated June 1, 2009, including the appendices thereto, of the Authority prepared in connection with the issuance and sale of the 2009 Bonds (the "Preliminary Official Statement"), and (b) it has authorized and approved the execution and delivery of the official statement, dated June 10, 2009, including the appendices thereto, of the Authority (the "Final Official Statement"), as supplemented or amended in accordance with this Purchase Contract, prepared in connection with the issuance and sale of the 2009 Bonds. The Preliminary Official Statement and Final Official Statement are hereafter collectively referred to as the "Official Statement." The Preliminary Official Statement has been "deemed final" by the Authority as of its date for the purposes of Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), promulgated under the Securities Exchange Act of 1934, as amended.

Within three business days of acceptance hereof (but in no event later than two days prior to Closing), the Authority shall deliver or cause to be delivered to the Underwriters a sufficient number of copies of the Final Official Statement, at least five of which shall be manually executed by the Authority, to enable the Underwriters to provide copies of the Final Official Statement as required by Rule 15c2-12.

In order to enable the Underwriters to comply with the requirements of Rule 15c2-12, the Authority will enter into a Continuing Disclosure Agreement for the benefit of the registered owners from time to time of the 2009 Bonds, to be dated the date of the Closing ("Disclosure Agreement").

6. Representations and Warranties of the Authority. The Authority represents and warrants to each of the Underwriters that:

(a) The Authority is a body politic and corporate organized and existing pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"). The Authority at all relevant times had, and at the date of Closing will have, full legal right, power and authority (i) to enter into this Purchase Contract and each of the Bond Documents to which it is a party, (ii) to issue, to sell and to deliver the 2009 Bonds to the Underwriters as provided herein for the purposes described in the Official Statement, (iii) to pledge or grant a security interest in all Pledged Revenues, as defined in the Indenture, (iv) to prepare the Official Statement and to authorize the distribution of the Official Statement by the Underwriters, and (v) to carry out and to consummate the transactions contemplated by this Purchase Contract, the 2009 Bonds, any of the Bond Documents to which it is a party, any and all other agreements relating thereto, and as described in the Official Statement.

(b) The Authority has complied, or at the Closing will have complied, with all provisions of the Constitution and the laws of the Commonwealth, including the Act, required of it for the authorization, issuance and sale of the 2009 Bonds, including, without limitation, approval of the Plan.

(c) The Authority has duly authorized, or prior to the Closing will have duly authorized, all necessary action to be taken by it at or prior to the Closing for: (i) the issuance and sale of the 2009 Bonds upon the terms set forth herein, in the Act, in the Resolution and in the Indenture; (ii) the execution, issuance and delivery by it of the 2009 Bonds and the execution and delivery by it of each of the Bond Documents to which it is a party, the Official Statement and this Purchase Contract, and (iii) the execution and delivery of any and all such other agreements and documents as may be required to be executed and delivered by the Authority in order to carry out, give effect to and consummate the transactions contemplated by this Purchase Contract, each of the Bond Documents to which it is a party and the 2009 Bonds, and as described in the Official Statement.

(d) Except as disclosed in the Official Statement, the Authority is not in breach of, or in default under, and the authorization, execution and delivery of the 2009 Bonds, each of the Bond Documents to which it is a party and this Purchase Contract, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under (i) any applicable law, ordinance, or administrative regulation of the Commonwealth, including the Act, or of the United States or of any governmental authority having jurisdiction over the Authority or of any department, division, agency or instrumentality thereof or in any way connected therewith (but not including United States or state securities laws or regulations, as to which no representation is made), or (ii) any applicable judgment, order or decree or any instrument relating to the Authority to which the Authority is a party or to which the Authority or

any of the revenues or assets thereof is otherwise bound or subject and no event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder.

(e) Except for the lien created by the Indenture, and a lien in favor of Financial Guaranty Insurance Company ("FGIC") created pursuant to the Debt Service Reserve Fund Policy Agreement dated as of April 15, 1999 between FGIC and the Authority, there is no lien on the Pledged Revenues as of the date of this Purchase Contract and, as of the time of the Closing, there will be no other lien on the Pledged Revenues. The proceeds of the Authority Tax as of the date of this Purchase Contract are, and at all times subsequent to the date hereof and as of and after the Closing will be, the revenues and property of the Authority, are not property or revenues of the City and are not subject to appropriation by either the Commonwealth or the City.

(f) All approvals, consents and orders of any governmental authority, board, agency or commission having jurisdiction, the obtaining of which would constitute a condition precedent to the performance by the Authority of its obligations under the Act, each of the Bond Documents to which it is a party, the 2009 Bonds and this Purchase Contract, have been obtained and are in full force and effect.

(g) The 2009 Bonds, when issued, authenticated and delivered in accordance with this Purchase Contract and the Indenture and sold to the Underwriters and paid for as provided herein and therein, will be duly authorized and validly issued and binding limited obligations of the Authority entitled to the benefits of the provisions for payment thereof, and security therefor, contained in the 2009 Bonds, the Act, the Resolution and the Indenture, and enforceable in accordance with their terms except as enforceability or remedies provided therein may be affected by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights generally. The Bond Documents to which the Authority is a party and this Purchase Contract when executed and delivered, will be duly authorized and validly executed and delivered and binding limited obligations of the Authority and enforceable in accordance with their terms except as enforceability or remedies provided therein may be affected by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights generally.

(h) Except for information with respect to the City set forth in the sections of the Official Statement entitled "INTRODUCTION – Financial Condition of the City," "ANNUAL COLLECTION OF THE CITY TAX AND THE AUTHORITY TAX," "THE AUTHORITY – Operating History," and in Appendix B of the Official Statement and except for information with respect to DTC (as hereinafter defined) set forth in the sections of the Official Statement entitled "THE 2009 BONDS – Book Entry-Only System" and "-Discontinuation of Book-Entry Only System," with respect to FGIC, any of its affiliates or any other bond insurance company set forth in the section of the Official Statement entitled "SOURCES OF PAYMENT AND SECURITY FOR THE 2009 BONDS – Debt Service Revenue Fund Policy," and with respect to the Underwriters set forth in the section of the Official Statement entitled "UNDERWRITING," as to which no representation is made, the Preliminary Official Statement as of its date, and the Final Official Statement as of its date, and at all times subsequent to the

date hereof until the date of and as of the Closing, does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(i) Except as disclosed in the Final Official Statement, no action or proceeding, at law or in equity, or inquiry, hearing or investigation, before or by any court, public or governmental board, agency or body is pending against the Authority or, to the best of the knowledge of the Authority, threatened against the Authority, which in any way contests the corporate existence or powers of the Authority or the titles of its officers signatory hereto to their respective offices, or seeks to restrain or to enjoin the issuance or delivery of the 2009 Bonds or seeks to restrain or enjoin the collection or pledge of revenues of the Authority, including the Pledged Revenues, or the application thereof to the payment of the principal of, redemption premium, if any, or interest on the 2009 Bonds or as otherwise provided in each of the Bond Documents to which it is a party, or which in any way contests the validity of the 2009 Bonds, the Act, this Purchase Contract, any of the Bond Documents to which it is a party or either of the Ordinances or the authority or the power of any party to such documents to execute or perform their obligations thereunder, or any transaction contemplated by the Official Statement, or wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition of the Authority, the transactions contemplated by this Purchase Contract, the Act, any of the Bond Documents to which it is a party and the Official Statement or the tax-exempt status of the Authority or the 2009 Bonds or would have an adverse effect on the validity or enforceability of the 2009 Bonds, the Resolution, the Indenture, any of the other Bond Documents to which it is a party, either of the Ordinances or any other material agreement or instrument by which the Authority is or may be bound. The 2009 Bonds are not subject to acceleration upon the occurrence of an Event of Default (as described in the Indenture).

(j) During the 5-year period preceding the date hereof the Authority has complied in all material respects with all provisions of any continuing disclosure agreement to which it is or was a party.

7. Covenants of the Authority. The Authority agrees and covenants with each of the Underwriters that:

(a) Between the date of this Purchase Contract and the Closing, the Authority will not, without prior written consent of the Representative, offer or issue any bonds, notes or other obligations for borrowed money payable from the revenues of, or otherwise relating to, the Authority, except borrowings in the ordinary course of business which do not materially affect the accuracy of the information contained in the Final Official Statement and remarketings in the secondary market of variable rate demand bonds previously issued by the Authority.

(b) The Authority will furnish such information, execute such instruments and take such other action, in cooperation with the Representative, as the Representative may reasonably request, to qualify the 2009 Bonds for offer and sale under the securities or "blue sky" laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and will cooperate with the Representative to continue to maintain such qualifications in effect so long as required for the distribution of the 2009 Bonds until the

time of Closing; provided that the Authority shall not be obligated to take any action that would subject it to service of process in any such jurisdiction or to pay any fees for such qualification.

(c) If between the date of this Purchase Contact and the date of the Closing an event occurs which is not disclosed in the Final Official Statement, or an event contemplated by the Final Official Statement fails to occur, which occurrence or failure would cause the Final Official Statement, as then supplemented or amended, to contain any untrue statement of material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Authority shall notify the Representative immediately after it becomes aware thereof and, if in the opinion of the Representative such occurrence or failure requires a supplement or amendment to the Final Official Statement, the Authority will supplement or amend the Final Official Statement in a manner jointly approved by the Representative and the Authority and furnish the Underwriters with a reasonable number of copies of the Final Official Statement as so supplemented or amended. The Authority will pay for the printing and distribution of the Final Official Statement as so amended and supplemented.

(d) The Authority will notify the Representative, to the extent not disclosed in the Final Official Statement, of any material adverse change in the business, properties, financial condition or results of operation of the Authority and (to the extent known by the Authority) the City occurring before the Closing or within 25 days after the end of the underwriting period for the 2009 Bonds (within the meaning of Rule 15c2-12). The Authority may presume for purposes of this Section 7 (d) that the underwriting period of the 2009 Bonds will end on the date of the Closing unless the Authority is otherwise notified in writing at the Closing by the Representative. The Representative agrees to file a copy of the Final Official Statement with a nationally recognized municipal securities information repository (a "Repository") promptly after the Closing and to notify the Authority in writing of the date of such filing and the name of the Repository. The Representative agrees, at the Authority's cost and expense, promptly to file any amendments or supplements to the Final Official Statement with the same Repository and to notify the Authority in writing of such filings and the dates thereof. If in the opinion of the Representative such change requires a supplement or amendment to the Final Official Statement, the Authority will cause the Final Official Statement to be supplemented or amended in a form and in a manner jointly approved by the Authority and the Representative and furnish the Underwriters with a reasonable number of copies of the Final Official Statement as so supplemented or amended. The Authority will pay for the printing and distribution of the Final Official Statement as so amended and supplemented.

(e) The Authority covenants that between the date hereof and the Closing, it will take no actions which would cause the representations and warranties made in Section 6 hereof to be untrue as of the Closing.

(f) The Authority will apply the proceeds from the sale of the 2009 Bonds as set forth in the Indenture and as described in the Official Statement.

8. Closing. The Closing shall occur at the offices of Ballard Spahr Andrews & Ingersoll, LLP, Philadelphia, Pennsylvania, or such other place as shall have been mutually agreed upon by the Authority and the Representative, at 9:00 A.M., Philadelphia time, June 15,

2009 or at such earlier or later time or on such earlier or later date as the Authority and the Representative may mutually determine. At the Closing, the Authority will deliver, or cause to be delivered, to the Representative the 2009 Bonds, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Representative on behalf of the Underwriters, will accept such delivery and pay the Purchase Price in immediately available Federal Funds to the order of the Trustee for the account of the Authority. The opinion of Ballard Spahr Andrews & Ingersoll, LLP, Bond Counsel, substantially in the form appended as Appendix D to the Official Statement, shall be printed on, or attached to, the 2009 Bonds.

Prior to the Closing, the 2009 Bonds, duly executed and authenticated, shall have been delivered as indicated herein. The 2009 Bonds, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as a securities depository for the 2009 Bonds. Purchases of beneficial ownership interests in the 2009 Bonds will be made in book-entry-only form. So long as DTC or its nominee, Cede & Co., is the registered owner, principal of, redemption premium, if any, and interest on, the 2009 Bonds is payable directly to Cede & Co., for redistribution to DTC participants and, in turn, to the beneficial owners as described in the Official Statement. Purchasers of 2009 Bonds will not receive physical delivery of certificates representing their ownership interests in the 2009 Bonds purchased. The 2009 Bonds will be made available to the Representative in Philadelphia, Pennsylvania, one Business Day prior to the Closing, for checking at a place to be designated mutually by the Representative and the Authority. After execution by the Authority, authentication by the Trustee and checking, the 2009 Bonds shall be transferred to and held in safe custody by DTC. In lieu of the foregoing, the 2009 Bonds shall be held in safe custody by the Trustee or any authorized agent of the Trustee as custodian for DTC.

9. Closing Conditions. The Representative has entered into this Purchase Contract in reliance upon the respective representations and warranties of the Authority contained herein and of the City contained in the Letter of Representations, dated the date hereof (the "Letter of Representations"), the form of which is attached hereto as Exhibit A, and upon performance by the Authority and the City of their respective obligations hereunder and thereunder, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriters' obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the 2009 Bonds shall be subject to (i) the performance, at or prior to the Closing, by the Authority and the City of their respective obligations to be performed hereunder, under the Letter of Representations and under such documents and instruments to be delivered at or prior to Closing and (ii) satisfaction of the following conditions:

(a) The representations and warranties of the Authority contained herein and of the City contained in the Letter of Representations shall be true, complete and correct in all material respects at the time of acceptance of this Purchase Contract and at the time of Closing, as if made on the date thereof.

(b) At the time of the Closing (i) the Act, the Resolution, this Purchase Contract, the 2009 Bonds, each of the Bond Documents and each of the Ordinances shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been approved in writing by the Representative, and the Authority and the City shall have duly adopted and there shall be in full force and effect any and all additional ordinances,

resolutions or agreements as shall, in reasonable opinion of Bond Counsel, be necessary in connection with the transactions contemplated hereby, (ii) the Authority and the City shall perform or have performed all of their respective obligations required under or specified in this Purchase Contract, the Letter of Representations, or any of the Bond Documents, and as described in the Final Official Statement to be performed at or prior to Closing, (iii) the proceeds of the sale of the 2009 Bonds shall be initially applied as described in and as otherwise permitted by the Indenture, and in the Final Official Statement, and (iv) the Final Official Statement shall have been executed and delivered by the Issuer at or prior to the Closing in sufficient time to permit the Representative to comply with its obligations under Rule 15c2-12.

(c) At the date of Closing there shall not be any default by the Authority or the City with respect to any of their respective obligations, which default materially and adversely affects (i) the ability of the Authority to pay the debt service on the 2009 Bonds and/or (ii) the financial condition or operations of the City.

(d) The Representative shall have the right to terminate, without liability therefor, the Underwriters' obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the 2009 Bonds by notifying the Authority of its election to do so if, after the execution hereof and at or prior to Closing: (i) the Constitution of the United States or the Commonwealth shall have been amended, or legislation shall have been introduced in or enacted by the Congress of the United States or introduced in or enacted by the House of Representatives or the Senate of the Commonwealth, or legislation pending in the Congress of the United States or the House of Representatives or the Senate of the Commonwealth, or a decision shall have been rendered by a court of the United States or of the Commonwealth, including the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or other form of official notice or statement shall have been proposed or made or other form of official notice or statement shall have been issued by the Treasury Department of the United States or the Internal Revenue Service or other Federal or Pennsylvania agency, with respect to Federal or Pennsylvania taxation upon revenues or other income of the general character to be derived by the Authority or by any similar body, or upon interest on obligations of the general character of the 2009 Bonds, which would have the effect of changing, directly or indirectly, the Federal or Pennsylvania income tax consequences of interest on obligations of the general character of the 2009 Bonds in the hands of the holders thereof, or which affects materially and adversely the ability of the Underwriters to market the 2009 Bonds or the market price of the 2009 Bonds; (ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the 2009 Bonds is in violation of any provisions of the Securities Act of 1933, as amended, or any State "blue sky" or securities commission shall have withheld registration, exemption or clearance of the offering and, in the judgment of the Representative, the market for the 2009 Bonds is materially adversely affected thereby; (iii) legislation shall be enacted or a bill shall be favorably reported out of committee to either House of Congress, or a decision by a court having jurisdiction shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made which, in the opinion of counsel to the Underwriters, is to the effect that securities of the Authority or any similar public body of the general character of the 2009 Bonds are not exempt from the

registration requirements of the Securities Act of 1933, as amended, or that the Indenture is required to be qualified under the Trust Indenture Act of 1939, as amended; (iv) there shall have occurred unforeseen hostilities or other unforeseen national or international calamity or crisis, the effect of such hostilities, calamity or crisis on the financial markets of the United States being such in the judgment of the Representative as to materially adversely affect the marketability of the 2009 Bonds at the contemplated offering prices thereof or to enforce contracts for the sale of the 2009 Bonds; (v) there shall have occurred and be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange whether by virtue of a determination of that Exchange or by order of any governmental authority having jurisdiction; (vi) a general banking moratorium by the United States, New York or Pennsylvania authorities having jurisdiction shall have been declared or be in force; (vii) any rating of the 2009 Bonds shall have been downgraded or withdrawn or suspended by Moody's Investors Service, Inc., Standard & Poor's Corporation or Fitch Ratings and such action in the judgment of the Representative would affect materially and adversely the ability of the Underwriters to market the 2009 Bonds at the contemplated offering prices or otherwise makes it impracticable or inadvisable to proceed with the offering or delivery of the 2009 Bonds as contemplated by the Official Statement; (viii) a supplement or amendment shall have been made to the Final Official Statement subsequent to the date hereof which, in the judgment of the Representative, materially and adversely affects the marketability of the 2009 Bonds or the market price thereof; (ix) there shall exist any event which, in the judgment of the Representative either (A) makes untrue, incorrect or incomplete information contained in the Final Official Statement or (B) is a material fact omitted from the Final Official Statement but is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and, if the Final Official Statement were amended or supplemented to reflect such event, the condition described in clause (viii) of this section would occur; or (x) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order.

(e) At or prior to Closing the Representative shall have received executed originals or counterparts of each of the following documents:

(i) the Final Official Statement, executed on behalf of the Authority by its Chairperson or Vice Chairperson, and each supplement or amendment thereto;

(ii) the Bond Documents, each signed by the applicable parties thereto, together with certificate of the Chairperson or Vice Chairperson of the Authority, dated the date of the Closing, to the effect that, with respect to Bond Documents to which the Authority is a party and which have been executed and delivered and are effective prior to the date of Closing, such Bond Documents are currently in full force and effect, that no default on the part of the Authority has occurred thereunder and that no event has occurred which, with notice or upon lapse of time, or both, would constitute such default;

(iii) the Plan (A) signed by the Mayor of the City and being in full force and effect as of the date of Closing and (B) certified by the Chairperson or Vice Chairperson of the Authority as having been duly approved by the Authority pursuant to due authority and as being in full force and effect as of the date of Closing;

(iv) the Ordinances, each Ordinance having been signed by the Mayor of the City, certified by the Clerk of City Council as having been duly adopted by City Council pursuant to due authority, as being in full force and effect as of the date of Closing and as not having been amended or supplemented since the respective dates of their enactment or adoption;

(v) an opinion, dated the date of the Closing, of Bond Counsel, substantially in the form set forth in the Final Official Statement and appended thereto as Appendix D, and a letter of such Bond Counsel, dated the date of Closing and addressed to the Representative on behalf of the Underwriters to the effect that such opinion delivered to the Authority may be relied upon by such parties to the same extent as if such opinion were addressed to them;

(vi) a supplemental legal opinion of Bond Counsel, dated the date of Closing and addressed to the Representative on behalf of the Underwriters, with respect to certain supplemental matters and substantially in the form set forth in Exhibit B attached hereto;

(vii) an opinion, dated the date of Closing and addressed to the Representative on behalf of the Underwriters, of Cozen O'Connor, Counsel for the Underwriters, to the effect that based upon their participation in the preparation of the Final Official Statement as Counsel to the Underwriters and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Final Official Statement, nothing has come to their attention, in connection with their engagement in respect of the issuance of the 2009 Bonds, which would lead them to believe that, as of the date of Closing, the Final Official Statement (except for the financial and statistical data and projections included therein, any other information in the Official Statement concerning the City, DTC and Financial Guaranty Insurance Company (or any of its affiliates) or any other bond insurance company, as to which no view is expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(viii) a certificate dated the date of Closing and signed by the Director of Finance of the City, in form and substance satisfactory to Bond Counsel, the Authority and the Representative, to the extent that: (A) to the best of his knowledge the representations and warranties of the City in the Letter of Representations are true and correct in all material respects; (B) the information concerning the City contained in the Official Statement does not include any untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (C) there has been no material adverse change in the financial condition of the City since the date of the Final Official Statement which has not been disclosed in the Official Statement;

(ix) the Tax Compliance Certificate, dated the date of Closing (the “Tax Compliance Certificate”) and signed on behalf of the Authority by an authorized officer of the Authority, and the Certifications of the City with respect to the Tax Compliance Certificate (the “City Tax Certifications”) and signed on behalf of the City by the Director of Finance for the City, in form and substance satisfactory to the Representative and Bond Counsel, which documents, among other things set forth facts, estimates and circumstances in existence on the date of Closing sufficient to support the conclusion that it is not expected that the proceeds of the 2009 Bonds will be used in a manner that would cause the 2009 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations, temporary regulations and proposed regulations promulgated under such Section;

(x) a certificate dated the date of the Closing and signed by the Chairperson or Vice Chairperson and Secretary or Assistant Secretary of the Authority, in form and substance satisfactory to the Representative, in which such officers shall state that, to the best of their knowledge after reasonable investigation: (A) the Resolution is in full force and effect as of the date of Closing and has not been amended or supplemented since the date of its adoption, (B) the representations and warranties of the Authority contained in this Purchase Contract are true and correct as of the Closing, (C) the Official Statement, except for information furnished by, or with respect to the City set forth in the sections of the Official Statement entitled “INTRODUCTION - Financial Condition of the City,” “ANNUAL COLLECTION OF THE CITY TAX AND THE AUTHORITY TAX,” “THE AUTHORITY – Operating History,” and in Appendix B of the Official Statement, with respect to the Underwriters set forth in the section of the Official Statement entitled “UNDERWRITING,” with respect to FGIC, any of its affiliates or any other bond insurance company set forth in the section of the Official Statement entitled “SOURCES OF PAYMENT AND SECURITY FOR THE 2009 BONDS – Debt Service Revenue Fund Policy” and with respect to DTC set forth in the sections of Official Statement entitled “THE 2009 BONDS – Book Entry-Only System” and “-Discontinuation of Book-Entry Only System,” as to which no representation need be expressed, does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (D) no litigation is pending against the Authority (i) to restrain or enjoin the issuance or delivery of any of the 2009 Bonds or the pledge or collection of revenues pledged under the Indenture, (ii) in any way contesting or affecting any authority for issuance of the 2009 Bonds, the Bond Documents or this Purchase Contract, or the validity of the Resolution or (iii) in any way contesting the existence or powers of the Authority, (E) except as may have been disclosed to the Representative, no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used, or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading and (F) the Authority has complied with all agreements, and satisfied all conditions, on its part to be performed or satisfied at or prior to the issuance and sale of the 2009 Bonds;

(xi) an opinion of Reed Smith LLP, Counsel to the Authority, dated the date of Closing and addressed to the Representative on behalf of the Underwriters substantially in the form set forth in Exhibit C attached hereto;

(xii) an opinion of the Office of the City Solicitor, dated the date of Closing and addressed to the Representative on behalf of the Underwriters, substantially in the form set forth in Exhibit D attached hereto;

(xiii) an opinion of Blank Rome LLP, Special Counsel to the City, dated the date of Closing and addressed to the Representative on behalf of the Underwriters, substantially in the form set forth in Exhibit E attached hereto;

(xiv) a signed copy of the Tax Collection Agreement, together with a certificate of the Revenue Commissioner of the City and the City Solicitor, dated the date of the Closing, to the effect that such copy is a true and complete copy of such agreement, that such agreement is currently in full force and effect, that no default on the part of the City has occurred thereunder and that no event has occurred which, with notice or upon lapse of time, or both, would constitute such default;

(xv) copies of letters from each of Moody's Investors Service, Inc., Standard & Poor's Corporation and Fitch Ratings assigning the 2009 Bonds ratings of "Aa3", "AA" and "AA", respectively, and evidence satisfactory to the Representative that such ratings remain in effect and have not been suspended, withdrawn or downgraded as of the date of Closing;

(xvi) a letter from Isdaner & Company addressed to the Authority, consenting to the inclusion of their report on the audited financial statements of the Authority in Appendix A of the Official Statement;

(xvii) a certificate satisfying the requirements of Section 2.11(f) of the Original Indenture, including, if required, the verification of an independent certified public accountant, and bond insurer consent;

(xviii) a copy of Form 8038-G executed and completed for filing with the Internal Revenue Service in respect of the 2009 Bonds and evidence of the timely filing thereof;

(xix) an opinion of Dilworth Paxson LLP counsel to the Trustee, in form and substance satisfactory to the Representative and Underwriters' Counsel; and

(xx) such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request.

Except as otherwise expressly provided in this Purchase Contract, all of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Representative.

If the Authority shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the 2009 Bonds contained in this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the Authority shall be under further obligations hereunder, except that the respective obligations of the Authority and the Underwriters set forth in Section 11 hereof shall continue in full force and

effect. However, the Representative may, in its discretion, waive one or more of the conditions imposed by this Purchase Contract for the protection of the Underwriters and proceed with the Closing.

10. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements of the Authority and the Underwriters contained herein or delivered or made in connection herewith, and the representations, warranties and agreements of the City contained in the Letter of Representations, shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriters, the Authority or the City, and shall survive delivery of and payment for the 2009 Bonds hereunder.

11. Expenses. As between the Underwriters and the Authority, the Authority shall pay, or, in the case of the Underwriters, reimburse, all expenses and costs to effect the authorization, preparation, issuance, delivery and sale of the 2009 Bonds (including, without limitation, the fees and expenses of counsel to the Authority, the fees and expenses of the Authority, the fees and expenses of Bond Counsel, the Trustee's fees, including, without limitation, the fees and expenses of the Trustee's counsel, the fees and expenses of the City's advisors and counsel, the rating agencies' fees, swap advisory fees, and the expenses and costs (including reasonable attorneys' fees and expenses) for the preparation, advertising, printing, photocopying, execution and delivery of the 2009 Bonds, the Official Statement, each of the Bond Documents, this Purchase Contract, any "blue sky" memoranda, and all other agreements and documents contemplated hereby) except as otherwise set forth in the succeeding paragraph.

The Representative will pay its own costs and expenses (including without limitation the fees and expenses of Underwriters' counsel, state securities filing fees, and CUSIP fees) relating to the purchase and sale of the 2009 Bonds and issuance costs as directed by the Authority.

12. Parties in Interest. This Purchase Contract shall inure to the benefit of the Underwriters and the Authority and their respective successors and assigns. Nothing in this Purchase Contract is intended or shall be construed to give any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect to this Purchase Contract or any claim under or in respect to this Purchase Contract or any provisions herein contained. The terms "successors" and "assigns" as used herein shall not include any purchaser, as such purchaser, of any of the 2009 Bonds from the Underwriters.

13. Notices. Any notice or other communication to be given to the Authority under this Purchase Contract may be given by delivering the same in writing personally or by certified mail to the Authority, 1500 Walnut Street, Suite 1600, Philadelphia, Pennsylvania 19102, Attention: Executive Director, and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing personally or by certified mail to Francisco Gonzalez, Managing Director, Goldman, Sachs & Co., 85 Broad Street, New York, New York 10005. A copy of any such notice or other communication shall be given to the City by the sending party by delivering the same, in writing, personally or by certified mail to the City Solicitor's Office, 15th and Arch Streets, Philadelphia, Pennsylvania 19103, Attention: City Solicitor.

14. Miscellaneous.

(a) This Purchase Contract may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document, and shall become effective upon the execution of the acceptance hereof.

(b) The terms and provisions of this Purchase Contract shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

(c) Time is of the essence in the performance of the provisions of this Purchase Contract.

(d) No member of the governing board of the Authority and no officer or employee of the Authority shall be liable personally under or with respect to this Purchase Contract or any document, instrument, agreement or certificate referred to herein or otherwise delivered in connection with the issuance and sale of the 2009 Bonds. Nothing in this Purchase Contract shall be deemed to constitute a waiver by the Authority of any rights of sovereign immunity it may have pursuant to the Act.

Very truly yours,

GOLDMAN, SACHS & CO.,
as Representative of Underwriters

By: Francisco Gonzalez
Managing Director

Accepted 2:15 p.m. local time on
June 10, 2009

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____
James Eisenhower
Chairperson

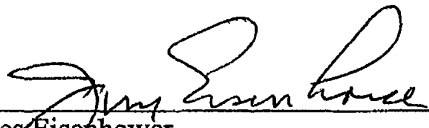
Very truly yours,

GOLDMAN, SACHS & CO.,
as Representative of Underwriters

Accepted 2:15 p.m. local time on
June 10, 2009

By: _____
Francisco Gonzalez
Managing Director

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: 
James Eisenhower
Chairperson

SCHEDULE 1
UNDERWRITERS

Representative:

Goldman, Sachs & Co.

Other Underwriters:

Morgan Stanley & Co. Incorporated

RBC Capital Markets Corporation

SCHEDULE 2

BOND MATURITY, AMOUNT, INTEREST RATE, PRICE AND YIELD SCHEDULE

<u>DUE JUNE 15</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>PRICE</u>	<u>YIELD</u>
2010	\$27,940,000	2.000%	101.625	0.370%
2011	765,000	2.500	101.764	1.600
2011	24,075,000	5.000	106.666	1.600
2012	925,000	3.000	102.603	2.100
2012	25,120,000	5.000	108.389	2.100
2013	890,000	3.000	101.700	2.550
2013	26,430,000	5.000	109.260	2.550
2014	4,395,000	4.000	105.133	2.890
2014	24,250,000	5.000	109.757	2.890
2015	375,000	4.000	104.558	3.160
2015	29,640,000	5.000	109.985	3.160
2016	31,485,000	5.000	109.631	3.440
2017	33,040,000	5.000	109.293	3.650
2018	900,000	4.000	101.131	3.850
2018	24,665,000	5.000	108.677	3.850
2019	18,110,000	5.000	108.004	4.020
2020	19,020,000	5.000	107.153*	4.120*
2021	1,965,000	4.000	98.129	4.200
2021	18,000,000	5.000	106.477*	4.200*
2022	20,945,000	5.000	105.891*	4.270*
2023	1,800,000	4.250	98.856	4.360
2023	20,190,000	5.000	105.142*	4.360*

* Price/Yield to first call date of June 15, 2019

Optimal Redemption

The 2009 Bonds due on or prior to June 15, 2019 are not subject to optional redemption prior to maturity. The 2009 Bonds due on or after June 15, 2020 are subject to option redemption on or after June 15, 2019 in whole or in part at any time, and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount thereof, plus accrued interest to the redemption date.

EXHIBIT A
FORM OF LETTER OF REPRESENTATIONS

June 10, 2009

Pennsylvania Intergovernmental Cooperation
Authority
1500 Walnut Street, Suite 1600
Philadelphia, PA 19102

Goldman, Sachs & Co., as Representative
of the Underwriters
85 Broad Street
New York, NY 10005

Ladies and Gentlemen:

Pursuant to the Bond Purchase Contract (the "Purchase Contract") between the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") and Goldman, Sachs & Co. (the "Representative"), as Representative of the Underwriters named therein, the Authority has agreed, inter alia, to sell to the Underwriters \$354,925,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009 (the "2009 Bonds") and the Underwriters have agreed to purchase said 2009 Bonds upon the terms and conditions set forth in the Purchase Contract. Unless otherwise defined herein, the terms defined in the Purchase Contract are used herein with the same meanings. This Letter of Representations is delivered to you pursuant to the Purchase Contract.

As of the date hereof, the undersigned, on behalf of the City, hereby represents and warrants to and agrees with each of you as follows:

1. The terms of the Purchase Contract are hereby approved, without waiving any of the City's rights due to provisions of paragraph 12 thereof;
2. The City has duly and validly authorized and approved the execution and delivery of the Cooperation Agreement, the Tax Collection Agreement and the City Tax Certifications, and the performance by the City of its obligations, covenants and agreements contained therein;
3. The City has duly and validly acknowledged and approved the City Account Deposit Agreement;
4. The City has duly and validly executed and delivered, and has, and at the date of Closing will have, full legal right, power and authority to perform its obligations under the Cooperation Agreement and the Tax Collection Agreement; and the City has, and at the date of Closing will have, full legal right, power and authority to perform its obligations under the City Tax Certifications;

5. The Tax Ordinance and the Cooperation Ordinance have been duly and validly enacted or adopted, as applicable, by City Council and the Tax Ordinance and the Cooperation Ordinance have been approved by the Mayor, all pursuant to authority granted in the Act and in accordance with the Constitution of the Commonwealth and the Philadelphia Home Rule Charter;

6. All action taken by City Council, the Mayor and other authorized City officials in connection with the enactment of the Tax Ordinance and the Cooperation Ordinance, including, without limitation, publication, convening and conduct of the public meetings at which public hearings were held and action was taken, were in compliance with the Philadelphia Home Rule Charter and Act 1998-93 of the General Assembly of the Commonwealth, approved October 15, 1998 (or, in the case of any action taken prior to the effective date thereof, the Act approved July 3, 1986, No. 84, P.L. 388, as amended). The Tax Ordinance and the Cooperation Ordinance are in full force and effect as of the date hereof and have not been amended since the respective dates of their enactment and adoption.

7. As provided in the Act, the proceeds of the Authority Tax as of the date hereof are, and at all times subsequent to the date hereof and as of and after the Closing will be, the revenues and property of the Authority, are not property or revenues of the Commonwealth or the City and are not subject to appropriation by either the Commonwealth or the City;

8. Except as otherwise disclosed in the Official Statement, the City is not, to the best of the City's knowledge in any material respect, in breach of or default under the City's Home Rule Charter or the Code of General Ordinances, or any applicable law or administrative regulation of the Commonwealth or the United States, or any applicable judgment, decree or loan agreement, note, resolution, ordinance, agreement or other instrument to which the City is a party or by which it is otherwise bound, the consequence of which or the correction of which would materially and adversely affect the financial condition or operations of the City as a whole;

9. The execution and delivery of the Cooperation Agreement and the Tax Collection Agreement by the City and compliance with the provisions thereof did not, do not and will not constitute a breach of or default under the City's Home Rule Charter or the Code of General Ordinances, or any existing applicable law or administrative regulation or the Constitution of the Commonwealth or the United States or any applicable judgment or decree and did not and do not, to the best of the City's knowledge, in any material respect constitute a default under any loan agreement, note, resolution, ordinance, agreement or other instrument to which the City is a party or by which it is otherwise bound;

10. The execution and delivery of the City Tax Certifications by the City and compliance with the provisions thereof do not and will not constitute a breach of or default under the City's Home Rule Charter or the Code of General Ordinances, or any applicable law or administrative regulation or the Constitution of the Commonwealth or the United States or any existing applicable judgment or decree and do not, to the best of the City's knowledge, in any material respect constitute a default under any loan agreement, note, resolution, ordinance, agreement, or other instrument to which the City is a party or by which it is otherwise bound;

11. The acknowledgment and approval of the City Account Deposit Agreement by the City do not and will not constitute a breach of or default under the City's Home Rule Charter or the Code of General Ordinances, or any applicable law or administrative regulation or the Constitution of the Commonwealth or the United States or any applicable judgment or decree;

12. The information concerning the City contained in the Official Statement, including, without limitation, the financial information concerning the City, is correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect, and the City has consented to the use of such information in the Official Statement;

13. The City will notify the Representative and the Authority, to the extent not disclosed in the Final Official Statement, of any material adverse change in the business, properties, financial condition or results of operation of the City as a whole occurring before the Closing or within 25 days after the end of the underwriting period for the 2009 Bonds (within the meaning of Rule 15c2-12). The City may presume for purposes of this section that the underwriting period of the 2009 Bonds will end on the date of Closing unless the City is otherwise notified in writing at the Closing by the Representative;

14. The City agrees that between the date hereof and the date of Closing it will take no action which will cause the representations and warranties contained herein to be untrue at any time from the date hereof up to and including the date of Closing; and

15. Based solely on the information provided to me by the Law Department of the City of Philadelphia (the "Department") after inquiry within the Department, except for litigation which in the opinion of the Department is without merit, and except as disclosed in the Official Statement, no litigation or other legal proceeding is pending against the City or, to the best of the Department's knowledge, threatened in writing against the City (i) to restrain or enjoin the issuance or sale of the 2009 Bonds or the City's execution or delivery of, or performance under, the Cooperation Agreement, the Tax Collection Agreement or the City Tax Certifications, or in any way contesting any authority for or the validity or enforceability of the 2009 Bonds, the Act, the Ordinances, the Cooperation Agreement, the Tax Collection Agreement, the City Tax Certifications, the City Account Deposit Agreement or the Indenture, or (ii) in which a final adverse decision can reasonably be anticipated in a magnitude or scope which would materially and adversely affect the financial condition or operations of the City as a whole, or (iii), contesting in any way the completeness or accuracy of the information concerning the City in the Official Statement or (iv) contesting in any way the validity or enforceability of the City's obligations under the Cooperation Agreement or the Tax Collection Agreement, the powers of the City or the validity, collection or pledge of the Authority Tax or (v) in any way challenging the right of the Director of Finance or any other official of the City signatory to any of the Bond Documents to which the City is a party or referred to in the Purchase Contract or herein to hold his or her office, or the respective powers of such offices.

This Letter of Representations is made solely for the benefit of the addressees hereof and the signatories hereto (including the successors and assigns of the Underwriters) and no other persons shall acquire or have any right hereunder or by virtue hereof. The terms "successors" and "assigns" as used herein shall not include any purchaser, as such purchaser, of any of the 2009 Bonds from the Underwriters. All representations, warranties and agreements in this Letter of Representations shall remain operative and survive the execution hereof.

Very truly yours,

CITY OF PHILADELPHIA

By: _____
Director of Finance

Acknowledged and accepted June 10, 2009

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____

(Vice) Chairperson

GOLDMAN, SACHS & CO.

By: _____

Francisco Gonzalez
Managing Director

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

June 15, 2009

Goldman, Sachs & Co., as Representative
of the Underwriters
85 Broad Street
New York, NY 10005

Re: Pennsylvania Intergovernmental Cooperation
Authority Special Tax Revenue Refunding Bonds (City of Philadelphia
Funding Program), Series of 2009

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of \$354,925,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009 (the "2009 Bonds") pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L. 9, No. 6), as amended (the "Act"), and an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "1994 Indenture"), between the Authority and U.S. Bank National Association, as successor trustee, as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996 (the "First Supplemental Indenture"), by a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999 (the "Second Supplemental Indenture"), by a Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003 (the "Third Supplemental Indenture"), by a Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006 (the "Fourth Supplemental Indenture"), by a Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 (the "Fifth Supplemental Indenture"), and by a Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 (the "Sixth Supplemental Indenture" and, together with the 1994 Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture and the Fifth Supplemental Indenture, the "Indenture"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Sixth Supplemental Indenture.

This opinion is being delivered pursuant to subparagraph 9(e)(vi) of the Bond Purchase Contract (the "Purchase Contract") dated June 10, 2009 between Goldman, Sachs & Co., as Representative of the Underwriters named therein and the Authority for the purchase of the 2009 Bonds. In giving this opinion, we have examined such federal and Pennsylvania statutes, such resolutions of the Authority and proceedings relating thereto, and such certifications, agreements

and other documents, including the Indenture, specimens of the 2009 Bonds and the Official Statement dated June 10, 2009 relating to the 2009 Bonds (the "Official Statement"), as we have deemed necessary to enable us to render the opinion set forth below. On the basis of the foregoing, we are of the opinion, under existing law, that:

1. Each of the Purchase Contract and the Disclosure Agreement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other party thereto, is a legal, valid and binding agreement of the Authority enforceable in accordance with its terms, except as enforceability may be limited by (i) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws or equitable principles relating to or affecting creditors' rights and remedies or debtors' obligations generally, (ii) general principles of equity and the exercise of judicial discretion, whether considered and applied in a court of law or equity, and (iii) the judicial imposition of an implied covenant of good faith and fair dealing, public policy or the discretion of any court as to the enforcement of remedies, and (iv) generally applicable rules of law that afford judicial discretion regarding the determination of damages and entitlement to attorneys' fees and other costs and except that no opinion is given regarding the enforceability of any indemnification provision, but in our opinion, none of the foregoing would materially impair the practical realization of the benefits intended to be provided to the other parties pursuant to such agreements.

2. The Official Statement has been duly approved, executed and delivered by the Authority.

3. The statements contained in the Official Statement in the sections captioned "INTRODUCTION" (but only the subsections captioned "Authorization to Issue the 2009 Bonds", "Description of the 2009 Bonds", "Sources of Payment and Security for the 2009 Bonds" and "Additional Bonds"), "PLAN OF FINANCE – General," "THE 2009 BONDS" (excluding the information under the subsections captioned "Book-Entry-Only System") and "SOURCES OF PAYMENT AND SECURITY FOR THE 2009 Bonds" (only the subsections captioned "General", the fourth through seventh paragraphs under the Subsection captioned "Authority Tax", the subsection captioned "Debt Service Reserve Fund", the subsection captioned "Additional Bonds", the subsection captioned "Certain Remedies of Bondholders" and the subsection captioned "Limitation of Remedies"), "LEGAL INVESTMENT", and in Appendix C - "DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE", insofar as such statements summarize provisions of the Act, the Indenture and the 2009 Bonds, are reasonable summaries of such provisions. The statements contained in the Official Statement in the section captioned "TAX MATTERS" accurately reflect our opinions as to such matters.

4. The 2009 Bonds are not required to be registered under the Securities Act of 1933, as amended, and the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in laws which may hereafter occur.

This opinion is delivered to you solely for the benefit of the Underwriters in connection with their purchase of the 2009 Bonds and may not be relied upon by the Underwriters for any other purpose or by any other person for any purpose without our express written consent.

Very truly yours,

EXHIBIT C

SUBSTANTIAL FORM OF OPINION OF AUTHORITY COUNSEL

[Closing Date]

Goldman, Sachs & Co., as Representative
of the Underwriters
85 Broad Street
New York, NY 10005

Ladies and Gentlemen:

We have acted as counsel to the Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic constituting a public authority and instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth") created pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), in connection with the issuance and sale by the Authority on this date of \$354,925,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009 (the "2009 Bonds"). Pursuant to the power and authority vested in it by virtue of the Act, and to carry out the public purposes of the Act, the Authority is issuing the 2009 Bonds under an Amended and Restated Indenture of Trust, dated as of December 1, 1994 (the "1994 Indenture"), between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust, dated as of May 15, 1996 (the "First Supplemental Indenture"), by a Second Supplement to the Amended and Restated Indenture of Trust, dated as of April 1, 1999 (the "Second Supplemental Indenture"), by the Third Supplement to the Amended and Restated Indenture of Trust, dated as of June 1, 2003 (the "Third Supplemental Indenture"), by the Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006 (the "Fourth Supplemental Indenture"), by the Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 (the "Fifth Supplemental Indenture"), and by the Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 (the "Sixth Supplemental Indenture" and, together with the 1994 Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, and the Fifth Supplemental Indenture, the "Indenture"), for the purpose of refunding certain outstanding bonds of the Authority, as more particularly described in the Indenture. The 2009 Bonds are secured under the Indenture by the Authority's pledge to the Trustee of, and the Authority's grant to the Trustee of a security interest in, the proceeds of a 1.5% tax (the "Authority Income Tax") on salaries, wages, commissions and other compensation earned by residents of the City of Philadelphia, Pennsylvania (the "City") and on net profits earned in business, professions and other activities conducted by residents of the City, which has been enacted by the City exclusively for the purposes of the Authority pursuant to Section 601(a)(3) of the Act and pursuant to an ordinance (Bill No. 1437) of the City Council of the City, approved by the Mayor of the City on June 12, 1991 (the "Authority Income Tax Ordinance").

Pursuant to a Bond Purchase Contract dated June 10, 2009 (the "Bond Purchase Contract") between the Authority and Goldman, Sachs & Co., as Representative of the Underwriters named therein (the "Underwriters"), the Authority is selling the 2009 Bonds to the Underwriters for offering by the Underwriters to the public. In connection with such public offering of the 2009 Bonds, the Authority has prepared an Official Statement, dated June 10, 2009 (the "Official Statement"), relating to the 2009 Bonds.

As contemplated by the Act, the Authority and the City have heretofore entered into an Intergovernmental Cooperation Agreement dated as of January 8, 1992 (the "Intergovernmental Cooperation Agreement").

In connection with the issuance of the 2009 Bonds, the Authority has executed and delivered a Tax Compliance Certificate dated June 15, 2009 (the "Tax Compliance Certificate"); and the Authority has entered into a Continuing Disclosure Agreement dated as of June 15, 2009 (the "Disclosure Agreement")

For the purpose of rendering this opinion letter, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Indenture, the Bond Purchase Contract, the Intergovernmental Cooperation Agreement, the Official Statement, the Authority Income Tax Ordinance, the Tax Compliance Certificate, the Disclosure Agreement, and such other instruments, documents, records and certificates, and have made such investigations as to matters of law, as we have deemed necessary and appropriate. We also have examined a specimen of the 2009 Bonds.

In rendering this opinion letter, we have assumed, with respect to all documents and instruments reviewed by us, the genuineness of all signatures (other than those of the Authority), the capacity of natural persons, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as copies. We have further assumed as follows:

A. We have assumed that each party to the documents specified in paragraph 5 below other than the Authority (each such other party being referred to as an "Other Party") is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has the lawful power and authority to enter into and perform its obligations under such documents; that such documents have been duly authorized, executed and delivered by each such Other Party; and that such documents constitute the legal, valid and binding obligation of each such Other Party, enforceable against each such Other Party in accordance with their respective terms. We have further assumed that the 2009 Bonds have been duly authenticated by the Trustee in accordance with the requirements of the Indenture.

B. We have assumed that the City has duly and validly enacted the Authority Income Tax pursuant to the Authority Income Tax Ordinance in compliance with all procedural requirements of the City's Home Rule Charter, the Philadelphia Code of Ordinances and other applicable law, rules or regulations. We have further assumed that the Authority Income Tax Ordinance has not been amended, modified or repealed in whole or in part and is in full force and effect on the date hereof. We have further assumed that the City has duly authorized, executed and delivered the Intergovernmental Cooperation Agreement.

C. We have assumed that each Bond Insurer (as defined in the Indenture) and each Credit Facility Issuer (as defined in the Indenture) is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and is duly licensed and authorized by all applicable regulatory bodies to issue the Bond Insurance Policy (as defined in the Indenture) or the Credit Facility (as defined in the Indenture) issued by such Bond Insurer or Credit Facility Issuer, as appropriate. We have further assumed that each Bond Insurance Policy has been duly authorized, executed and delivered by the relevant Bond Insurer and constitutes the legal, valid and binding obligation of such Bond Insurer, enforceable in accordance with its terms. We have further assumed that each Credit Facility has been duly authorized, executed and delivered by the relevant Credit Facility Issuer and constitutes the legal, valid and binding obligation of such Credit Facility Issuer, enforceable in accordance with its terms.

Based upon and subject to the foregoing, and subject to the further exceptions, qualifications and limitations hereinafter set forth, we are pleased to advise you that we are of the following opinions:

1. The Authority is a body corporate and politic, constituting a public authority and instrumentality of the Commonwealth, created pursuant to the Act.

2. The Authority has the power and the authority under the Act to enter into the Indenture and to issue the 2009 Bonds thereunder, and to enter into the Intergovernmental Cooperation Agreement, the Bond Purchase Contract, the Tax Compliance Certificate, and the Disclosure Agreement.

3. The Indenture, the 2009 Bonds, the Intergovernmental Cooperation Agreement, the Bond Purchase Contract, the Tax Compliance Certificate, and the Disclosure Agreement have each been duly authorized, executed and delivered by the Authority.

4. The Official Statement has been duly authorized and executed by the Authority.

5. The Indenture, the 2009 Bonds, the Intergovernmental Cooperation Agreement, the Bond Purchase Contract, the Tax Compliance Certificate, and the Disclosure Agreement are each legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms. We call to your attention, however, that the 2009 Bonds are not general obligations of the Authority but are limited obligations of the Authority, payable only out of the revenues from the Authority Income Tax and certain funds held by the Trustee under the Indenture, and that neither the credit nor the taxing power of the Commonwealth or any political subdivision (including the City) or agency thereof, other than the credit of the Authority to the limited extent described above, is pledged for the payment of the principal or redemption price of or interest on the 2009 Bonds. According to the Act, the 2009 Bonds do not constitute a debt or obligation of the Commonwealth or any political subdivision (including the City) or agency thereof. The Authority itself has no taxing power.

6. To our knowledge, except as disclosed in the Official Statement, there are no actions or proceedings pending, or overtly threatened in writing, against the Authority before any court, governmental agency or arbitrator, which seek to restrain or enjoin the issuance or delivery of the 2009 Bonds by the Authority or which in any way contest the validity or enforceability of

the 2009 Bonds, the Indenture, the Bond Purchase Contract, the Intergovernmental Cooperation Agreement, the Tax Compliance Certificate, the Disclosure Agreement or the pledge of the revenues from the Authority Income Tax under the Indenture.

7. As provided in the Act, the proceeds of the Authority Income Tax are at all times the revenues and property of the Authority, are not property or revenues of the City and are not subject to appropriation by either the Commonwealth or the City.

8. The Indenture creates a valid lien on, and a valid and binding security interest in, the Pledged Revenues (as defined in the Indenture) for the security of the 2009 Bonds.

Although we have not undertaken to determine independently the accuracy, completeness or fairness of the information contained in the Official Statement, nothing has come to our attention during the course of the performance of our duties as counsel to the Authority that would lead us to believe that the information contained in the Official Statement (except for the information contained in any of the Appendices to the Official Statement, any other information concerning the City, any information concerning Financial Guaranty Insurance Company (or any of its affiliates) or any other bond insurance company, any information under the headings "THE 2009 BONDS – Book-Entry-Only System", "TAX MATTERS" and "UNDERWRITING" and any financial or statistical data or projections contained or required to be contained in any portion of the Official Statement, as to which we express no opinion or belief) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

We express no opinion concerning the exempt status of interest on the 2009 Bonds under any Federal or state tax laws or regulations or concerning any other Federal or state tax law consequences of owning or disposing of the 2009 Bonds. We express no opinion concerning the status of the Indenture, the 2009 Bonds or the offering or sale of the 2009 Bonds under any registration or qualification requirements of the Federal or state securities laws or regulations. We express no opinion concerning the status of the 2009 Bonds as legal investments for any person or entity under any Federal or state laws or regulations. In addition, our opinions expressed herein are subject to, and limited by, (a) applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, liquidation or other similar laws affecting the rights and remedies of creditors and secured parties generally, (b) general principles of equity, public policy considerations, judicial discretion and general requirements of good faith, fair dealing and reasonableness (regardless of whether considered in a proceeding at law or in equity) and (c) in the particular case of indemnities or rights of contribution, the application of Federal or state securities or other laws, regulations or judicial decisions or public policy considerations which may limit the validity or enforceability thereof.

This opinion letter is limited to the present law of the Commonwealth and the present Federal law of the United States of America. This opinion letter is limited to the matters expressly stated herein, no opinion may be inferred or is implied beyond the matters expressly stated herein to be our opinion, and our opinions and other statements herein must be read in conjunction with the assumptions, limitations, exceptions and qualifications set forth in this letter.

The opinions and other statements herein are expressed as of the date hereof only, and not as of some future date. We undertake no responsibility to advise you of any change in law or any new laws, regulations, judicial decisions or other developments which may be promulgated or which may otherwise occur in the future. The phrase "to our knowledge" as used in this opinion letter means the conscious awareness, without independent investigation, of those attorneys in our firm who have devoted substantive attention to matters involving our representation of the Authority in this transaction.

This opinion letter is being rendered solely for your benefit in connection with the issuance of the 2009 Bonds by the Authority. You may not rely on this opinion letter for any other purpose and no other person or entity may rely on this opinion letter for any purpose. This opinion letter may not be referred to or quoted in whole or in part in any document, report or financial statement of, or filed with or delivered to, any person or entity, without the express written consent of the undersigned, but this opinion letter may be included as part of the transcript of closing documents relating to the 2009 Bonds.

Very truly yours,

EXHIBIT "D"

FORM OF OPINION OF THE CITY SOLICITOR

June 15, 2009

Goldman, Sachs & Co., as Representative
of the Underwriters
85 Broad Street
New York, NY 10005

Re: \$354,925,000 aggregate principal amount, Pennsylvania
Intergovernmental Cooperation Authority, Special Tax Revenue
Refunding Bonds (City of Philadelphia Funding Program), Series of 2009

Ladies and Gentlemen:

The Law Department (the "Department") of the City of Philadelphia, Pennsylvania (the "City") has acted on behalf of the City in matters relating to the issuance by the Pennsylvania Intergovernmental Cooperation Authority ("Authority") of its \$354,925,000 aggregate principal amount, Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009 (the "Bonds"). This opinion is being delivered to you pursuant to section 9(e)(xii) of the Bond Purchase Contract dated June 10, 2009, between the Authority and Goldman, Sachs & Co., as Representative of the Underwriters named therein (the "Purchase Contract"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Contract.

In rendering the opinions expressed below, the Department has examined such proceedings, documents, statutes, and ordinances as we have deemed necessary as the basis for the opinions hereinafter expressed, including:

- a. certified copies of the Cooperation Ordinance and the Tax Ordinance (together, the "Ordinances");
- b. a fully executed copy of the Letter of Representations;
- c. a fully executed copy of the Cooperation Agreement;
- d. a fully executed copy of the Tax Collection Agreement;
- e. a fully executed copy of the City Tax Certifications;
- f. the Official Statement, dated June 10, 2009, relating to the Bonds ("Official Statement").

As to certain factual matters material to the opinions hereinafter expressed, we have relied upon the representations and warranties contained in the Letter of Representations (except for those contained in paragraph 15 of such Letter) and in the Certificate of the Director of

Finance of even date herewith and on information and advice from officials and representatives of the City, including the Certificate of the Chief Clerk of City Council, as a basis for the opinions hereinafter expressed. We have not undertaken to verify such factual matters set forth therein by independent investigation or inquiry, except as set forth in paragraph 9 herein.

In our examination of the documents referred to above, the Department has assumed the legal capacity (other than as to City officials) and competence of natural persons, the authenticity of all documents submitted to the Department as originals, the genuineness of all signatures (other than those of the officials of the City), the due authority of the parties (other than the City) executing such documents, and the conformity to the originals of all such documents submitted to us as copies. We have also assumed (i) that each of the parties, other than the City, to each of the documents, has duly executed and delivered the same, with all necessary power and authority (corporate and otherwise, including, without limitation, due authorization by all necessary corporate and other action on the part of such party), (ii) that each such party, other than the City, has complied in all material respects with all laws, regulations, court orders, and material agreements applicable to it that affect the transactions contemplated by such documents, and (iii) that such documents are valid as to, binding upon, and enforceable against all parties thereto other than the City.

Based on and subject to the foregoing, and subject to the assumptions, exceptions, limitations, and qualifications set forth herein and only with regard to the laws of the Commonwealth of Pennsylvania as enacted and construed as of the date hereof, it is the opinion of the Department that:

1. The Ordinances have been duly and validly adopted by City Council and approved by the Mayor pursuant to authority granted in the Act and in accordance with the Philadelphia Home Rule Charter.

2. All action taken by City Council, the Mayor and other authorized City officials in connection with the enactment of the Ordinances, including, without limitation, publication, notice, convening and conduct of the public meetings at which public hearings were held and action taken, were in compliance with the Philadelphia Home Rule Charter and Act 1998-93 of the General Assembly of the Commonwealth of Pennsylvania, approved October 15, 1998 (or, in the case of any action taken prior to the effective date thereof, the Act approved July 3, 1986, No. 84, P.L. 388, as amended).

3. The Ordinances have not been modified, amended, repealed or rescinded since the respective dates of enactment and adoption thereof, and are valid and in full force and effect as of the date hereof.

4. The City has the power and authority under the Act and the Philadelphia Home Rule Charter to execute and deliver the Cooperation Agreement, the Letter of Representations, the Tax Collection Agreement, and the City Tax Certifications. The Cooperation Agreement, the Letter of Representations, the Tax Collection Agreement and the City Tax Certifications have been duly and validly executed and delivered by the City.

5. The covenants and agreements of the City in the Tax Ordinance, in Section 5.02(b) of the Cooperation Agreement, and in the Letter of Representations, the Tax Collection Agreement and the City Tax Certifications are valid and binding obligations of the City, enforceable against the City in accordance with the respective terms thereof.

6. Except as to the possible application of state or federal securities laws, as to which no opinion is expressed, there is no authorization, consent, approval, or other action required by any governmental authority or agency in connection with the execution by the City of the Cooperation Agreement, the Letter of Representations, the City Tax Certifications or the Tax Collection Agreement which has not been obtained.

7. Except as disclosed in the Official Statement, and except for litigation which in the opinion of the Department is without merit, there is, to the knowledge of the Department after inquiry within the Department, no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or overtly threatened in writing against the City, (i) to restrain or enjoin the City's execution or delivery, or performance under the Cooperation Agreement, the City Tax Certifications or the Tax Collection Agreement, or in any way contesting the validity or enforceability of the Cooperation Agreement, the Tax Collection Agreement, the City Tax Certifications or the Ordinances, or (ii) contesting in any way the accuracy or completeness of the Official Statement as it relates to the City, or (iii) contesting in any way the validity or enforceability of the City's obligations under the Ordinances, the Cooperation Agreement, the Tax Collection Agreement, the City Tax Certifications or the Letter of Representations.

8. The enactment of the Ordinances and the execution and delivery of the Cooperation Agreement, the Letter of Representations, the Tax Collection Agreement and the City Tax Certifications and the fulfillment of and compliance with the pledge and agreement set forth in the Tax Ordinance and Section 5.02(b) of the Cooperation Agreement do not and will not constitute on the part of the City a breach of or default under any existing law, regulation, administrative order or decree to which the City is subject or, to the knowledge of the Department, in any material respect, any indenture, deed of trust or guaranty or other instrument to which the City is a party or by which it is bound.

9. To the knowledge of the Department after inquiry within the Department, the description contained in Appendix "B" to the Official Statement under the heading "Litigation" does not contain any untrue statement of a material fact or omit to state a material fact with respect thereto necessary to be stated therein in order to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect.

This opinion is subject to the following exceptions, limitations, and qualifications:

- a. This opinion is subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer, marshaling, or similar laws affecting creditors' rights and remedies generally, general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith, and fair dealing (regardless of whether such enforceability is considered in a proceeding in

equity or at law); and limitations on enforceability of rights to indemnification by federal or state securities laws or regulations or by public policy.

- b. The Department expresses no opinion as to the application or requirements of state securities, antitrust and unfair competition, environmental, health and safety, or tax laws other than those governing the City Wage Tax and the Authority Tax in respect of the transactions contemplated by or referred to in the Letter of Representations, Cooperation Agreement, Tax Collection Agreement or City Tax Certifications.
- c. The Department expresses no opinion as to the validity or enforceability of any provision of the Letter of Representations, Cooperation Agreement, Tax Collection Agreement or City Tax Certifications which, directly or indirectly: (i) purports to require that waivers must be in writing to the extent that an oral agreement or implied agreement by trade practice or course of conduct modifying provisions thereof has been made; (ii) purports to be a waiver of the right to a jury trial, waiver of any right to object to jurisdiction or venue, a waiver of any right to claim damages, or to service of process, or a waiver of other rights or benefits bestowed by operation of law, or waiver of which is limited by applicable law; (iii) purports to be a waiver of the obligations of good faith, fair dealing, diligence, mitigation of damages, or commercial reasonableness; (iv) purports to exculpate any party from its own negligent acts, or limit any party from certain liabilities; or (v) purports to require payment of consequential damages insofar as a court could conclude that such consequential damages are punitive in nature.

This opinion is given to you as of the date hereof and we express no opinion as to any matter not expressly set forth herein. No implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. By rendering this opinion, we do not undertake any obligation to advise you of any changes in fact or circumstances which may come to our attention after the date hereof or any changes in law which may occur after the date hereof.

We have rendered this opinion to you solely in connection with the consummation of the transactions contemplated by the Purchase Contract and this opinion may not be used or relied upon by you or any other person for any other purpose. This opinion may not be distributed or disclosed and may not be relied upon by any person, firm, or entity other than those to whom it is addressed without the prior written consent, in each instance, of the undersigned.

Sincerely,

SHELLEY R. SMITH
City Solicitor

EXHIBIT "E"

FORM OF OPINION OF CITY SPECIAL COUNSEL

June 15, 2009

Goldman, Sachs & Co., as Representative
of the Underwriters
85 Broad Street
New York, NY 10005

Re: \$354,925,000 aggregate principal amount, Pennsylvania
Intergovernmental Cooperation Authority, Special Tax
Revenue Refunding Bonds (City of Philadelphia Funding
Program), Series of 2009

Ladies and Gentlemen:

We have served as special counsel to the City of Philadelphia, Pennsylvania ("City") in connection with matters relating to the issuance by the Pennsylvania Intergovernmental Cooperation Authority ("Authority") of its \$354,925,000 aggregate principal amount, Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009 ("Bonds").

The Bonds are authorized to be issued by the Authority by virtue of and pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, Act No. 1991-6, approved by the General Assembly of the Commonwealth of Pennsylvania ("Commonwealth") on June 5, 1991, as amended ("Act").

Pursuant to authority granted by the Act, the City has, by ordinance (Bill No. 1437, effective July 1, 1991) adopted by City Council and approved by the Mayor on June 12, 1991 ("Tax Ordinance"), enacted a tax, exclusively for the purposes of the Authority, at the rate of one and one-half percent (1.5%) on the salaries, wages, commissions and other compensation earned by City residents and on the net profits earned in business, professions and other activities conducted by City residents ("Authority Tax").

In the Act, the Commonwealth has pledged to and agreed with each and every obligee of the Authority acquiring bonds of the Authority secured by the Authority Tax that the Commonwealth itself will not, nor will it authorize any government agency levying the Authority Tax to, reduce the rate of such tax until all bonds of the Authority so secured by the pledge of the Authority, together with the interest thereon, are fully paid or provided for. The Act further provides that the terms of the Act as in effect at the time of authorization of the Bonds constitute an agreement between the Authority and the obligees of the Authority, subject to modification and limitation as provided in the Act. In addition, the Act expressly requires the City to include a pledge similar to that of the Commonwealth described in the first sentence of this paragraph in the Tax Ordinance and prohibits the City from repealing the Tax Ordinance or reducing the rate of the Authority Tax while any bonds of the Authority secured by the Authority's pledge of the Authority Tax are outstanding. Pursuant to the pledge made by the

Commonwealth and in furtherance of the agreements of the Commonwealth and the mandates contained in the Act, the City has, in the Tax Ordinance and the Intergovernmental Cooperation Agreement by and between the Authority and the City, dated as of January 8, 1992 ("Cooperation Agreement"), pledged to and agreed with each and every obligee of the Authority secured by the Authority pledge of the Authority Tax that the City will not reduce the rate of, or repeal in whole or in part, the Authority Tax until the principal amount of all bonds of the Authority secured by the Authority Tax, together with interest thereon, is fully paid or provision for such payment is made in accordance with the terms of any agreement between the Authority and any obligee of the Authority.

This opinion is rendered pursuant to Section 9(e)(xiii) of the Bond Purchase Contract, dated June 10, 2009, between the Authority and Goldman, Sachs & Co., as Representative of the Underwriters named therein ("Purchase Contract"). Terms used herein and not otherwise defined have the meanings ascribed thereto in the Purchase Contract.

As the basis for this opinion, we have examined such statutes and other matters at law, and such documents, instruments and certifications as we have deemed necessary in order to enable us to render this opinion, including, without limiting the generality of the foregoing, the Act, the Tax Ordinance, the Cooperation Agreement and the other documents and instruments listed in the Closing Agenda prepared in respect of the Bonds and filed with the Trustee, and have relied upon the genuineness, truthfulness and completeness of all documents, instruments and certifications examined and the authenticity of all signatures thereon. We have assumed that the Cooperation Agreement has been duly and validly authorized, executed and delivered by the Authority and is a valid and binding obligation of the Authority. We have also relied, in the opinion set forth below, upon the opinion of the City Solicitor of even date herewith with respect to actions taken by the City in connection with the enactment of the Ordinances and the execution and delivery of the Cooperation Agreement.

Based on the foregoing, we are of the opinion that:

1. The City has the power and authority under the Act to levy the Authority Tax exclusively for the purposes of the Authority and the Authority Tax has been duly and validly levied by the City pursuant to the Act and the Tax Ordinance exclusively for the purposes of the Authority.
2. As provided in the Act, the proceeds of the Authority Tax are at all times the revenues and property of the Authority, are not property or revenues of the Commonwealth or the City and are not subject to appropriation by either the Commonwealth or the City.
3. The covenants and agreements of the City contained in the Tax Ordinance and in Section 5.02(b) of the Cooperation Agreement are valid and binding obligations of the City, enforceable against the City in accordance with the respective terms thereof, except as enforceability may be limited by bankruptcy, reorganization, insolvency and other laws or legal or equitable principles affecting creditors' rights and remedies and by the exercise of judicial discretion under general principles of equity.

We call your attention to the facts that the imposition of the Authority Tax by the City pursuant to the Act does not constitute the exercise of the general taxing power of the City for

City purposes conferred by other acts of the General Assembly of the Commonwealth and that the sole agreement by the City with respect to the Authority Tax is its pledge and agreement not to reduce the rate of the Authority Tax or to repeal the Authority Tax so long as bonds of the Authority secured by the Authority's pledge of the Authority Tax remain outstanding, all in accordance with the pledge of the Commonwealth and the mandates contained in the Act. Accordingly, as provided in the Act, the Bonds do not and shall not at any time constitute a debt or liability of the City of Philadelphia and the obligees of the Authority have no right or claim against any property or revenues of the City nor shall they have any recourse to the City for payment of the Bonds.

We express no opinion as to any matter not set forth in the numbered paragraphs herein. This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in law which may hereafter occur. This opinion is given only with respect to the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof. This opinion is being furnished to you solely in connection with the delivery of and payment for the Bonds on the date hereof and may not be relied upon for any other purpose. This opinion may not be relied upon by any other person, firm or entity nor may it be quoted, distributed or disclosed to any person, firm or entity other than those represented at the Closing for the Bonds without the prior written consent in each instance of a partner of the undersigned firm.

Very truly yours,

BLANK ROME LLP

This Preliminary Official Statement and the information contained herein are subject to completion and amendment or other changes without notice. The 2010 Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2010 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful under the laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 28, 2010

NEW ISSUE: BOOK-ENTRY ONLY

RATINGS: See "Ratings" herein.

In the opinion of Bond Counsel, assuming the accuracy of certain certifications and compliance with certain covenants of the Authority, interest on the 2010 Bonds is excludable from gross income of the owners of the 2010 Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the 2010 Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax and interest on the 2010 Bonds will not be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations as more fully described under the caption "TAX EXEMPTION" herein. Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the 2010 Bonds are exempt from personal property taxes in Pennsylvania and the interest on the 2010 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

\$205,720,000*

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY SPECIAL TAX REVENUE REFUNDING BONDS (CITY OF PHILADELPHIA FUNDING PROGRAM) SERIES OF 2010

Dated: Date of Delivery

Due: As shown on inside front cover

The \$205,720,000* Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2010 Bonds (the "2010 Bonds") are being issued pursuant to an Amended and Restated Indenture of Trust (the "1994 Indenture"), between the Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L. 9, No. 6), as amended (the "Act"), as a public authority and instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth"), and U.S. Bank National Association, Philadelphia, Pennsylvania, as successor trustee (the "Trustee"), as amended and supplemented by seven supplements thereto (as so amended and supplemented, the "Indenture"), between the Authority and the Trustee.

The 2010 Bonds will be issued as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Interest on the 2010 Bonds is payable semiannually on each June 15 and December 15, commencing December 15, 2010 (each an "Interest Payment Date"), by check or draft mailed or under certain conditions by wire transfer, to the persons in whose names the 2010 Bonds are registered at the close of business on the Record Date, which is the last day (whether or not a Business Day) of the calendar month next preceding any Interest Payment Date. The principal of, and redemption premium, if any, on the 2010 Bonds will be payable at the corporate trust office of the Trustee in Philadelphia, Pennsylvania.

The 2010 Bonds are subject to redemption prior to maturity as described herein. The 2010 Bonds are not subject to acceleration upon the occurrence of an Event of Default (as defined in the Indenture).

The proceeds from the sale of the 2010 Bonds, together with the other available funds of the Authority, will be used to (i) currently refund the Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008 (the "2008 Bonds"), (ii) pay the costs of terminating an interest rate swap transaction related to the 2008 Bonds, and (iii) pay the costs of issuing the 2010 Bonds. See "PLAN OF FINANCE" herein.

The 2010 Bonds, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2010 Bonds. Purchases of beneficial ownership interests in the 2010 Bonds will be made in book-entry only form. So long as DTC or its nominee, Cede & Co., is the registered owner, principal of, redemption premium, if any, and interest on the 2010 Bonds is payable directly to Cede & Co., for redistribution to DTC Participants and in turn to the beneficial owners as described herein. Purchasers of 2010 Bonds will not receive physical delivery of certificates representing their ownership interests in the 2010 Bonds. See "THE 2010 BONDS-Book-Entry Only System" herein.

THE 2010 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY ISSUED PURSUANT TO THE ACT AND THE INDENTURE AND ARE PAYABLE SOLELY FROM REVENUES OF THE AUTHORITY DERIVED FROM (I) A ONE AND ONE-HALF PERCENT (1.5%) TAX ON THE SALARIES, WAGES, COMMISSIONS AND OTHER COMPENSATION EARNED BY RESIDENTS OF THE CITY OF PHILADELPHIA, PENNSYLVANIA (THE "CITY") AND ON NET PROFITS EARNED IN BUSINESS, PROFESSIONS AND OTHER ACTIVITIES CONDUCTED BY RESIDENTS OF THE CITY, WHICH TAX IS IMPOSED BY THE CITY PURSUANT TO THE ACT AND AN ORDINANCE ADOPTED BY THE COUNCIL OF THE CITY AND APPROVED BY THE MAYOR EXCLUSIVELY FOR THE PURPOSES OF THE AUTHORITY, AND (II) CERTAIN MONIES AND SECURITIES, AND INVESTMENT EARNINGS THEREON, HELD BY THE TRUSTEE IN CERTAIN FUNDS ESTABLISHED UNDER THE INDENTURE. THE ACT PROVIDES THAT THE REVENUES FROM THE FOREGOING TAX ARE THE REVENUES AND PROPERTY OF THE AUTHORITY AND ARE NOT THE REVENUES AND PROPERTY OF THE CITY. SEE "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS" HEREIN.

NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE 2010 BONDS. THE 2010 BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, AND NEITHER THE COMMONWEALTH NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS LIABLE FOR THE PAYMENT OF PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE 2010 BONDS. THE AUTHORITY HAS NO TAXING POWER.

The 2010 Bonds are offered when, as and if issued by the Authority and delivered to and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice, and to the receipt of the approving opinion of Greenburg Traurig, LLP, Philadelphia, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Reed Smith LLP, Philadelphia, Pennsylvania; for the Underwriter by its counsel, The Law Offices of Denise Joy Smyler, Philadelphia, Pennsylvania; and for the City by the Office of the City Solicitor and by Kutak Rock LLP, Philadelphia, Pennsylvania, special counsel to the City. It is anticipated that the 2010 Bonds in definitive form will be available for delivery to DTC in New York, on or about May 14, 2010.

GOLDMAN, SACHS & CO.

Dated: May __, 2010

* Preliminary, subject to change

\$205,720,000*
PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 2010

MATURITY SCHEDULE*

MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS AND CUSIPS

<u>MATURITY (JUNE 15)</u>	<u>PRINCIPAL AMOUNT*</u>	<u>INTEREST RATE</u>	<u>PRICE</u>	<u>YIELD</u>	<u>CUSIP**</u>
2011	\$14,805,000				
2012	15,875,000				
2013	16,340,000				
2014	16,835,000				
2015	17,505,000				
2016	18,200,000				
2017	18,930,000				
2018	19,685,000				
2019	20,460,000				
2020	21,265,000				
2021	12,665,000				
2022	13,155,000				

* Preliminary, subject to change

** The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Authority nor the Underwriter has agreed, and there is no duty or obligation, to update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

1500 Walnut Street, Suite 1600, Philadelphia, Pennsylvania 19102

Tel.: (215) 561-9160

Fax: (215) 563-2570

Email: pica@picapa.org

BOARD MEMBERS

James Eisenhower, Esquire

William J. Leonard, Esquire

Michael A. Karp

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Secretary of the Budget and

Ex-Officio Representative

of the Commonwealth of

Pennsylvania

Rob Dubow

Director of Finance and

Ex-Officio Representative of

the City of Philadelphia

AUTHORITY STAFF

Executive Director

Uri Z. Monson

Director of Research and Analysis

Stephen K. Camp-Landis

Senior Analyst

Paul T. Johnson

AUTHORITY COUNSEL

Reed Smith LLP

Philadelphia, Pennsylvania

BOND COUNSEL

Greenburg Traurig, LLP

Philadelphia, Pennsylvania

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2010 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2010 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THE OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER. THE AUTHORITY MAY PURCHASE 2010 BONDS FROM TIME TO TIME.

This Official Statement does not constitute an offer to sell the 2010 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, salesman or other person has been authorized by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), the City of Philadelphia, Pennsylvania (the "City") or the Underwriter to give any information or to make any representation other than that contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized. Neither the delivery of this Official Statement nor the sale of any of the 2010 Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof or the date as of which particular information was given, if earlier.

This Official Statement is not to be construed as a contract with the purchasers of the 2010 Bonds. All summaries of statutes and documents are made subject to the provisions of such statutes and documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The information set forth herein has been provided by the Authority, the City, and by other sources which the Authority and the Underwriter believe are reliable, but it is not guaranteed as to its accuracy or completeness, and it is not to be construed as a representation by the Underwriter or, as to information provided by sources other than the Authority, by the Authority. Nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Authority, the City or the Underwriter.

This Official Statement contains forecasts, projections and estimates by the City that are based on current expectations or assumptions. In light of the important factors that may materially affect the amount of Authority Tax received, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the Authority or the City of Philadelphia that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the amount of Authority Tax received include, among others, changes in economic conditions and various other events, conditions and circumstances, many of which are beyond the control of the Authority and the City. These forward-looking statements include, but are not limited to, certain statements contained in the information contained under the caption "ANNUAL COLLECTION OF THE CITY TAX AND THE AUTHORITY TAX" and such statements speak only as of the date of this Official Statement. The Authority and the City disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Authority's or the City's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The 2010 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2010 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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2009

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APPENDIX D: PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX E: PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

OFFICIAL STATEMENT

Relating to

\$205,720,000*

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY SPECIAL TAX REVENUE REFUNDING BONDS (CITY OF PHILADELPHIA FUNDING PROGRAM) SERIES OF 2010

INTRODUCTION

General

This Official Statement, including the cover page, table of contents and the attached appendices, sets forth information with respect to the issuance by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of \$205,720,000* aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the "2010 Bonds"). This introduction is a brief description of certain matters described in this Official Statement and is qualified by reference to the entire Official Statement. Persons considering the purchase of any of the 2010 Bonds should read this Official Statement, including the cover page, tables and all appendices, in its entirety. Capitalized terms used in this Official Statement and not otherwise defined herein shall have the respective meanings set forth in APPENDIX C attached hereto or in the Indenture (as defined herein).

The Authority

The Authority, a body corporate and politic, was organized and exists under and by virtue of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L. 9, No. 6), 53 P.S. 12720.101 et seq., as amended (the "Act"). Pursuant to the Act, the Authority was established to provide financial assistance to cities of the first class in the Commonwealth of Pennsylvania (the "Commonwealth"). The City of Philadelphia, Pennsylvania (the "City") currently is the only city of the first class in the Commonwealth. See "THE AUTHORITY" herein.

The Act provides that, upon the request by the City to the Authority for financial assistance and for so long as any bonds of the Authority remain outstanding, the Authority shall have certain financial and oversight functions. First, the Authority shall have the power, subject to satisfaction of certain requirements in the Act, to provide financial assistance to the City. Second, the Authority also shall have the power, in its oversight capacity, to exercise certain advisory and review powers with respect to the City's financial affairs, including the power to review and approve five-year financial plans prepared at least annually by the City, and to certify noncompliance by the City with its then-existing five-year financial plan (which certification would require the Secretary of the Budget of the Commonwealth to cause certain payments due to the City from the Commonwealth to be withheld by the Commonwealth).

Under the Act, the Authority is no longer permitted to issue bonds for the purpose of financing a capital project of the City or a deficit of the City, including a cash flow deficit. The Authority does, however, have the power to issue bonds to refund outstanding bonds issued under the Act.

* Preliminary, subject to change

Authority's Outstanding Indebtedness

The Authority has previously issued ten series of Bonds. Two series of Bonds remain Outstanding: (i) Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008, consisting of Series of 2008A issued in the original aggregate principal amount of \$133,740,000 (the "2008A Bonds") and Series of 2008B issued in the original aggregate principal amount of \$80,825,000 (the "2008B Bonds" and, together with the 2008A Bonds, the "2008 Bonds") and (ii) Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009 issued in the original aggregate principal amount of \$354,925,000 (the "2009 Bonds").

A portion of the proceeds of the previous series of bonds issued by the Authority were used (a) to make grants to the City to fund General Fund deficits of the City, to fund the costs of certain capital projects undertaken by the City, to provide other financial assistance to the City to enhance productivity in the operation of City government, and to defease certain general obligation bonds of the City, and (b) to refund other bonds of the Authority. The proceeds of the 2010 Bonds will be applied to currently refund the Outstanding 2008 Bonds. See "PLAN OF FINANCE" herein.

Since the issuance of its first series of bonds in June 1992, the Authority has devoted its primary attention to the assessment, approval and oversight of each of the City's five-year financial plans prepared in accordance with the requirements of the Act (each, a "Financial Plan"), the City's compliance therewith, the evaluation of City financial reporting, the analysis of City financial and budgetary practices and programs and the oversight of the expenditures of funds for the capital projects and productivity enhancements for which the Authority has made grants to the City with a portion of the proceeds from the sale of its bonds. See "THE AUTHORITY - Operating History" herein.

Authorization to Issue the 2010 Bonds

The Authority is authorized to issue and sell the 2010 Bonds pursuant to the provisions of the Act and pursuant to a resolution of the Authority adopted April 20, 2010. The 2010 Bonds will be issued pursuant to and secured under an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "Amended and Restated Indenture"), between the Authority and U.S. Bank National Association (successor in interest to Wachovia Bank, National Association), as trustee (the "Trustee"), as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996 (the "First Supplement"), a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999 (the "Second Supplement"), a Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003 (the "Third Supplement"), a Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006 (the "Fourth Supplement"), a Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 (the "Fifth Supplement"), a Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 (the "Sixth Supplement"), and a Seventh Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2010 (the "Seventh Supplement" and, together with the Amended and Restated Indenture, the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, and the Sixth Supplement, the "Indenture"). The Amended and Restated Indenture amended and restated Indenture of Trust dated as of June 1, 1992, as amended and supplemented (the "Original Indenture") between the Authority and Meridian Bank (successor trustee by assignment from Corestates Bank, N.A., the initial trustee). For a summary of certain provisions of the Indenture, see APPENDIX C attached hereto.

The Indenture provides that the 2009 Bonds, the 2010 Bonds, and any Additional Bonds issued pursuant thereto (sometimes referred to herein collectively as, the "Bonds") are to be equally and ratably secured under the Indenture (except as otherwise described herein and in the Indenture). For a discussion

of the issuance by the Authority of additional bonds, including Additional Bonds issued under the Indenture, and the limitations on such issuance, see "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS - Additional Bonds" herein.

Plan of Finance

The proceeds from the sale of the 2010 Bonds, together with other available moneys of the Authority, will be used to (i) currently refund the 2008 Bonds in the aggregate principal amount of \$202,815,000, (ii) pay the cost of terminating an interest rate swap transaction related to the 2008 Bonds, and (iii) pay the costs of issuing the 2010 Bonds. See "PLAN OF FINANCE" herein.

Financial Condition of the City

Results for Fiscal Year 2009 reflect revenues of \$3.64 billion and obligations of \$3.92 billion on a legally enacted basis. Tax revenues were \$172 million below adopted budget levels. The real estate transfer tax and business privilege tax account for more than \$127 million of the decrease. Total general fund revenue was \$249.8 million below budget. Obligations were \$116.4 million below budgeted levels as the administration took action to reduce obligations and reduce the projected deficit. The Fiscal Year 2009 fund balance was negative \$137.2 million; of this amount \$45 million was due to a delay in the receipt from the Commonwealth for child welfare reimbursement under Title IV-E of the Social Security Act ("Title IV-E") and an additional \$10 million was due to an Act 148 ("Act 148") funding settlement from Fiscal Year 2008. The Commonwealth has implemented a new billing system in response to Federal audit requirements and because of this, the Title IV-E funds were not received in Fiscal Year 2009, but are anticipated to be received in Fiscal Year 2010.

Fiscal Year 2010 Adopted Budget of the City

The City's Fiscal Year 2010 budget was presented to City Council on March 19, 2009, was approved by City Council on May 21, 2009, and signed by the Mayor on May 27, 2009. The budget projects estimated revenues of \$3.815 billion, obligations of \$3.694 billion and an ending fund balance of \$85.3 million after discharging the Fiscal Year 2009 fund balance deficit on the legally enacted basis. The budget includes a one percent City Sales Tax increase which is estimated to yield \$97 million in Fiscal Year 2010. The Sales Tax increase became effective on October 8, 2009.

Fiscal Year 2010 Current Estimate of the City

With the delay in Commonwealth approval of the temporary Sales Tax increase, reduced child welfare funding, revisions to the pension amortization schedule and other reductions and delays in implementation of revenue initiatives, the City revised the Fiscal Year 2010 budget and Eighteenth Five-Year Plan and submitted the revision to PICA on September 1, 2009. PICA approved the revised Eighteenth Five-Year Plan on September 16, 2009. The revised Fiscal Year 2010 estimate projects revenues of \$3.769 billion, obligations of \$3.696 billion and an ending fund balance on the legally enacted basis of \$3 million. However, after the second quarter results were known, the City revised the Fiscal Year 2010 fund balance estimate to negative \$37.9 million. This revision reflects weaker Wage, Earnings and Sales tax receipts, partially offset by increased Real Estate Transfer Tax collections and an improved Business Privilege Tax base; reduced State funding for Police, weakened recycling revenue and increased spending for technology improvements.

Although the 2010 Bonds are not obligations of the City, financial developments with respect to the City may affect the market for, and the market prices of, the 2010 Bonds. Further, economic and demographic conditions in the City may affect the levels of collections of the Authority Tax (as defined

herein). See "ANNUAL COLLECTION OF THE CITY TAX AND THE AUTHORITY TAX" herein. For more extensive discussion of the City's financial affairs, see APPENDIX B attached hereto.

Description of the 2010 Bonds

The 2010 Bonds will be issued as fully registered bonds, without coupons, will be dated the date of their initial authentication and delivery, will be issued in the denominations of \$5,000 or any integral multiple thereof, and will mature and bear interest as described on the inside front cover of this Official Statement. The 2010 Bonds are subject to optional redemption prior to scheduled maturity as described herein. See "THE 2010 BONDS - Redemption" herein. **THE BONDS OF THE AUTHORITY WHICH ARE OUTSTANDING UNDER THE INDENTURE, INCLUDING THE 2010 BONDS, ARE NOT SUBJECT TO ACCELERATION UPON THE OCCURRENCE OF ANY EVENT OF DEFAULT.**

The 2010 Bonds, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository under a book-entry only system for the 2010 Bonds. See "THE 2010 BONDS - Book-Entry Only System" herein.

Interest on the 2010 Bonds will be paid semiannually on each June 15 and December 15, commencing December 15, 2010 (each an "Interest Payment Date"), by check or draft of the Trustee. The Trustee will mail such interest to the person in whose name the 2010 Bonds are registered on the registration books of the Authority maintained by the Trustee, as bond registrar, at the address appearing thereon at the close of business on the last day of the calendar month (whether or not a Business Day) next preceding any Interest Payment Date (the "Record Date"); provided, however, at the request of any registered owner of 2010 Bonds in an aggregate principal amount of \$1,000,000 or more, interest shall be paid by bank wire transfer of funds to a bank account in a bank located in the United States designated in writing by such registered owner not less than ten (10) days prior to the applicable Interest Payment Date.

Principal of, and redemption premium, if any, on the 2010 Bonds is payable upon presentation and surrender thereof at the corporate trust office of the Trustee in Philadelphia, Pennsylvania.

Sources of Payment and Security for the 2010 Bonds

The 2010 Bonds are limited obligations of the Authority and the principal of, redemption premium, if any, and interest on the 2010 Bonds are payable, together with the 2009 Bonds and any Additional Bonds issued pursuant to the Indenture, solely from (i) the revenues pledged and assigned by the Authority for such payment under the Indenture, including revenues received by the Authority from a one and one-half percent (1.5%) tax (the "Authority Tax") imposed by the City, pursuant to the Act and an ordinance adopted by City Council and approved by the Mayor on June 12, 1991 (Bill No. 1437, effective July 1, 1991) (the "Authority Tax Ordinance"), exclusively for the purposes of the Authority, on the salaries, wages, commissions and other compensation earned by residents of the City and on net profits earned in business, professions and other activities conducted by residents of the City, and (ii) certain moneys and securities and investment earnings thereon, together with a Debt Service Reserve Fund Policy (described herein) issued by Financial Guaranty Insurance Company ("FGIC"), all held by the Trustee in certain funds established under the Indenture. **Investors should assume that FGIC may not be able to meet its obligations under the Debt Service Reserve Fund Policy and therefore should not rely on the Debt Service Reserve Fund Policy in making their investment decision. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS - Debt Service Reserve Fund Policy" herein.** In connection with the enactment of the Authority Tax Ordinance and the adoption of the Fiscal Year 1992 operating budget of the City, the City enacted an ordinance reducing the rate of the City's tax on the salaries, wages, commissions and other compensation earned by, and net profits

earned in business, professions and other activities conducted by, City residents by one and one-half percent (1.5%).

The Act provides that the Commonwealth will not reduce, and will not authorize any government agency levying such tax to reduce, the rate of any tax, including the Authority Tax, imposed exclusively for the purposes of the Authority and pledged by the Authority as security for the payment of principal of, and interest on, bonds issued by the Authority, including without limitation the 2010 Bonds, until all of the principal of, and interest on, the bonds so secured is paid in full or provided for. The Authority Tax presently is the only tax imposed exclusively for the purposes of the Authority and pledged by the Authority as security for the payment of its bonds.

The Act prohibits the City from reducing the rate of the Authority Tax or repealing the Authority Tax Ordinance while bonds of the Authority secured by the Authority's pledge of the Authority Tax are outstanding. The City, as required by the Act, has pledged and agreed in the Authority Tax Ordinance with each and every obligee of the Authority secured by an Authority pledge of the Authority Tax that the City will not reduce the rate of, or repeal, the Authority Tax until the principal of, and interest on, all bonds so secured are paid in full or provision for such payment is made. In the Intergovernmental Cooperation Agreement, dated January 8, 1992 (the "Cooperation Agreement"), between the Authority and the City, the City has made a similar pledge to, and agreement with, the Authority and its obligees.

The Act requires that the Authority Tax be collected by the Department of Revenue of the Commonwealth (the "Pennsylvania Revenue Department") for deposit in the Pennsylvania Intergovernmental Cooperation Authority Tax Fund (the "PICA Tax Fund") established under the Act and held by the Treasurer of the Commonwealth (the "State Treasurer"), as custodian. The State Treasurer is required by the Act to transfer all amounts in the PICA Tax Fund at least weekly to or upon the order of the Authority. The Authority will direct the State Treasurer to transfer all such amounts to the Trustee for deposit in the Revenue Fund established under the Indenture in accordance with the requirements of the Act and for so long as any 2009 Bonds or 2010 Bonds are Outstanding under the Indenture. The Act authorizes the Pennsylvania Revenue Department to appoint agents for the collection and enforcement of the Authority Tax. Pursuant to such authority, a letter dated June 28, 1991 from the Pennsylvania Revenue Department and the Pennsylvania Intergovernmental Cooperation Authority Income Tax Collection Agency Agreement, dated as of June 1, 1992 (the "Tax Collection Agreement"), by and between the Commonwealth and the City, the Revenue Department of the City ("City Revenue Department") and the Law Department of the City have been appointed agents of the Pennsylvania Revenue Department for the collection and enforcement of the Authority Tax. The procedures for the collection and transfer of the Authority Tax are prescribed in the Act and are further delineated in the Authority Tax Ordinance and the Tax Collection Agreement.

NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE 2010 BONDS. THE 2010 BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, AND NEITHER THE COMMONWEALTH NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS LIABLE FOR THE PAYMENT OF PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE 2010 BONDS. THE AUTHORITY HAS NO TAXING POWER.

Additional Bonds

The Authority has the power under the Act, subject to the limitations set forth therein, to issue bonds for various purposes. Under the Act as currently in effect, however, the Authority may no longer issue any bonds for the purpose of financing a capital project or deficit of the City. Subject to the terms of the Act and the Indenture, such additional bonds may be issued by the Authority under the Indenture on a parity with the 2009 Bonds and the 2010 Bonds. For a discussion of the issuance by the Authority of additional bonds, including Additional Bonds issued under the Indenture, and the limitations on such issuance, see "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS - Additional Bonds" herein.

The Sixth Supplement amended the Indenture to provide that in connection with the issuance of Additional Bonds subsequent to the 2009 Bonds the Authority will be required to certify debt service coverage of three hundred percent (300%). See "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS - Additional Bonds" herein for additional information.

Continuing Disclosure Undertaking

In order to enable the Underwriter to comply with the requirements of Rule 15c2-12, as amended ("Rule 15c2-12"), promulgated under the Securities Exchange Act of 1934, as amended, the Authority will enter into a Continuing Disclosure Agreement ("Disclosure Agreement"), dated the date of delivery and payment for the 2010 Bonds which will constitute a written undertaking for the benefit of the registered owners from time to time of the 2010 Bonds, including owners of book-entry credits evidencing interests in the 2010 Bonds. The proposed form of Disclosure Agreement is attached to this Official Statement as Appendix E. See "MISCELLANEOUS - Continuing Disclosure Undertaking."

Miscellaneous

Brief descriptions of the Act, the Authority, the 2010 Bonds, the Indenture, the Cooperation Agreement, the Tax Collection Agreement, the Authority Tax Ordinance, and the Disclosure Agreement are included in this Official Statement. The summaries of the Act and of other documents contained herein do not purport to be complete, comprehensive or definitive and are qualified in their entirety by reference to the entire text of the Act and such documents, and the description herein of the 2010 Bonds is qualified in its entirety by reference to the text thereof and the information with respect thereto included in the aforesaid documents. All such descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting generally the enforcement of creditors' rights. Copies of the Indenture, the Authority Tax Ordinance, the Cooperation Agreement, the Disclosure Agreement and the Tax Collection Agreement may be obtained from the Authority and, after initial delivery of the 2010 Bonds, at the corporate trust office of the Trustee in Philadelphia, Pennsylvania.

Certain information concerning the City has been furnished by the City and is included as APPENDIX B attached hereto. THE AUTHORITY MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION INCLUDED AS APPENDIX B HERETO.

This Official Statement, including the appendices (except APPENDIX A, consisting of the audited financial statements of the Authority, which speak as of June 30, 2009), speaks only as of the date of this Official Statement printed on the cover hereof. The information contained herein is subject to change.

PLAN OF FINANCE

General

The proceeds from the sale of the 2010 Bonds shall be used, together with other available moneys of the Authority, to (i) currently refund the 2008 Bonds, (ii) pay the costs of terminating an interest rate swap transaction related to the 2008 Bonds, and (iii) pay the costs of issuing the 2010 Bonds (the "2010 Refunding Project"). The 2008 Bonds have been called for redemption on May 15, 2010 (the "Redemption Date"), at a redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date, and will be redeemed on May 17, 2010 (the first Business Day following the Redemption Date).

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2010 Refunding Project are as follows:

Sources of Funds:

Principal Amount of 2010 Bonds	\$ _____
Net Original Issue [Premium/Discount]	\$ _____
Transfer from Debt Service Fund for the 2008 Bonds	\$ _____
Total	\$ _____

Uses of Funds:

Current Refunding of 2008 Bonds	\$ _____
Swap Termination Payment	\$ _____
Costs of Issuance*	\$ _____
Total	\$ _____

* Includes legal, accounting, financial and swap advisory fees and expenses, printing, rating fees, underwriter's discount, contingency and miscellaneous fees and expenses.

THE 2010 BONDS

General

The 2010 Bonds will be dated the date of original issuance and delivery thereof, will be payable as to interest at the rates and on the dates, and will mature in the amounts on the dates set forth on the inside front cover hereof. Purchases of beneficial ownership interests in the 2010 Bonds may be made in denominations of \$5,000 or integral multiples thereof. Descriptions of the provisions regarding redemption, transfer and payment of the 2010 Bonds are set forth below.

THE 2010 BONDS ARE NOT SUBJECT TO ACCELERATION UPON THE OCCURRENCE OF AN EVENT OF DEFAULT.

DTC will serve as securities depository under a book-entry only system for the 2010 Bonds. Unless such system is discontinued, the provisions described under "Book-Entry Only System" below (including provisions regarding payments to and transfers by the owners of beneficial interests in the 2010 Bonds) will be applicable to the 2010 Bonds. If such system is discontinued, the provisions described under "Discontinuation of Book-Entry Only System" below will be applicable.

So long as DTC, or its partnership nominee, Cede & Co., is the registered owner of the 2010 Bonds, payments of the principal of and interest on the 2010 Bonds are to be made by the Trustee directly to Cede & Co. Disbursements of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC. Disbursements of such payments to the owners of beneficial interests in the 2010 Bonds is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined). See "Book-Entry Only System" below.

Optional Redemption

The 2010 Bonds maturing on and prior to June 15, 2020* are not subject to optional redemption prior to maturity. The 2010 Bonds maturing on and after June 15, 2021* are subject to redemption at the option of the Authority on and after June 15, 2020*, in whole at any time, or in part, from time to time, if in part in such order of maturity and in such principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount thereof, plus accrued interest to the redemption date.

Notice of Redemption

When the Authority shall determine to redeem 2010 Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of 2010 Bonds to be redeemed, the Trustee, at the Authority's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall specify the series, the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue on the 2010 Bonds which are the subject of such notice. If at the time of mailing of any notice of redemption, the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the 2010 Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, postage prepaid, not less than twenty (20) days, nor more than sixty (60) days, prior to the redemption date, addressed to the Holders of the 2010 Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any 2010 Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other 2010 Bonds.

Not more than sixty (60) days following the applicable redemption date, a further notice shall be mailed as provided above to the Bondholders of any 2010 Bonds called for redemption and not then presented for payment containing substantially the same information set forth above.

So long as DTC or its nominee is the sole Bondholder under the book-entry only system, redemption notices shall be sent by the Trustee only to DTC or its nominee and any failure on the part of DTC or a DTC Participant (as defined below) to notify the Beneficial Owner (as defined below) of a 2010 Bond called for redemption shall not affect the validity of the redemption.

* Subject to change

Transfers and Exchanges of 2010 Bonds

Upon presentation for transfer and exchange of any 2010 Bond entitled to registration of exchange or registration of transfer at the corporate trust office of U.S. Bank National Association, Philadelphia, Pennsylvania (the "Registrar"), the Registrar will register the exchange or register the transfer of such 2010 Bond in the bond registration books, under such reasonable regulations as the Registrar may prescribe. The Registrar will make all necessary provisions to permit the exchange or registration of transfer of the 2010 Bonds at its corporate trust office in Philadelphia, Pennsylvania. Until the discontinuance of the book-entry only system, as described above, one fully registered 2010 Bond for each maturity, each in the aggregate principal amount of such maturity will be registered in the name of Cede & Co., as nominee for DTC.

The transfer of any 2010 Bond shall be registered in the registration books of the Registrar at the written request of the Bondholder thereof or his attorney duly authorized in each writing, upon surrender and cancellation thereof at the corporate trust office of the Registrar in Philadelphia, Pennsylvania, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Bondholder or his duly authorized attorney. Upon the registration of transfer of any such 2010 Bond or Bonds, the Authority shall issue in the name of the transferee, in authorized denominations permitted by the Indenture, a new fully registered 2010 Bond or new fully registered 2010 Bonds of the same series in the same aggregate principal amount and of like tenor as the surrendered 2010 Bond or Bonds.

Any 2010 Bond, upon surrender thereof at the corporate trust office of the Registrar in Philadelphia, Pennsylvania, may, at the option of the Bondholder thereof, be exchanged for an equal aggregate principal amount of any authorized denominations of the 2010 Bonds of the same series and maturity, and having the same interest rate and other provisions, as the surrendered 2010 Bond.

In all cases in which the privilege of exchanging 2010 Bonds or registering the transfer of 2010 Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver 2010 Bonds in accordance with the provisions of the Indenture.

For every such exchange or registration of transfer of the 2010 Bonds, whether temporary or definitive, the Authority, the Registrar or the Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, which sum or sums shall be paid by the person requesting such exchange or registration of transfer as a condition precedent to the exercise of the privilege of making such exchange or registration of transfer.

The Registrar shall not be required to transfer or exchange any 2010 Bond during the period from a Record Date through the next Interest Payment Date, inclusive, nor to transfer or exchange any 2010 Bond selected for redemption in whole or in part.

Payments of Principal of, and Interest on, the 2010 Bonds

The principal of, and redemption premium, if any, on the 2010 Bonds shall be payable upon presentation and surrender thereof at the corporate trust office of the Trustee in Philadelphia, Pennsylvania. Interest shall be payable by check or draft mailed to the registered owners of the 2010 Bonds as shown on the registration books kept by the Registrar as of the close of business on the applicable record dates described below. Interest payable to the registered owner of 2010 Bonds in the aggregate principal amount of \$1,000,000 or more may, upon request by such registered owner, be paid by bank wire transfer of funds to a bank account in a bank located in the United States designated in writing by such registered owner not less than ten (10) days prior to the applicable Interest Payment Date.

The Authority, the Trustee and the Registrar may deem and treat the registered owner of any 2010 Bond as the absolute owner of such 2010 Bond, whether such 2010 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, redemption premium, if any, and interest on such 2010 Bond and for all other purposes, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All such payments so made to any such holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such 2010 Bond to the extent of the sum or sums to be so paid.

Record Dates

Except in the case of overdue interest, the record date (the "Record Date") for interest due on the 2010 Bonds on any June 15 shall be the immediately preceding May 31 (whether or not a Business Day) and the record date for interest due on any December 15 shall be the immediately preceding November 30 (whether or not a Business Day).

Interest which is due and payable on any June 15 or December 15 but cannot be paid on such date from available funds under the Indenture, shall thereupon cease to be payable to the registered owners otherwise entitled thereto as of such date. At such time as sufficient funds are available for the payment of such overdue interest, the Trustee shall establish a special payment date (which shall be a Business Day) and a special record date in respect thereof. The Trustee shall mail a notice specifying the special payment date so established to each registered owner of the 2010 Bonds as of the special record date, such notice to be mailed at least ten (10) days prior to the special payment date.

Book-Entry Only System

Portions of the following information concerning DTC and DTC's book-entry only system have been obtained from DTC. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the Underwriter believe to be reliable; however, the Authority and the Underwriter take no responsibility for the accuracy thereof and make no representation as to the accuracy of such information.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2010 Bonds. The 2010 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity and interest rate of the 2010 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of: The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC,

National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: "AAA." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2010 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2010 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2010 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2010 Bonds, except in the event that use of the book-entry system for the 2010 Bonds is discontinued.

To facilitate subsequent transfers, all 2010 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2010 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2010 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2010 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2010 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2010 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of 2010 Bonds may wish to ascertain that the nominee holding the 2010 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the 2010 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2010 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal or redemption price of and interest on the 2010 Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds.

Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is, the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2010 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

So long as Cede & Co. is the registered owner of the 2010 Bonds, as nominee of DTC, references herein to the bondholders or registered owners of the 2010 Bonds means Cede & Co., not the Beneficial Owners of the 2010 Bonds.

THE AUTHORITY, TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE 2010 BONDS (i) PAYMENTS OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2010 BONDS, OR (ii) CONFIRMATION OF OWNERSHIP INTERESTS IN THE 2010 BONDS, OR (iii) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE AUTHORITY, THE TRUSTEE NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE 2010 BONDS WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (ii) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION OF, OR INTEREST ON, ANY 2010 BONDS, (iii) THE DELIVERY OF ANY NOTICE BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (iv) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2010 BONDS, OR (v) ANY OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

Discontinuation of Book-Entry Only System

DTC may determine to discontinue providing its service with respect to the 2010 Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS

General

The 2010 Bonds are limited obligations of the Authority payable solely from certain pledged revenues of the Authority and certain other funds held by the Trustee for such purpose. The 2010 Bonds are payable from and are equally and ratably secured under the Indenture, together with the 2009 Bonds and with any Additional Bonds that may be issued thereunder, by an assignment, pledge and grant to the Trustee of all of the Authority's right, title and interest in and to (i) the Authority Tax, and (ii) moneys and securities held by the Trustee under the Indenture (including proceeds of the Authority Tax) and any interest or income earned thereon, including amounts deposited into the Deficit Fund, Capital Projects Fund, Revenue Fund, Debt Service Fund, Debt Service Reserve Fund and the Bond Redemption Fund, but excluding moneys held in trust for the United States in the Rebate Fund (collectively, the "Pledged Revenues"), subject to the terms and conditions of the Indenture. The Indenture provides that moneys in accounts established by the Trustee in respect of a particular Series of Bonds shall only be available to pay debt service or the redemption price of Bonds of such Series, except as may otherwise be provided in the Indenture or in a Supplemental Indenture adopted at or prior to the time of issuance of such Series. The Debt Service Reserve Fund will secure, equally and ratably, all Bonds outstanding under the Indenture, including the 2009 Bonds and the 2010 Bonds.

Authority Tax

As permitted by the Act, and pursuant to the Authority Tax Ordinance, the City has imposed, exclusively for the purposes of the Authority, a one and one-half percent (1.5%) tax on the salaries, wages, commissions and other compensation earned by residents of the City and on net profits earned in business, professions and other activities conducted by residents of the City. As described above, the Authority Tax has been pledged by the Authority to the Trustee, as permitted by the Act and pursuant to the Indenture, as security for the payment of principal of, redemption premium, if any, and interest on, all Bonds issued under the Indenture, including the 2009 Bonds and the 2010 Bonds.

The Act requires that the Authority Tax be collected by the Pennsylvania Revenue Department for deposit in the PICA Tax Fund held by the State Treasurer, as custodian. The Act authorizes the Pennsylvania Revenue Department to appoint agents for the collection and enforcement of the Authority Tax and, pursuant to such authority, a letter dated June 28, 1991 from the Pennsylvania Revenue Department and the Tax Collection Agreement, the City Revenue Department and the Law Department of the City have been appointed agents for the collection and enforcement of the Authority Tax.

In accordance with the applicable provisions of the Act and the Tax Collection Agreement, all receipts from the Authority Tax are deposited into a special account separate and apart from all City accounts. Based on historical trends in revenues collected by the City from taxes imposed for City purposes by the City on salaries, wages, commissions and other compensation earned by, and net profits earned in business, professions and other activities conducted by, City residents (see APPENDIX B attached hereto), the City and the Pennsylvania Revenue Department currently attribute 60.93% of wage tax remittances, 86.62% of earnings tax remittances, and 41.62% of net profit tax remittances to City residents. Pursuant to the Tax Collection Agreement, the Pennsylvania Revenue Department shall

determine the timing and the method of recalculation of the foregoing percentages. Moneys in an amount equal to each daily amount of the Authority Tax collected (calculated as set forth above) are deposited on the day of receipt in immediately available funds in a segregated account (the "Custodial Account") established by the City, as agent for the Pennsylvania Revenue Department, for remittance on the following day to a general Commonwealth demand deposit account established by the State Treasurer. Upon the transfer of Authority Tax collections to the custody of the State Treasurer, such moneys are held with other Commonwealth funds. Pursuant to the Tax Collection Agreement, the City is required to reconcile the daily deposits to the Custodial Account with actual Authority Tax collections on a monthly basis. Pursuant to the Act, the Authority Tax paid to the State Treasurer shall be transferred by the State Treasurer not less frequently than every two weeks to the PICA Tax Fund, a special fund established by the Act and held in the custody of the State Treasurer. Pursuant to the Act, proceeds of the Authority Tax and amounts on deposit in the PICA Tax Fund are at all times the sole property and revenues of the Authority, and are not subject to appropriation by either the City or the Commonwealth.

The Act requires that the State Treasurer make at least weekly payments of all amounts in the PICA Tax Fund to or upon the order of the Authority. In connection with the issuance of the 2010 Bonds, the Authority will direct the State Treasurer to transfer all such amounts to the Trustee for deposit in the Revenue Fund established under the Indenture in accordance with the requirements of the Act and for so long as any 2009 Bonds and 2010 Bonds are Outstanding under the Indenture. Promptly after deposit of moneys in the Revenue Fund, the Trustee shall transfer any money in the Revenue Fund to the following funds in the following order and priority:

- (a) to the Debt Service Fund, the amount necessary to cause the aggregate amount therein in each month to equal the sum of (i) the aggregate for all Series of Bonds paying interest semiannually of $1/6$ (such fraction to be increased or decreased, as appropriate, for a Series of Bonds to account for any initial or final interest period longer or shorter than six months) of the amount of interest that will be due and payable on each Series of Bonds Outstanding on the next succeeding Interest Payment Date for the respective Series, (ii) the aggregate for all Series of Bonds paying interest at an interval other than semiannually of an amount equal to the interest that will be due and payable or otherwise accrue on each such Series of Bonds during such month (assuming that interest due on such Bonds will be payable at the maximum interest rate applicable to such Bonds, and taking into account (A) any amounts received from the counterparty to an interest rate exchange agreement, interest rate cap or floor agreement or other similar agreement, deposited directly into the Debt Service Fund, and (B) any amounts remaining in the Debt Service Fund from prior months' transfers from the Revenue Fund in excess of the amount actually paid or accrued as interest on such Bonds for such prior months), (iii) the aggregate for all Series of Bonds Outstanding of $1/12$ (such fraction to be increased, as appropriate, for a Series to account for any initial or final principal payment period shorter than 12 months) of the amount of principal that will become due and payable on each Series of Bonds Outstanding, including the 2010 Bonds (whether upon maturity or mandatory redemption), on the next succeeding principal payment date (whether upon maturity or mandatory redemption) for the respective Series occurring within the next year following the date of such transfer, (iv) any deficiency in deposits required to be made in prior months under the preceding clauses (i), (ii) and (iii) which has not been eliminated, and (v) any amount owed to any Credit Facility Issuer in respect of payments made for principal and interest on Bonds;

- (b) to the Debt Service Reserve Fund, the amount necessary to eliminate any deficiency therein (a deficiency being the amount by which the Debt Service Reserve Requirement exceeds the amount in such Fund);
- (c) to any Person entitled to payment pursuant to an interest rate exchange agreement, interest rate cap or floor agreement or other similar agreement, an amount equal to the net amount then required to be paid to such person by the Authority pursuant to such an agreement; provided, however, with respect to certain interest rate swap agreements or similar hedge agreements, the Authority may elect to establish a separate account in the Revenue Fund and cause the Trustee to deposit on a monthly basis such amount as is necessary to cause the aggregate amount deposited therein in each month to equal a monthly portion of the amount that will be due to the relevant counterparty on the next payment date;
- (d) as directed in a certificate of the Authority delivered to the Trustee, to the trustees or other depositories in respect of subordinated debt, if any, payable from Pledged Revenues, the amount necessary to cause the aggregate amount paid in respect of such subordinated debt from all sources to equal the amount then required to be paid in respect of each issue of subordinated debt;
- (e) to the Authority, the amount necessary to cause the aggregate amount transferred to the Authority during the fiscal year of the Authority in which such transfer is made to equal the operating expenses of the Authority for such fiscal year as set forth in a certificate of the Authority delivered to the Trustee with respect to such fiscal year, to the extent that the amounts transferred from the Debt Service Reserve Fund pursuant to the applicable provisions of the Indenture are not sufficient for such purpose; and
- (f) to the Rebate Fund, the amounts required to be deposited therein pursuant to the applicable provisions of the Indenture, to the extent that the transfers from the earnings in the Debt Service Reserve Fund pursuant to the applicable provisions of the Indenture are insufficient for such purpose.

Notwithstanding the foregoing order of priority, the Indenture requires that to the extent the Trustee is required to make payment of the Rebate Amount or Yield Reduction Amount, if any, to the United States of America pursuant to the Indenture and there are insufficient amounts in the Rebate Fund on the date which is thirty (30) days prior to the due date of such payment, the Trustee shall thereafter transfer moneys from the Revenue Fund to the Rebate Fund prior to making any other transfers of moneys to any other funds until the amount in the Rebate Fund equals the required Rebate Amount and Yield Reduction Amount. Any moneys remaining in the Revenue Fund after all transfers required by paragraphs (a), (b), (c), (d), (e) and (f) above have been made shall be transferred by the Trustee to U.S. Bank National Association, for deposit to a special account (the "City Account"), in trust for the exclusive benefit of the City, established and created under the Act and the City Account Deposit and Disbursement Agreement, dated as of December 6, 1991, as amended, between the Authority and First Union National Bank (now U.S. Bank National Association), Philadelphia, Pennsylvania, as depository. The City Account Deposit and Disbursement Agreement has been acknowledged and agreed to by the City.

The Bonds, including the 2010 Bonds, are not secured by, and the owners of the Bonds, including the 2010 Bonds, are not and shall not be entitled to, any moneys transferred by the Trustee, as required by the Act and the Indenture, to the City Account.

The Act provides that, for so long as any of the Authority's bonds, including the 2010 Bonds, remain Outstanding, the Commonwealth (i) will not limit or alter the rights vested in the Authority by the Act in any manner inconsistent with the obligations of the Authority to its obligees, and (ii) will not reduce, nor will it authorize any government agency (which term includes, without limitation, the City) levying such tax to reduce, the rate of any tax, including the Authority Tax, imposed exclusively for the purposes of the Authority and pledged by the Authority to secure its bonds, including the 2010 Bonds. Pursuant to the requirements of the Act, the City has included a pledge to the effect set forth in clause (ii) above in the Authority Tax Ordinance.

In the Authority Tax Ordinance and the Cooperation Agreement, the City has pledged and agreed, for so long as any of the Authority's bonds remain outstanding, with the Authority and each and every obligee of the Authority secured by an Authority pledge of the Authority Tax, that the City will not reduce the rate of, or repeal in whole or in part, the Authority Tax until the principal amount of all bonds of the Authority, including the 2010 Bonds, secured by a pledge of the Authority Tax, together with interest thereon, is fully paid or provision for such payment is made in accordance with the terms of the Indenture or other agreement pursuant to which such bonds were issued. The City further has acknowledged and agreed in the Authority Tax Ordinance and the Cooperation Agreement that, as provided in the Act, (i) all revenues from the Authority Tax are revenues and property of the Authority and not revenues or property of the City, (ii) such revenues may be freely pledged by the Authority to secure payment of bonds of the Authority, and (iii) such revenues are not subject to appropriation by City Council.

Debt Service Reserve Fund

The Debt Service Reserve Fund will, upon issuance of the 2010 Bonds, be maintained in an amount not less than the Debt Service Reserve Requirement, and will secure, equally and ratably, all Bonds Outstanding under the Indenture, including the 2009 Bonds and the 2010 Bonds.

Under the Indenture the term "Debt Service Reserve Requirement" means, with respect to all Bonds, an amount equal to the lesser of (i) the Maximum Annual Debt Service Requirement with respect to all Bonds Outstanding under the Indenture, and (ii) the maximum amount permitted by the Code. The amount to be deposited into the Debt Service Reserve Fund as a result of each additional Series of Bonds will be specified in the Supplemental Indenture executed in connection with the issuance of each additional Series of Bonds, and will be that amount sufficient to satisfy the Debt Service Reserve Requirement with respect to all Bonds Outstanding under the Indenture. The Indenture provides that in lieu of a deposit at the time of issuance of a series of Bonds, the Authority may cause a Credit Facility to be provided to the Trustee. See APPENDIX C - "Debt Service Reserve Fund." Upon the issuance of the 2010 Bonds, the Debt Service Reserve Requirement with respect to all Bonds Outstanding under the Indenture as of such date will be \$_____. The Authority currently satisfies the Debt Service Reserve Requirement with: (a) a Debt Service Reserve Fund Policy in the amount of \$30,458,126.54 described below under "Debt Service Reserve Fund Policy"; (b) cash invested in short-term securities in the amount of \$19,750,056 as of March 31, 2010; and (c) a forward delivery agreement in the amount of \$51,495,466.26 as of March 31, 2010. On June 15, 2010, the amount under such forward delivery agreement will reduce to \$47,834,291.26. The Authority has entered into a forward delivery agreement involving certain U.S. Government obligations with JP Morgan Chase Bank that expires on June 15, 2010, and a forward delivery agreement involving certain monies and securities with Wachovia Securities which will become effective on June 15, 2010 in the amount of \$47,834,291.26 and continue until June 15, 2023 with the invested amount declining over that period. The Authority is not required to maintain amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement. If there are insufficient moneys to pay the debt service requirements on any Series of Bonds on any Interest Payment Date, mandatory sinking fund redemption date or maturity date of such series of Bonds, the

Trustee shall transfer from the Debt Service Reserve Fund to the Debt Service Fund amounts necessary to make such payments from the Debt Service Fund. All cash and investments in the Debt Service Reserve Fund shall be utilized for making required transfers to the Debt Service Fund for payment of principal of, or interest on, the Bonds before making any draws on the Reserve Policy (hereinafter defined). Repayment of any draws, expenses and interest thereon with respect to the Reserve Policy shall be made prior to replenishment of the Debt Service Reserve Fund. Draws on the Reserve Policy and any other similar policies on which there is available coverage shall be made on a pro rata basis (calculated by reference to coverage then available under each such policy) after applying available cash and investments in the Debt Service Reserve Fund. Holders of Bonds will have equal and ratable rights or claims to all assets and funds, including the Reserve Policy, held by the Trustee in the Debt Service Reserve Fund. **Investors should assume that FGIC may not be able to meet its obligations under the Reserve Policy and therefore should not rely on the Reserve Policy in making their investment decision. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS -Debt Service Reserve Fund Policy" herein.**

Debt Service Reserve Fund Policy

The Debt Service Reserve Requirement is currently satisfied in part by the Debt Service Reserve Fund Policy in the maximum amount of \$30,458,126.54 (the "Reserve Policy") issued by FGIC and originally delivered to the Trustee in 1999.

Beginning in 2008, Standard & Poor's, a division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings (the "Rating Agencies"), have expressed growing concern about the claims-paying ability of the bond insurance companies, including FGIC. The Rating Agencies have withdrawn their respective ratings of FGIC.

The Reserve Policy met the rating requirement of the Indenture at the time the Reserve Policy was obtained. The Indenture has no requirement that the rating of FGIC be maintained. Accordingly, the Reserve Policy is valued at its full face value for purposes of determining satisfaction of the Debt Service Reserve Requirement. The Authority has no intention at this time of terminating or replacing the Reserve Policy.

Investors should be aware that FGIC may not be able to meet its obligations under the Reserve Policy and therefore should not rely on the Reserve Policy or on the credit of FGIC in making their investment decision. Updated information regarding FGIC or the Reserve Policy has not been provided by FGIC for inclusion in this Official Statement. The Authority and the Underwriter make no representations regarding the Reserve Policy or FGIC.

The specific rights, if any, granted to FGIC in connection with its issuance of the Reserve Policy are set forth in the description of the principal legal documents appearing elsewhere in this Official Statement. Reference should be made as well to such description for a discussion of related matters.

Additional Bonds

Pursuant to the Indenture and the Act, the Authority is authorized to issue Additional Bonds under the Indenture, so long as no Event of Default has occurred and is continuing under the Indenture. The Additional Bonds shall be equally and ratably secured with the 2009 Bonds and the 2010 Bonds, except for moneys otherwise specifically pledged under the Indenture. Pursuant to the Act, additional bonds, including Additional Bonds issued under the Indenture, may not be issued for the purpose of financing a capital project or deficit of the City.

In connection with the issuance of Additional Bonds under the Indenture, the Indenture provides that the Authority must execute a certificate, the calculations of which shall be "verified" by a certified public accountant, showing that (1) the PICA Taxes (as defined in the Indenture), including the Authority Tax, collected with respect to any twelve (12) consecutive months during the fifteen (15) month period immediately preceding the date of issuance of such Additional Bonds equaled at least three hundred percent (300%) of the Maximum Annual Debt Service Requirement (including the Authority's obligations with respect to the payment of Policy Costs then due and owing with respect to each Credit Facility issued in connection with the Debt Service Reserve Fund for the Bonds and any amounts due to the provider of a credit or liquidity facility issued with respect to a series of Bonds) on Bonds to be Outstanding after the issuance of the Additional Bonds and (2) the PICA Taxes projected to be collected during the twelve (12) months following issuance of the Additional Bonds, which projection may be based on the PICA Taxes projected in the City's most recent Financial Plan approved by the Authority, equal to at least three hundred percent (300%) of the Debt Service Requirement during such twelve (12) month period on Bonds to be Outstanding after the issuance of the Additional Bonds. In determining the amount of PICA Taxes, retroactive effect shall be given to any PICA Tax which was not in effect (including for this purpose any increase in the rate of an existing tax) during the relevant period, but which has been imposed prior to the issuance of the Additional Bonds. The certificate referenced in this paragraph shall not be required in the case of Additional Bonds issued to refund Outstanding Bonds where the Maximum Annual Debt Service Requirement for such Additional Bonds and the total principal and interest payable on such Additional Bonds for the term thereof do not exceed the comparable amounts for the Bonds being refunded.

The Authority may at any time, without the request or approval of the City, issue bonds to refund its outstanding bonds, including the 2010 Bonds, so long as the maturity date of such refunding bonds will not extend to a maturity date which could not have been included in the original issue of the bonds being refunded. The 2010 Bonds satisfy this requirement.

Certain Remedies of Bondholders

Upon the occurrence of any Event of Default (as defined in the Indenture) the Indenture provides that the Trustee, if requested to do so by the holders of twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding and upon being indemnified as provided in the Indenture, shall pursue any available remedy at law or in equity, including, without limitation, the right to enforce the pledge of, security interest in and lien and charge on all revenues pledged by the Authority as security under the Indenture against all Commonwealth and local public officials in possession of any such taxes and revenues at any time and the performance by the Authority of its obligations under the Indenture; provided, however, that there is no right to accelerate the payment of the principal of the Bonds. See APPENDIX C attached hereto.

Limitation of Remedies

THE 2010 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE PLEDGED REVENUES. THE 2010 BONDS DO NOT OTHERWISE CONSTITUTE A PLEDGE OF THE GENERAL CREDIT OF THE AUTHORITY. FURTHER, THE 2010 BONDS DO NOT CONSTITUTE A PLEDGE OF THE CREDIT OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE CITY), NOR DO THE 2010 BONDS CONSTITUTE A PLEDGE OF THE TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE CITY). THE AUTHORITY HAS NO TAXING POWER. NEITHER THE COMMONWEALTH NOR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE CITY) IS LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE 2010 BONDS.

THE 2010 BONDS SHALL NOT BE SECURED BY, AND ARE NOT PAYABLE FROM, AND THE OWNERS OF THE 2010 BONDS SHALL NOT BE ENTITLED TO, ANY MONEYS TRANSFERRED BY THE TRUSTEE, AS REQUIRED BY THE ACT AND THE INDENTURE, TO THE CITY ACCOUNT OR TO THE ENCUMBERED FUNDS ACCOUNT.

THE 2010 BONDS ARE NOT SUBJECT TO ACCELERATION UPON THE OCCURRENCE OF AN EVENT OF DEFAULT.

The rights and remedies of Bondholders could be limited by the provisions of the Federal Bankruptcy Code, as now or hereafter enacted (the "Bankruptcy Code"), or by other laws or legal or equitable principles which may affect the enforcement of creditors' rights. Chapter 9 of the Bankruptcy Code permits, under prescribed circumstances, a political subdivision of a state to commence a voluntary bankruptcy proceeding and to file a plan of adjustment in the repayment of its debts, if such political subdivision is generally not paying its debts as they became due (unless such debts are the subject of a bona fide dispute), or is unable to pay its debts as they become due. Under the Bankruptcy Code, an involuntary petition cannot be filed against a political subdivision.

In order to proceed under Chapter 9 of the Bankruptcy Code, state law must authorize the political subdivision to file a petition under the Bankruptcy Code. THE ACT PROHIBITS BOTH THE AUTHORITY AND THE CITY FROM FILING A PETITION UNDER THE BANKRUPTCY CODE WHILE ANY BONDS OF THE AUTHORITY ARE OUTSTANDING.

CERTAIN DERIVATIVES ACTIVITIES OF THE AUTHORITY

The Authority and JPMorgan Chase Bank (the "Swap Counterparty") previously entered into interest rate "swaption" transactions and "basis cap" transactions with respect to certain prior series of bonds of the Authority. These transactions were documented under standard ISDA documents including a Master Agreement, dated as of December 6, 2001 (the "Master Agreement"); a U.S. Municipal Counterparty Schedule to said Master Agreement, dated as of December 6, 2001; a Credit Support Annex to said Schedule, dated as of December 6, 2001 (the "Credit Support Annex"); and various transaction confirmations. The only such transactions that will remain outstanding after the issuance of the 2010 Bonds will be two basis cap transactions between the Authority and the Swap Counterparty. Under one such basis cap (the "1993A Bonds Basis Cap"), the Swap Counterparty pays to the Authority an amount each month equal to 0.40% per annum times the notional amount times the day count fraction, and the Authority pays to the Swap Counterparty each month an amount equal to the greater of (a) the average of the SIFMA Index for the monthly period divided by the one-month LIBOR rate less 70%, multiplied by the one-month LIBOR rate, times the notional amount times the day count fraction, and (b) zero. The notional amount of the 1993A Bonds Basis Cap is currently \$126,915,000, and such notional amount reduces by certain scheduled amounts on each June 15 until the end of the term of the 1993A Bonds Basis Cap on June 15, 2021.

Under the second outstanding basis cap transaction (the "1999 Bonds Basis Cap") the Swap Counterparty pays to the Authority an amount each month equal to 0.46% per annum times the notional amount times the day count fraction, and the Authority pays to the Swap Counterparty each month an amount equal to the greater of (a) the average of the SIFMA Index for the monthly period divided by the one-month LIBOR rate less 70%, multiplied by the one-month LIBOR rate, times the notional amount times the day count fraction, and (b) zero. The notional amount of the 1999 Bonds Basis Cap is currently \$326,865,000, and such notional amount reduces by certain scheduled amounts on each June 15 until the end of the term of the 1999 Bonds Basis Cap on June 15, 2022.

Under each of these transactions, the Authority has the right at its option to terminate the related basis cap, and any such termination will be treated as an "Additional Termination Event" under the Master Agreement that will result in a termination payment, calculated under the "Market Quotation, Second Method" basis, either owing by the Authority to the Swap Counterparty or owing by the Swap Counterparty to the Authority. Other "Additional Termination Events" under the Master Agreement that may entitle the Authority to terminate the related basis cap transactions include (i) if the Swap Counterparty ceases to have an unsecured and unenhanced senior long-term debt rating of at least "A3" by Moody's Investors Service, Inc. ("Moody's") and "A-" by Standard & Poor's Ratings Services ("S&P") and the Swap Counterparty fails to post collateral as required by the Credit Support Annex within 15 days, and (ii) if the unsecured and unenhanced senior long-term debt rating of the Swap Counterparty by Moody's or S&P is suspended or withdrawn or if the Swap Counterparty ceases to have an unsecured and unenhanced senior long-term debt rating of at least "Baa2" by Moody's and "BBB" from S&P.

Under the documentation for these basis caps, the liability of the Authority to make any payment is limited to the amounts available for such payment in the Revenue Fund after all required transfers have been made to the Debt Service Fund and the Debt Service Reserve Fund pursuant to the Indenture (and also after payment of any amounts owing to the issuer of any municipal bond debt service reserve fund policy on deposit in the Debt Service Reserve Fund). The Swap Counterparty's rights are expressly subordinated to payment by the Authority on the Authority's bonds issued under the Indenture and amounts required to be deposited into the Debt Service Reserve Fund (including payments to the issuer of a reserve fund policy as aforesaid), and the Authority has not granted to the Swap Counterparty any lien, charge, security interest or other encumbrance in or on the Pledged Revenues or any other revenues or assets to secure payment or performance of any of the Authority's obligations under the basis caps.

DEBT SERVICE REQUIREMENTS

The following table shows the annual debt service requirements on the 2009 Bonds, the annual principal and interest payments on the 2010 Bonds, and the total debt service requirements on the 2009 Bonds and the 2010 Bonds.

<u>Year Ending (June 30)</u>	<u>Total Debt Service Relating to 2009 Bonds</u>	<u>2010 Bonds Principal</u>	<u>2010 Bonds Interest</u>	<u>Total Debt Service Requirements on 2010 Bonds</u>	<u>Total Debt Service Requirements</u>
2010	\$44,702,775				
2011	41,043,975				
2012	41,026,100				
2013	41,017,350				
2014	40,994,150				
2015	40,975,850				
2016	40,948,850				
2017	40,929,600				
2018	31,802,600				
2019	23,078,350				
2020	23,082,850				
2021	23,076,850				
2022	23,078,250				
2023	23,076,000				

ANNUAL COLLECTION OF THE CITY TAX AND THE AUTHORITY TAX

In connection with the enactment of the ordinance levying the Authority Tax of 1.5% and the adoption of the Fiscal Year 1992 operating budget of the City, the City enacted an ordinance approved on June 12, 1991 (effective July 1, 1991) reducing the rate of the City's tax on the salaries, wages, commissions and other compensation earned by residents of the City and on net profits earned in business, professions and other activities conducted by City residents (the "City Tax") by 1.5%, from 4.96% to 3.46%. Further reductions in the rate of the City Tax were implemented in each of the City's fiscal years 1996 through 2009. The current rate is 2.430% which, when added to the Authority Tax, results in a tax rate of 3.9300%. These reduced rates include rate reductions funded through tax reduction funding provided by the Commonwealth from gaming proceeds. Additional Commonwealth-funded rate reductions may occur depending on the level of gaming proceeds received by the Commonwealth.

Revenue enhancement legislation passed by City Council on December 4, 2008 will halt further City-funded reductions in the rate of the City Tax until fiscal year 2015.

The City Tax is imposed pursuant to authority granted to the City by the Sterling Act (Act of August 5, 1932, Sp. Sess., P.L. 45, No. 43), which was enacted by the Pennsylvania General Assembly in 1932 and permits the City to levy any tax not specifically preempted by the Commonwealth. The City has imposed a wage, earnings and net profits tax since 1939. For a discussion of historical data with respect to collection of the City Tax, see APPENDIX B herein.

Under state law at least sixty percent (60%) of a taxpayer's tax liability based upon net income under the Business Privilege Tax levied by the City under the First Class City Business Tax Reform Act must be allowed as a credit against such taxpayer's liability under any tax based upon net profits or gain levied by the City pursuant to the Sterling Act (such as the City Tax and the Authority Tax). The Act requires that such credit be applied and exhausted against the City Tax before such credit can be applied and charged against similar liability of a taxpayer under the Authority Tax. The City currently allows the minimum sixty percent (60%) credit required by law, but is permitted to increase that credit above sixty percent (60%).

The City also levies a tax on the salaries, wages, commissions and other compensation and on net profits earned in business, professions and other activities of non-residents employed in the City ("Non-resident Tax"). The Non-resident Tax rate is different from the City Tax rate.

The following table sets forth the amount of the Authority Tax collected by the Commonwealth (which is net of the costs of the Pennsylvania Revenue Department in collecting the Authority Tax) in Fiscal Years 2000 to 2009.

Authority Tax Collected By Commonwealth

<u>Fiscal Year</u>	<u>Amount (in millions)</u>
2000	\$256.6
2001	\$273.6
2002	\$273.6
2003	\$281.5
2004	\$285.0
2005	\$300.2
2006	\$309.9
2007	\$327.9
2008	\$341.8
2009	\$348.5

The following table sets forth Authority Tax receipts from the Commonwealth for the periods indicated below.

**Authority Tax Receipts
April, 2009 to March, 2010
(in millions)**

<u>MONTH</u>	<u>AMOUNT</u>	<u>MONTH</u>	<u>AMOUNT</u>
April 2009	\$29.7	October 2009	\$27.2
May 2009	\$32.5	November 2009	\$28.8
June 2009	\$25.6	December 2009	\$25.4
July 2009	\$29.1	January 2010	\$32.1
August 2009	\$29.9	February 2010	\$29.9
September 2009	\$23.5	March 2010	\$30.3*

Total

*Preliminary

Historical Revenues and Debt Service Coverage Ratios

The revenues of the Authority available for debt service from the Authority Tax for Fiscal Years 2006 through 2009 and the debt service coverage ratios for Fiscal Years 2006 through 2009 are shown in the following table:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues Available for Debt Service (in millions)	\$309,900,000	\$327,900,000	\$341,800,000	\$348,500,000
Actual Debt Service	\$87,137,018	\$85,977,412	\$86,421,613	\$74,659,961
Debt Service Coverage Ratio	3.56	3.81	3.96	4.67

In its current proposed Financial Plan, the City estimates that the amount of the Authority Tax to be collected in Fiscal Years 2010 and 2011 will be approximately \$354.3 million and \$361.9 million, respectively. There is no assurance that the City Revenue Department and the Law Department of the City, acting as agents for the Pennsylvania Revenue Department, will actually collect such estimated amount of Authority Tax or that the amount of the Authority Tax collected in future years will equal or exceed such estimated amount. Authority Tax receipts collected in the first nine (9) months of Fiscal Year 2010 totaled \$256.2 million. See APPENDIX B attached herein.

THE AUTHORITY

Organization and Purpose

The Authority is a body corporate and politic constituting a public authority and an instrumentality of the Commonwealth exercising public powers of the Commonwealth as an agency and instrumentality thereof which was created pursuant to the Act for the purpose of providing financial assistance to, and exercising certain powers of oversight over the budgetary practices and fiscal affairs of, cities of the first class in the Commonwealth. The City currently is the only city of the first class in the Commonwealth. The Act and the Cooperation Agreement provide that, upon the request by the City to the Authority for financial assistance and for so long as any bonds of the Authority remain outstanding, the Authority shall have certain powers. In its financial assistance capacity, the Authority has the power to issue its bonds to grant or lend the proceeds thereof to the City. Such power to issue debt for the purposes of financing a deficit or a capital project of the City has expired. The Authority also has an oversight role, and in this capacity it has the power to exercise certain advisory and review powers with respect to the City's financial affairs, including the power to review and approve Financial Plans to be revised at least annually by the City and to certify any noncompliance by the City with its then-existing Financial Plan, which certification would require the Secretary of the Budget of the Commonwealth to cause certain payments due to the City from the Commonwealth to be withheld by the Commonwealth and disbursements to the City from the City Account to be suspended pending compliance with the Act and the then-existing Financial Plan. For a discussion of the operating history of the Authority, see "THE AUTHORITY -Operating History" herein.

Board of Authority

Under the Act, the Authority is administered by a governing Board consisting of five voting members and two ex officio non-voting members. The Governor, the President Pro Tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives each appoints one voting member of the Board. Each Board member serves at the pleasure of his or her appointing authority for a term extending not more than sixty days beyond the current term of office of the appointing authorities from the House of Representatives or until a successor member is appointed, whichever occurs first. The maximum term of office of the appointing authorities from the House of Representatives is two (2) years. The current term of office of the appointing authorities from the House of Representatives ends on November 30, 2010.

Members of the Board shall not be liable personally on the 2010 Bonds and shall not be subject to any personal liability or accountability by reason of the issuance thereof.

The Secretary of the Budget of the Commonwealth and the Director of Finance of the City serve as ex officio members of the Board. The ex officio members have no voting rights, are not counted for purposes of establishing a quorum and may designate in writing a representative of their respective offices to attend Board meetings on their behalf.

The current members of the Board are as follows:

JAMES EISENHOWER, Chair. Mr. Eisenhower was appointed to serve as a member of the Board by Pennsylvania Governor Edward G. Rendell in 2005. Mr. Eisenhower is an attorney with the firm of Schnader Harrison Segal & Lewis LLP and chair of the firm's Government and Regulatory Affairs Practice Group. His practice emphasis is on government relations, criminal law, investigative services, ethics and election law and complex civil litigation. Prior to entering private practice, Mr. Eisenhower served as an Assistant United States Attorney for the Eastern District of Pennsylvania and as trial attorney

for the Civil Rights Division of the United States Department of Justice. His long, distinguished record of public service includes serving as the 2004 Democratic candidate for attorney general of Pennsylvania, serving as Governor Rendell's chief criminal justice advisor during the 2002 governor's race, and in a wide variety of roles – such as participating as a member on the Governor's Cabinet for Children and Families – at the request of Governor Rendell.

WILLIAM J. LEONARD, Vice-Chair. Mr. Leonard was originally appointed to serve as a member of the Board by the Minority Leader of the House of Representatives of the Commonwealth in 1998 and has been reappointed to the Board upon expiration of each term of office since that time, most recently by the Speaker of the House of Representatives. Mr. Leonard is a partner with the Philadelphia-based law firm of Obermayer Rebmann Maxwell & Hippel LLP. He was previously associated with the law firm of Dilworth Paxson LLP. His areas of concentration include general complex commercial litigation with experience in antitrust, construction and intellectual property matters. He graduated from Drexel University in 1981 with a degree in Business Administration. In 1984 he graduated from the Dickinson School of Law where he was the winner of the Law Review Writing Competition for Outstanding Casenote.

MICHAEL A. KARP. Mr. Karp was appointed to serve as a member of the Board by the Speaker of the House of Representatives in 2000 and has been reappointed to the Board upon expiration of each term of office since that time, most recently by the Minority Leader of the House of Representatives. His prior government service includes service as a member of the Board of Education of the School District of Philadelphia. He is the founder of University City Housing and is active in the civic affairs of the University City community in West Philadelphia.

JOSEPH A. DIANGELO, Ed.D. Dr. DiAngelo was appointed to serve as a member of the Board by the President Pro Tempore of the Senate in 2009. He is the Dean and a Professor in the Department of Management at the Haub School of Business at St. Joseph's University.

WADUD AHMAD. Mr. Ahmad was appointed to serve as a member of the Board by Senator Robert J. Mellow, Minority Leader of the Senate of the Commonwealth of Pennsylvania, in 2009. Mr. Ahmad is a Partner in the Law Firm of Ahmad & Zaffarese, LLC, a Philadelphia based law firm, where his practice focuses on business law and criminal defense. Prior to founding Ahmad & Zaffarese, LLC, Mr. Ahmad served as an Assistant District Attorney with the Philadelphia District Attorney's Office. Mr. Ahmad has served as counsel for the Ten Thousand Men Project, as an Adjunct Professor for Eastern University's Philadelphia Center for Community Education, and as a frequent guest lecturer at Temple University. Mr. Ahmad also serves as an unpaid consultant for the Woman's Opportunity Resource Center (WORC) in Philadelphia.

MARY A. SODERBERG, Ex Officio. Ms. Soderberg is the Secretary of the Budget of the Commonwealth.

ROB DUBOW, Ex Officio. Mr. Dubow is the Director of Finance of the City. Mr. Dubow previously served as the Executive Director of the Authority.

Authority Staff

The Board appoints a staff to execute the functions of the Authority. Currently, the staff of the Authority is comprised of five (5) individuals, including the Executive Director, two (2) financial analysis specialists and two (2) clerical assistants. The Act provides that the Executive Director serves at the pleasure of the Board for a term ending sixty days beyond the current term of office of the appointing authorities from the House of Representatives or until his or her successor is retained, whichever occurs first.

The staff of the Authority is currently supervised by:

URI Z. MONSON, Executive Director. Mr. Monson served as Director of Budgetary Analysis for the Authority until October 16, 2001, when he became the Deputy Executive Director for the Authority. From 1998 to 2000, he served as an Assistant Budget Director for the City of Philadelphia. From 1995 to 1998, he worked for the U.S. Department of Education in Washington, D.C. as a congressional liaison, policy analyst, and as manager of the Javits Graduate Fellowship Program and co-manager of the National Resource Center program. Mr. Monson is a graduate of the Presidential Management Internship Program, served as a program analyst at the U.S. Department of Education, and worked in the Office of the Vice President of the United States and the New York City Office of the Superintendent for Alternative High School Programs. He has a Masters Degree in Public Policy, with a concentration in education policy, from the Columbia University School of International and Public Affairs. He also has a BA in Political Science from Columbia University, as well as a BA in Midrash from the Jewish Theological Seminary of America. Mr. Monson serves on the Board of Camp Ramah in the Poconos and the Philadelphia Committee on City Policy.

Financing Program

The Authority was established and organized by the Commonwealth in June 1991 pursuant to the Act. The Authority has previously issued ten series of bonds. Upon the issuance of the 2010 Bonds only the 2009 Bonds and 2010 Bonds will remain outstanding. The Authority may from time to time, subject to the limitations prescribed in the Act, enter into financing or refinancing transactions. Each additional financing or refinancing transaction may be a separate obligation of the Authority issued under a trust indenture separate from the Indenture or may be an obligation of the Authority issued under an indenture supplemental to the Indenture and secured on an equal and ratable (except for moneys otherwise specifically pledged under the Indenture) or subordinate basis with the 2009 Bonds and the 2010 Bonds.

Under the Act, the City is required to fulfill and comply with certain requirements in order to receive financial assistance from the Authority. Such requirements include, but are not limited to, (i) adoption of an intergovernmental cooperation agreement between the City and the Authority, which must be approved by a Qualified Majority of the Board, and (ii) the development and revision at least annually by the City, in consultation with the Authority, of, and in compliance with, a Financial Plan. "Qualified Majority" is defined in the Act to mean a majority of the Board which includes any four voting members.

Oversight Functions of the Authority

The Act establishes a statutory framework for financial oversight of the City by the Authority. Generally, in order to receive financial assistance from the Authority, and for so long as any bonds of the Authority remain Outstanding, the City must comply with certain requirements set forth in the Act and in certain documents and agreements, such as the Cooperation Agreement, contemplated by the Act. In addition, the Act and certain documents and agreements contemplated by the Act, such as the Cooperation Agreement, grant to the Authority certain powers to review City financial information and to take certain actions to monitor and to promote the City's compliance with its obligations under the Act

and under certain documents and agreements contemplated by the Act, such as the Cooperation Agreement. See "THE AUTHORITY - Powers of the Authority to Promote Compliance" herein.

Intergovernmental Cooperation Agreement

On January 8, 1992, the City and the Authority entered into the Cooperation Agreement. In addition to detailing the preparation, approval and effect of the City's Financial Plan as described below, the Cooperation Agreement provides, in general, for the initial issuance of bonds by the Authority to provide financial assistance to the City, and sets forth certain terms governing the City Account. The Cooperation Agreement also requires the City to provide to the Authority certain financial and other information and grants to the Authority certain inspection and audit rights.

Financial Plan

Upon the request by the City to the Authority for financial assistance, and for so long as any bonds of the Authority remain Outstanding, the Act requires that the City submit and the Authority approve at least annually a Financial Plan conforming to certain standards specified in the Act and in the Cooperation Agreement. The Act and the Cooperation Agreement require that each Financial Plan include financial information concerning projected revenues and expenditures of the principal operating fund or funds of the City specified in the Cooperation Agreement, including primarily the City's General Fund, General Capital Fund and Grants Revenue Fund, for the current fiscal year and the next four fiscal years. All projections of the revenues and expenditures in each Financial Plan must be based on assumptions and methods of estimation determined to be reasonable and appropriate by the Authority, such assumptions and methods to be consistently applied. All cash flow projections in each Financial Plan must be based upon assumptions as to sources and uses of cash determined to be reasonable and appropriate by the Authority. Revenue and appropriation estimates must be on a modified accrual basis; any deviation from the statutory standards for estimating revenues and expenditures must be approved by a Qualified Majority of the Board.

Each Financial Plan must specify practices by which the City shall (i) eliminate any projected deficit of the City for the then-current fiscal year and for the subsequent fiscal years covered by such Financial Plan; (ii) restore to special fund accounts of the City moneys from those accounts used for purposes other than those specifically authorized; (iii) balance the then-current fiscal year budget and subsequent budgets of the City covered by the Financial Plan through sound budgetary practices, including, but not limited to, reductions in expenditures, improvements in productivity, increases in revenues, or a combination of such steps; (iv) provide procedures to avoid a City fiscal emergency condition in the future; and (v) enhance the ability of the City to regain access to the short- and long-term credit markets.

Pursuant to the Act, the City was required to submit an initial Financial Plan to the Authority for its approval prior to the Authority rendering certain financial assistance to the City. The City submitted an initial Financial Plan to the Authority prior to the issuance of the first series of bonds by the Authority in 1992. In addition, the Act and the Cooperation Agreement require the City to submit a revised Financial Plan at least one hundred (100) days prior to the beginning of each fiscal year (or such other date as the Authority may approve at the request of the City), so long as any bonds of the Authority are outstanding. Each such revised Financial Plan is required to include projected revenues and expenditures of the General Fund, the General Capital Fund, the Grants Revenue Fund and any other principal operating fund of the City which becomes a member of the City's Consolidated Cash Account (collectively, the "Covered Funds") for five fiscal years of the City, consisting of the fiscal year of the City beginning on the July 1 next following the date such revised Financial Plan is required to be submitted to the Authority and the next four fiscal years thereafter.

The Act and the Cooperation Agreement also require that the City, simultaneously with the submission of each Financial Plan, submit to the Authority, among other things, the following:

- (a) a schedule of debt service payments due or projected to become due in respect of all indebtedness of the City and all indebtedness of others supported in any manner by the City (by guaranty, lease, service agreement or otherwise) during each fiscal year of the City until the final scheduled maturity of such indebtedness, such schedule to set forth such debt service payments separately according to the general categories of direct general obligation debt, direct revenue debt, lease obligations, service agreement obligations and guaranty obligations;
- (b) a schedule of payments for legally mandated services included in the Financial Plan and due or projected to be due during the fiscal years of the City covered by the Financial Plan;
- (c) a statement describing, in reasonable detail, the significant assumptions and methods of estimation used in arriving at the projections contained in the Financial Plan;
- (d) the Mayor's proposed operating budget and capital budget for each of the City's principal operating funds for the next fiscal year of the City, which budgets shall be consistent with the first year of the Financial Plan and which budgets shall be prepared in accordance with the Philadelphia Home Rule Charter, as amended;
- (e) a statement by the Mayor that the budgets described in (d) above: (i) are consistent with the Financial Plan; (ii) contain funding adequate for debt service payments, legally mandated services and lease payments securing bonds of other government agencies or of any other entities; and (iii) are based on reasonable and appropriate assumptions and methods of estimation;
- (f) a cash flow forecast for the City's consolidated cash account for the first fiscal year of the City covered by the Financial Plan;
- (g) an opinion or certification of the City Controller, prepared in accordance with generally accepted auditing standards, with respect to the reasonableness of the assumptions and estimates in the Financial Plan; and
- (h) schedule setting forth the number of authorized employee positions (filled and unfilled) for the first year covered by such Financial Plan for each board, commission, department or office of the City.

The Act and the Cooperation Agreement require the Authority promptly to review the Financial Plan and the proposed operating and capital budgets. The Act and the Cooperation Agreement also require the Authority, within thirty (30) days of the submission of the Financial Plan and proposed operating and capital budgets, to determine whether such Financial Plan projects balanced budgets for the principal operating fund or funds of the City, based upon reasonable assumptions, for each year of the Financial Plan and whether such proposed operating and capital budgets are consistent with the Financial Plan.

If the Authority determines that the Financial Plan and the proposed operating and capital budgets fulfill the applicable requirements of the Act and the Cooperation Agreement, the Act and the Cooperation Agreement require the Board to approve the Financial Plan by a Qualified Majority. If the Authority fails to take any action within thirty (30) days of the submission of a proposed Financial Plan, such Financial Plan shall be deemed to have been approved; provided, however, that if during such thirty (30) day period a written request by two (2) members of the Board for a meeting and vote on the question of approval of the proposed Financial Plan has been submitted to the Chairperson of the Board and a meeting and vote does not take place, then the Financial Plan shall be deemed to have been disapproved. The Financial Plan also shall be deemed to have been disapproved if such meeting and vote are held and the Financial Plan is approved by anything less than a Qualified Majority. The Act and the Cooperation Agreement provide that the Authority shall not be bound by any opinions or certifications of the City Controller issued pursuant to the Act or the Cooperation Agreement in making any determination regarding the Financial Plan.

If the Financial Plan is disapproved by the Board, the Act and the Cooperation Agreement require the Authority to notify the City thereof and to state in writing in reasonable detail the reasons for such disapproval, including the amount of any estimated budget imbalance in a principal operating fund or funds of the City. The City must then submit a revised Financial Plan to the Authority, eliminating the budget imbalance, within fifteen (15) days of such disapproval. Such revised Financial Plan must be reviewed and voted upon by the Board within fifteen (15) days of its submission. If the Authority determines that the revised Financial Plan fulfills the applicable requirements of the Act and the Cooperation Agreement, the Board must approve the revised Financial Plan by a Qualified Majority. If the Authority does not so approve the revised Financial Plan, the Authority shall certify the City's noncompliance with the Financial Plan to the Secretary of the Budget of the Commonwealth. See "Powers of the Authority to Promote Compliance" herein.

The Act and the Cooperation Agreement provide that the City may, during any fiscal year, submit proposed revisions to its then-existing Financial Plan. The Act provides that the City shall submit such a proposed revision after, and the Cooperation Agreement provides that the City shall submit a proposed revision within fifteen (15) days after, any amendment to the City's operating or capital budget becomes effective. The Act and the Cooperation Agreement also require the Mayor, within ninety (90) days of assuming office, to certify to the Authority that the Mayor adopts the then-existing Financial Plan or to propose to the Authority revisions to the then-existing Financial Plan. When a proposed revision is submitted, the Authority is required to review the revision within twenty (20) days and to approve the proposed revision if, based on assumptions deemed to be reasonable by the Authority, it does not cause the Financial Plan to become imbalanced. Proposed revisions become part of the Financial Plan upon the approval of a Qualified Majority, unless a Qualified Majority of the Board adopts some other method of approval in its rules and regulations. If the Authority fails to take action on a proposed revision within twenty (20) days, such revision will be deemed to have been approved, unless two (2) members of the Board request in writing submitted to the Chairperson of the Board a meeting and vote on the revision and no such meeting and vote takes place, in which event such revision will be deemed to have been disapproved. The Financial Plan shall also be deemed to have been disapproved if such meeting and vote are held and the Financial Plan is approved by anything less than a Qualified Majority.

In the event that the City Council adopts a budget inconsistent with an approved Financial Plan, the Act and the Cooperation Agreement require the City to submit the enacted budget to the Authority (pursuant to the terms of the Cooperation Agreement, within twenty (20) days after such budget has been so enacted) as a proposed revision to the Financial Plan. The Authority shall have thirty (30) days to review such proposed revision.

Contracts and Collective Bargaining Agreements of the City

The Act and the Cooperation Agreement provide that the City shall execute contracts and collective bargaining agreements which are in compliance with the Financial Plan. The Act and the Cooperation Agreement provide that if the City executes a contract or collective bargaining agreement or receives an arbitration award (other than with respect to police officers or firefighters as described in the next following sentence) which is not in compliance with the Financial Plan, such contract, collective bargaining agreement or arbitration award shall not be void or voidable solely by reason of such noncompliance, but the City shall as soon as practicable but in no event later than fifteen (15) days after the execution or receipt thereof by the City, submit to the Authority a proposed revision to the Financial Plan which demonstrates to the reasonable satisfaction of the Authority that revenues sufficient to pay the costs of the contract or collective bargaining agreement or arbitration award will be available in the affected fiscal years of the Financial Plan. In addition, Section 209(k) of the Act provides that a board of arbitration must take into consideration and accord substantial weight to the Financial Plan when making an award which increases the wages or fringe benefits of any police officers or firefighters employed by the City. The Act and the Cooperation Agreement provide that if such an arbitration award, after the exhaustion of all appeals, is not in compliance with the Financial Plan, such an arbitration award shall not be void or voidable solely by reason of such noncompliance, but the City shall not later than twenty (20) days after the date of such award, submit to the Authority a proposed revision to the Financial Plan which demonstrates that revenues sufficient to pay the costs of the arbitration award will be available in the affected fiscal years of the Financial Plan. The Cooperation Agreement provides that the Authority has certain rights to receive information concerning collective bargaining agreements of the City and to express views as to the financial impact on the City of such collective bargaining agreements. The Cooperation Agreement also provides that the Authority has certain rights of review, comment, and recommendation with respect to certain other contracts or agreements to which the City is a party or under or on account of which the City may be or become obligated, directly or indirectly, pursuant to which the City will or may incur a financial obligation or confer a financial benefit upon another, in either case in excess of \$1,000,000 during any fiscal year of the City during the term of such contract or agreement, or in excess of \$5,000,000 in the aggregate during the term of such contract or agreement. The Authority has agreed with the City to keep certain information and communications relating to collective bargaining agreements and such other contracts confidential until such agreements or contracts are executed.

Powers of the Authority to Promote Compliance

In the event the City fails to submit the required revisions to the Financial Plan as discussed above, the Authority may exercise certain powers to promote compliance, as described below.

Power to Require Production of Records and Information and to Act Thereon

The Act and the Cooperation Agreement require the City to furnish, and the Authority to receive and review, certain financial reports and other information in order to enable the Authority to determine whether the City is complying with the then-existing Financial Plan. Under the Cooperation Agreement, within forty-five (45) days of the end of each fiscal quarter of the City, and also monthly (within thirty (30) days after the end of the previous month) if a Variance (as hereinafter defined) from the then-current Financial Plan has been determined by the Authority to have occurred, the Mayor is required to provide to the Authority a report describing actual, or current estimates of, revenues, expenditures and cash flows by Covered Fund (excepting the Grants Revenue Fund) compared to budgeted revenues, expenditures and cash flows by Covered Funds (excepting the Grants Revenue Fund) for such previous quarterly or monthly period, as the case may be, and for the year-to-date period from the beginning of the then-current fiscal year of the City to the last day of the fiscal quarter or month, as the case may be, just ended. Each

such report is required to explain any Variance existing as of such last day. If the City fails to file with the Authority any Financial Plan, revision to a Financial Plan, report or other information required to be filed with the Authority pursuant to the Act or the Cooperation Agreement, the Act and the Cooperation Agreement authorize the Authority to bring, on ten (10) days' notice, a mandamus action to compel production of the same.

The Authority is required to determine, based on its review of the aforementioned information or upon such independent audits, examinations or studies of the City finances as may be conducted by or on behalf of the Authority, whether a Variance from the Financial Plan has occurred.

Under the Cooperation Agreement, a "Variance" is deemed to have occurred as of the end of a reporting period described above if (i) a net adverse change in the fund balance of a Covered Fund of more than one percent (1%) of the revenues budgeted for such Covered Fund for that fiscal year is reasonably projected to occur, such projection to be calculated from the beginning of the fiscal year for the entire fiscal year, or (ii) the actual net cash flows of the City for a Covered Fund are reasonably projected to be less than ninety-five percent (95%) of the net cash flows of the City for such Covered Fund for that fiscal year originally forecast at the time of adoption of the budget, such projection to be calculated from the beginning of the fiscal year for the entire fiscal year.

If the Authority determines that a Variance exists, it is required to notify the City in writing, whereupon the City is required, within ten (10) days after request by the Authority, to provide the Authority such additional information as the Authority deems necessary to explain the Variance. The Authority may not take action with respect to the City as a result of Variances from the Financial Plan in any fiscal quarter of the City if the City (i) within thirty (30) days provides a written explanation of the Variance that the Authority deems reasonable, (ii) within forty-five (45) days proposes remedial action that the Authority believes will restore overall compliance with the Financial Plan, (iii) provides information in the immediately succeeding quarterly financial report required to be delivered to the Authority demonstrating to the reasonable satisfaction of the Authority that the City is taking the remedial action and otherwise complying with the Financial Plan, and (iv) submits monthly supplemental reports in accordance with the Act and the Cooperation Agreement.

Power to Initiate Withholding of Certain Payments to the City by the Commonwealth

The Act and the Cooperation Agreement require the Authority to certify to the Secretary of the Budget of the Commonwealth the City's noncompliance with the then-existing Financial Plan during any period when the Authority, by a Qualified Majority, determines that the City (i) has not adhered to the then-existing Financial Plan and (ii) has not taken adequate remedial action during the next fiscal quarter following such departure from the Financial Plan to cure such noncompliance.

In addition, the Act and the Cooperation Agreement require the Authority to certify to the Secretary of the Budget of the Commonwealth that the City is not in compliance with the then-existing Financial Plan if the City (a)(i) has failed to file a Financial Plan or has no Financial Plan approved by the Authority, both as required by the Act and the Cooperation Agreement, or (ii) has failed to file mandatory revisions to an approved Financial Plan or reports as required by the Act and the Cooperation Agreement and (b) has not been compelled to file a Financial Plan, a mandatory revision to a Financial Plan or a report pursuant to the Authority's power to institute a mandamus action under the Act and the Cooperation Agreement.

Withholding of Commonwealth Payments to City; Exemptions Therefrom

In the event the Authority certifies the City's noncompliance with an approved Financial Plan, the Act requires the Secretary of the Budget of the Commonwealth to notify the City of such certification and to inform the City that each grant, loan, entitlement or payment from the Commonwealth or any of its agencies to the City (except as provided below), including payments from the City Account, shall be suspended until such time as the City complies with the then-existing Financial Plan. The Act also requires payments from the City Account to be retained in that account, and all other payments to be held in escrow by the Commonwealth until such time as the Board, by a Qualified Majority, determines that the conditions causing the City's noncompliance with the Financial Plan have ceased to exist. At the time the Authority makes such determination, the Act requires the Authority promptly to notify the Secretary of the Budget of the Commonwealth, who is required to release all funds held in escrow, along with interest and income earned thereon during the escrow period, and the disbursements to the City from the City Account shall then resume.

The Act and the Cooperation Agreement specifically provide that, other provisions of the Act and the Cooperation Agreement notwithstanding, the following funds may not be withheld by the Commonwealth from the City for noncompliance with a Financial Plan: (i) funds for capital projects under contracts in progress; (ii) funds granted or allocated to the City directly from an agency of the Commonwealth, or from the federal government for distribution by the Commonwealth after the declaration of a disaster resulting from a catastrophe; (iii) pension fund payments required by law; (iv) funds administered by the City's Department of Human Services or Department of Health that provide benefits or services to recipients; (v) funds that the City has pledged to repay bonds or notes issued under The First Class City Revenue Bond Act (Act of October 18, 1972, P.L. 955, No. 234); and (vi) funds appropriated by the Commonwealth for the City's court system or correctional programs. The Act also provides that funds will not be withheld from the City if the City's noncompliance with a Financial Plan is due to the Commonwealth's failure to pay funds due to the City from moneys appropriated by the General Assembly of the Commonwealth. However, the Cooperation Agreement provides that such failure by the Commonwealth to pay any such money shall not be as a result of any fault of the City.

Operating History

Since the issuance of its first series of bonds in 1992, the Authority has devoted its primary attention to the assessment, approval and oversight of the City's Financial Plans, the City's compliance therewith, the evaluation of City financial reporting, the analysis of City financial and budgetary practices and programs and oversight of the expenditure of funds for capital projects and productivity enhancements for which the Authority made grants to the City with a portion of the proceeds from the sale of bonds in 1992, 1993 and 1994.

The City's original Financial Plan, which covered Fiscal Years 1992-1996, was prepared by the Mayor, approved by City Council on April 29, 1992 and approved by the Authority on May 18, 1992. In November 1992 the Authority began receiving quarterly Financial Plan reports from the City addressing the status of the City's compliance with its original Financial Plan and any associated achievement of City initiatives. The Authority determined a Variance to exist with respect to the quarterly Financial Plan report for the first quarter of Fiscal Year 1993, which projected a Variance in the Financial Plan through June 30, 1993 of \$57 million of the budgeted revenues of the General Fund. The Mayor proposed Variance correction measures for Fiscal Year 1993, a revised Financial Plan for Fiscal Years 1994-1998 and a Fiscal Year 1994 general fund and capital budget, which were enacted or approved by the City Council. The revised Financial Plan for Fiscal Years 1994-1998 and Variance correction proposals were submitted to the Authority and were approved by the Authority on April 14, 1993, at which time the Authority determined that a Variance no longer existed with respect to the Financial Plan. Subsequent

quarterly Financial Plan reports prior to the City's December 31, 2008 report did not project Variances from the Financial Plans applicable to such reports and the Authority approved each subsequent Financial Plan. The December 31, 2008 report projected a Variance and the Authority notified the Mayor of the Variance in a letter of February 18, 2009, which required the Mayor to submit a rebalancing Plan. The proposed Financial Plan for Fiscal Years 2010-2014 met that requirement. The Authority approved the Financial Plan for Fiscal Years 2010-2014 in September of 2009. The revised Financial Plan for Fiscal Years 2011-2015 was submitted to City Council on March 4, 2010. The revised Financial Plan for Fiscal Years 2011-2015 is expected to be submitted to the Authority in June 2010 for Authority approval.

Information Requested from Authority by Justice Department and SEC

The Authority has received from the Antitrust Division of the United States Department of Justice and from Division of Enforcement of the Securities and Exchange Commission requests (including grand jury subpoenas duces tecum) to provide certain information relating to certain investment contacts and derivative transactions in which the Authority has been involved. Based on published reports, the Authority believes that these requests relate to broader criminal and civil investigations being conducted by these governmental authorities into alleged anticompetitive practices in municipal finance transactions involving investments and derivatives. The Authority has complied with such requests for information.

LITIGATION

There is no litigation of any nature now pending or threatened seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2010 Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2010 Bonds or the existence or powers of the Authority.

LEGAL INVESTMENT

The Act provides that the 2010 Bonds are legal investments, in which all government agencies, all insurance companies, trust companies, banking associations, banking corporations, savings banks, investment companies, executors, trustees of any retirement, pension or annuity fund or system of the Commonwealth or of a city, trustees and other fiduciaries may properly and legally invest funds, including capital, deposits or other funds in their control or belonging to them. Under the Act, the 2010 Bonds may properly and legally be deposited with and received by any government agency for any purpose for which the deposit of bonds or other obligations of the Commonwealth now or hereafter may be authorized by law.

TAX EXEMPTION

Federal Tax Exemption

In the opinion of Bond Counsel, assuming the accuracy of the certifications of the Authority and continuing compliance with requirements of the Internal Revenue Code of 1986, as amended (the "Code"), by the Authority, interest on the 2010 Bonds is excludable from gross income for federal income tax purposes under existing law, as currently enacted and construed. Interest on the 2010 Bonds will not be an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals and corporations and interest on the 2010 Bonds held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) will not be indirectly subject to alternative minimum tax because of its inclusion in the earnings and profits of the corporate holder. Interest on the 2010 Bonds held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

Ownership of the 2010 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with “excess net passive income,” individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2010 Bonds. Bond Counsel expresses no opinion as to any such collateral tax consequences. Purchasers of 2010 Bonds should consult their own tax advisors as to such collateral tax consequences.

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the 2010 Bonds for interest thereupon to remain excludable from the gross income of the owners of the 2010 Bonds for federal income tax purposes. The Authority has covenanted to comply with such requirements. Noncompliance with such requirements may cause interest on the 2010 Bonds to be required to be included in the gross income of the owners of the 2010 Bonds for federal income tax purposes, retroactive to the date of issuance of the 2010 Bonds or as of some later date.

Original Issue Premium

The 2010 Bonds maturing on June 15, 20__ (the “Noncallable Premium Bonds”) and the 2010 Bonds maturing on June 15, 20__ (the “Callable Premium Bonds”) were sold at a price in excess of the amount payable at maturity in the case of the Noncallable Premium Bonds or their earlier call date in the case of the Callable Premium Bonds. Under the Code, the difference between the amount payable at maturity of the Noncallable Premium Bonds and the tax basis to the purchaser and the difference between the amount payable at the call date of the Callable Premium Bonds that minimizes the yield to a purchaser of a Callable Premium Bond and the tax basis to the purchaser (other than a purchaser who holds a Noncallable or Callable Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) is “bond premium”. Bond premium is amortized for federal income tax purposes over the term of a Noncallable Premium Bond and over the period to the call date of a Callable Premium Bond that minimizes the yield to the purchaser of the Callable Premium Bond. A purchaser of a Noncallable or Callable Premium Bond is required to decrease his adjusted basis in the Premium Bond by the amount of amortizable bond premium attributable to each taxable year he holds the Premium Bond. The amount of amortizable bond premium attributable to each taxable year is determined at a constant interest rate compounded actuarially. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of the Noncallable or Callable Premium Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Noncallable or Callable Premium Bonds and with respect to the state and local consequences of owning and disposing of Noncallable or Callable Premium Bonds.

Original Issue Discount

Under the Code, the difference between the principal amount of the 2010 Bonds maturing June 15, 20__ (the “Discount Bonds”) and the initial offering price to the public, excluding bond houses and brokers, at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount. Original issue discount represents interest which is excluded from gross income and will not be taken into account for purposes of determining the alternative minimum tax on corporations. Original issue discount will accrue over the term of a Discount Bond at a constant interest rate compounded actuarially. A purchaser who acquires a Discount Bond in the initial offering at a price equal to the initial offering price thereof as set forth on the cover page of the Official Statement for the 2010 Bonds will be treated as receiving an amount of interest excludable from gross income equal to the original issue discount accruing during the period he holds the Discount Bond, and will increase his

adjusted basis in such Discount Bond by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bond. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Discount Bonds, which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

Pennsylvania Tax Exemption

In the opinion of Bond Counsel, under the laws of the Commonwealth of Pennsylvania as currently enacted and construed, the 2010 Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the 2010 Bonds is exempt from Pennsylvania personal income tax and corporate net income tax.

RATINGS

Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch Ratings, have assigned the 2010 Bonds ratings of "___", "___" and "___", respectively. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency concerned, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2010 Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery of the 2010 Bonds are subject to the approving opinion of Greenburg Traurig, LLP, Philadelphia, Pennsylvania, Bond Counsel. The proposed form of opinion of Bond Counsel is appended hereto as APPENDIX D. Certain legal matters will be passed upon for the Authority by its counsel, Reed Smith LLP, Philadelphia, Pennsylvania; for the Underwriter by its counsel, The Law Offices of Denise Joy Smyler, Philadelphia, Pennsylvania; and for the City by the Office of the City Solicitor and by Kutak Rock LLP, Philadelphia, Pennsylvania, special counsel to the City.

The various legal opinions to be delivered concurrently with the delivery of the 2010 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, an attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of the parties to the transaction. In addition, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The underwriter of the 2010 Bonds is Goldman, Sachs & Co. (the "Underwriter"). The 2010 Bonds are being purchased for reoffering by the Underwriter at an aggregate purchase price of \$_____ which price reflects an underwriter's discount in the amount of \$_____ and net original issue premium of \$_____. The initial public offering prices of the 2010 Bonds may be changed from time to time by the Underwriter without notice. The Underwriter may offer and sell the 2010 Bonds to certain dealers (including dealers depositing 2010 Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriter) and others at prices lower than the offering prices set forth on the inside front cover page hereof. The purchase contract for the 2010 Bonds provides that the Underwriter's obligation to purchase the 2010 Bonds is subject to certain conditions and that the Underwriter is obligated to purchase all of the 2010 Bonds, if any 2010 Bonds are purchased.

FINANCIAL ADVISOR AND SWAP ADVISOR

Mohanty Gargiulo LLC has served as financial advisor and swap advisor to the Authority in connection with certain matters pertaining to the issuance of the 2010 Bonds and the termination of interest rate swap transactions in connection with the issuance of the 2010 Bonds.

FINANCIAL STATEMENTS

The financial statements of the Authority as of June 30, 2009 included in APPENDIX A to this Official Statement have been audited by Isdaner & Company, LLC, independent auditors, as stated in their report appearing in APPENDIX A.

MISCELLANEOUS

Negotiable Instruments

The Act provides that bonds of the Authority shall have all the qualities of negotiable instruments under the Uniform Commercial Code of the Commonwealth.

Continuing Disclosure Undertaking

In order to enable the Underwriters to comply with the requirements of Rule 15c2-12, the Authority will enter into the Disclosure Agreement for the benefit of the registered owners from time to time of the 2010 Bonds, to be dated the date of original delivery and payment for the 2010 Bonds. The Disclosure Agreement shall constitute a written undertaking for the benefit of the owners and beneficial owners of the 2010 Bonds. The proposed form of the Disclosure Agreement is attached to this Official Statement as APPENDIX E. During the past five years, the Authority has complied in all material respects with its obligations under all continuing disclosure agreements to which it is or was a party.

Certain References

All summaries of the provisions of the 2010 Bonds and the security therefor, the Act and the Indenture set forth herein, and all summaries and references to other documented material not purported to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions. Reference is made hereby to the complete documents relating to such matters for the complete terms and provisions thereof, or for the information contained therein. Copies of the Indenture are on file at the corporate trust office of the Trustee in Philadelphia,

Pennsylvania. Insofar as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are made merely as such and not as representations of fact.

The City has furnished the information relating to the City and its affairs contained in APPENDIX B to this Official Statement and has reviewed and approved all other information relating to the City appearing in this Official Statement. The Authority makes no representations as to the accuracy or completeness of such information.

This Official Statement has been duly authorized, executed and delivered by the Authority. Neither this Official Statement nor any advertisement for the 2010 Bonds is to be deemed or construed as constituting a contract between the Authority and the City on one hand and the purchasers of the 2010 Bonds on the other.

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: James Eisenhower, Chairperson

APPENDIX A
Audited Financial Statements of the Authority as of June 30, 2009

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

JUNE 30, 2009

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Management Discussion of Financial Operations

The Board of the Pennsylvania Intergovernmental Cooperation Authority (the "Authority" or "PICA") offers the following narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2009.

Financial Highlights

- The total net assets (deficit) of the Authority at the close of the fiscal year were (\$439,781,360) representing a increase in net deficit of \$1,114,519 over the prior year.
- At the close of the current fiscal year, the Authority's General Fund unreserved balance increased by over \$11,150,000 to \$18,621,662 from the prior fiscal year. All Administration costs during fiscal year 2009 were funded from the Authority's earnings on its General Fund and on its Debt Service Reserve Fund.
- The Authority's outstanding long-term debt decreased by \$14,355,000 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, and 2) governmental funds financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets (deficit). Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net assets (deficit) changed during the fiscal year ended June 30, 2009. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements can be found on pages 3-4 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for all of the functions that are reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the

end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The basic governmental fund financial statements can be found on pages 5-6 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-26 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, liabilities exceeded assets by \$439,781,360 at the close of fiscal year 2009.

By far the largest portion of the Authority's net deficit reflects its bonds payable. Proceeds from the PICA Tax as well as the corresponding interest earned are in part utilized to fund such debt service requirements. The Authority's bonds payable activity for the year ended June 30, 2009 is summarized as follows:

	Amount (in thousands)
Outstanding Debt at July 1, 2008	\$572,095
Debt Retired	<u>(14,355)</u>
Outstanding Debt at June 30, 2009	<u>\$557,740</u>

The Authority's cash, cash equivalents and short-term investments make up the largest portion of the total assets. Such assets are derived from the proceeds of bond issuances of years past and the related investment income. These assets are used to provide grants to the City of Philadelphia for various capital projects and to fund the required debt service reserve. During fiscal year 2009, the Authority granted approximately \$278.6 million to the City of Philadelphia.

Governmental activities increased the Authority's net deficit by \$1,114,519, thereby accounting for the total increase in net deficit during fiscal year 2009. Net deficit increase was due primarily to costs associated with the retirement of long-term debt netted against better than budgeted operating fund results during fiscal year 2009.

Governmental Funds Financial Analysis

As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of approximately \$147.9 million, an increase of approximately \$7.8 million over the prior year. Approximately 51 percent of this total amount (\$75.4 million) constitutes fund balances reserved for debt service. Approximately 21 percent of the total (\$31.1 million) constitutes fund balances that are reserved for the benefit of the City of Philadelphia. The remainder of the reserved fund balances is reserved primarily for the administration of the Authority. Approximately, \$20.8 million is designated for future swaption activity relating to various derivative transactions. Approximately \$18.6 million constitutes unreserved fund balance, which is available for spending at the Authority's discretion.

General Fund. All fiscal year 2009 administration expenses of the Authority were funded from the Authority's earnings on its General Fund and on its Debt Service Reserve Fund (established from proceeds of the Authority's bond issues) and residual balances of similar earnings from prior fiscal years. No City of Philadelphia or Commonwealth of Pennsylvania tax revenues were used to pay any portion of the Authority's administrative costs in fiscal year 2009, nor are any expected to be used in fiscal year 2010 for such purpose.

The PICA Act allows the Authority several sources of income to support its operations. The statute specifically provides that the Authority may draw earnings from the various funds and accounts created pursuant to its Trust Indenture, and also directly from the proceeds of PICA Taxes to the extent investment income is insufficient. The latter allowable revenue source has never been utilized by the Authority.

The PICA Act requires that the Authority adopt an annual budget (for the fiscal year commencing July 1) before March 1 of each year and also stipulates the format thereof, and information to be provided therewith to the Governor and General Assembly of the Commonwealth of Pennsylvania. The Authority's annual General Fund budgets, since its inception, have all produced surpluses.

Details as to anticipated and actual fund balances as of June 30, 2009 and as to the fiscal year 2010 budget are as follows:

Anticipated Residual Fund Balance:

Unreserved Fund Balance at June 30, 2008	\$7,436,013
Excess Revenues over Expenditures	0
Anticipated Unreserved Fund Balance at June 30, 2009	<u>\$7,463,013</u>

Fund Balance at June 30, 2009 (Anticipated/Actual):

Anticipated Unreserved Fund Balance at June 30, 2009	\$7,436,013
Add: Net FY09 "Better than Budget" Operating Results	598,189
Actual Unreserved Fund Balance at June 30, 2009	<u>\$8,034,202</u>

General Fund Budget for FY10:

Revenues - General Fund Interest Earnings	\$ 150,000
Other Financing Sources - Transfer from Bond Issue Investment Earnings ("Reserved for subsequent Authority Administration" in the Debt Service Reserve Fund at June 30, 2009)	1,419,004
Total Estimated Expenditures	<u>\$1,569,004</u>

The Authority's fiscal year 2010 budget recognizes the possibility that the Authority may be requested to become involved in oversight matters as directed by the Pennsylvania General Assembly; and provides funding to study and/or implement such a role. The fiscal year 2010 budget reflects a decrease of nearly 8.5 percent from the fiscal year 2009 budget.

The philosophy underlying the Authority's general fund operations remains that the Authority should maintain a personnel and expenditure level sufficient to permit it to respond to the demands placed upon it, but not so large as to present an opportunity either for the City of Philadelphia to use the Authority's resources to bypass the re-creation of its own management systems or to establish a permanent Authority structure that would develop its own reason for continued existence.

Special Revenue Fund. The Authority's Special Revenue Fund receives PICA taxes, interest earnings on such collections, and net interest earnings on bond issue funds other than Capital Projects Funds (the earnings on Capital Projects Funds are restricted to use for grants to the City of Philadelphia for PICA approved capital projects). The Special Revenue Fund receipts are utilized to provide, monthly, from the first available funds in that month, one-sixth of the next semi-annual interest requirement on PICA bonds outstanding and one-twelfth of the next annual principal requirement on PICA bonds outstanding, in a manner calculated to provide the total required semi-annual interest and the total required annual principal at the close of the month prior to such required date. After provision of monthly debt service requirements, the residual balances in PICA's Special Revenue Fund are paid to City of Philadelphia as grants to the City's General Fund.

PICA grants to the City of Philadelphia's General Fund during fiscal year 2009 exceeded the equation (PICA taxes minus provision for PICA Debt Service equals PICA grants to the City) by more than \$4.7 million.

Debt Service Funds. The Debt Service Funds account for the accumulation of financial resources for the payment of principal and interest on PICA's long-term debt.

Debt Service Reserve Fund. This fund is used to hold assets for debt service reserve purposes as required by the Trust Indenture. Current year investment earnings were transferred to pay current year debt service requirements and to aid in paying for the General Fund's administration expenditures.

Rebate Fund. This fund is maintained in order to fund future potential rebates and/or debt service requirements. The only activity that occurred during the current fiscal year was the increase from investment earnings.

At June 30, 2009, the Fund Balances held in the combined Debt Service Funds, by individual fund groups, consisted of:

Debt Service Fund -- Current assets held for interest due 12/15/09 and principal due 6/15/10	\$ 2,305,183
Debt Service Reserve Fund -- Current assets held for debt service reserve purposes as required by the Trust Indenture	78,325,969
Rebate Fund -- Current assets held for future potential rebate/debt service purposes	<u>1,989,462</u>
Amount Reserved for Debt Service	\$82,620,614

Debt Service Reserve Fund -- Current assets held for subsequent PICA administration purposes (Debt Service Reserve Fund earnings held for PICA FY10 operations -- per adopted budget)

1,419,004

Fund Balances at June 30, 2009- Combined Debt Service Funds

\$84,039,618

Expendable Trust/ Capital Projects Funds. Expendable trust funds include amounts held separately, by bond issue from which such funds were provided, for purposes of grants to the City of Philadelphia for specific PICA approved capital projects. The PICA Act restricts the City of Philadelphia's use of PICA provided capital projects dollars to specific "emergency" and "productivity" projects approved by the PICA Board and, where necessary, by specified Commonwealth of Pennsylvania elected officials.

The Authority, in connection with its three new-money bond issues, approved specific City capital projects totaling approximately \$426 million, while providing bond issue funds of approximately \$400.8 million for such projects. The difference, \$25.2 million, as anticipated, has been raised from investment earnings of funds dedicated to capital projects. At June 30, 2009, sufficient PICA controlled capital projects funds were available to complete all of the initially approved PICA projects, to complete \$16.3 million of additional projects subsequently approved by the PICA Board, and an additional \$31 million of yet to be designated projects. Capital project funds held for PICA capital project grants to the City of Philadelphia totaled approximately \$31.1 million at June 30, 2009.

Additional information. In accordance with IRS regulations, certain funds already granted to the City of Philadelphia by PICA continue to be classified as PICA Arbitrage Reportable Funds until the City of Philadelphia expends such funds for the purpose for which they were provided. Accordingly, and also for oversight purposes, PICA tracks the uses/balances of such grant funds and interest earnings thereon as yet unexpended by the City of Philadelphia. As of June 30, 2009, such PICA provided funds as yet unexpended by the City of Philadelphia included:

	Amount (in thousands)
'92 Capital Projects Encumbered Funds	\$2,554
'93 Capital Projects Encumbered Funds	\$5,339
'94 Capital Projects Encumbered Funds	\$3,476

ISDANER &
COMPANY, LLC

**ISDANER &
COMPANY, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

ISDANER &
COMPANY, LLC

Report of Independent Certified Public Accountants

To the Board
Pennsylvania Intergovernmental Cooperation Authority

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Pennsylvania Intergovernmental Cooperation Authority as of June 30, 2009, and the respective changes in financial position thereof for the year ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying Management's Discussion and Analysis preceding this report on pages i to v is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and, therefore, express no opinion on it.

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Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These supplemental schedules are the responsibility of the Authority's management. Such supplemental schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Sedane & Company LLC

October 21, 2009

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

STATEMENT OF NET ASSETS

JUNE 30, 2009

ASSETS

	Governmental Activities
CURRENT ASSETS	
Cash, cash equivalents and short-term investments	\$154,519,570
PICA taxes receivable	9,141,061
Accrued interest receivable	13,248
Total current assets	163,673,879
OTHER ASSETS	4,821,293
TOTAL	\$168,495,172

LIABILITIES AND NET ASSETS (DEFICIT)

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 877,037
Due to the City of Philadelphia	10,460,227
Deferred revenue	39,199,268
Bonds payable—current portion	40,305,000
Total current liabilities	90,841,532
BONDS PAYABLE—Long-term portion	517,435,000
Total liabilities	608,276,532
NET ASSETS (DEFICIT):	
Restricted for debt service	103,838,009
Restricted for benefit of the City of Philadelphia	31,142,526
Restricted for subsequent PICA administration	1,565,500
Unrestricted deficit	(576,327,395)
Total net assets (deficit)	(439,781,360)
TOTAL	\$168,495,172

The accompanying notes are an integral part of this statement.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	<u>Governmental Activities</u>
EXPENSES	
Grants to the City of Philadelphia	\$278,584,264
General management and support— general operations	1,002,241
Interest expense on long-term debt	32,244,961
Investment expenses	54,176,492
Amortization of bond costs	218,241
Total program expenses	<u>366,226,198</u>
PROGRAM REVENUES	
Premium amortization	1,615,282
Investment income - net	5,261,991
Program revenues	<u>6,877,273</u>
Net program expenses	<u>359,348,925</u>
GENERAL REVENUES	
PICA taxes	348,534,406
Other	9,700,000
Total general revenues	<u>358,234,406</u>
CHANGE IN NET DEFICIT	(1,114,519)
NET ASSETS (DEFICIT)—Beginning of year	<u>(438,666,841)</u>
NET ASSETS (DEFICIT)—End of year	<u>(\$439,781,360)</u>

The accompanying notes are an integral part of this statement.

FINANCIAL STATEMENTS OF THE ENVIRONMENTAL COOPERATION AUTHORITY

STATE OF NEW YORK

June 30, 1988

ASSETS	General	FICA Tax Reimbursement	Disbursements				In-Serve Reserve Fund	Refuse Fund	Capital Projects Fund	Total Governmental Funds
			1988	1987	1986	1985				
CURRENT ASSETS										
	Cash, cash equivalents and investments	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
	Accounts receivable	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	Inventory	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
OTHER ASSETS										
	Land	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	Buildings	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	Equipment	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
LIABILITIES AND FUND EQUITY										
	Accounts payable	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	Accrued payroll and taxes	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	Due to City of Philadelphia	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
FUND EQUITY										
	Unassigned	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	Assigned	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	Total	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

See notes to financial statements

PERNIX PAULA INTERGOVERNMENTAL COOPERATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	60
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PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

Organization

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic, was organized on June 5, 1991 and exists under and by virtue of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (P.L. 9, No. 6) (the "Act"). Pursuant to the Act, the Authority was established to provide financial assistance to cities of the first class. The City of Philadelphia (the "City") currently is the only city of the first class in the Commonwealth of Pennsylvania (the "Commonwealth"). Under the Act, the Authority is administered by a governing Board consisting of five voting members and two ex-officio nonvoting members. The ex-officio members are presently the Director of Finance of the City and the Budget Secretary of the Commonwealth. The Governor, the President pro tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives each appoints one voting member of the Board. Future operations of the Authority may be subject to legislative action.

The Act provides that, upon the request of the City to the Authority for financial assistance and for so long as any bonds of the Authority remain outstanding, the Authority shall have certain financial and oversight functions. First, the Authority shall have the power, subject to satisfaction of certain requirements in the Act, to issue bonds and grant or lend the proceeds thereof to the City. Second, the Authority also shall have the power, in its oversight capacity, to exercise certain advisory and review powers with respect to the City's financial affairs, including the power to review and approve five-year financial plans prepared at least annually by the City, and to certify noncompliance by the City with its then-existing five-year financial plan (which certification would require the Secretary of the Budget of the Commonwealth to cause certain payments due to the City from the Commonwealth to be withheld by the Commonwealth).

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues from the PICA Tax are recorded when the Authority is advised by the Commonwealth of the amounts to be remitted, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority cannot and does not account for any PICA Tax not yet collected by the City.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION -
Continued

The governmental fund financial statements utilize a "modified accrual basis" of accounting. Under this basis, certain revenues (those susceptible to accrual, readily measurable and available as to amount and anticipated as being readily collectible) are recorded on the accrual basis. All other revenues are recognized only when received in cash. Expenditures, with the exception of interest requirements on long-term debt, are accounted for on the accrual basis of accounting.

The General Fund is used to account for the administrative operations of the Authority, for which a budget is adopted annually.

The Special Revenue Fund accounts for the proceeds of the PICA Tax (a tax levied on the wages and net profits of City of Philadelphia residents) remitted to the Authority via the Commonwealth. It is utilized to fund the debt service requirements of the Authority and to provide grants to the City. It encompasses the Revenue Fund established with the Trustee by the Trust Indenture (see Note 3).

Debt Service Funds account for the accumulation of financial resources for the payment of principal and interest on the Authority's long-term debt. The Debt Service Reserve Fund holds assets for debt service reserve purposes as required by the Trust Indenture. The Rebate Fund is maintained in order to fund future potential rebates and/or debt service requirements. The Debt Service funds also include the Bond Redemption Fund which has not yet been required.

The Expendable Trust Funds/Capital Projects Funds account for assets held by the Authority for expenditure for the benefit of the City. The principal and income of these funds must be expended for their designated purpose. The Expendable Trust Funds/Capital Projects Funds also include the Deficit and Settlement funds which completed their designated purposes in prior years and are presently inactive.

PICA Tax

The "PICA Tax" was enacted by an ordinance adopted by City Council and approved by the Mayor of the City of Philadelphia on June 12, 1991 (Bill No. 1437). The tax levy is one and one-half percent (1.5%) on the wages and net profits of City residents. The PICA Tax is collected by the Department of Revenue of the Commonwealth, utilizing the City Revenue and Law Departments (collectively) as its agent, and remitted to the Treasurer of the Commonwealth for disbursement to the Authority's Trustee. The Authority does not administer the collection of the PICA tax from taxpayers.

Cash and Cash Equivalents

The Authority considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Investments and Derivatives

The Authority's investments are stated at fair value. In accordance with Government Accounting Standards Board Technical Bulletin 2003-1, derivative instruments are not reported at fair value but are subject to certain disclosure requirements.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION - Continued

Subsequent Events

The date to which events occurring after June 30, 2009, the date of the most recent statement of net assets and Governmental Funds balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 21, 2009, which is the date on which the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) CASH AND INVESTMENTS

Authority funds may be deposited in any bank that is insured by federal deposit insurance. To the extent that such deposits exceed federal insurance, the depositories must deposit (with their trust department or other custodians) obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Under Pennsylvania Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit with their institution.

Investments in the Special Revenue Fund, the Debt Services Funds, and the Expendable Trust Funds must be invested in accordance with the Trust Indenture (see Note 3). The Trust Indenture restricts investments to the following types of securities:

- (a) Obligations of the City of Philadelphia;
- (b) Government obligations;
- (c) Federal funds, unsecured certificates of deposits, time deposits or bankers' acceptances of any domestic bank having a combined capital and surplus of not less than \$50,000,000;
- (d) Federally insured deposits of any bank or savings and loan association which has a combined capital, surplus and undivided profits of not less than \$3,000,000;
- (e) (i) Direct obligations of, or (ii) obligations, the principal of and interest on which are unconditionally guaranteed by any state of the United States of America, the District of Columbia or the Commonwealth of Puerto Rico, or any political subdivision or agency thereof, other than the City, whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and Standard & Poor's (S&P);
- (f) Commercial paper (having original maturities of not more than 270 days rated, at the time of purchase, "P-1" by Moody's and "A-1" or better by S&P;

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(2) CASH AND CASH INVESTMENTS - Continued

- (g) Repurchase agreements collateralized by direct obligations of, or obligations the payment of principal and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America; and direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; debentures of the Federal Housing Administration; mortgaged-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association; participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association; guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letters of credit-backed issued of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing and Urban Development; and guaranteed Title XI financing of the U.S. Maritime Administration;
- (h) Money market mutual fund shares issued by a fund having assets not less than \$100,000,000 (including any such fund from which the Trustee or any of its affiliates may receive compensation) which invests in securities of the types specified in clauses (b) or (f) above and is rated "AAAm" or "AAAm-G" by S&P;
- (i) Guaranteed investment contracts (GICs) with a bank, insurance company or other financial institution that is rated in one of the three highest rating categories by Moody's and S&P and which GICs are either insured by a municipal bond insurance company or fully collateralized at all times with securities included in (b) above.

Investments in the Debt Service Reserve Fund may only be invested in the investments included in (b) through (i) above with a maturity of 5 years or less or GICs that can be withdrawn without penalty.

At June 30, 2009, the carrying amount of the Authority's deposits with financial institutions (including certificates of deposit and shares in U.S. Government money market funds) and other short-term investments was \$101,812,661. Statement balances were insured or collateralized as follows:

Insured	\$ 12,075,871
Other uninsured and uncollateralized, but covered under the provisions of Act 72, as amended	<u>89,822,449</u>
	<u>\$101,898,320</u>

The Authority's deposits include bank certificates of deposit that have a remaining maturity at time of purchase of one year or less and shares in U.S. Government money market funds. U.S. Government Agency Investments with a remaining maturity of one year or less are classified as short-term investments.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(2) CASH AND INVESTMENTS – Continued

At June 30, 2008, the Authority held auction rate notes with a par value of \$8.7 million. These notes are auction rate securities issued by municipalities, having long-term contractual maturities and collateralized by pools of student loans. In February 2008 auctions failed for certain of these securities because there were more sellers than buyers at par, and quoted market values were no longer available. The Authority obtained below-par valuations from UBS AG ("UBS") based on estimated future cash flows, market data and other factors and, as of June 30, 2008, recorded an impairment charge of \$730,010.

UBS announced that on August 8, 2008, UBS and certain of its affiliates entered into settlements in principle with certain regulatory authorities with respect to UBS's sale and marketing of auction rate securities. Pursuant to the settlements, UBS agreed to offer to purchase certain auction rate securities from certain holders. On October 8, 2008, the Authority received a settlement offer from UBS regarding its auction rate securities, whereby the Authority became eligible to sell its auction rate securities held with UBS to UBS at par during the period of January 2, 2009 through January 4, 2011. Until then, the Authority would be entitled to continued interest payments on its auction rate securities in accordance with their terms. The terms and conditions of the settlement offer included a release of claims against UBS and its affiliates. The Authority's management elected to accept the settlement offer and, in fiscal 2009, liquidated its investment in these securities. A gain of \$730,010, equal to the prior year charge, is included in investment income.

The following is a schedule of investments of the Authority by type (other than certificates of deposit and shares in U.S. Government money market funds) showing the carrying value and categorization as to credit risk at June 30, 2009:

	Total	Fair Value		
		Credit Risk Category		
		(1)	(2)	(3)
FNMA discount note due September 29, 2009	\$52,706,909			\$52,706,909
Total	\$52,706,909			\$52,706,909

The three credit risk categories are defined as follows:

Category

- (1) Insured, registered or securities held by the entity or its agent (bank trust department) in the entity's name (name of the Authority).
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS

In the government-wide financial statements, bonds are reported as liabilities in the statement of net assets. Through June 30, 2009, the Authority has issued eight series of Special Tax Revenue Bonds, as follows:

<u>Series of</u>	<u>Amount Issued</u>
1992	\$474,555,000
1993	643,430,000
1993A	178,675,000
1994	122,020,000
1996	343,030,000
1999	610,005,000
2003	165,550,000
2006	89,950,000
2008A&B	214,565,000
2009	354,925,000

The following summary shows the changes in bonds payable for the year ended June 30, 2009

<u>Series of</u>	<u>Outstanding July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2009</u>
1999	\$357,530,000	\$ -	\$357,530,000	-
2008A&B	214,565,000	-	11,750,000	202,815,000
2009	-	354,925,000	-	354,925,000
	<u>\$572,095,000</u>	<u>\$354,925,000</u>	<u>\$369,280,000</u>	<u>\$557,740,000</u>
		Less current portion		<u>40,305,000</u>
		Long-term portion		<u>517,435,000</u>

In conjunction with its 1992, 1993, 1993A and 1996 bond issues, the Authority entered into an Indenture of Trust dated as of June 1, 1992, which was subsequently amended and supplemented as of June 22, 1992, July 15, 1993, August 15, 1993, and June 1, 2006. An Amended and Restated Indenture of Trust dated as of December 15, 1994 was entered into in conjunction with the Authority's 1994 bond issue and replaced (amended and restated) the original indenture as amended and supplemented. The 1996 bonds were issued pursuant to the Amended and Restated Indenture of Trust dated as of December 15, 1994 (the "1994 Indenture") as amended and supplemented by a First Supplement to the Amended and Restated Indenture Trust dated as of May 15, 1996. The 1999 bonds were issued pursuant to the Amended and Restated Indenture of Trust dated as of December 15, 1994 as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996 and a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999 (together the "Trust Indenture") between the Authority and First Union National Bank as Trustee (the "Trustee"). The 2003 bonds were issued pursuant to the Trust Indenture as amended and supplemented by a Third Supplement to the Trust Indenture dated June 1, 2003 between the Authority and Wachovia Bank, National Association, formerly First Union National Bank, as Trustee. The 2006 bonds were issued pursuant to the Trust Indenture as amended and supplemented by a Fourth

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

Supplement to the Amended and Restated Indenture of Trust between the Authority and Wachovia Bank, National Association, as Trustee. The 2008A&B and 2009 bonds were issued pursuant to the Trust Indenture as amended and supplemented by a Fifth Supplement to the Amended and Restated Indenture of Trust between the Authority and U.S Bank National Association, as successor Trustee. The Trustee's responsibilities include ensuring that the proceeds of the PICA Tax (see Note 1) received by it are used to fund the debt service payments (bond principal and interest) required under the Trust Indenture, as amended.

Each series of bonds issued by the Authority are limited obligations of the Authority and the principal, redemption premium, if any, and interest thereon, are payable solely from a portion of the PICA Tax.

To issue additional bonds, the Trust Indenture requires that the Authority's collection of PICA Taxes in any twelve consecutive months during the fifteen-month period immediately preceding the date of issuance of such additional bonds equals at least 175% of the maximum annual debt service requirement on the bonds outstanding after the issuance of the additional bonds. The PICA Taxes collected during the year ended June 30, 2009 (\$347,577,238) equaled approximately 514% of the maximum annual debt service (\$67,601,444) of the bonds outstanding at June 30, 2009 (the 2008A&B and 2009 bonds).

Total annual debt service requirements (annual principal or sinking fund requirements and interest payments) on the outstanding bonds at June 30, 2009 are as follows:

<u>Fiscal Year Ending</u>	<u>Total Debt Service Requirements</u>
2010	67,601,444
2011	63,933,394
2012	63,938,142
2013	63,904,605
2014	63,888,525
2015	63,864,975
2016	63,836,725
2017	63,822,850
2018	54,705,225
2019	45,971,725
2020	45,981,850
2021	36,587,850
2022	36,586,500
2023	23,076,000

Details as to the purpose of each of the respective series of bonds issued by the authority through June 30, 2009, and as to bonds outstanding at that date follow.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

A. Series of 1992

The proceeds from the sale of the Series of 1992 Bonds were used to (1) make grants to the City of fund the Fiscal Year 1991 General Fund cumulative deficit and the projected Fiscal Years 1992 and 1993 General Fund deficits, (2) make grants to the City to pay the costs of certain emergency capital projects to be undertaken by the City and other capital projects to increase productivity in the operation of City government, (3) make the required deposit to the Debt Service Reserve Fund, (4) capitalize interest on a portion of the Series of 1992 Bonds through June 15, 1993, (5) repay amounts previously advanced to the Authority by the Commonwealth to pay initial operating expenses of the Authority, (6) fund a portion of the Authority's first fiscal year operating budget, and (7) pay the costs of issuing the Series of 1992 Bonds.

Series of 1992 Bonds, initially scheduled to mature June 15, 2006, 2012 and 2022, were advance refunded on September 14, 1993 through an irrevocable trust created by using a portion of the proceeds of the Series of 1993A Bonds. Series of 1992 Bonds, initially scheduled to mature June 15, 1996, 1997, 1998, 1999, 2000 and 2002 were advance refunded on May 15, 1996 together with the Refunded 1994 Bonds (see Series of 1994 in this Note 3) through an irrevocable trust created by using the net proceeds of the Series of 1996 Bonds together with monies on deposit with the Trustee on account of the Refunded 1992 Bonds, monies on deposit with the Trustee on account of the Refunded 1994 Bonds and sums derived from certain forward purchase agreements entered into with respect to the irrevocable trust. The Refunded 1992 Bonds are no longer deemed to be outstanding under the Trust Indenture.

B. Series of 1993

The proceeds from the sale of the Series of 1993 Bonds were used to (1) make grants to the City to pay the costs of certain emergency capital projects (including capital improvements to the City's Criminal Justice and Correctional Facilities) to be undertaken by the City and other capital projects to increase productivity in the operation of City government, (2) make a grant to the City for refunding of certain of the City's General Fund Obligation Bonds, (3) make the required deposit to the Debt Service Fund, and (4) to pay the costs of issuing the Series of 1993 Bonds.

Series of 1993 Bonds, initially scheduled to mature June 15, 1999 through 2009, 2015, 2016 and 2023 were advance refunded on April 1, 1999 through an irrevocable trust created by using the net proceeds of the Series of 1999 Bonds together with monies on deposit with the Trustee on account of the Refunded 1993 bonds. The Refunded 1993 Bonds are no longer deemed to be outstanding under the Trust Indenture.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

C. Series of 1993A

The proceeds from the sale of the Series of 1993A Bonds were used to (1) provide for the advance refunding of a portion of the Authority's Special Tax Revenue Bonds Series of 1992, in the aggregate principal amount of \$136,670,000, (2) make the required deposit to the Debt Service Fund, and (3) to pay the costs of issuing the Series of 1993A Bonds.

Series of 1993A Bonds, initially scheduled to mature June 15, 2004 through 2023 were currently refunded on June 16, 2003 using the net proceeds of the Series of 2003 Bonds. The Refunded 1993A Bonds are no longer deemed to be outstanding under the Trust Indenture.

D. Series of 1994

The proceeds from the sale of the Series of 1994 Bonds were used to (1) make grants to the City to pay the costs of certain emergency capital projects to be undertaken by the City and other capital projects to increase productivity in the operation of City Government, (2) make the required deposit to the Debt Service Reserve Fund, and (3) pay the costs of issuing the Series of 1994 Bonds.

Series of 1994 Bonds, initially scheduled to mature on and after June 15, 1996, were advance refunded on May 15, 1996 together with the Refunded 1992 Bonds (see Series of 1992 earlier in this Note 3) through an irrevocable trust created by using the net proceeds of the Series of 1996 Bonds together with monies on deposit with the Trustee on account of the Refunded 1994 Bonds, monies on deposit with the Trustee on account of the Refunded 1992 Bonds and sums derived from certain forward purchase agreements entered into with respect to the irrevocable trust. The Refunded 1994 Bonds are no longer deemed to be outstanding under the Trust Indenture.

E. Series of 1996

The proceeds from the sale of the Series of 1996 Bonds were used, together with monies available in certain of the separate accounts established under the 1994 Indenture on account of the 1992 Bonds and the 1994 Bonds to (1) provide for the advance refunding of the Authority's Special Tax Revenue Bonds Series of 1992 outstanding as of May 15, 1996 and the Authority's Special Tax Revenue Bonds Series of 1994 outstanding as of May 15, 1996, (2) pay the premium for a Debt Service Reserve Fund Insurance Policy to satisfy the Debt Service Reserve Fund Requirements in respect of the Series of 1996 Bonds, and (3) pay the costs of issuing the Series of 1996 Bonds.

Series of 1996 Bonds, initially scheduled to mature on and after June 15, 2006, were refunded on June 15, 2006 using the net proceeds of the Series of 2006 Bonds. The Refunded 1996 Bonds are no longer deemed to be outstanding under the Trust Indenture.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

F. Series of 1999

The net proceeds from the sale of the Series of 1999 Bonds were used, together with other monies available in the Debt Service Fund of the 1993 bonds, to (1) provide for the advance refunding of all of the Authority's Special Tax Revenue Bonds Series of 1993 outstanding as of April 1, 1999 and maturing June 15 of the years 1999 through 2009, 2015, 2016 and 2023, (the "Refunded 1993 Bonds"), (2) pay the premium for a Debt Service Reserve Fund Insurance Policy to help satisfy the Debt Service Reserve Requirements in respect of the 1993A, 1996 and 1999 bonds outstanding under the Indenture, equally and ratably, as per the amended provisions of the Trust Indenture with respect to "Debt Service Reserve Requirements," and (3) pay the costs of issuing the Series of 1999 Bonds.

Series of 1999 Bonds, initially scheduled to mature on and after June 15, 2009, were advance refunded on June 15, 2009 using the net proceeds of the Series of 2009 Bonds. The refunded 1999 Bonds are no longer deemed to be outstanding under the Trust Indenture.

G. Series of 2003

The net proceeds from the sale of the Series of 2003 Bonds were used to (1) provide for the current refunding of all of the Authority's Special Tax Revenue Bonds Series of 1993A outstanding as of June 16, 2003 and maturing June 15 of the years 2004 through 2023, and (2) pay the costs of issuing the Series of 2003 Bonds.

Series of 2003 Bonds, initially scheduled to mature on and after June 15, 2022, were advance refunded on May 15, 2008 together with the refunded 2006 Bonds (see Series of 2006 in this Note 3) using the net proceeds of the Series of 2008A Bonds together with monies on deposit with the Trustee on account of the Series of 2003 Bonds. The refunded 2003 Bonds are no longer deemed to be outstanding under the Trust Indenture.

H. Series of 2006

The net proceeds from the sale of the Series of 2006 Bonds were used to provide for the current June 7, 2006 and maturing June 15 of the years 2007 through 2020.

Series of 2006 Bonds, initially scheduled to mature on and after June 15, 2023, were advance refunded on May 15, 2008 together with the refunded 2003 Bonds (see Series of 2003 earlier in this Note 3) using the net proceeds of the Series of 2008B Bonds together with monies on deposit with the Trustee on account of the Series of 2006 Bonds. The refunded 2006 Bonds are no longer deemed to be outstanding under the Trust Indenture.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

I. Series of 2008A&B

The net proceeds from the sale of the Series of 2008A Bonds, together with other available funds, were used to (1) provide for the current refunding of all of the Authority's Special Tax Revenue Bonds Series of 2003 outstanding as of May 15, 2008, and (2) to pay the costs of obtaining credit enhancement for and the costs of issuing the 2008A Bonds. The net proceeds from the sale of the Series of 2008B Bonds, together with other available funds, were used to (1) provide for the current refunding of all of the Authority's Special Tax Revenue Bonds Series of 2006 outstanding as of May 15, 2008, and (2) to pay the costs of obtaining credit enhancement for and the costs of issuing the 2008B Bonds.

The details of Series of 2008A&B Bonds outstanding at June 30, 2009 are as follows:

Interest Rate	Maturing June 15	2008A Amount	2008B Amount
5.00 - 5.52	2010	7,165,000	5,200,000
5.00 - 5.52	2011	7,525,000	5,475,000
5.00 - 5.52	2012	7,900,000	5,800,000
5.00 - 5.52	2013	8,295,000	6,100,000
5.00 - 5.52	2014	8,710,000	6,450,000
5.00 - 5.52	2015	9,145,000	6,800,000
5.00 - 5.52	2016	9,600,000	7,175,000
5.00 - 5.52	2017	10,080,000	7,575,000
5.00 - 5.52	2018	10,585,000	8,000,000
5.00 - 5.52	2019	11,120,000	8,425,000
5.00 - 5.52	2020	11,670,000	8,900,000
5.00 - 5.52	2021	12,255,000	-
5.00 - 5.52	2022	12,865,000	-
		<u>\$ 126,915,000</u>	<u>\$ 75,900,000</u>

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

I. Continued Series of 2008A&B

The following table shows the annual principal or sinking fund requirements, interest payments and the total debt service requirements for the Series of 2008A&B Bonds outstanding at June 30, 2009:

<u>Fiscal Year Ending</u>	<u>Principal or Sinking Fund Requirements</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2010	12,365,000	10,533,669	22,898,669
2011	13,000,000	9,889,419	22,889,419
2012	13,700,000	9,212,042	22,912,042
2013	14,395,000	8,492,255	22,887,255
2014	15,160,000	7,734,375	22,894,375
2015	15,945,000	6,944,125	22,889,125
2016	16,775,000	6,112,875	22,887,875
2017	17,655,000	5,238,250	22,893,250
2018	18,585,000	4,317,625	22,902,625
2019	19,545,000	3,348,375	22,893,375
2020	20,570,000	2,329,000	22,899,000
2021	12,255,000	1,256,000	13,511,000
2022	12,865,000	643,250	13,508,250

The interest rate related to the 2008A&B Bonds is based on the payments due by the Authority under the swap agreement, not the floating rate of interest on the 2008A&B bonds. The Authority will have an additional interest obligation relating to the 2008A&B Bonds if the floating rate of interest receivable under the swap agreement is less than the interest rate on the 2008A&B Bonds. (See Note 3L.)

J. Series of 2009

The net proceeds from the sale of the Series of 2009 Bonds, were used to (1) provide for the current refunding of all of the Authority's Special Tax Revenue Bonds Series of 1999 outstanding as of May 15, 2009, and (2) to pay the costs of obtaining credit enhancement for and the costs of issuing the 2009 Bonds. The proceeds of these bonds were used to refund the remaining portion of the 1999 Series maturing through 2023 in the total amount of \$326,865,000. The cash flows required by the new bonds is \$36.2 million more than the cash flow required by the refunded bonds. The economic loss on the refunding (the adjusted present value of these increased cash flows), as determined by the bond underwriters, was \$28.1 million.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

J. Series of 2009

The details of Series of 2009 Bonds outstanding at June 30, 2009 are as follows:

<u>Interest Rate</u>	<u>Maturing June 15</u>	<u>Amount</u>
2.00	2010	\$ 27,940,000
2.50	2011	765,000
5.00	2011	24,075,000
3.00	2012	925,000
5.00	2012	25,120,000
3.00	2013	890,000
5.00	2013	26,430,000
4.00	2014	4,395,000
5.00	2014	24,250,000
4.00	2015	375,000
5.00	2015	29,640,000
5.00	2016	31,485,000
5.00	2017	33,040,000
4.00	2018	900,000
5.00	2018	24,665,000
5.00	2019	18,110,000
		<u>\$354,925,000</u>

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

J. Continued Series of 2009

The following table shows the annual principal or sinking fund requirements, interest payments and the total debt service requirements for the Series of 2009 Bonds outstanding at June 30, 2009:

<u>Fiscal Year Ending</u>	<u>Principal or Sinking Fund Requirements</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2010	\$27,940,000	\$16,762,775	\$44,702,775
2011	24,840,000	16,203,975	41,043,975
2012	26,045,000	14,981,100	41,026,100
2013	27,320,000	13,697,350	41,017,350
2014	28,645,000	12,349,150	40,994,150
2015	30,015,000	10,960,850	40,975,850
2016	31,485,000	9,463,850	40,948,850
2017	33,040,000	7,889,600	40,929,600
2018	25,565,000	6,237,600	31,802,600
2019	18,110,000	4,968,350	23,078,350
2020	19,020,000	4,062,850	23,082,850
2021	19,965,000	3,111,850	23,076,850
2022	20,945,000	2,133,250	23,078,250
2023	21,990,000	1,086,000	23,076,000

K. Series of 1993A, 1996 and 1999 Swaptions

Objective of the swaptions

During the fiscal year ended June 30, 2002, the Authority entered into three swaption agreements with JPMorgan Chase as the counterparty that provided the Authority up-front premium payments totaling \$26,235,000 (\$10,720,000 for the 1993A issuance, \$5,815,000 for the 1996 issuance and \$9,700,000 for the 1999 issuance). These swaption agreements were entered into in order to affect a synthetic refunding of the Authority's 1993A, 1996, and 1999 bond issuances at some point in the future (generally, the first call date for each bond issuance). The premium payments, which were recorded as deferred revenue in fiscal year 2002, represented the risk-adjusted, present value savings of a refunding at the specified call date without issuing refunding bonds at the time the swaption agreements were executed. The swaptions gave the counterparty the option to require the Authority enter into pay-fixed, receive-variable interest rate swaps. If the options were exercised, the Authority would then expect to issue variable-rate refunding bonds. (See Note 3L below related to the exercising of the 1993A and 1996 swaptions and termination of the 1999 swaption).

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

K. Series of 1993A, 1996 and 1999 Swaptions - Continued

Terms

The premium payments were based on a notional amount representing the outstanding bonds for each issuance, and at the time any of the related swap agreements are to take effect the notional amounts will represent the outstanding bonds at that time. The counterparty has the option to exercise the agreements at the first call date of each related bond issuance and the related swap will commence on that same date. The fixed swap rates (ranging from approximately 5.0 - 5.5%) were set at rates that, when added to an assumption for remarketing and liquidity costs, would approximate the coupons of the "refunded" bonds. The swap's variable payment would be a predetermined percentage (ranging from 62% - 67%) of the London Interbank Offered Rate ("LIBOR"). Both the Authority and the counterparty had the ability to terminate the swaptions, with monetary consequences, before the interest rate swaps were set to begin.

L. Series of 2003, 2006 and 1999 Swap Agreement and Basis Cap Agreements

In June 2003 and June 2006, the counterparty exercised its options under the 1993A and 1996 swaption agreements, respectively, concurrently with the Authority's Series 2003 and 2006 Refunding Bond issuances (see Note 3G and 3H). The \$10,700,000 premium received (1993A) was recognized as swaption premium revenue in the general fund during the fiscal year ended June 30, 2003. The \$5,815,000 (1996) premium was recognized as swaption premium revenue in the general fund during the fiscal year ended June 30, 2006. At June 30, 2009, the swaption premiums continue to be reflected as deferred revenue in the government-wide financial statements, net of amortization over the life of the related Swap Agreements.

In June 2009, concurrent with the Authority's Series 2009 Refunding Bond issuance, the \$9,700,000 (1999) swap agreement was terminated. As such, the revenue from this premium, previously deferred, was recognized as income in both the statements of activities and revenues, expenditures and changes in fund balance. In connection with the termination of this agreement, PICA paid a termination fee to a counterparty of \$52,750,000, which is included in investment expenses.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

L. Series of 2003, 2006 and 1999 Swap Agreement and Basis Cap Agreements
- Continued

Terms and objective

The Series of 2003 and 2006 bonds and the related swap agreements mature on June 15, 2022 and June 15, 2020, respectively. The swap's initial notional amounts of \$163,185,000 and \$89,960,000 match the related 1993A and 1996 bonds that were currently refunded on June 16, 2003 and June 6, 2006 and the notional amount declines each year to match the original maturity schedule of the 1993A and 1996 refunded bonds. The swaps were entered into at the same time the refunding bonds were issued, during June 2003 and 2006. Under the swap agreements, the Authority pays the counterparty a fixed payment of approximately 5% and receives a variable payment computed as 67% of the one-month LIBOR. Conversely, the variable rate bonds are based on the Bond Market Association Municipal Swap Index ("BMA").

In June 2003 and 2004, the Authority also entered into basis cap transactions with the counterparty as follows:

2003 Basis Cap

Beginning July 15, 2003, the counterparty pays the Authority a fixed rate each month of .40% per year and the Authority will pay to the counterparty a variable rate based on the greater of (a) the average of the BMA for the month divided by the one-month LIBOR, less 70%, multiplied by the one-month LIBOR, times the notional amount times the day count fraction or (b) zero. The notional amount and term of this agreement equals the notional amount and term of the interest rate swap noted above. The objective of the basis cap is to minimize the basis risk as discussed below.

1999 Basis Cap

Beginning July 15, 2009, the counterparty pays the Authority a fixed rate each month of .46% per year and the Authority will pay to the counterparty a variable rate based on the greater of (a) the average of the BMA for the month divided by the one-month LIBOR, less 70%, multiplied by the one-month LIBOR, times the notional amount times the day count fraction or (b) zero. The notional amount and term of this agreement equals the notional amount and term of the interest rate swap noted above. The objective of the basis cap is to minimize the basis risk as discussed below.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

L. Series of 2003, 2006 and 1999 Swap Agreement and Basis Cap Agreements - Continued

Fair Value

At June 30, 2009, The swap and basis cap agreements had fair values as follows:

<u>Instrument</u>	<u>Fair Value</u>
2003 Swap Agreement	(\$22,587,721)
2003 Basis Cap	(2,774,708)
2006 Swap Agreement	(14,562,023)
1999 Basis Cap	(5,316,475)

The swap and basis cap negative fair values may be countered by a reduction in total interest payments required by the variable rate bonds, creating a lower synthetic interest rate. Because the coupons on the variable rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase.

Credit Risk

As of June 30, 2009, the Authority was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Authority would be exposed to credit risk in the amount of the swap's fair value. The counterparty was rated "AA" by Standard & Poor's and "Aaa" by Moody's Investors Service as of June 30, 2009. To mitigate the potential for credit risk, if the counterparty's credit quality falls below "A-" or "A3", respectively, the fair value of the swap will be fully collateralized by the counterparty within 15 days of it having ceased to have such minimum ratings. The collateral would be posed with a third party custodian.

Basis Risk

As noted above, the swap exposes the Authority to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the bonds. If a change occurs that results in the rates moving to converge, the expected cost savings may not be realized. At June 30, 2009, the 67% of LIBOR rate was approximately .21% and the SIFMA rate was approximately .45%.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

L. Series of 2003, 2006 and 1999 Swap Agreement and Basis Cap Agreement -- Continued

Termination Risk

The derivative contract for the swap and the basis cap uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination events" section. Under each of the transactions the Authority has the right at its option to terminate the related interest rate swap or basis cap and any such termination will result in a termination payment calculated under the Master Agreement either owing by the Authority to the counterparty or owing by the counterparty to the Authority. Additionally, the swap may be terminated by the Authority if the counterparty's credit falls below "A-" as issued by Standard & Poor's or "A3" by Moody's Investors Service and collateral is not posted within 15 days of it having ceased to have such minimum ratings. The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

(4) FORWARD DELIVERY AGREEMENT

Objective

On June 6, 2000, the Authority entered into a debt service reserve forward delivery agreement which began on August 1, 2003, whereby the Authority received a premium of \$4,450,000 on December 1, 2002 for the debt service reserve fund in exchange for the future earnings from the debt service reserve fund investments. The premium amount was deferred and is being recognized as revenue over the remaining life of the agreement or through June 15, 2010.

Terms

Under this agreement, the Authority is guaranteed a fixed interest rate on the debt service reserve investments of 4.79%.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(4) FORWARD DELIVERY AGREEMENT - Continued

Interest rate risk

Under this agreement, the Authority has agreed upon a rate of return equal to 4.79% in order to minimize the risks resulting from fluctuations in interest rates; however, the Authority has also forgone the possibility of receiving greater returns should the interest rates rise above 4.79%.

Termination risk

Either party to the agreement may terminate the agreement if the other party fails to perform under the terms of the contract. Depending on prevailing interest rates at the time of the termination the amount owed by the Authority could be substantial.

Rollover risk

The Authority is exposed to rollover risk on this agreement as this agreement matures or may be terminated prior to the maturity of the associated debt. When this agreement terminates, the Authority may not realize the rate of interest offered by this agreement.

(5) DEFINED BENEFIT PENSION PLAN

Plan description

The Authority covers all full-time employees in the State Employees' Retirement System (the "System") which was established as of June 27, 1923, under the provisions of Public Law 858, No. 331. The System is the administrator of a cost-sharing, multiple-employer defined benefit retirement system established by the Commonwealth to provide pension benefits for employees of state government and certain independent agencies.

The System is a component unit of the Commonwealth and is included in the Commonwealth's financial report as a pension trust fund. The System also issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Commonwealth of Pennsylvania, State Employees' Retirement Board, 30 North Third Street, P.O. Box 1147, Harrisburg, Pennsylvania 17108.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(5) DEFINED BENEFIT PENSION PLAN – Continued

Plan Descriptions - Continued

The System provides retirement, death and disability benefits. Retirement benefits vest after five years of credited service. Employees who retire with three years of service at age 60, or with 35 years of service if under age 60, are entitled to a normal annual retirement benefit. Members of the General Assembly and certain employees classified in hazardous duty positions can retire with full benefits at age 50, with at least three years of service. The general annual benefit is 2% of the member's highest three-year annual average salary times years of service times class of service multiplier. The Authority's total and annual covered payroll for the year ended June 30, 2009 was \$515,068.

Contributions required

Covered employees are required to contribute to the System at a rate of 6.25% of their gross pay. The contributions are recorded in an individually identified account which is also credited with interest, calculated quarterly to yield 4% per annum, as mandated by statute. Accumulated employee contributions and credited interest vest immediately and are returned to the employee upon termination of service if the employee is not eligible for other benefits.

Participating agency contributions are also mandated by statute and are based upon an actuarially determined percentage of gross pay that is necessary to provide the System with assets sufficient to meet the benefits to be paid to System participants.

The Authority did not and was not required to contribute to the System for the years ended June 30, 2002 through 2009.

According to the retirement code, all obligations of the System will be assumed by the Commonwealth should the System terminate.

(6) LEASE COMMITMENT

The Authority is obligated under an operating lease for office space, expiring December 31, 2019. The following is a schedule of future minimum lease payments:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2010	\$ 99,056
2011	102,020
2012	105,086
2013	108,230
2014	111,486
2015	114,832
2016	118,272
2017	121,818
2018	125,472
2019	21,014
	<u>\$1,027,286</u>

Rental expense for the year ended June 30, 2009 was \$89,992.

SUPPLEMENTARY INFORMATION

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - OPERATIONS
YEAR ENDED JUNE 30, 2009

	Budget (Original and Final)	Actual	Over (Under) Budget
Interest and short term investment earnings	\$ 150,000	\$ 60,768	\$ (89,232)
Expenditures - administration			
Personnel - salaries and benefits	904,500	645,312	(259,188)
Professional services:			
Legal	50,000	99,017	49,017
Audit	90,000	56,000	(34,000)
Consulting/research	40,000	5,200	(34,800)
Interagency services	6,000		(6,000)
Trustee	85,000	10,262	(74,738)
Miscellaneous	40,000	8,789	(31,212)
Rent	100,000	89,992	(10,009)
Computer software and minor hardware	20,000	2,678	(17,322)
Office supplies	6,500	3,957	(2,543)
Telephone	15,000	12,476	(2,524)
Subscription and reference services	7,500	5,705	(1,795)
Postage and express	6,000	3,710	(2,290)
Dues and professional education	3,000	675	(2,325)
Travel	7,500	513	(6,987)
General and administrative	12,000	5,727	(6,273)
Miscellaneous	2,500	39,309	36,809
	1,395,500	989,321	(406,179)
Capital outlays - furniture, fixtures and equipment	20,000	38,758	18,758
Additional oversight duties	300,000		(300,000)
Total expenditures	1,715,500	1,028,079	(687,421)
Excess of expenditures over revenues	(1,565,500)	(967,311)	598,189
Other financing sources:			
Transfers in for PICA draw for operations	1,565,500	1,565,500	-
Excess of revenues and other financing sources over expenditures	-	598,189	(598,189)
FUND BALANCE, JULY 1, 2008	17,110,848	17,110,848	-
FUND BALANCE, JUNE 30, 2009	\$17,110,848	\$17,709,037	\$ 598,189

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
GENERAL FUND
SUPPLEMENTAL SCHEDULE OF CASH ACTIVITY
YEAR ENDED JUNE 30, 2009

Revenues collected - interest	\$ 1,344,432
Other financing sources - operating transfers in from interest earnings on debt service funds	<u>1,586,330</u>
Total cash receipts	2,930,762
Cash disbursements:	
Expenditures paid - administration	<u>972,700</u>
Excess cash receipts over cash disbursements	1,958,062
CASH, CASH EQUIVALENTS AND SHORT TERM INVESTMENTS BEGINNING OF YEAR	<u>43,248,382</u>
CASH, CASH EQUIVALENTS AND SHORT TERM INVESTMENTS END OF YEAR	<u>\$45,206,444</u>

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL REVENUE FUND
SUPPLEMENTAL SCHEDULE OF CASH ACTIVITY
YEAR ENDED JUNE 30, 2009

Cash receipts:	
Revenues collected:	
PICA Taxes	\$347,577,238
Interest	188,995
	<hr/>
Total cash receipts	347,766,232
	<hr/>
Cash disbursements:	
Expenditures paid - grants to the City of Philadelphia	276,809,819
Other financing uses - operating transfers out for debt service requirements	70,906,601
Investment expenses	49,812
	<hr/>
Total cash disbursements	347,766,233
	<hr/>
Excess cash receipts over cash disbursements	-
CASH, CASH EQUIVALENTS AND SHORT TERM INVESTMENTS BEGINNING OF YEAR	<hr/>
CASH, CASH EQUIVALENTS AND SHORT TERM INVESTMENTS END OF YEAR	<hr/>
	\$ -

APPENDIX B

Certain Information Concerning the City of Philadelphia

THE GOVERNMENT OF THE CITY OF PHILADELPHIA

General

The City was incorporated in 1789 by an Act of the General Assembly of the Commonwealth of Pennsylvania (the "Commonwealth") (predecessors of the City under charters granted by William Penn in his capacity as proprietor of the colony of Pennsylvania may date to as early as 1684). In 1854, the General Assembly, by an act commonly referred to as the Consolidation Act, made the City's boundaries coterminous with the boundaries of Philadelphia County (the same boundaries that exist today) (the "County"), abolished all governments within these boundaries other than the City and the County and consolidated the legislative functions of the City and the County. Article 9, Section 13 of the Pennsylvania Constitution abolished all county offices in the City and provides that the City performs all functions of county government and that laws applicable to counties apply to the City.

Since 1952, the City has been governed under a Home Rule Charter authorized by the General Assembly (First Class City Home Rule Act, Act of April 21, 1949, P.L. 665, Section 17) and adopted by the voters of the City. The Home Rule Charter, as amended and supplemented to this date, provides, among other things, for the election, organization, powers and duties of the legislative branch (the "City Council"); the election, organization, powers and duties of the executive and administrative branch; and the basic rules governing the City's fiscal and budgetary matters, contracts, procurement, property and records. The Home Rule Charter, as amended, now also provides for the governance of The School District of Philadelphia (the "School District") as a home rule school district. Certain other constitutional provisions and Commonwealth statutes continue to govern various aspects of the City's affairs, notwithstanding the broad grant of powers of local self-government in relation to municipal functions set forth in the First Class City Home Rule Act.

Under the Home Rule Charter, as currently in effect, there are two principal governmental entities in Philadelphia: (1) the City, which performs ordinary municipal functions as well as traditional county functions; and (2) the School District, which has boundaries coterminous with the City and has responsibility for all public primary and secondary education.

The court system in Philadelphia, consisting of Common Pleas, Municipal and Traffic Courts, is part of the Commonwealth of Pennsylvania judicial system. Although judges are paid by the Commonwealth, most other court costs are paid by the City, with partial reimbursement from the Commonwealth.

Government Services

Municipal services provided by the City include: police and fire protection; health care; certain welfare programs; construction and maintenance of local streets, highways, and bridges; trash collection, disposal and recycling; provision for recreational programs and facilities; maintenance and operation of the water and wastewater systems (the "Water and Wastewater Systems"); the acquisition and maintenance of City real and personal property, including vehicles; maintenance of building codes and regulation of licenses and permits; maintenance of records; collection of taxes and revenues; purchase of supplies and equipment; construction and maintenance of airport facilities; and maintenance of a prison system. The City owns the assets that comprise the Philadelphia Gas Works ("PGW" or the "Gas Works"). PGW serves residential, commercial, and industrial customers in the City. PGW is operated by Philadelphia Facilities Management Corporation ("PFMC"), a non-profit corporation specifically organized to manage and operate the PGW for the benefit of the City.

Local Government Agencies

There are a number of significant governmental authorities and quasi-governmental non-profit corporations that also provide services within the City.

The Southeastern Pennsylvania Transportation Authority ("SEPTA"), which is supported by transit revenues and Federal, Commonwealth, and local funds, is responsible for developing and operating a comprehensive and coordinated public transportation system in the southeastern Pennsylvania region.

The Philadelphia Parking Authority is responsible for the construction and operation of parking facilities in the City and at the Philadelphia International Airport and, by contract with the City, for enforcement of on-street parking regulations.

The Philadelphia Municipal Authority (formerly The Equipment Leasing Authority of Philadelphia) ("PMA") was originally established for the purpose of buying equipment and vehicles to be leased to the City. PMA's powers have been expanded to include, without limitation, the construction and leasing of municipal solid waste disposal facilities, correctional facilities, and other municipal buildings.

The Redevelopment Authority of the City of Philadelphia (the "Redevelopment Authority") and the Philadelphia Housing Authority develop and/or administer low and moderate income rental units and housing in the City. The Redevelopment Authority, supported by Federal funds through the City's Community Development Block Grant Fund and by Commonwealth and local funds, is responsible for the redevelopment of the City's blighted areas.

The Hospitals and Higher Education Facilities Authority of Philadelphia (the "Hospitals Authority") assists non-profit hospitals by financing hospital construction projects. The City does not own or operate any hospitals. The powers of the Hospitals Authority have been expanded to permit the financing of construction of buildings and facilities for certain colleges and universities and other health care facilities and nursing homes.

The Philadelphia Industrial Development Corporation ("PIDC") and its affiliate, the Philadelphia Authority for Industrial Development ("PAID"), coordinate the City's efforts to maintain an attractive business environment and to attract new businesses to the City and retain existing ones.

The Pennsylvania Convention Center Authority (the "Convention Center Authority") constructed and maintains, manages, and operates the Pennsylvania Convention Center, which opened on June 25, 1993. The Convention Center Authority is currently undertaking an expansion of the Pennsylvania Convention Center as further described in the forepart of this Official Statement.

School District

The School District was established by the Educational Supplement to the City's Home Rule Charter to provide free public education to the City's residents. Under the Home Rule Charter, its board is appointed by the Mayor and must submit a lump sum statement of expenditures to the City annually. Such statement is used by City Council in making its determination to authorize the levy of taxes on behalf of the School District. Certain financial information regarding the School District is included in the City's Comprehensive Annual Financial Report. It has no independent taxing powers and may levy only the taxes authorized on its behalf by the City and the Commonwealth. Under the Home Rule Charter, the School District is managed by a nine-member Board of Education appointed by the Mayor from a list supplied by an Educational Nominating Panel that is chosen by the Mayor. In some matters, including the incurrence of short-term and long-term debt, both the City and the School District are governed primarily by the laws of the Commonwealth. The School District is a separate political

subdivision of the Commonwealth and the City has no property interest in or claim on any revenues or property of the School District.

The School District was declared distressed by the Secretary of Education of the Commonwealth pursuant to Section 691(c) of the Public School Code of 1949, as amended (the "School Code"), effective December 22, 2001. During a period of distress under Section 691(c) of the School Code, all of the powers and duties of the Board of Education granted under the School Code or any other law are suspended and all of such powers and duties are vested in the School Reform Commission (the "School Reform Commission") provided for under the School Code. The School Reform Commission is responsible for the operation, management and educational program of the School District during such period. It is also responsible for financial matters related to the School District. The School Code provides that the members of the Board of Education continue to serve during the time the School District is governed by the School Reform Commission, and that the establishment of the School Reform Commission shall not interfere with the regular selection of the members of the Board of Education. During the tenure of the School Reform Commission, the Board of Education will perform those duties delegated to it by the School Reform Commission. As of the date hereof, the School Reform Commission has not delegated any duties to the Board.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

General

The Pennsylvania Intergovernmental Cooperation Authority ("PICA") was created on June 5, 1991 by the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the "PICA Act"). PICA was established to provide financial assistance to cities of the first class. The City is the only city of the first class in the Commonwealth. The PICA Act provides that, upon request by the City to PICA for financial assistance and for so long as any bonds issued by PICA remain outstanding, PICA shall have certain financial and oversight functions. Under the PICA Act, PICA no longer has the authority to issue bonds for new money purposes, but may refund bonds previously issued by it. PICA has the power, in its oversight capacity, to exercise certain advisory and review procedures with respect to the City's financial affairs, including the power to review and approve five-year financial plans prepared at least annually by the City, and to certify non-compliance by the City with the then-existing five-year plan adopted by the City pursuant to the PICA Act. PICA is also required to certify non-compliance if, among other things, no approved five-year plan is in place; and PICA is required to certify non-compliance with an approved five-year plan if the City has failed to file mandatory revisions to an approved five-year plan. Under the PICA Act, any such certification of non-compliance would require the Secretary of the Budget of the Commonwealth to withhold payments due to the City from the Commonwealth or any of its agencies (including, with certain exceptions, all grants, loans, entitlements and payment of the portion of the PICA Tax, hereinafter described, otherwise payable to the City). See "Source of Payment of PICA Bonds" below.

On June 16, 1992, PICA, at the request of the City, issued \$474,555,000 Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992 (the "1992 PICA Bonds"). The proceeds of the 1992 PICA Bonds were used (i) to make grants to the City to fund the Fiscal Year 1991 General Fund cumulative deficit (\$153.5 million) and the then-projected Fiscal Year 1992 General Fund deficit (\$71.4 million); (ii) to make grants to the City to pay the costs of certain capital projects to be undertaken by the City; and (iii) to make a grant to the City to provide it with financial assistance to enhance productivity in the operation of City government. It had been anticipated that the proceeds of the 1992 PICA Bonds would also be used to fund the City's projected Fiscal Year 1993 General Fund deficit; however, because no deficit occurred, a grant from PICA for this purpose was not required. These proceeds, in the amount equal to \$23.5 million, were instead used to provide funds for other City purposes.

On July 29, 1993, PICA, at the request of the City, issued \$643,430,000 Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1993 (the "1993 PICA Bonds"), the proceeds of which were used to make grants to the City to pay the costs of certain capital projects to be undertaken by the City and to make a grant to the City to provide for the defeasance of certain outstanding general obligation bonds of the City in the aggregate amount of \$336,225,000.

On September 14, 1993, PICA issued \$178,675,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A (the "1993A PICA Bonds"), the proceeds of which were used to advance refund \$136,670,000 principal amount of the 1992 PICA Bonds.

On December 15, 1994, PICA, at the request of the City, issued \$122,020,000 Special Tax Revenue Bonds (City of Philadelphia Funding Program) Series of 1994 (the "1994 PICA Bonds"), the proceeds of which were used to make grants to the City to pay the costs of certain capital projects to be undertaken by the City.

On May 30, 1996, PICA issued \$343,030,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996 (the "1996 PICA Bonds"), the proceeds of which were used to advance refund \$304,160,000 principal amount of the 1992 PICA Bonds and \$120,180,000 principal amount of the 1994 PICA Bonds.

On April 15, 1999, PICA issued \$610,005,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999 (the "1999 PICA Bonds"), the proceeds of which were used to advance refund \$610,730,000 principal amount of the 1993 PICA Bonds.

On June 16, 2003, PICA issued \$165,550,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2003, the proceeds of which were used to refund \$163,185,000 principal amount of the 1993A PICA Bonds.

On June 15, 2006, PICA issued \$89,950,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2006 (Auction Rate Securities), the proceeds of which were used to refund \$89,960,000 principal amount of the 1996 PICA Bonds.

On May 15, 2008, PICA issued \$133,740,000 Series 2008A and \$80,825,000 Series 2008B Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program). The proceeds of the Series 2008A bonds were used to refund \$142,085,000 principal amount of the 2003 PICA Bonds; the proceeds of the Series 2008B Bonds together with other available funds of the Authority were used to refund \$85,500,000 principal amount of the 2006 PICA Bonds.

On June 15, 2009, PICA issued \$354,925,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009, the proceeds of which were used to refund the outstanding 1999 PICA Bonds and pay the costs of terminating an associated swap.

As of the close of business on June 30, 2009, the principal amount of PICA bonds outstanding was \$557,740,000.

Source of Payment of PICA Bonds

The PICA Act authorized the City to impose a tax for the sole and exclusive purposes of PICA. In connection with the adoption of the Fiscal Year 1992 budget and the adoption of the first Five-Year Plan, the City reduced the wage, earnings, and net profits tax on City residents by 1.5% and enacted a PICA Tax of 1.5% tax on wages, earnings and net profits of City residents (the "PICA Tax"). Proceeds of the PICA Tax are solely the property of PICA. The PICA Tax, collected by the City's Department of Revenue, is deposited in the "Pennsylvania Intergovernmental Cooperation Authority Tax Fund" (the

“PICA Tax Fund”) of which the State Treasurer is custodian. The PICA Tax Fund is not subject to appropriation by City Council or the General Assembly of the Commonwealth.

The PICA Act authorizes PICA to pledge the PICA Tax to secure its bonds and prohibits the Commonwealth and the City from repealing the PICA Tax or reducing the rate of the PICA Tax while any bonds secured by the PICA Tax are outstanding.

The PICA Act requires that proceeds of the PICA Tax in excess of amounts required for (i) debt service, (ii) replenishment of any debt service reserve fund for bonds issued by PICA, and (iii) certain PICA operating expenses, be deposited in a trust fund established pursuant to the PICA Act exclusively for the benefit of the City and designated the “City Account.” Amounts in the City Account are required to be remitted to the City not less often than monthly, but are subject to withholding if PICA certifies the City’s non-compliance with the then-current five-year plan.

The PICA Act establishes a “Bond Payment Account” for PICA as a trust fund for the benefit of PICA bondholders and authorizes the creation of a debt service reserve fund for bonds issued by PICA. Since PICA has issued bonds secured by the PICA Tax, the PICA Act requires that the State Treasurer pay the proceeds of the PICA Tax held in the PICA Tax Fund directly to the Bond Payment Account, the debt service reserve fund created for bonds issued by PICA and the City Account.

The total amount of PICA Tax remitted to PICA by the State Treasurer (which is net of the costs of the State Treasurer in collecting the PICA Tax) for each of the Fiscal Years 2001 through 2009, and the current estimate for Fiscal Year 2010, are set forth below:

<u>Year</u>	<u>Amount</u>
2001	273.6 million
2002	278.0 million
2003	281.5 million
2004	285.0 million
2005	300.2 million
2006	309.9 million
2007	327.9 million
2008	341.8 million
2009	348.5 million
2010 (Current Estimate)	354.3 million

PICA bonds are payable from the PICA revenues, including the PICA Tax, pledged to secure PICA’s bonds, the Bond Payment Account and any debt service reserve fund established for such bonds and have no claim on any revenues of the Commonwealth or the City.

Five-Year Plans of the City

One of the conditions precedent to the issuance of bonds by PICA was the development by the City and approval by PICA of a five-year financial plan. The original five-year plan, which covered Fiscal Years 1992 through 1996, was prepared by the Mayor, approved by City Council on April 29, 1992 and by PICA on May 18, 1992. In each subsequent year, the City updated the previous year’s five-year plan, each of which was adopted by City Council, signed by the Mayor and approved by PICA.

The Mayor presented the Seventeenth Five-Year Plan (the “Seventeenth Five-Year Plan”) to City Council on February 14, 2008. City Council approved the Fiscal Year 2009 Budget and the revised Seventeenth Five-Year Plan on May 22, 2008. The Mayor signed the budget into law on May 22, 2008. The Seventeenth Five-Year Plan was approved by PICA on June 17, 2008.

The Mayor presented the Eighteenth Five-Year Plan (the "Eighteenth Five-Year Plan") to City Council on March 19, 2009. City Council reviewed the Fiscal Year 2010 Operating Budget and Eighteenth Five-Year Plan on March 25, 2009. City Council approved the Fiscal Year 2010 Budget on May 21, 2009, and the Mayor signed it on May 27, 2009. The City submitted the revised Eighteenth Five-Year Plan to PICA in June 2009 for PICA's approval. The Eighteenth Five-Year Plan included a one percent City Sales Tax increase through Fiscal Year 2014. Additionally, the Eighteenth Five-Year Plan assumed a partial deferral of the City's pension payment in Fiscal Year 2010 (\$150 million) and Fiscal Year 2011 (\$80 million) to be paid back by Fiscal Year 2014. In addition to the deferral, the City changed the amortization period from 20 years to 30 years and lowered the interest rate assumption from 8.75 percent to 8.25 percent.

PICA's Board approved the City's Eighteenth Five-Year Plan on July 21, 2009 with several conditions, including that the Eighteenth Five-Year Plan would be deemed disapproved if (i) the General Assembly of the Commonwealth failed to enact legislation authorizing the City to increase the City's sales tax and change the City's pension fund payments by August 15, 2009 or such earlier date that the General Assembly recessed for the summer, or (ii) the City failed to provide PICA by August 20, 2009 with a list of items that could generate at least \$25 million in additional savings or recurring revenues in each year of the Eighteenth Five-Year Plan. If either of the conditions referred to above were not met, the City would be required to submit a revised Eighteenth Five-Year Plan within 15 days of the deemed disapproval. The City prepared the information required in clause (ii) and submitted it to PICA on August 20, 2009. In addition, on September 1, 2009, the City formally submitted a revised Five-Year Plan for FY2010-FY2014. PICA approved the revised Eighteenth Five-Year Plan on September 16, 2009, subject to the enactment of the legislation authorizing the increase in the City's sales tax and change in the City's pension fund payments. The Commonwealth enacted such legislation on September 18, 2009.

The Mayor presented the Nineteenth Five-Year Plan (the "Nineteenth Five-Year Plan") to City Council on March 4, 2010. City Council review is currently underway.

CITY FINANCIAL PROCEDURES

Except as otherwise noted, the financial statements, tables, statistics, and other information shown below have been prepared by the Office of the Director of Finance and can be reconciled to the financial statements in the City's Comprehensive Annual Financial Report and Notes therein.

Independent Audit and Opinion of the City Controller

The City Controller has examined and expressed opinions on the basic financial statements of the City of Philadelphia contained in the City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2009 (the "Fiscal Year 2009 Comprehensive Annual Financial Report").

The City Controller has not participated in the preparation of this Official Statement nor in the preparation of the budget estimates and projections and cash flow statements and forecasts set forth in various tables contained in this Official Statement. Consequently, the City Controller expresses no opinion with respect to any of the data contained in this Official Statement other than what is contained in the Fiscal Year 2009 Comprehensive Annual Financial Report.

Principal Operations

The major operations of the City are conducted through the General Fund. In addition to the General Fund, operations of the City are conducted through two other major governmental funds and 12 minor governmental funds. The two major governmental funds and three of the minor governmental

funds are financed solely through grants from the Commonwealth and Federal government. The City's Debt Service Fund and Capital Projects Fund are also included with the minor governmental funds.

Fund Accounting

Funds are groupings of activities that enable the City to maintain control over resources that have been segregated for particular purposes or objectives. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. The governmental funds are used to account for the financial activity of the City's basic services, such as: general government; economic and neighborhood development; public health, welfare and safety; cultural and recreational; and streets, highways and sanitation. The funds' financial activities focus on a short-term view of the inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. The financial information presented for the governmental funds is useful in evaluating the City's short term financing requirements.

The City maintains twenty-three individual governmental funds. The City's Comprehensive Annual Financial Report (including for the City's fiscal year ended June 30, 2009), presents data separately for the General Fund, Grants Revenue Fund and Health Choices Behavioral Health Fund, which are considered to be major funds. Data for the remaining twenty funds are combined into a single aggregated presentation.

Proprietary Funds. The proprietary funds are used to account for the financial activity of the City's operations for which customers are charged a user fee; they provide both a long and short-term view of financial information. The City maintains three enterprise funds that are a type of proprietary funds - airport, water and wastewater operations, and industrial land bank.

Fiduciary Funds. The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for PGW's employees' retirement reserve assets. Both of these fiduciary activities are reported in the City's Comprehensive Annual Financial Report (including for the City's fiscal year ended June 30, 2009), as separate financial statements of fiduciary net assets and changes in fiduciary net assets.

Basis of Accounting and Measurement Focus

Governmental funds account for their activities using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as in the case of full accrual accounting. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due; however, those expenditures may be accrued if they are to be liquidated with available resources.

Imposed non-exchange revenues, such as real estate taxes, are recognized when the enforceable legal claim arises and the resources are available. Derived tax revenues, such as wage, business privilege, net profits and earnings taxes, are recognized when the underlying exchange transaction has occurred and the resources are available. Grant revenues are recognized when all the applicable eligibility requirements have been met and the resources are available. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue that is considered to be program revenue includes: (1) charges to customers or applicants for goods received, services rendered or privileges provided, (2) operating grants and

contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program specific revenues; therefore, all taxes are considered general revenues.

The City's financial statements reflect the following three funds as major Governmental Funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.
- The Health Choices Behavioral Health Fund accounts for resources received from the Commonwealth. These resources are restricted to providing managed behavioral health care to residents of the City.
- The Grants Revenue Fund accounts for the resources received from various federal, state and private grantor agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

The City also reports on Permanent Funds, which are used to account for resources legally held in trust for use by the park and library systems of the City. There are legal restrictions on the resources of the funds that require the principal to remain intact, while only the earnings may be used for the programs.

The City reports on the following Fiduciary Funds:

- The Municipal Pension Fund accumulates resources to provide pension benefit payments to qualified employees of the City and certain other quasi-governmental organizations.
- The Philadelphia Gas Works Retirement Reserve Fund accounts for contributions made by PGW to provide pension benefit payments to its qualified employees under its noncontributory pension plan.

The City reports on the following major Proprietary Funds:

- The Water Fund accounts for the activities related to the operation of the City's water delivery and sewage systems.
- The Aviation Fund accounts for the activities of the City's airports.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenues of the Water Fund are charges for water, sewer and stormwater service. The principal operating revenue of the Aviation Fund is charges for the use of the airport. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Legal Compliance

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). In accordance with the Home Rule Charter, the City has formally established budgetary accounting control for its operating and capital improvement funds.

The operating funds of the City, consisting of the General Fund, ten Special Revenue Funds (County Liquid Fuels Tax, Special Gasoline Tax, Health Choices Behavioral Health, Hotel Room Rental Tax, Grants Revenue, Community Development, Car Rental Tax, Wage Tax Reduction, Acute Care Hospital Assessment and Housing Trust Funds) and two Enterprise Funds (Water and Aviation Funds), are subject to annual operating budgets adopted by City Council. Included with the Water Fund is the Water Residual Fund. These budgets appropriate funds for all City departments, boards and commissions by major class of expenditure within each department. Major classes are defined as: personal services; purchase of services; materials and supplies; equipment; contributions, indemnities and taxes; debt service; payments to other funds; and advances and other miscellaneous payments. The appropriation amounts for each fund are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. All transfers between major classes (except for materials and supplies and equipment, which are appropriated together) must have councilmanic approval. Appropriations that are not expended or encumbered at year-end are lapsed.

The City's capital budget is adopted annually by City Council. The capital budget is appropriated by project for each department. Requests to transfer appropriations between projects must be approved by City Council. Any appropriations that are not obligated at year-end are either lapsed or carried forward to the next fiscal year.

Schedules prepared on the legally enacted basis differ from the GAAP basis in that both expenditures and encumbrances are applied against the current budget, adjustments affecting activity budgeted in prior years are accounted for through fund balance or as reduction of expenditures and certain interfund transfers and reimbursements are budgeted as revenues and expenditures.

Budget Procedure

At least ninety days before the end of the Fiscal Year the operating budget for the next Fiscal Year is prepared by the Mayor and must be submitted to City Council for adoption. The budget, as adopted, must be balanced and provide for discharging any estimated deficit from the current Fiscal Year and make appropriations for all items to be funded with City revenues. The Mayor's budgetary estimates of revenues for the ensuing Fiscal Year and projection of surplus or deficit for the current Fiscal Year may not be altered by City Council. Not later than the passage of the operating budget ordinance, City Council must enact such revenue measures as will, in the opinion of the Mayor, yield sufficient revenues to balance the budget.

At least thirty days before the end of each Fiscal Year, City Council must adopt by ordinance an operating budget and a capital budget for the ensuing Fiscal Year and a capital program for the six ensuing years. If the Mayor disapproves the bill, he must return it to City Council with the reasons for his disapproval at the first meeting thereof held not less than ten days after he receives it. If the Mayor does not return the ordinance within the time required, it becomes law without his approval. If City Council passes the bill by a vote of two-thirds of all of its members within seven days after the bill has been returned with the Mayor's disapproval, it becomes law without his approval. The capital program is prepared annually by the City Planning Commission to present the capital expenditures planned for each of the six ensuing Fiscal Years, including the estimated total cost of each project and the sources of funding (local, state, Federal, and private) estimated to be required to finance each project. The capital program is reviewed by the Mayor and transmitted to City Council for adoption with his recommendation thereon. See Table 11 for a summary of the City's capital improvement program for the Fiscal Years 2010 through 2015.

The capital budget ordinance, authorizing in detail the capital expenditures to be made or incurred in the ensuing Fiscal Year from funds that City Council appropriates, is adopted by City Council

concurrently with the capital program. The capital budget must be in full conformity with that part of the capital program applicable to the Fiscal Year that it covers.

Awards

For the twenty-ninth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded its prestigious Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. The City received this recognition by publishing a report that was well organized and readable and satisfied both generally accepted accounting principles and applicable legal requirements.

CITY CASH MANAGEMENT AND INVESTMENT POLICIES

Consolidated Cash

The Act of the General Assembly of the Commonwealth of June 25, 1919, P.L. 581, Art. XVII, § 6, gives the City the authority to make temporary inter-fund loans between operating and capital funds.

The Consolidated Cash Account provides for the physical commingling of the cash of all City Funds, except those which, for legal or contractual reasons, cannot be commingled (e.g., the Municipal Pension Fund, sinking funds, sinking fund reserves, funds of PGW, the Water Fund, the Aviation Fund and certain other restricted purpose funds). A separate accounting is maintained for the equity of each member fund in the Consolidated Cash Account. The City manages the Consolidated Cash Account pursuant to the following procedures:

To the extent that any member fund temporarily experiences the equivalent of a cash deficiency, the required advance is made from the Consolidated Cash Account, in the amount necessary to result in a zero balance in the cash equivalent account of the borrowing fund. All subsequent net receipts of a borrowing fund are applied in repayment of the advance.

All advances are made within the budgetary constraints of the borrowing funds. Within the General Fund, this system of inter-fund advances has historically resulted in the temporary use of tax revenues or other operating revenues for capital purposes and the temporary use of capital funds for operating purposes.

Procedures governing the City's cash management operations require the General Fund-related operating fund to borrow initially from the General Fund-related capital fund, and only to the extent there is a deficiency in such fund may the General Fund-related operating fund borrow money from any other funds in the Consolidated Cash Account.

Investment Practices

Cash balances in each of the City's funds are managed to maintain daily liquidity to pay expenses, and make investments that preserve principal while striving to obtain the maximum rate of return. In accordance with the Home Rule Charter, the City Treasurer is the City Official responsible for managing cash collected into the City Treasury. The available cash balances in excess of daily expenses are placed in demand accounts, swept into money market mutual funds, or used to make investments directed by professional money managers. These investments are held in segregated trust accounts at a separate financial institution. Cash balances related to Revenue Bonds for Water and Sewer and the Airport are directly deposited and held separately in trust. A Fiscal Agent manages these cash balances per the related bond documents and the investment practice is guided by administrative direction of the City Treasurer per the Investment Committee and the Investment Policy. In addition, certain operating cash deposits (such as Community Behavioral Health, Special Gas/County Liquid and "911" surcharge) of the

City are restricted by purpose and required to be segregated into accounts in compliance with Federal or State reporting.

Investment guidelines for the City are embodied in legislation approved by City Council appearing in the Philadelphia City Code, Chapter 19. In furtherance of the City, State, and Federal legislative guidelines, the Director of Finance adopted a written Investment Policy (the "Policy") that first went into effect in August 1994 and most recently was revised in April 2001. This Policy supplements other legal requirements and establishes a comprehensive investment policy for the overall administration and effective management of all monetary funds (except the Municipal Pension Fund and PGW Retirement Reserve Fund).

The Policy delineates the authorized investments as approved by City Council Ordinance and the funds to which the Policy applies. The authorized investments include U.S. Government Securities, U.S. Treasuries, U.S. Agencies, Collateralized Certificates of Deposit, Bankers Acceptance Notes, Eurodollar Deposits, Euro Certificates of Deposit, Commercial Paper, Corporate Bonds, Money Market Mutual Funds, Repurchase Agreements and Commonwealth of Pennsylvania securities, all of investment grade rating or better. Each category of instruments, excluding U.S. Government Treasury and Agency securities which carry no limitation, is limited to investment of no more than 25% of the total portfolio, and no more than 10% of the total portfolio per institutional or corporate issuer. The Policy also restricts investments to those having a maximum maturity of two years. Daily liquidity is maintained through the use of SEC-registered money market mutual funds with the balance of funds invested by the City or money managers in accordance with the Policy.

The Policy provides for an ad hoc Investment Committee consisting of the Director of Finance, the City Treasurer and the Deputy City Treasurer with ex-officio membership of a representative of each of the principal operating and capital funds, i.e., Water Fund, Aviation Fund, Philadelphia Gas Works and Philadelphia Municipal Authority. The Investment Committee meets quarterly with each of the investment managers to review each manager's performance to date and to plan for the next quarter. Investment managers are given any changes in investment instructions at these meetings. The Investment Committee approves all modifications to the Policy.

The Policy expressly forbids the use of any derivative investment product whose yield or market value does not follow the normal swings in interest rates. Investment in derivatives such as "inverse floaters," leveraged variable rate debt and interest-only or principal-only Collateralized Mortgage Obligations are specifically forbidden. The use of any other derivative investment products is restricted to identified "core cash" in any fund but never to exceed 25% of any fund's balance at the time of purchase.

General Fund Cash Flow

Because the receipts of General Fund revenues lag behind expenditures during most of each fiscal year, the City issues notes in anticipation of General Fund revenues and makes payments from the Consolidated Cash Account to finance its on-going operations. The City has issued notes in anticipation of the receipt of income by the General Fund in each fiscal year since Fiscal Year 1972 (with a single exception). Each issue was repaid when due, prior to the end of the fiscal year.

The timing imbalance referred to above results from a number of factors, principally the following: (1) real property, business privilege tax and certain other taxes are not due until the latter part of the fiscal year; and (2) the City experiences lags in reimbursement from other governmental entities for expenditures initially made by the City in connection with programs funded by other governments.

DISCUSSION OF FINANCIAL OPERATIONS

Fiscal Year 2009 Adopted Budget

The City's Fiscal Year 2009 budget was approved by City Council on May 22, 2008 and signed into law that day. The budget projects estimated revenues of \$3.9 billion, obligations of \$4.03 billion and an ending fund balance of \$62.5 million on the legally enacted basis. This budget was adopted by the City in conjunction with the Seventeenth Five-Year Plan which was approved by PICA on June 17, 2008.

Fiscal Year 2009 Actual

Results for Fiscal Year 2009 reflect revenues of \$3.64 billion and obligations of \$3.92 billion on a legally enacted basis. Tax revenues were \$172 million below adopted budget levels. The real estate transfer tax and business privilege tax account for more than \$127 million of the reduction. Total general fund revenue was \$249.8 million below budget. Obligations were \$116.4 million below budgeted levels as the administration took action to reduce obligations and reduce the projected deficit. The Fiscal Year 2009 fund balance was negative \$137.2 million; of this amount \$45 million was due to a delay in the receipt from the Commonwealth for child welfare reimbursement under Title IV-E of the Social Security Act ("Title IV-E") and an additional \$10 million was due to an Act 148 ("Act 148") funding settlement from Fiscal Year 2008. The Commonwealth has implemented a new billing system in response to Federal audit requirements and because of this, the Title IV-E funds were not received in Fiscal Year 2009, but are anticipated to be received in Fiscal Year 2010.

Fiscal Year 2010 Adopted Budget

The City's Fiscal Year 2010 budget was presented to City Council on March 19, 2009, was approved by City Council on May 21, 2009, and signed by the Mayor on May 27, 2009. The budget projects estimated revenues of \$3.815 billion, obligations of \$3.694 billion and an ending fund balance of \$85.3 million after discharging the Fiscal Year 2009 fund balance deficit on the legally enacted basis. The budget includes a 1 percent City Sales Tax increase which is estimated to yield \$97 million in Fiscal Year 2010 increasing to an estimated \$121 million in Fiscal Year 2014. The Sales Tax increase became effective on October 8, 2009.

Fiscal Year 2010 Current Estimate

With the delay in Commonwealth approval of the temporary Sales Tax increase, reduced child welfare funding, revisions to the pension amortization schedule and other reductions and delays in implementation of revenue initiatives, the City revised the Fiscal Year 2010 budget and Eighteenth Five-Year Plan and submitted the revision to PICA on September 1, 2009. PICA approved the revised Eighteenth Five-Year Plan on September 16, 2009. The revised Fiscal Year 2010 estimate projects revenues of \$3.769 billion, obligations of \$3.696 billion and an ending fund balance on the legally enacted basis of \$3 million. However, after the second quarter results were known, the City revised the Fiscal Year 2010 fund balance estimate to negative \$37.9 million. This revision reflects weaker Wage, Earnings and Sales tax receipts, partially offset by increased Real Estate Transfer Tax collections and an improved Business Privilege Tax base; reduced State funding for Police, weakened recycling revenue and increased spending for technology improvements.

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Table 1
City of Philadelphia General Fund
Summary of Operations
(Legal Basis) (Amounts In Millions of USD)

	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Current Estimate 2010
REVENUES							
Real Property Taxes	377.7	392.7	395.8	397.5	402.8	400.1	413.4
Wage and Earnings Tax	1,049.6	1,073.6	1,111.2	1,167.4	1,184.8	1,117.0	1,117.0
Net Profits Tax	13.0	13.7	14.6	15.3	12.5	12.2	14.4
Business Privilege Tax	309.2	379.5	415.5	436.4	398.8	386.0	376.6
Sales Tax ^(a)	108.0	119.9	127.8	132.6	137.3	128.2	199.8
Other Taxes ^(b)	<u>202.2</u>	<u>250.9</u>	<u>304.1</u>	<u>286.7</u>	<u>260.3</u>	<u>209.3</u>	<u>213.4</u>
Total Taxes	<u>2,059.7</u>	<u>2,230.3</u>	<u>2,369.0</u>	<u>2,435.9</u>	<u>2,396.5</u>	<u>2,252.8</u>	<u>2,334.6</u>
Locally Generated Non-Tax Revenue	207.4	200.9	235.9	247.9	265.8	256.3	247.3
Revenue from Other Governments	801.1	1,054.6	924.5	1,032.9	1,033.4	993.4	1,168.9
Receipts from Other City Funds	<u>24.7</u>	<u>26.3</u>	<u>24.9</u>	<u>27.4</u>	<u>27.2</u>	<u>135.4</u>	<u>33.0</u>
Total Revenue	<u>3,092.9</u>	<u>3,512.1</u>	<u>3,554.3</u>	<u>3,744.1</u>	<u>3,722.8</u>	<u>3,637.9</u>	<u>3,783.9</u>
OBLIGATIONS/APPROPRIATIONS							
Personnel Services	1,278.3	1,243.5	1,250.2	1,327.6	1,390.7	1,406.3	1,381.3
Purchase of Services	1,050.3	1,090.1	1,065.7	1,151.6	1,188.7	1,174.2	1,127.7
Materials, Supplies and Equipment	70.6	71.5	82.1	89.1	92.1	82.7	75.4
Employee Benefits	598.9	704.7	760.2	890.3	983.0	973.2	835.2
Indemnities, Contributions and Grants	95.1	113.5	110.9	119.0	120.9	130.0	107.9
City Debt Service	93.7	89.7	82.9	89.1	87.2	100.9	128.1
Other	32.0	36.7	38.6	31.2	32.3	22.7	25.0
Payments to Other City Funds	<u>29.1</u>	<u>36.6</u>	<u>35.4</u>	<u>38.7</u>	<u>24.8</u>	<u>25.3</u>	<u>28.5</u>
Total Obligations/Appropriations	<u>3,248.0</u>	<u>3,386.3</u>	<u>3,426.0</u>	<u>3,736.6</u>	<u>3,919.8</u>	<u>3,915.3</u>	<u>3,709.1</u>
Operating Surplus (Deficit) for the Year	(155.4)	125.8	128.2	7.5	(197.0)	(277.4)	74.8
Net Adjustments – Prior Year	17.3	17.2	30.1	35.9	18.6	20.7	24.5
Funding for Contingencies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cumulative Fund Balance Prior Year	<u>91.3</u>	<u>(46.8)</u>	<u>96.2</u>	<u>254.5</u>	<u>297.9</u>	<u>119.5</u>	<u>(137.2)</u>
Cumulative Adjusted Year End Fund Balance (Deficit)	<u>(46.8)</u>	<u>96.2</u>	<u>254.5</u>	<u>297.9</u>	<u>119.5</u>	<u>(137.2)</u>	<u>(37.9)</u>

(a) Reflects one percent increase effective October 8, 2009.

(b) Includes Real Estate Transfer Tax, Parking Tax, Amusement Tax, and Other Taxes.

FIGURES MAY NOT ADD DUE TO ROUNDING.

Table 2
City of Philadelphia
Principal Operating Funds (Debt Related)
Summary of Operations (Legal Basis)
(Amounts in Millions of USD)

	Actual	Actual	Actual	Actual	Actual	Actual	Current Estimate
	2004	2005	2006	2007	2008	2009	2010
REVENUES							
General Fund	3,092.8	3,512.1	3,554.3	3,744.1	3,722.8	3,637.9	3,783.9
Water Fund ^(a)	438.3	451.4	490.3	519.7	589.7	543.5	574.7
Aviation Fund ^(b)	241.4	249.0	271.5	268.6	287.9	294.1	296.7
Other Operating Funds ^(c)	<u>39.0</u>	<u>38.6</u>	<u>41.9</u>	<u>44.9</u>	<u>113.2</u>	<u>49.5</u>	<u>49.6</u>
Total Revenue	<u>3,811.5</u>	<u>4,251.1</u>	<u>4,358.0</u>	<u>4,577.3</u>	<u>4,713.6</u>	<u>4,525.0</u>	<u>4,704.9</u>
OBLIGATIONS/APPROPRIATIONS							
Personnel Services	1,444.7	1,409.0	1,412.9	1,498.2	1,568.9	1,579.0	1,556.9
Purchase of Services	1,197.0	1,250.0	1,233.5	1,328.5	1,441.4	1,369.2	1,353.7
Materials, Supplies and Equipment	119.2	121.9	136.2	145.9	151.1	140.7	145.6
Employee Benefits	662.1	784.9	845.3	990.1	1,095.8	1,091.4	941.0
Indemnities, Contributions and Taxes	99.7	117.3	116.5	122.6	127.1	135.9	140.2
Debt Service ^(d)	344.6	336.8	337.6	348.8	346.7	384.8	401.4
Other	32.0	36.7	38.6	31.2	32.3	22.7	25.0
Payments to Other City Funds	<u>95.5</u>	<u>97.0</u>	<u>119.4</u>	<u>144.9</u>	<u>154.7</u>	<u>88.1</u>	<u>122.1</u>
Total Obligations/Appropriations	<u>3,994.8</u>	<u>4,153.6</u>	<u>4,240.0</u>	<u>4,610.2</u>	<u>4,917.9</u>	<u>4,811.8</u>	<u>4,685.9</u>
Operating Surplus (Deficit) for the Year	(183.4)	97.5	118.0	(32.8)	(204.3)	(286.8)	19.1
Net Adjustments Prior Year	41.0	45.8	60.6	69.6	51.0	41.8	56.7
Funding for Contingencies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cumulative Fund Balance (Deficit) Prior Year End	<u>132.0</u>	<u>(10.4)</u>	<u>132.9</u>	<u>311.5</u>	<u>348.3</u>	<u>236.8</u>	<u>(50.0)</u>
Cumulative Adjusted Year End Fund Balance (Deficit)	<u>(10.4)</u>	<u>132.9</u>	<u>311.5</u>	<u>348.3</u>	<u>195.0</u>	<u>(50.0)</u>	<u>25.8</u>

(a) Revenues of the Water Fund are not legally available for payment of other obligations of the City until, on an annual basis, all revenue bond debt service requirements and covenants relating to those bonds have been satisfied, and then only to the extent of \$4,994,000 per year, provided certain further conditions are satisfied. From Fiscal Year 1991 to Fiscal Year 2003, the maximum transfer, per administrative agreement, was \$4,138,000. For Fiscal Year 2004, the budgeted transfer was not made. For Fiscal Year 2005, the transferred amount was \$4,401,000. For Fiscal Year 2006, 2007 and 2008, the transferred amount was \$4,994,000. For Fiscal Year 2009, the transferred amount was \$4,185,463. The current estimate for Fiscal Year 2010 is \$2,553,000.

(b) Airport revenues are not available for other City purposes.

(c) Includes County Liquid Fuels Tax Fund, Special Gasoline Tax Fund and Water Residual Fund.

(d) Excludes PICA bonds.

FIGURES MAY NOT ADD DUE TO ROUNDING.

Quarterly Reporting to PICA

On November 16, 1992, the City submitted the first of its quarterly reports to PICA. This reporting is required under the PICA Act so that PICA may determine whether the City is in compliance with the then-current Five-Year Plan. Under the PICA Act, a “variance” is deemed to have occurred as of the end of a reporting period if (i) a net adverse change in the fund balance of a covered fund of more than 1% of the revenues budgeted for such fund for that fiscal year is reasonably projected to occur, such projection to be calculated from the beginning of the fiscal year for the entire fiscal year, or (ii) the actual net cash flows of the City for a covered fund are reasonably projected to be less than 95% of the net cash flows of the City for such covered fund for that fiscal year originally forecast at the time of adoption of the budget, such projection to be calculated from the beginning of the fiscal year for the entire fiscal year. The Mayor is required to provide a report to PICA that describes actual or current estimates of revenues, expenditures, and cash flows by covered funds compared to budgeted revenues, expenditures, and cash flows by covered funds for such previous quarterly or monthly period and for the year-to-date period from the beginning of the then-current fiscal year of the City to the last day of the fiscal quarter or month, as the case may be, just ended. Each such report is required to explain any variance existing as of such last day.

PICA may not take any action with respect to the City for variances if the City (i) provides a written explanation of the variance that PICA deems reasonable; (ii) proposes remedial action that PICA believes will restore overall compliance with the then-current Five-Year Plan; (iii) provides information in the immediately succeeding quarterly financial report demonstrating to the reasonable satisfaction of PICA that the City is taking remedial action and otherwise complying with the then-current Five-Year Plan; and (iv) submits monthly supplemental reports as required by the PICA Act.

On February 20, 2009, based on results as reported in the December 31, 2008 Quarterly City Managers Report for December 31, 2008, PICA informed the City that a variance had been declared as defined in Section 4.10(a) of the Intergovernmental Cooperation Agreement. The City provided monthly information to PICA as requested. PICA agreed to accept the submission of the Eighteenth Five-Year Plan as the City’s proposed remedial action to address the variance. The City revised the Eighteenth Five-Year Plan and submitted it to PICA on September 1, 2009. On September 16, 2009, PICA approved the Eighteenth Five-Year Plan. The variance has been removed.

REVENUES OF THE CITY

General

In 1932, the Pennsylvania General Assembly adopted an act (commonly referred to as the Sterling Act) under which the City was permitted to levy any tax that was not specifically pre-empted by the Commonwealth. Prior to 1939, the City relied heavily upon the real property tax as the mainstay of its revenue system. Acting under the Sterling Act and other legislation, the City has taken various steps over the years to reduce its reliance on real property taxes as a source of income, including: (1) enacting the wage, earnings, and net profits tax in 1939; (2) introducing a sewer service charge to make the sewage treatment system self-sustaining after 1945; (3) requiring under the Home Rule Charter that the water, sewer, and other utility systems be fully self-sustaining; and (4) enacting in 1952 the Mercantile License Tax (a gross receipts tax on business done within the City), which was replaced as of the commencement of Fiscal Year 1985 by the Business Privilege Tax.

Major Revenue Sources

The City derives its revenues primarily from various taxes, non-tax revenues, and receipts from other governments. See Table 3 for revenues by major source for Fiscal Years 1999-2010 and Table 4 for General Fund tax revenues for Fiscal Years 2004-2010. The following description does not take into

account revenues in the Non-Debt Related Funds. The tax rates for Fiscal Years 1999 through 2009 are contained in the Fiscal Year 2009 Comprehensive Annual Financial Report.

Wage, Earnings, and Net Profits Taxes. These taxes are levied on the wages, earnings, and net profits of all residents of the City and all non-residents employed within the City. The rate for both residents and non-residents was 4.3125% from Fiscal Year 1977 through Fiscal Year 1983. For Fiscal Years 1984 through 1991 the wage and earnings tax rate was 4.96% for residents and 4.3125% for non-residents and the net profits tax rate was 4.96% for both residents and non-residents.

In Fiscal Year 1992, the City reduced the City wage, earnings, and net profits tax on City residents by 1.5% and imposed the PICA Tax on wages, earnings and net profits at the rate of 1.5% on City residents. The table below sets forth the resident and non-resident wage and earnings tax rates for Fiscal Years 2001-2010, and the annual wage and earnings tax receipts in Fiscal Years 2001-2009 and the estimated receipts in Fiscal Year 2010.

<u>Fiscal Year</u>	<u>Resident Wage and Earnings Tax Rates*</u>	<u>Non-Resident Wage and Earnings Tax Rates</u>	<u>Annual Wage and Earnings Tax Receipts (including PICA Tax) (Amounts in Millions)</u>
2001	4.5635%	3.9672%	\$1,332.6
2002	4.5385	3.9462	1,297.3
2003	4.5000	3.9127	1,306.6
2004	4.4625	3.8801	1,347.6
2005	4.3310	3.8197	1,387.5
2006	4.3010	3.7716	1,435.6
2007	4.2600	3.7557	1,510.6
2008	4.2190	3.7242	1,527.5
2009 **	3.9800 (July 1) 3.9300 (January 1)	3.5392 (July 1) 3.5000 (January 1)	1,488.7
2010	3.9296	3.4997	1,533.2 (Current Estimate)

* Includes PICA Tax.

** There were two rate decreases during Fiscal Year 2009.

In the Seventeenth Five-Year Plan, the Mayor approved further reductions in this tax rate for each of the Fiscal Years 2009-2013. The Seventeenth Five-Year Plan approved reducing the wage tax from its then-current level of 4.2190% for residents and 3.7242% for non-residents to 3.60% for residents and 3.25% for non-residents by Fiscal Year 2013. These reduced rates include rate reductions funded through tax reduction funding provided by the Commonwealth of Pennsylvania from gaming proceeds. In Fiscal Year 2009 there were two rate reductions: one that took effect July 1, 2008 and the other that took effect January 1, 2009. The Eighteenth Five-Year Plan suspends future City-funded rate reductions until Fiscal Year 2015; however, the proposed Nineteenth Five-Year Plan suspends future City-funded rate reductions until Fiscal 2014.

Business Privilege Tax. In May 1984, the City enacted an ordinance substituting the Business Privilege Tax for the Mercantile License Tax. The Business Privilege Tax has been levied since January 1985 on every entity engaging in business in the City.

The Business Privilege Tax is a composite tax. Tax rates vary according to business classification (regulated, non-regulated, persons registered under the Pennsylvania Securities Act of 1972, manufacturing, wholesale, or retail) and method of tax computation employed. The various methods of tax computation are as follows: effective Fiscal Year 1989, all regulated industries, banks, trust companies, insurance companies, and public utilities, among others, were taxed at an annual rate of 3.25 mills on annual receipts not to exceed 6.5% of their net income. The tax on annual receipts and net income of all businesses, other than regulated industries, was levied at 3.25 mills and 6.5%, respectively,

provided that persons registered under the Pennsylvania Securities Act of 1972 shall in no event pay a tax of less than 5.711 mills on all taxable receipts plus the lesser of 4.302% of net income or 4.302 mills on gross taxable receipts.

Non-regulated industry manufacturers can opt for a lower 5.395% rate on receipts from sales after deducting the applicable cost of goods. Non-regulated wholesalers may choose a gross receipts tax on wholesale transactions at a lower rate of 7.55% after deducting applicable product and labor costs. Non-regulated retailers have the option of choosing the lower rate of 2.1% on receipts from retail sales after deducting applicable product and labor costs.

All persons subject to both the Business Privilege Tax and the Net Profits Tax are entitled to apply a credit of 60% of their Business Privilege Tax liability against what is due on the Net Profits Tax, which credit may be carried back or forward for up to three years.

In Fiscal Year 1996, the City began a program of reducing the gross receipts portion of the Business Privilege Tax from its previous level of 3.25 mills. The tax rates for tax years 2001-2010 are set forth below.

<u>Tax Year</u>	<u>Business Privilege Tax/Gross Receipts</u>
2001	2.525 mills
2002	2.400 mills
2003	2.300 mills
2004	2.100 mills
2005	1.900 mills
2006	1.665 mills
2007	1.540 mills
2008	1.415 mills
2009	1.415 mills
2010	1.415 mills

In the Seventeenth Five-Year Plan, the Mayor approved further reductions in the gross receipts portion of the Business Privilege Tax for each of the Fiscal Years 2009-2013. The Eighteenth Five-Year Plan suspends future City-funded rate reductions until Fiscal Year 2015; however, the proposed Nineteenth Five-Year Plan suspends future City-funded rate reductions until Fiscal 2014.

All business activity is also assessed a one-time \$200 licensing fee administered by the Department of Licenses and Inspections.

Real Property Taxes. A real estate tax on all taxable real property is levied on the assessed value of residential and commercial property located within the City's boundaries. From Fiscal Year 2003 through Fiscal Year 2007 the City's portion of the rate was 34.74 mills and the School District's portion was 47.90 mills. In Fiscal Year 2008, City Council shifted 1.69 mills of City tax to the School District. In Fiscal Year 2008, the City's portion of the rate became 33.05 mills and the School District's portion became 49.59 mills. Those rates remain in effect.

Sales and Use Tax. In connection with the adoption of the Fiscal Year 1992 Budget, the City adopted a 1% sales and use tax (the "City Sales Tax") for City general revenue purposes. The Commonwealth authorized the levy of this tax under the PICA Act. Vendors are required to pay this sales tax to the Commonwealth Department of Revenue together with the similar Commonwealth sales and use tax. The State Treasurer deposits the collections of this tax in a special fund and disburses the collections, including any investment income earned thereon, less administrative fees of the Commonwealth Department of Revenue, to the City on a monthly basis.

The City Sales Tax is imposed in addition to, and on the same basis as, the Commonwealth's sales and use tax. The City Sales Tax became effective September 28, 1991 and is collected for the City by the Commonwealth Department of Revenue. The Fiscal Year 2010 budget assumes an increase to 2 percent from the current 1 percent rate. The Pennsylvania General Assembly enacted legislation authorizing this increase effective October 8, 2009. The Eighteenth Five-Year Plan assumes this temporary increase will sunset on June 30, 2014. The table below sets forth the City Sales Tax collected in Fiscal Years 2001 through 2009 and estimated collections for Fiscal Year 2010.

<u>Fiscal Year</u>	<u>City Sales Tax Collections</u>
2001	\$ 111.3 million
2002	108.1 million
2003	108.0 million
2004	108.0 million
2005	119.9 million
2006	127.8 million
2007	132.6 million
2008	137.3 million
2009	128.2 million
2010 (Current Estimate)	199.8 million

Other Taxes. The City also collects real property transfer taxes, parking lot taxes, and other miscellaneous taxes such as the Amusement Tax.

Other Locally Generated Non-Tax Revenues. These revenues include license fees and permit sales, traffic fines and parking meter receipts, court related fees, stadium revenues, interest earnings and other miscellaneous charges and revenues of the City.

Revenue from Other Governments. The City's Fiscal Year 2010 General Fund current estimate projects that approximately 30.8% of General Fund revenues will be received from other governmental jurisdictions, including: (1) \$610.1 million from the Commonwealth for health, welfare, court, and various other specified purposes; (2) \$192.2 million from the Federal government; and (3) \$74.5 million from other governments, in which revenues are primarily rental and payments from the Philadelphia Gas Works and parking fines and fees from the Philadelphia Parking Authority. In addition, the projected net collections of the PICA Tax of \$288.2 million are included in "Revenue from Other Governments." These amounts do not include the substantial amounts of revenues from other governments received by the Grants Revenue Fund, Community Development Fund, and other operating and capital funds of the City.

Revenues from City-Owned Systems

In addition to taxes, the City realizes revenues through the operation of various City-owned systems such as the Water and Wastewater Systems and PGW. The City has issued revenue bonds with respect to the Water and Wastewater Systems and PGW to be paid solely from and secured by a pledge of the respective revenues of these systems. The revenues of the Water and Wastewater Systems and PGW are not legally available for payment of other obligations of the City until, on an annual basis, all revenue bond debt service requirements and covenants relating to those bonds have been satisfied and then, in a limited amount and upon satisfaction of certain other conditions.

Effective June 1991, the revenues of the Water Department were required to be segregated from other funds of the City. Under the City's Restated General Water and Wastewater Revenue Bond Ordinance of 1989 (the "Water Ordinance"), an annual transfer may be made from the Water Fund to the City's General Fund in an amount not to exceed the lesser of (a) all Net Reserve Earnings, as defined below, or (b) \$4,994,000. Net Reserve Earnings means the amount of interest earnings during the fiscal year on amounts in the Debt Reserve Account and Subordinated Bond Fund, as defined in the Water

Ordinance. Commencing in Fiscal Year 1991, the \$4,994,000 amount was reduced to \$4,138,000 by administrative agreement that remained in effect through Fiscal Year 2003. No such transfer was made in Fiscal Year 1992; however, the transfer was made in each subsequent year through Fiscal Year 2003. For Fiscal Year 2004, the transfer was to have increased to \$4,994,000 but no payment was made. For Fiscal Year 2005, the transferred amount was \$4,401,000; for Fiscal Years 2006 through 2008, the transferred amount was \$4,994,000. In Fiscal Year 2009, the transferred amount was \$4,185,463. In Fiscal Year 2010, the budgeted amount is \$4,994,000 and the current estimate is \$2,553,000.

The revenues of PGW are segregated from other funds of the City. Payments for debt service on Gas Works Revenue Bonds are made directly by PGW. In previous years, PGW has also made an annual payment of \$18,000,000 to the City's General Fund. For Fiscal Year 2005 the City agreed to forgo the \$18,000,000 payment, and for Fiscal Years 2006, 2007, 2008 and 2009, the City budgeted the receipt of the \$18,000,000 payment and the grant back of such amount to PGW. The City's Eighteenth Five-Year Plan assumes that the \$18,000,000 payment will be made in each of Fiscal Years 2010 through 2014 and that the City will grant back such payment to PGW in each such Fiscal Year, and the City's proposed Nineteenth Five-Year Plan contemplates the same for each of the Fiscal Years 2011 through 2015.

Philadelphia Parking Authority

The Philadelphia Parking Authority ("PPA") was established by City ordinance pursuant to the Pennsylvania Parking Authority Law, P.L. 458, No. 208 (June 5, 1947). Various statutes, ordinances, and contracts authorized PPA to plan, design, acquire, hold, construct, improve, maintain and operate, own or lease land and facilities for parking in the City, including such facilities at Philadelphia International Airport (the "Airport"), and to administer the City's on-street parking program through an Agreement of Cooperation ("Agreement of Cooperation") with the City.

PPA owns and operates five parking garages at the Airport, as well as operating a number of surface parking lots at the Airport. The land on which these garages and surface lots are located is leased from the City, acting through the Department of Commerce, Division of Aviation, pursuant to a lease expiring in 2030 (the "Lease Agreement"). The Lease Agreement provides for payment of rent to the City, which is equal to gross receipts less operating expense, debt service on PPA's bonds issued to finance improvements at the Airport and reimbursement to PPA for capital expenditures and prior year operating deficits relating to its Airport operations, if any. The City received transfers of rental payments in Fiscal Years 2003 through 2009 that totaled \$11,629,311, \$14,539,053, \$27,239,000, \$30,186,642, \$33,184,918, \$33,570,037, and \$31,239,909 respectively. The Fiscal Year 2010 budgeted transfer amount is \$36,000,000 and the current estimate is projected to be \$26,000,000.

One component of the operating expenses is PPA's administrative costs. In 1999, at the request of the Federal Aviation Administration ("FAA"), PPA and the City entered into a letter agreement (the "FAA Letter Agreement") which contained a formula for calculating PPA's administrative costs and capped such administrative costs at 28% of PPA's total administrative costs for all of its cost centers. PPA owns and/or operates parking facilities at a number of non-Airport locations in the City. These parking facilities are revenue centers for purposes of the FAA Letter Agreement.

Assessment and Collection of Real and Personal Property Taxes

In December 2009, the Board of the Revision of Taxes (BRT) ratified a Memorandum of Understanding separating the assessment and appeals functions for property valuation and transferring day-to-day authority for oversight of assessments to the Finance Department. The BRT did not extend the MOU which expired in April 2010. On December 17, 2009, City Council passed legislation that would disband the BRT and replace it with separate offices for assessments and appeals. Before the changes in the legislation can become effective, they must be approved by the voters and they are likely to be placed on the ballot for the May 2010 primary.

If the voters assent, the BRT will cease to exist at the end of September 2010 and the changes described in this paragraph will take effect. Beginning October 1, 2010, the newly created Office of Property Assessment will take over the annual assessment of all real estate located within the City. The new head assessor will be appointed by the Mayor with approval by City Council. The new Board of Appeals will be comprised of seven members appointed by the Mayor after recommendations by an independent panel. City Council will have the right to approve or disprove the Mayor's selections. As with the existing appeals mechanism, the Board may increase or decrease the property valuations contained in the returns of the assessors in order that such valuations conform with law. After all changes in property assessments, and after all assessment appeals, assessments will be certified and the results provided to the Department of Revenue.

Real estate taxes, if paid by February 28, are discounted by 1%. If the tax is paid during the month of March, the gross amount of tax is due. If the tax is not paid by the last day of March, tax additions of 1.5% per month are added to the tax for each month that the tax remains unpaid through the end of the calendar year. Beginning in January of the succeeding year, the 15% tax additions that accumulated during the last ten months of the preceding years are capitalized and the tax is registered delinquent. Interest is then computed on the new tax base at a rate of 0.5% per month until the real estate tax is fully paid. Commencing in February of the second year, an additional 1% per month penalty is assessed for a maximum of seven months. See the Fiscal Year 2009 Comprehensive Annual Financial Report for assessed and market values of taxable realty in the City and for levies and rates of collections.

During Fiscal Year 1997 and subsequent to the adoption of the Fiscal Year 1998 budget, the City decided to abandon the collection of the Personal Property Tax due to uncertainty as to the outcome of litigation challenging specific aspects of the tax then pending in other jurisdictions of the Commonwealth. As a result, the City realized no Personal Property Tax revenues in Fiscal Year 1998 or in subsequent years. The Personal Property Tax had been levied on the value of certain personal property of the residents of the City.

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Table 3
City of Philadelphia
Summary of
Principal Operating Funds (Debt Related)
Revenues by Major Source
Fiscal Years 2001-2010 (Legal Basis)
(Amounts in Millions of USD)

<u>Fiscal Year</u>	<u>Real Property Taxes^(a)</u>	<u>Wage Earnings & Net Profits Taxes^(a)</u>	<u>Business Privilege Tax^(a)</u>	<u>Sales and Use Tax^(a)</u>	<u>Other Taxes^(b)</u>	<u>Total Taxes</u>	<u>Water & Wastewater Charges</u>	<u>Airport Charges</u>	<u>Other Locally Generated Charges</u>	<u>Total Local Revenue</u>	<u>Revenue from Other Govts</u>	<u>Revenue from Other City Funds</u>	<u>Total Revenues</u>
2001	363.4	1,059.0 ^(c)	314.0 ^(c)	111.3	130.0 ^(c)	1,977.7	285.8	175.7	251.3	2,690.5	781.7	90.5	3,562.7
2002	376.8	1,019.3	295.8	108.1	148.6	1,945.4	302.8	181.7	257.9	2,687.8	722.5	80.8	3,491.1
2003	361.1	1,025.1	286.1	108.0	156.3	1,936.6	329.6	219.4	327.4	2,813.0	909.7	62.8	3,785.5
2004	377.7	1,062.6	309.2	108.0	202.2	2,059.7	383.1	235.0	207.4	2,885.2	834.2	92.1	3,811.5
2005	392.7	1,087.3	379.5	119.9	250.9	2,230.3	419.7	246.3	200.8	3,097.1	1,082.4	71.6	4,251.1
2006	395.8	1,125.8	415.5	127.8	304.1	2,369.0	460.4	269.4	236.2	3,335.0	953.1	69.9	4,358.0
2007	397.5	1,182.7	436.4	132.6	286.7	2,435.9	486.9	266.0	248.3	3,437.1	1,063.3	77.0	4,577.4
2008	402.8	1,197.3	398.8	137.3	260.3	2,396.5	555.0	275.3	267.5	3,494.3	1,066.2	153.1 ^(d)	4,713.6
2009	400.1	1,129.2	386.0	128.2	209.3	2,252.8	484.5	291.3	258.3	3,286.9	1,025.4	212.7 ^(e)	4,525.0
2010 (Current Estimate)	413.4	1,131.4	376.6	199.8 ^(f)	213.4	2,334.6	513.0	293.7	249.3	3,390.6	1,202.4	111.9 ^(g)	4,704.9

(a) See Table 7 in the Fiscal Year 2009 Comprehensive Annual Financial Report for Tax Rates.

(b) Includes Real Estate Transfer Tax, Parking Tax, Amusement Tax, and Other Taxes.

(c) Accounting accrual changes required by GASB #33 resulted in additional one-time tax revenue accruals in Fiscal Year 2001. (Wage Tax, \$50.4 million; Business Privilege, \$5.2 million; Other Taxes, \$4.3 million).

(d) In Fiscal Year 2008, there was an increase of \$73 million in payment from Water Fund to Water Residual Fund.

(e) In Fiscal Year 2009, there was an \$86 million payment from the Wage Tax Reduction Fund.

(f) Reflects one percent increase effective October 8, 2009.

(g) In Fiscal Year 2010, the Wage Tax Reduction payment is shown in the Revenue from Other Governments column.

FIGURES MAY NOT ADD DUE TO ROUNDING.

Table 4
City of Philadelphia General Fund
Tax Revenues (a)
Fiscal Years 2004-2010
(Amounts in Millions of USD)

	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Current Estimate 2010
REAL PROPERTY TAXES							
Current	332.6	353.2	354.1	367.2	366.5	365.6	371.4
Prior	45.1	39.5	41.7	30.3	36.3	34.4	42.0
Total	<u>377.7</u>	<u>392.7</u>	<u>395.8</u>	<u>397.5</u>	<u>402.8</u>	<u>400.0</u>	<u>413.4</u>
WAGE AND EARNINGS TAX ^(b)							
Current	1,034.5	1,066.0	1,104.0	1,162.4	1,176.5	1,105.9	1,093.0
Delinquent	15.1	7.6	7.2	5.1	8.3	11.1	24.0
Total	<u>1,049.6</u>	<u>1,073.6</u>	<u>1,111.2</u>	<u>1,167.5</u>	<u>1,184.8</u>	<u>1,117.0</u>	<u>1,117.0</u>
BUSINESS TAXES							
Business Privilege							
Current	269.9	326.7	390.5	401.9	376.1	367.1	349.6
Delinquent	39.2	52.8	25.0	34.5	22.7	18.9	27.0
Sub-Total Business	<u>309.1</u>	<u>379.5</u>	<u>415.5</u>	<u>436.4</u>	<u>398.8</u>	<u>386.0</u>	<u>376.6</u>
Privilege							
Net Profits Tax							
Current	11.3	12.0	11.8	10.9	9.1	9.5	8.4
Delinquent	1.7	1.7	2.8	4.3	3.4	2.7	6.0
Sub-Total Net Profits	<u>13.0</u>	<u>13.7</u>	<u>14.6</u>	<u>15.3</u>	<u>12.5</u>	<u>12.2</u>	<u>14.4</u>
Tax							
Total Business Taxes	<u>322.1</u>	<u>393.2</u>	<u>430.1</u>	<u>451.6</u>	<u>411.3</u>	<u>398.2</u>	<u>391.0</u>
OTHER TAXES							
Sales and Use Tax	108.0	119.9	127.8	132.6	137.3	128.3	199.8 ^(c)
Amusement Tax	18.3	13.5	17.0	16.4	18.0	21.4	20.9
Real Property	141.3	192.3	236.4	217.3	184.0	115.1	118.7
Transfer Tax							
Parking Taxes	42.5	45.0	48.4	50.3	55.5	70.4	70.7
Other Taxes	0.1	0.1	2.3	2.6	2.8	2.4	3.1
Sub-Total Other	<u>310.2</u>	<u>370.8</u>	<u>431.9</u>	<u>419.2</u>	<u>397.6</u>	<u>337.6</u>	<u>413.2</u>
Taxes							
TOTAL TAXES	<u>2,059.6</u>	<u>2,230.3</u>	<u>2,369.0</u>	<u>2,435.9</u>	<u>2,396.5</u>	<u>2,252.8</u>	<u>2,334.6</u>

(a) See Table 7 in the Fiscal Year 2009 Comprehensive Annual Financial Report for Tax Rates.

(b) Beginning in Fiscal Year 1992, the City reduced the resident Wage and Earnings and Net Profits Tax from 4.96% to 3.46% and levied the PICA Tax at a rate of 1.50%, the proceeds of which are remitted to PICA for payment of debt service on PICA bonds and the PICA expenses. After paying debt service and expenses, net proceeds from the tax are remitted to the City as Revenue from Other Governments.

(c) Effective October 8, 2009, there is a one percent increase to the City Sales tax.

FIGURES MAY NOT ADD DUE TO ROUNDING

Table 5
Ten Largest Certified Market and Assessment Values
of Tax-Abated Properties
Certified Values for 2010

	Location	2010 Certified Market Value	Total Assessment	Total Taxable Assessment	Total Exempt Assessment
1	1701 John F Kennedy Blvd.	\$181,500,000	\$58,080,000	\$2,897,184	\$ 55,182,816
2	2929L Arch Street	117,000,000	37,440,000	0	37,440,000
3	1500 Spring Garden Street	50,000,000	16,000,000	2,944,000	13,056,000
4	2201 Park Towne Place	48,000,000	15,360,000	13,452,400	1,907,600
5	819 Chestnut Street	45,200,000	14,464,000	5,440,000	9,024,000
6	4300 S 26th Street	41,486,500	13,275,680	0	13,275,680
7	3711 Market Street	40,994,900	13,118,368	0	13,118,368
8	2760 Red Lion Rd.	39,820,000	12,742,400	480,006	12,262,394
9	3401 Chestnut Street	35,261,800	11,283,776	718,000	10,565,776
10	1327-29 Chestnut Street	35,000,000	11,200,000	10,880,000	320,000

Source: City of Philadelphia, Board of Revision of Taxes

EXPENDITURES OF THE CITY

The major City expenditures are for personal services, employee benefits, purchase of services (including payments to SEPTA), and debt service.

Personal Services (Personnel)

As of June 30, 2009, the City employed 27,482 full-time employees with the salaries of 22,912 employees paid from the General Fund. Additional employment is supported by other funds, including the Water Fund and the Aviation Fund.

Additional operating funds for employing personnel are contributed by other governments, primarily for categorical grants, as well as for the conduct of the community development program. These activities are not undertaken if funding is not received.

The following table sets forth the number of filled full-time positions of the City as of the dates indicated.

Table 6
City of Philadelphia
Filled, Full Time Positions — All Operating Funds
at June 30 (Actual)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010*</u>
General Fund							
Police	7,668	7,368	7,287	7,424	7,367	7,443	7,478
Streets	1,946	1,788	1,858	1,814	1,839	1,724	1,797
Fire	2,337	2,248	2,270	2,399	2,326	2,252	2,328
Health	745	667	662	664	665	662	739
Courts	2,046	2,004	1,936	1,928	1,970	1,889	1,965
Prisons	2,033	2,152	2,225	2,176	2,131	2,294	2,360
Human Services	1,815	1,743	1,703	1,721	1,784	1,743	1,858
All Other	5,170	4,995	4,878	4,941	5,029	4,905	4,982
Total General Fund	<u>23,760</u>	<u>22,965</u>	<u>22,819</u>	<u>23,067</u>	<u>23,111</u>	<u>22,912</u>	<u>23,507</u>
Other Funds	<u>4,659</u>	<u>4,649</u>	<u>4,616</u>	<u>4,598</u>	<u>4,642</u>	<u>4,570</u>	<u>5,044</u>
TOTAL	28,419	27,614	27,435	27,665	27,753	27,482	28,551

* Adopted Budget includes vacant positions.

Labor Agreements

Four major bargaining units represent City employees for collective bargaining purposes. District Councils 33 and 47 of the American Federation of State, County and Municipal Employees, AFL-CIO represents approximately 15,000 non-uniformed employees. The bargaining units for uniformed employees are the Fraternal Order of Police, Lodge 5 (the "FOP") and the Philadelphia Fire Fighters Association, Local 22, International Association of Fire Fighters AFL-CIO ("IAFF Local 22"), which together represent approximately 9,400 employees. The non-uniformed employees bargain under Act 195 of 1972, which allows for the limited right to strike over collective bargaining impasses. The uniformed employees bargain under Pennsylvania Act 111 of 1968, which provides for final and binding interest arbitration to resolve collective bargaining impasses. All contract expiration dates are June 30 unless otherwise noted.

In September 2004, a collective bargaining agreement was reached with District Council 47. This four-year contract includes a \$750 payment to each member with no general wage increase in Fiscal Year 2005 and wage increases of 2, 3 and 4 percent effective July 1 of each succeeding year, respectively. In December 2004, a collective bargaining agreement was reached with District Council 33, which mirrored the agreement previously reached with District Council 47. Each of the collective bargaining agreements included a health benefit reopener provision for the final two years of the agreement. The City concluded negotiations with District Councils 33 and 47 and agreed to increase the per member per month contributions to the unions by fourteen percent in Fiscal Year 2007 and an additional fourteen percent in Fiscal Year 2008.

On June 28, 2006, an arbitration panel issued a 3-year award to the IAFF Local 22. The award granted wage increases of 3.0% effective July 1, 2005, 3.0% effective July 1, 2006, and 4.0% effective July 1, 2007. In addition, the panel granted Local 22 health medical increases of 11.3% effective July 1, 2005, 14.1% effective July 1, 2006, and 14.0% effective July 1, 2007. The arbitration panel also addressed management issues believed by the City to be outside its jurisdiction. On August 24, 2007, the Commonwealth Court issued an opinion affirming in part and revising in part. The Court upheld the medical increases granted by the arbitrator's and revised the decision that limited the City's management rights.

The FOP contract contained a 3% increase in wages effective July 1, 2004, 3% effective July 1, 2005, 3% effective July 1, 2006 and a 4% increase effective July 1, 2007. The award also called for a re-opener for health medical coverage for Fiscal Year 2006 and Fiscal Year 2007.

At the re-opener in August of Fiscal Year 2006, the arbitrators ordered the City to increase FOP healthcare contributions by 15.7 percent and 10 percent in Fiscal Year 2006 and Fiscal Year 2007, respectively. After a City appeal, the Court of Common Pleas remanded the ruling back to arbitration, but the panel reissued its original ruling with no change. The City appealed the ruling to Common Pleas Court on February 13, 2006, and lost. The City has appealed that ruling in Commonwealth Court which ruled in favor of the City. The FOP petitioned the Pennsylvania Supreme Court asking the Court to review the matter, which the Court declined to do. The Mayor and the FOP reached a settlement in which the City agreed to pay the amounts awarded by the arbitrator. Accordingly, the matter has been withdrawn as moot.

On July 10, 2008 the arbitration panel awarded a one-year contract to the FOP effective July 1, 2008. The award called for a 2 percent wage increase effective July 1, 2008, a 2 percent wage increase effective January 1, 2009 and a 1 percent increase in longevity pay effective January 1, 2009. In addition, the panel reduced the per member per month health medical payment from the current monthly rate of \$1,303 per member to \$1,165 per member.

On October 17, 2008, an arbitration panel awarded a one-year contract to the IAFF Local 22 effective July 1, 2008. The award called for a 2 percent wage increase effective July 1, 2008, a 2 percent

wage increase effective January 1, 2009, and a 1 percent increase in longevity pay effective January 1, 2009. In addition, the panel reduced the per member per month health medical payment from the current monthly rate of \$1,444 per member to \$1,270 per member.

The City also reached a one year agreement with District Council 33 and District Council 47, which was effective July 1, 2008. The agreement called for a lump sum bonus of \$1,100 per member. The agreement also called for no increase in the current per member per month health benefit payment. The union memberships have ratified the agreements.

Contracts for the four major bargaining units representing City employees expired on June 30, 2009.

On December 18, 2009, an arbitration panel awarded a five-year contract to the FOP effective July 1, 2009 which calls for no raise the first year, a 3% wage increase and one percent stress differential increase effective July 1, 2010, a 3% wage increase effective July 1, 2011, and reopeners on wages in Fiscal Year 2013 and 2014. The award also includes higher employee co-pays in the police medical plan, reduced City contributions to the union's healthcare fund in Fiscal Year 2010, self insurance for employee health benefits and a requirement that new employees choose between a 20% increase in pension contributions over the amount current employees pay or entering a 401K type retirement plan for the first time.

Negotiations are currently underway with District Councils 33 and 47 and the contract with the IAFF Local 22 is in arbitration.

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The following table presents employee wage increases for the Fiscal Years 1998 through 2009.

Table 7
City of Philadelphia
Employee Wage Increases
Fiscal Years 1998-2010

<u>Fiscal Year</u>	<u>District Council No. 33</u>	<u>District Council No. 47</u>	<u>Fraternal Order of Police</u>	<u>International Association of Fire Fighters</u>
1998	3.0% (a)	3.0% (a)	4.0% (b)	4.0% (c)
1999	3.0% (a)	3.0% (a)	3.0% (b)	3.0% (c)
2000	4.0% (d)	4.0% (d)	4.0% (e)	4.0% (f)
2001	No increase	No increase	3.0%	3.0%
2002	3.0% (h)	3.0% (h)	4.0%	4.0%
2003	3.0% (i)	3.0% (i)	3.0%	3.0%
2004	3.0%	3.0%	3.5%	3.5%
2005	No increase (j)	No increase (j)	3.0%	3.0%
2006	2.0%	2.0%	3.0%	3.0%
2007	3.0% (k)	3.0% (k)	3.0%	3.0%
2008	4.0% (l)	4.0% (l)	4.0%	4.0%
2009	No increase (m)	No increase (m)	4.0% (n)	4.0% (n)
2010	(o)	(o)	0.0% (p)	(q)

- (a) Third year of a four year contract: 3% effective December 15, 1998.
- (b) First year of a two year contract: 3% effective September 15, 1998.
- (c) Third year of a four year contract: 3% effective September 15, 1998.
- (d) Fourth year of a four year contract: 4% effective March 15, 2000.
- (e) Second year of a two year contract: 4% effective September 15, 1999.
- (f) Fourth year of a four year contract: 4% effective September 15, 1999.
- (g) First year of a four year contract: cash bonus of \$1,500 paid in August 2000.
- (h) Second year of a four year contract: 3% effective December 15, 2001.
- (i) Third year of a four year contract: 3% effective December 15, 2002.
- (j) First year of a four year contract: cash bonus of \$750 paid in October 2004 to District Council 47 members and in December 2004 to District Council 33 members.
- (k) Third year of a four year contract: 3% effective July 1, 2006.
- (l) Fourth year of a four year contract: 4% effective July 1, 2007.
- (m) Cash bonus of \$1,100 paid 15 days after ratification.
- (n) One year contract: 2% effective July 1, 2008 and 2% effective January 1, 2009.
- (o) Contract expired on June 30, 2009, negotiations are currently underway.
- (p) Five year contract: 0% effective July 1, 2009, 3% effective July 1, 2010, 3% effective July 1, 2011, and re-openers on wages in Fiscal Years 2013 and 2014.
- (q) Existing contract expired on June 30, 2009, arbitration proceedings are currently underway.

Employee Benefits

The City provides various pension, life insurance, health, and medical benefits for its employees. General Fund employee benefit expenditures for Fiscal Years 2004 through 2010 are shown in the following table.

Table 8
City of Philadelphia
General Fund Employee Benefit Expenditures
Fiscal Years 2004-2010
(Amounts in Millions of USD)

	Actual	Actual	Actual	Actual	Actual	Actual	Current
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Pension Contribution*	229.4	315.5	346.5	436.8	430.8	459.0	350.1
Health/Medical/Dental	253.7	285.9	291.8	331.5	421.0	377.0	368.8
Social Security	60.6	59.9	60.8	64.1	69.7	68.8	69.2
Other	<u>55.2</u>	<u>43.4</u>	<u>61.1</u>	<u>57.9</u>	<u>61.5</u>	<u>68.4</u>	<u>47.1</u>
Total	<u>598.9</u>	<u>704.7</u>	<u>760.2</u>	<u>890.3</u>	<u>983.0</u>	<u>973.2</u>	<u>835.2</u>

* The Pension Contribution amount includes debt service on the Pension Obligation Bonds, Series 1999.

Municipal Pension Fund (Related to All Funds)

The City is required by the Home Rule Charter to maintain an actuarially sound pension and retirement system covering all officers and employees of the City. Court decisions have interpreted this requirement to mean that the City must make contributions to the Municipal Pension Fund sufficient to fund:

A. Accrued actuarially determined normal costs.

B. Amortization of the unfunded actuarial accrued liability ("UAAL") determined as of July 1, 1985. The portion of that liability attributable to a class action lawsuit by pension fund beneficiaries is amortized in level installments, including interest, over 40 years through June 30, 2009. The remainder of the liability is amortized over 34 years with increasing payments expected to be level as a percentage of each year's aggregate payroll.

C. Amortization in level percent of pay of the changes in the July 1, 1985 liability due to: nonactive member's benefit modifications (10 years); experience gains and losses (15 years); changes in actuarial assumptions (20 years); and active members' benefit modifications (20 years).

The pension fund was actuarially valued every two years through 1984, and beginning with the July 1, 1985 valuation report, is required to be actuarially valued each year.

The July 1, 1980 unfunded liability, as amended by subsequent reports, will be amortized over 38 years through annual contributions which will closely approximate a level percent of payroll. The Pennsylvania Municipal Pension Plan Funding Standard and Recovery Act, enacted December 18, 1984 adopted changes in funding of municipal pensions that have been reflected in the valuation report for July 1, 1985. In particular, this act generally requires that unfunded actuarial accrued liability be funded in annual level dollar payments. The City is permitted to amortize the July 1, 1985 UAAL over 40 years as a level percentage of pay of each year's aggregate payroll ending in 2025.

A July 2004 amendment to Act 205 allowed for 2001 and 2002 calendar year investment losses to be amortized over 30 years, rather than the usual 15.

Based on the City's most recent actuarial report dated as of July 1, 2009, the unfunded accrued liability was \$4.933 billion which equals a funding ratio of 45%.

Non-uniformed employees become vested in the Municipal Pension Plan upon the completion of ten years of service. Upon retirement, non-uniformed employees may receive up to 80% of their average

final compensation depending upon their years of credited service. Uniformed employees become vested in the Municipal Pension Plan upon the completion of ten years of service. Upon retirement, uniformed employees may receive up to 100% of their average final compensation depending upon their years of credited service. City employees participate in one of two Municipal Pensions Plans, Plan 67 or Plan 87, depending, primarily, on such employee's date of hire. The retirement age differs for Plan 67 (age 55) and Plan 87 (age 60) for non-uniformed employees and also for Plan 67 (age 45) and Plan 87 (age 50) for uniformed employees.

Effective January 1, 1987, the City adopted a new plan ("Plan 87") to cover employees hired after January 8, 1987, as well as members in the previous Plan who elected to transfer to Plan 87. Except for elected officials, Plan 87 provides for less costly benefits and reduced employee contributions. For elected officials, Plan 87 provides for enhanced benefits, with participating elected officials required to pay for the additional normal cost. Police and Fire personnel became eligible for Plan 87 on July 1, 1988. Because of Court challenges, members of District Council 33 and Locals 2186 and 2187 of District Council 47 were not eligible for Plan 87 until October 2, 1992.

The Eighteenth Five-Year Plan assumes several changes to the pension system. The City changed the amortization period from 20 to 30 years and lowered the assumed rate of interest from 8.75 percent to 8.25 percent. Additionally, the Eighteenth Five-Year Plan assumes a partial deferral of the pension payment in Fiscal Year 2010 (\$150 million) and Fiscal Year 2011 (\$80 million) to be paid back by Fiscal Year 2014. The change in amortization period and the partial deferral have been approved by the Pennsylvania General Assembly.

A comprehensive statement of operations of the City Municipal Pension Fund for Fiscal Years 1999 through 2009 is contained in the Fiscal Year 2009 Comprehensive Annual Financial Report.

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Purchase of Services

The City accounts for a number of expenditures as purchase of services. The following table presents major purchases of services in the General Fund in Fiscal Years 2004 through 2010.

TABLE 9
CITY OF PHILADELPHIA
PURCHASE OF SERVICE IN THE GENERAL FUND
FISCAL YEARS 2004-2010
(AMOUNTS IN MILLIONS OF USD)

	Actual						Current Estimate
	2004	2005	2006	2007	2008	2009	2010
Human Services (a)	493.7	511.8	467.9	495.3	515.3	499.0	465.5
Public Health	69.1	60.7	61.1	65.5	65.1	67.9	68.6
Public Property (b)	132.4	133.3	137.6	156.3	139.5	142.6	134.0
Streets (c)	53.9	54.6	54.8	58.3	58.4	51.0	47.4
Sinking Fund-Lease Debt (d)	70.8	70.7	77.0	84.3	85.1	86.1	93.7
Legal Services (e)	33.4	33.5	33.6	35.4	37.3	37.3	35.9
First Judicial District	23.0	28.3	24.4	24.8	25.6	23.6	23.0
Licenses & Inspections (f)	6.0	3.1	11.5	11.4	11.9	9.6	8.4
Emergency (g)	12.0	22.1	28.6	31.3	33.9	32.3	31.7
Prisons	80.8	84.9	82.8	87.5	93.6	110.7	110.2
All Other	<u>75.2</u>	<u>87.1</u>	<u>86.4</u>	<u>101.5</u>	<u>123.0</u>	<u>114.1</u>	<u>109.3</u>
Total	<u>1,050.3</u>	<u>1,090.1</u>	<u>1,065.7</u>	<u>1,151.6</u>	<u>1,188.7</u>	<u>1,174.2</u>	<u>1,127.7</u>

- (a) Includes payments for care of dependent and delinquent children.
- (b) Includes payments for SEPTA, space rentals, utilities, and telecommunications. In Fiscal Year 2008, the telecommunications division was transferred to the Managing Director – Division of Technology (DOT). Services purchased for DOT appear in the table under the category "All Other."
- (c) Includes solid waste disposal costs.
- (d) Includes, among other things, Justice Center, Neighborhood Transformation Initiative and Stadium lease debt.
- (e) Includes payments to the Defender Association to provide legal representation for indigents.
- (f) Includes payments for demolition in Fiscal Year 2006 through Fiscal Year 2010.
- (g) Includes homeless shelter and boarding home payments.

FIGURES MAY NOT ADD DUE TO ROUNDING

City Payments to School District

In each fiscal year since Fiscal Year 1996, the City has made an annual grant of \$15 million to the School District. Pursuant to negotiations with the Commonwealth to address the School District's current and future educational and fiscal situation, the Mayor and City Council agreed to provide the School District with an additional annual \$20 million beginning in Fiscal Year 2002. In Fiscal Year 2008, the Mayor and City Council agreed to provide an additional \$2 million, bringing the total contribution to \$37 million. In Fiscal Year 2009, the City made a \$38.5 million contribution, and the Fiscal Year 2010 budget includes a \$38.5 million contribution.

City Loan to PGW

The City made a loan of \$45 million to PGW during Fiscal Year 2001 to assist PGW in meeting its cash flow requirements. This loan was scheduled to mature in Fiscal Year 2007; however, PGW did not make the \$45 million payment. PGW repaid \$2 million to the City on August 31, 2007. PGW remitted a payment for \$20.5 million before December 28, 2007; and PGW remitted a payment for the balance of \$22.5 million on August 29, 2008. In addition, in order to assist PGW, (i) the City agreed to forgo the \$18 million annual payment in Fiscal Year 2004, (ii) for Fiscal Years 2005, 2006, 2007, 2008, 2009 and 2010 the City made a grant to PGW equal to the annual payment received from PGW in such fiscal years, and (iii) the City's proposed Nineteenth Five-Year Plan contemplates that in each of the Fiscal Years 2011 through 2015, the City will make a grant to PGW equal to the annual payment received from PGW in such Fiscal Years.

City Payments to SEPTA

The City's Fiscal Year 2008 operating subsidy payment to SEPTA was \$61.3 million. The City's Fiscal Year 2009 operating subsidy payment to SEPTA was \$62.9 million. The Fiscal Year 2010 budget projects operating subsidy payments to SEPTA of \$64.2 million. The Eighteenth Five-Year Plan provides that the City's contribution to SEPTA will increase to \$70.9 million by Fiscal Year 2014. The proposed Nineteenth Five-Year Plan provides that the City's contribution to SEPTA will increase to \$72.9 million by Fiscal Year 2015.

DEBT OF THE CITY

The Constitution of the Commonwealth provides that the authorized debt of the City "may be increased in such amount that the total debt of said City shall not exceed 13.5% of the average of the annual assessed valuations of the taxable realty therein, during the ten years immediately preceding the year in which such increase is made, but said City shall not increase its indebtedness to an amount exceeding 3.0% upon such average assessed valuation of realty, without the consent of the electors thereof at a public election held in such manner as shall be provided by law." It has been judicially determined that bond authorizations once approved by the voters will not be reduced as a result of a subsequent decline in the average assessed value of City property.

The Constitution of the Commonwealth further provides that there shall be excluded from the computation of debt for purposes of the Constitutional debt limit, debt (herein called "self-supporting debt") incurred for revenue-producing capital improvements that may reasonably be expected to yield revenue in excess of operating expenses sufficient to pay interest and sinking fund charges thereon. In the case of general obligation debt, the amount of such self-supporting debt to be so excluded must be determined by the Court of Common Pleas of Philadelphia County upon petition by the City. Self-supporting debt is general obligation debt of the City, with the only distinction from tax-supported debt being that it is not used in the calculation of the Constitutional debt limit. Self-supporting debt has no lien on any particular revenues.

As of June 30, 2009, the Constitutional debt limitation for tax-supported general obligation debt was approximately \$1,469,376,000 (based upon a formula of 13.5% of the assessed value of taxable real estate within the City on a 10 year rolling average). As of June 30, 2009, the City's total amount of authorized general obligation debt was \$1,710,551,000 which includes approximately \$358,305,000 of self-supporting debt, which does not count against the Constitutional debt limit. As of June 30, 2009, \$1,352,246,000 of general obligation debt subject to the constitutional debt limit was authorized, and of this authorized amount, \$1,278,621,000 was issued and outstanding. As of June 30, 2009, a balance of \$73,625,000 remained authorized and unissued, and after legally authorized deductions for appropriations of approximately \$34,255,000 for Fiscal Year 2010 maturing serial bonds, there remained a balance of \$151,385,000 available for future authorization and issuance.

The City is also authorized to issue revenue bonds pursuant to The First Class City Revenue Bond Act of 1972. Currently, the City issues revenue bonds to support the Division of Aviation, the Water Department and PGW. Bonds so issued are excluded for purposes of the calculation of the Constitutional debt limit.

Short-Term Debt

The City has issued notes in anticipation of the receipt of income by the General Fund in each fiscal year since Fiscal Year 1972 (with a single exception). Each note issue was repaid when due prior to the end of the fiscal year of issuance. The City issued \$275 million of Tax and Revenue Anticipation Notes Series B in November 2009. These notes are scheduled to be repaid on June 30, 2010.

Long-Term Debt

Table 15 presents a synopsis of the bonded debt of the City and its component units at the close of Fiscal Year 2009. In addition, for tables setting forth a ten-year historical summary of tax-supported debt of the City and School District and the debt service requirements to maturity of the City's outstanding bonded indebtedness as of June 30, 2009, see the Fiscal Year 2009 Comprehensive Annual Financial Report.

Of the total balance of City tax-supported general obligation bonds issued and outstanding at June 30, 2009, approximately 16% is scheduled to mature within 5 years and approximately 37% is scheduled to mature within 10 years.

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Table 10
City of Philadelphia
City-related Bond Indebtedness
June 30, 2009
(Amounts in Millions of USD)

	Governmental Fund Types				Enterprise Funds			
	General Fund	Municipal Authority Fund	PICA	Total	Water Fund	Aviation Fund	Total	All Funds Total
Bonded Debt Outstanding, July 1, 2008	1,147.0	185.9	572.1	1,905.0	1,669.8	1,302.8	2,972.6	4,877.6
<u>Increases:</u>								
Par Value of Bonds Issued:								
General Obligation	165.0	97.9	354.9	617.8	-	-	-	617.8
Revenue	-	-	-	-	140.0	45.7	185.7	185.7
<u>Total Bonds Sold</u>	<u>165.0</u>	<u>97.9</u>	<u>354.9</u>	<u>617.8</u>	<u>140.0</u>	<u>45.7</u>	<u>185.7</u>	<u>803.5</u>
<u>Decreases:</u>								
Matured Bonds:								
General Obligation	31.0	14.2	42.4	87.6	1.2	-	1.2	88.8
General Obligation Refunded	-	-	326.9	326.9	-	-	-	326.9
Revenue	-	-	-	-	90.0	36.3	126.3	126.3
Revenue Refunded	-	-	-	-	-	41.0	41.0	41.0
<u>Total Decrease</u>	<u>31.0</u>	<u>14.2</u>	<u>369.3</u>	<u>414.5</u>	<u>91.2</u>	<u>77.3</u>	<u>168.5</u>	<u>583.0</u>
Bonded Debt Outstanding, June 30, 2009	<u>1,281.0</u>	<u>269.6</u>	<u>557.7</u>	<u>2,108.3</u>	<u>1,718.6</u>	<u>1,271.2</u>	<u>2,989.8</u>	<u>5,098.1</u>

Source: Office of Director of Finance.

Other Long-Term Debt Related Obligations

The City has entered into other contracts and leases to support the issuance of debt by public authorities related to the City pursuant to which the City is required to budget and appropriate tax or other general revenues to satisfy such obligations. As of June 30, 2009, the principal amounts of the outstanding bonds of each of these authorities relating to the City's contract and lease obligations were as follows:

PMA	\$ 269.6 million
PAID*	\$ 1,973.1 million
Parking Authority	\$ 16.4 million
Redevelopment Authority	\$ 259.3 million
Convention Center Authority	\$ 201.8 million

Source: Office of the Director of Finance

*This includes 100% of Pension Bonds, only 86% applicable to the general fund.

The bonds of the Parking Authority included in the previous table are payable from project revenues, and by the City only if and to the extent that net revenues are inadequate for this purpose. The City paid \$2.3 million in Fiscal Year 2006, \$1.2 million in Fiscal Year 2007, \$2.0 million in Fiscal Year 2008 and \$1.2 million in Fiscal Year 2009 toward the repayment of these bonds. The budgeted amount in Fiscal Year 2010 is \$1,335,650. See "REVENUES OF THE CITY – Philadelphia Parking Authority."

The Hospitals Authority and the State Public School Building Authority have issued bonds on behalf of the Community College of Philadelphia ("CCP"). Under the Community College Act, each community college must have a local sponsor, which for CCP is the City. As the local sponsor, the City is obligated to pay up to 50% of the annual capital expenses of the college, which includes debt service. The remaining 50% is paid by the Commonwealth. Additionally, the City annually appropriates funds for a portion of CCP's operating costs (less tuition and less the Commonwealth's payment). The total payment to CCP in Fiscal Year 2008 was \$24,467,924. The amount paid in Fiscal Year 2009 is \$26,467,924. The budgeted amount in Fiscal Year 2010 is \$26,467,924. This amount represents the portion of operating costs (less student tuition and the Commonwealth payment) and up to half of the annual capital expenses for the year.

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Swap Information

The City has entered into various swaps related to its outstanding General Fund supported bonds as detailed in the following chart:

City Entity	City GO	City Lease - PAID	City Lease - PAID	City Lease - PAID
Related Bond Series	2009B ⁽¹⁾	2001 (Stadium)	2007B (Stadium)	2007B (Stadium)
Initial Notional Amount	\$313,505,000	\$298,485,000	\$217,275,000	\$72,400,000
Current Notional Amount	\$100,000,000	\$193,520,000	\$217,275,000	\$72,400,000
Termination Date	8/1/2031	10/1/2030	10/1/2030	10/1/2030
Product	Fixed Payer Swap	Basis Swap ⁽²⁾	Fixed Payer Swap	Fixed Payer Swap
Rate Paid by Dealer	SIFMA	67% 1-month LIBOR + 0.20%, plus fixed annuity	SIFMA	SIFMA
Rate Paid by City Entity	3.829%	SIFMA	3.9713%	3.9713%
Dealer	Royal Bank of Canada	Merrill Lynch Capital Services, Inc.	JP Morgan Chase Bank, N.A.	Merrill Lynch Capital Services, Inc.
Fair Value ⁽³⁾	(\$4,259,482)	(\$4,330,602)	(\$19,479,940)	(\$6,491,024)

Notes:

(1) On 7/23/09, the City terminated a portion of the swap in the amount of \$213,505,000 in conjunction with the refunding of its Series 2007B bonds with the Series 2009A fixed rate bonds and the Series 2009B variable rate bonds. The City made a termination payment of \$15,450,000 to RBC.

(2) PAID receives annual fixed payments of \$1,216,500 from 7/1/2004 through 7/1/2013. As the result of an amendment on 7/14/2006, \$104,965,000 of the total notional was restructured as a constant maturity swap (the rate received by PAID on that portion was converted from a percentage of 1-month LIBOR to a percentage of the 5-year LIBOR swap rate from 10/1/2006 to 10/1/2020). The constant maturity swap was terminated in December 2009.

(3) Fair values are as of March 31, 2010 and are shown from the City's perspective and include accrued interest.

While the City is party to several interest rate swap agreements for which there is General Fund exposure and on which the swaps currently have a negative mark against the City, the City has no obligation to post collateral on these swaps while the City's underlying ratings are investment grade.

For more information related to certain swaps entered into in connection with revenue bonds issued for the Water and Wastewater Systems, PGW and the Airport, see the City's 2009 Comprehensive Annual Financial Report attached as Appendix C. In addition, PICA has entered into swaps which are detailed in the City's 2009 Comprehensive Annual Financial Report attached as Appendix C.

Recent and Upcoming Financings

The following is a list of financings that the City has entered into since the close of Fiscal Year 2009:

The City, in conjunction with PMA, issued \$97.8 million of Lease Revenue Bonds, Series 2009. The proceeds of the bonds will be used to design, construct and equip a youth center facility. The transaction closed on June 30, 2009.

The City and the Water Department restructured \$83.6 million of its outstanding Water and Wastewater Revenue Refunding Bonds, Series 2005B on July 1, 2009. The City replaced the Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") insurance policy with a letter of credit from Bank of America N.A.

The City executed a \$31 million, four-year tax-exempt lease to finance an upgrade to its municipal radio communications system for emergency and normal public safety purposes. This financing closed July 7, 2009.

The City also had outstanding variable rate debt consisting of \$313.5 million of General Obligation Bonds, Series 2007B insured by AGM with Dexia as the liquidity provider. AGM's financial difficulties negatively impacted these bonds and the City refunded the 2007B Bonds with the proceeds of the 2009A Bonds and the 2009B Bonds and terminated a portion of the swap related to the 2007B Bonds. The City closed this transaction on August 13, 2009.

The PGW 6th Series Revenue Bonds were insured by AGM and had liquidity provided by J.P. Morgan, Wachovia Bank N.A., and Scotia Bank. The liquidity expired in January 2009. All of the 6th Series Revenue Bonds were owned by the banks. The City, together with PGW, refunded the 6th Series Revenue Bonds with the Eighth Series Bonds. The variable rate bonds (Eighth Series B, C, D & E) in the amount of \$255 million are secured by letters of credit from Bank of America, N.A., Wachovia Bank, N.A., Scotia Bank and J.P. Morgan. The remaining bonds were refunded as fixed rate bonds (Series A) and a portion of the swap related to the 6th Series Revenue Bonds was terminated. The City and PGW closed this transaction on August 20, 2009.

In September 2009, the City issued the Series A, Tax and Revenue Anticipation Note ("TRAN") in the maximum principal amount of \$275 million to J.P. Morgan Securities, Inc ("JP Morgan"). The City drew \$270 million under the JP Morgan private placement. The City issued a publicly offered TRAN, Series B and repaid the principal of and accrued interest on the Series A TRAN with a portion of the proceeds of the TRAN, Series B, together with other available funds of the City. This transaction closed on November 5, 2009.

In December 2009, PAID in conjunction with the City terminated the portion of the swap related to the \$104,965,000 million constant maturity swap on PAID's 2001 Stadium financing. The swap counterparty paid a termination payment to the City/PAID.

The City's 2003 Variable Rate Series, Water and Wastewater Revenue Refunding Bonds are insured by AGM with Dexia as the liquidity provider. The liquidity facility expired on April 1, 2010. The City plans to refund such variable rate bonds and to terminate a swap related to such bonds. The refunding and related swap termination closed in April 2010.

CITY CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program for Fiscal Years 2010-2015 contemplates a total budget of \$7,964,291,000 of which \$2,026,341,000 is to be provided from Federal, Commonwealth, and other sources and the remainder through City funding. The following table shows the amounts budgeted each year from various sources of funds for capital projects. City Council adopted the Capital Improvement Program for Fiscal Years 2010-2015 on May 21, 2009 and adopted an amendment to the FY2010 capital budget in December 2009.

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Table 11
City of Philadelphia
Fiscal Years 2010-2015
Capital Improvement Program
(Amounts in Thousands of USD)

CITY FUNDS – TAX

SUPPORTED

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2010-2015</u>
Carried-forward Loans	229,502	0	0	0	0	0	229,502
Operating Revenue	38,339	17,439	20,439	17,439	17,439	17,439	128,534
New Loans	63,000	68,020	78,023	88,013	97,944	99,946	494,946
Pre-financed Loans	6,042	1,000	1,000	1,000	1,000	1,000	11,042
PICA Pre-financed Loans	<u>43,017</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>43,017</u>
Tax-supported Subtotal	379,900	86,459	99,462	106,452	116,383	118,385	907,041

CITY FUNDS - SELF-SUSTAINING

Carried-forward Loans	653,509	0	0	0	0	0	653,509
Operating	146,926	41,961	40,352	40,743	40,134	40,525	350,641
New Loans	<u>667,144</u>	<u>532,113</u>	<u>525,404</u>	<u>582,679</u>	<u>883,025</u>	<u>810,394</u>	<u>4,000,759</u>
Self-Sustaining Subtotal	1,467,579	574,074	565,756	623,422	923,159	850,919	5,004,909

REVOLVING FUNDS	26,000	0	0	0	0	0	26,000
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OTHER THAN CITY FUNDS

Federal *	427,767	84,762	70,048	68,008	77,023	74,458	802,066
Federal Off Budget	96,553	95,859	79,906	81,815	97,600	117,840	569,573
State *	107,050	6,205	5,837	6,897	5,968	6,321	138,278
State Off Budget	20,772	35,902	36,933	35,058	36,799	34,732	200,196
Other Governments *	62,663	0	0	0	0	0	62,663
Other Governments/Off Budget	9,883	11,989	5,435	5,514	5,793	6,081	44,695
Private *	81,670	26,020	26,020	25,020	25,020	25,020	208,770
Private Off Budget	<u>0</u>	<u>100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100</u>
Other Than City Funds Subtotal	<u>806,358</u>	<u>260,837</u>	<u>224,179</u>	<u>222,312</u>	<u>248,203</u>	<u>264,452</u>	<u>2,026,341</u>

TOTAL	2,679,837	921,370	889,397	952,186	1,287,745	1,233,756	7,964,291
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*Other Than City Funds in Fiscal Year 2010 contain both New and Carried-Forward amounts as follows:

Federal	New – \$79,984	Carried Forward – \$ 347,783
State	New – 25,799	Carried Forward – 81,251
Other Governments	New – 0	Carried Forward – 62,663
Private	New – 5,030	Carried Forward – 76,640

LITIGATION

Generally, judgments and settlements on claims against the City are payable from the General Fund, except for claims against the Water Department, the Aviation Division, and the Gas Works. Claims against the Water Department are paid first from the Water Fund and only secondarily from the General Fund. Claims against the Aviation Division, to the extent not covered by insurance, are paid first from the Aviation Fund and only secondarily from the General Fund. Claims against the Gas Works, to the extent not covered by insurance, are paid first from Gas Works revenues and only secondarily from the General Fund.

The Act of October 5, 1980, P.L. 693, No. 142, known as the "Political Subdivision Tort Claims Act," (the "Tort Claims Act") establishes a \$500,000 aggregate limitation on damages for injury to a person or property arising from the same cause of action or transaction or occurrence or series of causes of action, transactions or occurrences with respect to governmental units in the Commonwealth such as the City. The constitutionality of that aggregate limitation has been repeatedly upheld by the Pennsylvania Supreme Court. In February 1987, an appeal of a decision upholding such constitutionality to the United States Supreme Court was dismissed for want of jurisdiction. However, under Pennsylvania Rule of Civil Procedure 238, delay damages in State Court cases are not subject to the \$500,000 limitation. Moreover, the limit on damages is inapplicable to any suit against the City which does not arise under state tort law such as claims made against the City under Federal civil rights laws.

The aggregate loss resulting from general and special litigation claims was \$30.2 million for Fiscal Year 2001, \$30.0 million for Fiscal Year 2002, \$24.1 million for Fiscal Year 2003, \$24.5 million for Fiscal Year 2004, \$27.5 million for Fiscal Year 2005, \$23.0 million for Fiscal Year 2006, \$26.6 million for Fiscal Year 2007, \$29.8 million for Fiscal Year 2008, \$34.5 million for Fiscal Year 2009 and \$14.33 million in the first half of Fiscal Year 2010. Estimates of settlements and judgments from the General Fund are \$34.5 million, \$42 million, \$34.5 million, \$34.5 million, and \$34.5 million for Fiscal Years 2010 through 2014, respectively (based on the proposed Nineteenth Five-Year Plan). In budgeting for settlements and judgments in the annual Operating Budget and projecting settlements and judgments for each Five-Year Plan, the City bases its estimates on past experience and on an analysis of estimated potential liabilities and the timing of outcomes, to the extent a proceeding is sufficiently advanced to permit a projection of the timing of a result. General and special litigation claims are budgeted separately from back-pay awards and similar settlements relating to labor disputes. Usually, some of the costs arising from labor litigation are reported as part of current payroll expenses. For the first half of Fiscal Year 2010, payments for claims arising from labor settlements in the General Fund were \$0.41 million of which \$0.38 million were paid from the Indemnities account, and \$0.03 million from the Operating budgets of the affected departments. For Fiscal Year 2009, payments for claims arising from labor settlements in the General Fund were \$1.74 million of which \$1.7 million was paid from the Indemnities account, and \$0.04 million from the Operating budgets of the affected departments. Actual claims paid out from the General Fund for settlements and judgments averaged \$28.3 million per year over the five years from Fiscal Year 2005 through Fiscal Year 2009.

In addition to routine litigation incidental to performance of the City's governmental functions and litigation arising in the ordinary course relating to contract and tort claims and alleged violations of law, certain special litigation matters are currently being litigated and/or appealed and adverse final outcomes of such litigation could have a substantial or long-term adverse effect on the City's General Fund. These proceedings involve: environmental-related actions and proceedings in which it has been or may be alleged that the City is liable for damages, including but not limited to property damage and bodily injury, or that the City should pay fines or penalties or the costs of response or remediation, because of the alleged generation, transport, or disposal of toxic or otherwise hazardous substances by the City, or the alleged disposal of such substances on or to City-owned property; a class action suit alleging that the City failed to properly oversee management of funds in the deferred compensation plan of City employees; civil rights claims; and a pay dispute with former and current paramedics. The ultimate outcome and fiscal impact, if any, on the City's General Fund of the claims and proceedings described in this paragraph are not currently predictable.

Various claims in addition to the lawsuits described in the preceding paragraph have been asserted against the Water Department and in some cases lawsuits have been instituted. Many of these Water Department claims have been reduced to judgment or otherwise settled in a manner requiring payment by the Water Department. The aggregate loss for Fiscal Year 2003 which resulted from these claims and lawsuits was \$3.9 million, \$2.9 million for Fiscal Year 2004, \$2.4 million for Fiscal Year 2005, \$4.2 million for Fiscal Year 2006, \$2.5 million in Fiscal Year 2007, \$4.6 million in Fiscal Year 2008, \$5.0 million in Fiscal Year 2009 and \$2.38 million in the first half of Fiscal Year 2010. The Water Fund's budget for Fiscal Year 2010 contains an appropriation for Water Department claims in the amount of

\$6.5 million, although the current estimate, based on the prior three fiscal years' expenditures, is for only \$4.0 million. The Water Fund is the first source of payment for any of the claims against the Water Department.

In addition, various claims have been asserted against the Aviation Division and in some cases lawsuits have been instituted. Many of these Aviation Division claims have been reduced to judgment or otherwise settled in a manner requiring payment by the Aviation Division. The aggregate loss for Fiscal Year 2008 which resulted from these claims and lawsuits was \$1.3 million and \$0.43 million for Fiscal Year 2009. The aggregate loss for the first half of Fiscal Year 2010 was \$0.30 million. The Indemnities budget for Aviation Fund claims for Fiscal Year 2010 contains an appropriation in the amount of \$2.5 million, although the current estimate, based on the prior three fiscal years' expenditures, is only \$0.7 million. The Aviation Division is the first source of payment for any of the claims against the Aviation Division.

ELECTED AND APPOINTED OFFICIALS

The Mayor is elected for a term of four years and is eligible to succeed himself for one term. Each of the seventeen members of the City Council is also elected for a four-year term which runs concurrently with that of the Mayor. There is no limitation on the number of terms that may be served by members of the City Council. Of the members of the City Council, ten are elected from districts and seven are elected at-large, with a minimum of two of the seven representing a party or parties other than the majority party. The District Attorney and the City Controller are elected at the mid-point of the terms of the Mayor and City Council.

The City Controller's responsibilities derive from the Home Rule Charter, various City ordinances and state and federal statutes, and contractual arrangements with auditees. The City Controller must follow GAGAS, Generally Accepted Government Auditing Standards established by the federal Government Accountability Office (formerly known as the General Accounting Office), and GAAS, Generally Accepted Auditing Standards promulgated by the American Institute of Certified Public Accountants. As of January 4, 2010, the Office of the City Controller had 123 employees, including 77 auditors, 27 of whom were certified public accountants.

The City Controller post-audits and reports on the City's combined financial statements, federal assistance received by the City, the performance of City departments and the finances of the School District. The City Controller also conducts a pre-audit program of expenditure documents required to be submitted for approval, such as invoices, payment vouchers, purchase orders and contracts. Documents are selected for audit by category and statistical basis. The Pre-Audit Division verifies that expenditures are authorized and accurate in accordance with the Home Rule Charter and other pertinent legal and contractual requirements before any moneys are paid by the City Treasurer. The Pre-Audit Technical Unit, consisting of auditing and engineering staff, inspects and audits capital project design, construction and related expenditures. Other responsibilities of the City Controller include investigation of allegations of fraud, preparation of economic reports, certification of the City's debt capacity and the capital nature and useful life of the capital projects, and opining to the Pennsylvania Intergovernmental Cooperation Authority on the reasonableness of the assumptions and estimates in the City's five-year financial plans.

The principal officers of the City's government appointed by the Mayor are the Managing Director of the City (the "Managing Director"), the Director of Finance of the City (the "Director of Finance"), the City Solicitor (the "City Solicitor"), the Deputy Mayor for Planning and Economic Development and Director of Commerce (the "Director of Commerce") and the City Representative (the "City Representative"). These officials, together with the Mayor and the other members of the Mayor's cabinet, constitute the major policy-making group in the City's government.

The Managing Director is responsible for supervising the operating departments and agencies of the City that render the City's various municipal services. The Director of Commerce is charged with the

responsibility of promoting and developing commerce and industry. The City Representative is the Ceremonial Representative of the City and especially of the Mayor. The City Representative is charged with the responsibility of giving wide publicity to any items of interest reflecting the activities of the City, its inhabitants and for the marketing and promotion of the image of the City.

The City Solicitor is head of the Law Department and acts as legal advisor to the Mayor, the City Council, and all of the agencies of the City government. The City Solicitor is also responsible for all of the City's contracts and bonds, for assisting City Council, the Mayor, and City agencies in the preparation of ordinances for introduction in City Council, and for the conduct of litigation involving the City.

The Director of Finance is the chief financial and budget officer of the City and is selected from three names submitted to the Mayor by a Finance Panel. The Director of Finance is responsible for the financial functions of the City including development of the annual operating budget, the capital budget, and capital program; the City's program for temporary and long-term borrowing; supervision of the operating budget's execution; the collection of revenues through the Department of Revenue; and the oversight of pension administration as Chairperson of the Board of Pensions and Retirement. The Director of Finance is also responsible for the appointment and supervision of the City Treasurer, whose office manages the City's debt program and serves as the disbursing agent for the distribution of checks and electronic payments from the City Treasury and the management of cash resources.

The following are brief biographies of Mayor Nutter, his chief of staff, his cabinet, as defined in the City Charter, the City Controller and the City Treasurer:

Michael A. Nutter, Mayor, was sworn in as Philadelphia's 98th Mayor on January 7, 2008. He won the Democratic nomination in a five-way primary election. Elected to Philadelphia City Council in 1992, the Mayor represented the City's Fourth Councilmanic District for nearly fifteen years. During his time in Council, he engineered groundbreaking ethics reform legislation, led successful efforts to pass a citywide smoking ban, worked to lower taxes for Philadelphians and to reform the City's tax structure, and labored to increase the number of Philadelphia police officers patrolling the streets and to create a Police Advisory Board to provide a forum for discussion between citizens and the Police Department. Mayor Nutter received his B.A. from the Wharton School of Business at the University of Pennsylvania in 1979.

Clarence D. Armbrister, Chief of Staff, was appointed on January 7, 2008. Prior to his appointment, Mr. Armbrister was Executive Vice President and Chief Operating Officer of Temple University. Mr. Armbrister began his career at Temple in April 2003 when he was named Senior Vice President. He was elevated to the position of Executive Vice President and Chief Operating Officer in January 2007. Prior to joining Temple, Mr. Armbrister was a Director in the UBS Financial Services Municipal Securities Group in Philadelphia and had served as Managing Director of the School District of Philadelphia, Treasurer of the City of Philadelphia, and was a partner in the law firm of Saul Ewing LLP. Mr. Armbrister holds a J.D. from the University of Michigan Law School and a B.A. degree in political science and economics from the University of Pennsylvania.

Camille Cates Barnett, Ph.D., Managing Director, was appointed in January 2008. Dr. Barnett is a professional manager, having worked in the cities of Sunnyvale, California, Dallas, Houston and Austin, Texas and Washington, DC. Prior to her appointment as Managing Director, Dr. Barnett served as an advisor and consultant to public sector clients to improve governance, with the Public Strategies Group, and Public Financial Management. Dr. Barnett encourages collaborative approaches to growth, disaster recovery, economic strength, environmental sustainability and other issues that cross governmental jurisdictions and has written numerous articles on emerging networks in governing and transforming the public sector. Dr. Barnett has a Ph.D. in public administration from the University of Southern California and has taught at the University of Southern California and the University of Texas at Austin. On March 17, 2010, Dr. Barnett, announced her resignation effective June 30, 2010. The Administration will seek a replacement.

Rob Dubow, Director of Finance, was appointed on January 7, 2008. The Director of Finance is the Chief Financial Officer of the City. Prior to his appointment, Mr. Dubow was the Executive Director of the Pennsylvania Intergovernmental Cooperation Authority (PICA), which is a financial oversight board established by the Commonwealth in 1991. He served as Chief Financial Officer of the Commonwealth of Pennsylvania from 2004 to 2005. From 2000 to 2004, he served as Budget Director for the City of Philadelphia, where he had also been a Deputy Budget Director and Assistant Budget Director. Before working for the City, Mr. Dubow was a Senior Financial Analyst for PICA. He also served as a Research Associate at the Pennsylvania Economy League and was a reporter for the Associated Press. Mr. Dubow earned a Masters in Business Administration degree from the Wharton School of Business and a Bachelor of Arts degree from the University of Pennsylvania.

Shelley R. Smith, City Solicitor, was appointed on January 7, 2008. The City Solicitor of the City of Philadelphia is the City's chief legal officer, the head of the City's Law Department, and a member of the Mayor's Cabinet. Prior to her appointment, Ms. Smith was the Associate General Counsel for Regulatory Affairs - East at Exelon Corporation. Prior to joining Exelon, Ms. Smith was with Ballard Spahr as Of Counsel in the Labor, Employment & Immigration Group. Ms. Smith also spent more than a decade with the City of Philadelphia's Law Department where she was trial attorney and supervisor in the Civil Rights Unit, Chief of the Affirmative Litigation and Labor and Employment Units, and, finally, Chair of the Corporate and Tax Group.

Alan Greenberger, Acting Deputy Mayor for Planning and Economic Development and Director of Commerce, was appointed on June 30, 2009. Mr. Greenberger is also the Executive Director of the City Planning Commission where he chairs the Philadelphia Zoning Code Commission. A native of New York City, he moved to Philadelphia in 1974 to join Mitchell/Giurgola Architects. He became an associate of Mitchell/Giurgola in 1980, moved to Australia to join Mitchell/Giurgola & Thorpe, architects for the Australian Parliament House, and rejoined Mitchell/Giurgola in Philadelphia as a partner in 1986. In 1990, he and several partners at M/G changed the name of the firm to MGA Partners, where he practiced through 2008. He has been the lead designer on numerous MGA projects including the Department of State National Foreign Affairs Training Center, the West Chester University School of Music and Performing Arts Center, America on Wheels Museum, Lehigh University Linderman Library Renovation, Mann Center for the Performing Arts Master Plan and Pavilions, and the Centennial District Master Plan.

Melanie Johnson, City Representative, was appointed on January 7, 2008. The City Representative will promote and give wide publicity to items of interest reflecting the accomplishments of the City and its inhabitants and the growth and development of its commerce and industry. Ms. Johnson had served as the Director of Communications for the Nutter for Mayor Campaign since August of 2006. Prior experience includes her time as Press Secretary to Former Mayor Ed Rendell, Director of Communication for Multicultural Affairs Congress at Philadelphia Convention and Visitors Bureau, and Senior Account Executive at Beach Advertising.

Alan L. Butkovitz is serving his second term as Philadelphia's elected City Controller, an office independent of the Mayor. Prior to his election as City Controller, Mr. Butkovitz served 15 years in the Pennsylvania House of Representatives, representing the 174th Legislative District in Northeast Philadelphia where he served on the Veterans Affairs and Urban Affairs Committees as well as committees on Aging and Older Adults, Children and Youth and Insurance. Mr. Butkovitz was widely praised for leading the bi-partisan investigation into violence in Philadelphia public schools. He authored legislation creating the Office of the Safe Schools Advocate, the first of its kind in the nation. Mr. Butkovitz was born and raised in Philadelphia. He is an attorney and received his Juris Doctor degree from Temple University Law School in 1976 and a bachelor's degree from Temple University in 1973.

Rebecca Rhynhart was appointed the City Treasurer of the City of Philadelphia in July 2008. Her responsibilities include oversight of all activities related to the issuance of debt by the City, managing the investment of approximately \$2.0 billion of operating and bond funds as well as managing the City's

depository banking. Ms. Rhynhart previously served as the Deputy Finance Director for Debt Management from February 2008 to July 2008. Prior to joining the City, Ms. Rhynhart headed up the Tax-Exempt Group in Bear Stearns' Global Credit Department, assessing the creditworthiness of municipalities and not-for-profit organizations for derivative trading. From 2001 to 2005, she worked as a credit analyst for Fitch Ratings. Ms. Rhynhart received her Masters of Public Administration from Columbia University and her Bachelor of Arts from Middlebury College.

ADDITIONAL INFORMATION

Current City Practices

It is the City's practice to file its Comprehensive Annual Financial Report ("CAFR"), which contains the audited combined financial statements of the City, with the Municipal Securities Rulemaking Board ("MSRB") as soon as practicable after delivery of such report. The CAFR for the City's fiscal year ended June 30, 2009 was deposited with the MSRB on February 25, 2010. The CAFR is prepared by the Director of Finance of the City in conformance with guidelines adopted by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants' audit guide, Audits of State and Local Government Units. Upon written request to the Office of the Director of Finance and payment of the costs of duplication and mailing, the City will make available copies of the CAFR for the Fiscal Year ended June 30, 2009. Such a request should be addressed to: Office of the Director of Finance, Municipal Services Building, Suite 1300, 1401 John F. Kennedy Boulevard, Philadelphia, PA 19102. The CAFR is also available online at www.phila.gov/investor, the City's website ("City Website" or "Website"). The City also expects to provide financial and other information from time to time to Moody's Investors Service, Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and Fitch Ratings, in connection with the securities ratings assigned by those rating agencies to bonds or notes of the City.

The foregoing statement as to filing or furnishing of additional information reflects the City's current practices, but is not a contractual obligation to the holders of the City's bonds or notes.

The City Website contains information in addition to that set forth in the CAFR. The "Terms of Use" statement of the City Website, incorporated herein by this reference, provides, among other things, that the information contained therein is provided for the convenience of the user, that the City is not obligated to update such information, and that the information may not provide all information that may be of interest to investors.

CITY SOCIOECONOMIC INFORMATION

Introduction

The City includes within its boundaries an area of approximately 130 square miles and a resident population of approximately 1.54 million according to the U.S. Census Bureau, 2008 Population Estimates. The City is in the heart of a nine-county metropolitan area with approximately 5.5 million residents. Air, rail, highway, and water routes provide easy access to the City.

The City is strategically located on the east coast with easy access to markets, resources, government centers, and transportation. The City's metropolitan area is the nation's fourth largest in the retail market with over 2,400 retail stores.

Quality of Life

The City is rich in history, art, architecture, and entertainment. World-class cultural and historic attractions include the Philadelphia Museum of Art (which houses the third largest art collection in the

United States), the Philadelphia Orchestra, Academy of Music, Pennsylvania Ballet, the Constitution Center, the Kimmel Center (which had over 1 million people in attendance in 2007), Pennsylvania Academy of Fine Arts, Franklin Institute, Mann Music Center, Opera Company of Philadelphia, and the Rodin Museum. The South Philadelphia sports complex, currently consisting of Lincoln Financial Field, Citizens Bank Park, the Wachovia Spectrum and the Wachovia Center, is home to the Philadelphia 76ers, Flyers, Phillies and Eagles. The City also offers its residents and visitors America's most historic square mile, which includes Independence Hall and the Liberty Bell, as well as Fairmount Park, which spans 8,000 acres and includes Pennypack Park and the country's first zoo.

The City is a center for health, education, and science facilities with the nation's largest concentration of healthcare resources within a 100-mile radius. There are presently more than 30 hospitals, seven medical schools, two dental schools, two pharmacy schools, as well as schools of optometry, podiatry and veterinary medicine, and the Philadelphia Center for Health Care Sciences in West Philadelphia. The City is one of the largest health care and health care education centers in the world, and a number of the nation's largest pharmaceutical companies are located in the Philadelphia area.

The City has the second largest concentration of students on the East Coast with eighty degree granting institutions of higher education and a total enrollment of over 300,000 students. Included among these institutions are the University of Pennsylvania, Temple University, Drexel University, St. Joseph's University, and LaSalle University. Within a short drive from the City are such schools as Villanova University, Bryn Mawr College, Haverford College, Swarthmore College, Lincoln University, and the Camden Campus of Rutgers University. The undergraduate and graduate programs at these institutions help provide a well-educated and trained work force to the Philadelphia community.

Hospitals and Medical Centers

The City also has major research facilities, including those located at its universities, the medical schools, the Wistar Institute, the Fox Chase Cancer Center, and the University City Science Center. The Children's Hospital of Philadelphia (ranked number one in U.S. children's hospitals) has recently completed the construction of a new \$100 million biomedical research facility located within the Philadelphia Center for Health Care Sciences in West Philadelphia. A Comprehensive Cancer Center is also located at the University of Pennsylvania.

Hospitals and Medical Centers: The following table presents the most recent published data regarding hospitals and medical centers in Philadelphia. Due to mergers, consolidations and closures that have occurred or may occur in the future, this table is accurate only as of its publication date.

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Table 12
City of Philadelphia
Hospitals and Medical Centers
(As of July 2009)

<u>Institution</u>	<u>Beds</u>
Albert Einstein Medical Center	511
Aria Health System ⁽¹⁾	477
Belmont Center for Comprehensive Treatment	147
Chestnut Hill Hospital	119
Department of Veterans Affairs Medical Center-Philadelphia	145
Fairmount Behavioral Health System	185
Fox Chase Cancer Center	100
Friends Hospital	192
Girard Medical Center/Continuing Care Hospital of Philadelphia	106
Hahnemann University Hospital	497
Hospital of the University of Pennsylvania	760
Jeanes Hospital	160
Kensington Hospital	35
Kindred Healthcare-Philadelphia	52
Magee Rehabilitation Hospital	96
Mercy Hospital of Philadelphia	180
Methodist Hospital Division - TJUH	199
Nazareth Hospital	195
Penn Presbyterian Medical Center	223
Pennsylvania Hospital	410
Roxborough Memorial Hospital	137
Shriners Hospitals for Children - Philadelphia	39
St. Agnes Continuing Care Center	58
St. Christopher's Hospital for Children	175
St. Joseph's Hospital	146
Temple University Hospital ⁽²⁾	746
The Children's Hospital of Philadelphia	456
Thomas Jefferson University Hospital	666

Source: Delaware Valley Healthcare Council of HAP, Monthly Utilization Report, July 2009

(1) Aria (formerly Frankford Health Care Systems) includes data for all three divisions — Frankford, Torresdale and Bucks County.

(2) Temple includes data for Episcopal Hospital.

Children's Hospital Expansion. The Children's Hospital of Philadelphia is expanding its research facilities in West Philadelphia. The \$400 million first phase of the new complex was completed in the Fall of 2009; the \$500 million second phase has been put on hold for the time being due to market conditions. CHOP recently purchased the JFK Building on the banks of the Schuylkill River just south of South

Street. Administrative offices and research laboratories will be housed in this new space. The construction schedule is not yet known.

University of Pennsylvania. A major new \$302 million cancer research and treatment center, the Center for Advanced Medicine, opened in October 2008. The West Tower of the Center of Advanced Medicine is estimated to be completed in 2010 at a cost of \$370 million and is currently under construction.

The Fox Chase Cancer Center. The Center is a non-profit institution, which is expanding its campus in the northeast section of the City. The area of expansion is called Burholme Park and it is adjacent to the main campus. The Center's 25-year Master Plan is over \$1 billion, providing over 2.7 million sq. ft. of space dedicated to research and patient care. The Burholme Park portion of the expansion has been delayed for some time due to litigation. With a recent Commonwealth Court ruling, Fox Chase will be unable to expand into Burholme Park as planned. Throughout the litigation process, however, they have been actively pursuing other development sites within the City to expand, and have completed construction on and opened a \$100 million Cancer Research Pavilion on their main campus in July 2009. Also slated for construction on the main campus is a 25,000 sq. ft. comparative research facility to enhance and expand the capabilities of the Center's current research efforts.

Demographics

During the ten-year period between 1990 and 2000, the population of the City decreased from 1,585,577 to 1,517,550. During the same period, the population of Pennsylvania increased by 3.4%, less than one-third the national rate of increase.

Table 13
Population
City, Pennsylvania & Nation

	<u>1990</u>	<u>2000</u>	<u>2008 (est.)</u>	<u>% Change</u> <u>1990-2000</u>	<u>%</u> <u>Change</u> <u>2000-2008</u>
Philadelphia	1,585,577	1,517,550	1,540,351	-4.3%	1.5%
Pennsylvania	11,881,643	12,281,054	12,448,279	3.4%	1.4%
United States	248,709,873	281,421,906	304,059,724	13.2%	8.0%

Source: U.S. Census Bureau, 2008 Population Estimates (revised population estimate from challenge), Census 2000, 1990 Census.

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Table 14
Population Age Distribution

Philadelphia County						
Age	1990	% of Total	2000	% of Total	2006-2008* (est)	% of Total
0-24	563,816	35.6	551,308	36.3	522,829	36.1
25-44	490,224	30.9	444,774	29.3	394,939	27.3
45-64	290,803	18.3	307,746	20.2	344,260	23.8
65-84	217,913	13.7	186,383	12.3	158,546	10.9
85 & up	22,801	1.4	27,339	1.8	28,337	2
Total	1,585,577	100	1,517,550	100	1,448,911	100

Pennsylvania						
Age	1990	% of Total	2000	% of Total	2006-2008* (est)	% of Total
0-24	4,021,585	33.8	4,016,670	32.6	3,978,821	32
25-44	3,657,323	30.8	3,508,562	28.6	3,178,976	25.6
45-64	2,373,629	20	2,836,657	23.1	3,367,265	27.1
65-84	1,657,270	13.9	1,681,598	13.7	1,611,816	13
85 & up	171,836	1.4	237,567	1.9	281,878	2.3
Total	11,881,643	100	12,281,054	100	12,418,756	100

United States						
Age	1990	% of Total	2000	% of Total	2006-2008* (est)	% of Total
0-24	90,342,198	36.3	99,437,266	35.3	103,443,127	34.3
25-44	80,754,835	32.5	85,040,251	30.2	83,266,651	27.6
45-64	46,371,009	18.6	61,952,636	22	76,547,789	25.4
65-84	28,161,666	11.3	30,752,166	11	32,801,763	10.9
85 & up	3,080,165	1.2	4,239,587	1.5	5,178,373	1.7
Total	248,709,873	100	281,421,906	100	301,237,703	100

Source: U.S. Dept. of Commerce, Bureau of the Census.

*2006-2008 American Community Survey 3 year estimates

The Economy

Philadelphia's economy is composed of diverse industries, with virtually all classes of industrial and commercial businesses represented. The City is a major business and personal service center with strengths in insurance, law, finance, health, education, and utilities.

The cost of living in Philadelphia is relatively moderate compared to other major metropolitan areas. The City, as one of the country's education centers, offers the business community a large, diverse, and industrious labor pool.

Table 15
Office Rental Rates in Cities
Throughout the United States

(In \$ Per Square Foot)

	January <u>2005</u>	May <u>2006</u>	November <u>2006</u>	May <u>2007</u>	May <u>2008</u>	November <u>2008</u>	May <u>2009</u>	November <u>2009</u>
Atlanta	21.92	20.08	20.56	20.16	21.76	21.23	21.29	21.03
Chicago	28.47	23.77	22.97	22.44	24.75	24.78	24.56	24.82
Dallas	19.71	17.43	16.47	17.20	22.96	23.72	23.71	23.12
Denver	17.24	19.03	20.37	22.17	27.15	27.55	26.53	25.96
Houston	18.21	19.15	19.52	21.53	28.92	26.83	24.91	26.35
Los Angeles	26.55	23.12	22.59	23.74	30.52	30.51	29.92	28.72
New York	45.16	55.15	62.07	69.44	103.43	98.08	68.63	68.93
Philadelphia	21.97	22.42	22.96	22.60	24.35	25.26	25.24	24.09
Phoenix	19.39	24.29	26.19	27.32	29.14	29.17	28.23	26.72
Portland	19.65	21.58	22.41	23.00	25.85	27.62	26.99	26.65
San Francisco	27.75	30.62	31.11	35.81	49.71	48.57	39.40	33.94
St. Louis	19.91	21.12	21.75	21.21	22.82	22.42	22.78	22.51
Tampa	18.01	20.54	21.13	22.46	25.30	26.22	26.36	26.39
Washington, D.C.	35.95	42.74	43.58	44.00	51.05	51.26	51.77	51.74

Source: CB Richard Ellis, Global Market Rents Report; Global MarketView: Office Occupancy Costs Report.

Employment

The employment and unemployment rates and the total number of jobs within the City are reflected in Tables 17 and 18, respectively.

The employment changes within the City principally have been due to declines in the manufacturing sector and the relatively stronger performance of the service economy. The City's and region's economies are diversified, with strong representation in the health care, government, and education sectors but without the domination of any single employer or industry.

In March 2000, the Philadelphia Authority for Industrial Development ("PAID") took ownership of more than 1,000 acres at the site of the former Philadelphia Navy Shipyard, Naval Station, Naval Hospital and Defense Supply Center and has begun to implement aggressive redevelopment activities. To date, at least 47 companies have leased or purchased in excess of 2 million square feet of facilities at the complex, now known as the Philadelphia Naval Business Center ("PNBC"). In addition to this employment, the Navy has retained more than 2 million square feet of facilities. Together, the private and Navy facilities employ more than 7,000 people. Long term plans call for more than 10 million square feet of industrial and commercial space at PNBC, with employment targeted between 15,000-20,000.

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Table 16
Labor Force Data Annual Average
Based on Residency (not seasonally adjusted)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Philadelphia (000)*								
Labor Force	635.2	622.6	618.3	616.8	614.5	615.9	627.2	629.5
Employment	588.5	575.7	573.1	575.4	576.7	578.8	582.3	566.6
Unemployment	46.6	46.9	45.2	41.4	37.8	37.1	44.9	62.8
Unemployment Rate (%)	7.3	7.5	7.3	6.7	6.2	6.0	7.2	10.0
Philadelphia PMSA (000)**								
Labor Force	2,898.4	2,879.2	2,888.6	2,919.6	2,949.2	2,948.3	2,986.2	2,997.6
Employment	2,743.1	2,722.4	2,741.7	2,781.9	2,817.4	2,822.3	2,826.3	2,749.7
Unemployment	155.2	156.8	146.9	137.7	131.8	126.1	159.9	248.0
Unemployment Rate (%)	5.4	5.4	5.1	4.7	4.5	4.3	5.4	8.3
Pennsylvania (000)								
Labor Force	6,218.0	6,145.0	6,197.0	6,270.0	6,309.0	6,330.0	6,441.0	6,414.0
Employment	5,869.0	5,796.0	5,860.0	5,958.0	6,022.0	6,055.0	6,099.0	5,895.0
Unemployment	349.0	349.0	337.0	312.0	286.0	275.0	342.0	519.0
Unemployment Rate (%)	5.6	5.7	5.4	5.0	4.5	4.3	5.3	8.1
United States (000,000)								
Labor Force	144.9	146.5	147.4	149.3	151.4	153.1	154.3	154.1
Employment	136.5	137.7	139.3	141.7	144.4	146.0	145.4	139.9
Unemployment	8.4	8.8	8.1	7.6	7.0	7.1	8.9	14.3
Unemployment Rate (%)	5.8	6.0	5.5	5.1	4.6	4.6	5.8	9.3

Source: Center for Workforce Information and Analysis, PA Dept of Labor and Industry, 2010.

* Philadelphia County

** The Philadelphia PMSA includes Philadelphia-Camden-Wilmington, PA, NJ, DE, MD Metro Stat Area.

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Table 17
Philadelphia County
Total Monthly Employment and Monthly Unemployment Rates
Based on Residency
2003 – 2009

<u>Month</u>	<u>Total Employment in 000's</u>							<u>Unemployment Rate %</u>						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
January	580.5	573.7	574.8	574.9	578.9	583.4	577.8	7.5	7.5	6.9	6.1	6.0	6.4	8.5
February	580.3	573.4	573.5	576.3	579.8	582.0	576.5	7.5	7.3	7.2	6.4	5.8	6.4	9.0
March	579.7	572.0	572.2	576.4	579.2	582.7	571.6	7.3	7.7	6.9	6.2	5.7	6.6	9.2
April	578.9	572.4	574.4	576.4	576.2	586.0	571.1	7.5	7.4	6.8	6.4	6.0	6.5	9.3
May	576.1	569.7	576.2	576.5	575.4	584.4	569.0	7.5	7.5	6.7	6.2	6.0	6.8	9.5
June	575.9	570.7	574.7	577.7	578.3	583.3	567.4	7.7	7.6	6.6	6.2	6.0	6.9	9.8
July	573.4	573.6	577.2	575.6	579.4	582.4	566.0	7.6	7.4	6.4	6.3	6.1	7.1	10.0
August	573.7	572.8	575.8	577.0	578.9	582.6	563.1	7.6	7.3	6.5	6.2	6.0	7.5	10.5
September	573.1	573.4	576.6	576.8	579.2	582.0	560.4	7.7	7.2	6.7	6.1	6.1	7.5	10.8
October	573.1	574.0	576.0	577.8	578.6	582.2	557.5	7.6	7.1	6.5	5.9	6.2	7.8	11.1
November	573.3	575.3	575.7	577.2	581.8	579.1	560.0	7.5	7.0	6.8	6.1	6.1	8.0	10.9
December	570.7	576.5	578.8	578.5	580.4	578.3	559.3	7.4	6.9	6.4	5.9	6.3	8.4	10.9

Source: Center for Workforce Information and Analysis, PA Dept of Labor and Industry, March 2010 (monthly Seasonally Adjusted Labor Force), Philadelphia County.

Table 18
Philadelphia City
Non-Farm Payroll Employment*

	<u>(Amounts in Thousands)</u>							
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Non-Farm	683.5	671.3	657.9	660.3	662.5	662.7	663.3	651.0
Natural Resources, Construction & Mining	12.9	12.3	11.4	12.0	12.4	11.9	12.1	10.0
Manufacturing	37.7	34.0	32.6	31.2	29.9	28.5	27.8	25.9
Trade, Transportation & Utilities	98.5	95.8	90.9	90.0	88.5	87.8	87.6	85.2
Information	17.0	15.9	13.6	13.2	12.8	12.6	12.5	12.6
Financial Activities	52.3	50.7	49.0	48.2	47.7	47.1	46.5	45.3
Professional & Business Services	82.9	80.9	80.3	82.4	84.2	85.8	85.3	78.5
Education & Health Services	181.0	185.3	184.1	186.8	192.2	197.1	201.6	205.2
Leisure & Hospitality	54.2	52.9	54.6	56.6	58.0	58.0	57.9	56.6
Other Services	29.9	29.0	28.5	28.5	28.2	28.0	27.8	26.6
Government	117.1	114.7	113.0	111.4	108.6	105.9	104.3	105.0

Source: Bureau of Labor Statistics, March 2010.

* Includes persons employed within the City, without regard to residency.

Table 19
City of Philadelphia
Principal Employers in Philadelphia
June 30, 2009
(Listed Alphabetically)

Albert Einstein Medical
Children's Hospital of Philadelphia
City of Philadelphia
School District of Philadelphia
Southeastern Pennsylvania Transportation Authority
Temple University
Thomas Jefferson University Hospitals
United States Postal Service
University of Pennsylvania
University of Pennsylvania Hospital

Source: Philadelphia Department of Revenue

Table 20
Fortune 500
Largest Corporations
With Headquarters in Philadelphia, 2009

<u>Corporation</u>	<u>Type of Industry</u>	<u>Ranking</u>	<u>Revenues</u> <u>(\$ Millions)</u>
Sunoco	Petroleum Refining	41	\$51,625.0
Comcast	Telecommunications	68	\$34,256.0
Cigna	Health Care/Insurance	132	\$19,101.0
ARAMARK	Diversified Outsourcing Services	198	\$13,470.2
Rohm & Haas	Chemical	281	\$9,575.0
Crown Holdings	Metal Products	312	\$8,305.0

Source: Fortune Magazine website, May 2009.

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Income

The following table presents data relating to per-capita income for the City, the PMSA, and the United States.

TABLE 21
CONSUMER PRICE INDICES AND MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME

	<u>2000</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
CPLLI United States ^(a)	172.2	179.9	184.0	188.9	195.3	201.6	207.3	215.3	214.5
CPL U Philadelphia PMSA ^(a)	176.5	184.9	188.8	196.5	204.2	212.1	216.7	224.1	225.1
<u>Buying Income</u> ^(b)									
Philadelphia	\$31,621	\$29,995	\$28,015	\$28,150	\$29,269	\$30,748	\$31,292	\$30,746	\$31,110
Philadelphia Metro Area *	\$47,152	\$43,800	\$41,820	\$42,852	\$44,060	\$45,395	\$46,413	\$46,900	\$47,580
United States	\$37,233	\$38,365	\$38,035	\$38,201	\$39,324	\$39,324	\$40,710	\$41,792	\$42,303

* Statistic is a measure of the Philadelphia, Camden & Wilmington Metropolitan Area.

Source: (a) Consumer Price Index - All Urban Consumers. U.S. Bureau of Labor Statistics.

(b) Sales & Marketing Management's 2009 Survey of Buying Power.

Table 22
Number of Households by Income Range in Philadelphia County

Income	Number of Households*			Percentage of Households*		
	1990	2000	2006-2008** (est)	1990	2000	2006-2008** (est)
Under \$ 9,999	136,335	109,237	84,213	22.6	18.5	14.9
\$10,000-14,999	59,331	49,035	48,221	9.9	8.3	8.6
\$15,000-24,999	108,405	89,059	73,984	18.1	15.0	13.1
\$25,000-49,999	190,237	171,215	147,661	31.7	29.0	26.2
\$50,000 and over	<u>106,432</u>	<u>171,737</u>	<u>209,758</u>	<u>17.6</u>	<u>29.1</u>	<u>37.2</u>
Total	600,740	590,283	563,837	100.0	100.0	100.0

Source: U.S. Department of Commerce, Bureau of the Census.

* A household includes all the persons who occupy a housing unit.

** 2006-2008 American Community Survey 3-year estimates

Number of Households by Income Range in United States

Income	Number of Households (000's)			Percentage of Households		
	1990	2000	2006-2008* (est)	1990	2000	2006-2008* (est)
Under \$ 9,999	14,214	10,067	8,046	15.5	9.5	7.2
\$10,000-14,999	8,133	6,657	6,140	8.8	6.3	5.5
\$15,000-24,999	16,124	13,536	11,921	17.5	12.8	10.6
\$25,000-49,999	31,003	30,965	27,850	33.7	29.3	24.8
\$50,000 and over	<u>22,519</u>	<u>44,312</u>	<u>58,429</u>	<u>24.5</u>	<u>42.1</u>	<u>52.0</u>
Total	91,994	105,537	112,386	100.0%	100.0%	100.0%

Source: U.S. Department of Commerce, Economics and Statistics Administration, 2000 Census of Population. Figures may not add due to rounding.

* 2006-2008 American Community Survey 3 year estimates

Retail Sales

The following table reflects taxable sales for Philadelphia from Fiscal Years 1997 to 2009.

Table 23
Philadelphia
Taxable Retail Sales 1997-2009
(\$000's)

Fiscal Year	Taxable Sales
1997	9,637,833
1998	8,276,083
1999	9,604,970
2000	10,432,800
2001	11,107,100
2002	10,980,914
2003	10,933,524
2004	11,172,231
2005	12,001,439
2006	12,839,137
2007	13,643,582
2008	13,704,958
2009	13,211,446

Source: Figures determined by dividing the Philadelphia local sales tax reported by the Pennsylvania Department of Revenue by the local sales tax rate of 0.01.

Transportation

The residents of the City and surrounding counties are served by a commuter transportation system operated by SEPTA. This system includes two subway lines, a network of buses and trolleys, and a commuter rail network joining Center City and other areas of the City to the airport and to the surrounding counties. A high speed train line runs from southern New Jersey to Center City and is operated by the Delaware River Port Authority. An important addition to the area's transportation system was the opening of the airport high speed line between Center City and the Philadelphia International Airport in 1985. The line places the airport less than 25 minutes from the Center City business district and connects directly with the commuter rail network and the Convention Center, which opened in June 1993. The opening of the commuter rail tunnel in 1984 provided a unified City transportation system linking the commuter rail system, the SEPTA bus, trolley, and subway lines, the high speed line to New Jersey, and the airport high speed line.

Amtrak, SEPTA, Norfolk Southern, CSX Transportation, Conrail and the Canadian Pacific provide inter-city commuter and freight rail services connecting Philadelphia to the other major cities and markets in the United States. More than 100 truck lines serve the Philadelphia area.

The City now has one of the most accessible downtown areas in the nation with respect to highway transportation by virtue of I 95; the Vine Street Expressway (I 676), running east-to-west through the Central Business District between I 76 and I 95; and the "Blue Route" (I 476) in suburban Delaware and Montgomery Counties which connects the Pennsylvania Turnpike and I 95 and thereby feeds into the Schuylkill Expressway (I 76) and thus into Center City Philadelphia.

The Philadelphia International Airport (PHL) and Northeast Philadelphia Airport (PNE) comprise the Philadelphia Airport System (the "Airport System"). The Airport System is owned by the City of Philadelphia and is operated by its Division of Aviation. PHL is located 7.2 miles southwest of Center City; and PNE, a smaller reliever airport, is located 10 miles northeast of Center City. PHL is accessible from major highways within the City and from surrounding communities and SEPTA's Airport rail line.

PHL provides its passengers with service on 11 domestic carriers, four of which also provide international service, and 15 regional carriers, while four foreign flag carriers also provide international service. In addition, there are three all-cargo carriers. PHL serves as a key connecting hub for US Airways.

Water and Wastewater Systems

The water and wastewater systems of Philadelphia are owned by the City and operated by the City's Water Department. The water system provides water to the City (130 square mile service area), to Aqua Pennsylvania, Inc., formerly Philadelphia Suburban Water Company, and to the Bucks County Water and Sewer Authority. The City obtains approximately 58 percent of its water from the Delaware River and the balance from the Schuylkill River. The water system serves approximately 472,600 accounts through 3,137 miles of mains, three water treatment plants, 15 pumping stations and provides fire protection through more than 25,000 fire hydrants.

The wastewater system services a total of 360 square miles of which 130 square miles are within the City and 230 square miles are in suburban areas. The total number of accounts is approximately 471,000. The wastewater and stormwater systems contain three water pollution control plants, a biosolids processing facility, 21 pumping stations, and approximately 3,657 miles of sewers. Based on its current NPDES discharge permit, the City is required to achieve effluent limitations that are considered more stringent than those required to achieve secondary treatment levels as defined in the Federal Water Pollution Control Act, as amended.

Municipal Solid Waste Disposal

The City is responsible for collecting solid waste, including recycling, from residential households and some commercial establishments. On average, approximately 2,800 tons of solid waste per day is collected by the City. Municipal solid waste is disposed of through a combination of recycling processing facilities, private and City transfer stations within the City limits, and at various landfills operated outside the City limits. The City significantly reduced its waste disposal costs over the last decade. The current disposal contract, which began July 1, 2005, continues this trend. With three one-year City options, the contract can be extended through Fiscal Year 2012. Disposal rates escalate at a relatively low rate of approximately three percent per year over the contract term, and multiple vendors maximize operational flexibility and efficiencies.

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Housing

The table below shows details related to Philadelphia County and Pennsylvania's housing markets:

Table 24
Characteristics of Housing Units

	<u>1990</u>	<u>2000</u>	<u>2006-2008*</u> (est)
Total Housing Units			
Philadelphia County	674,899	661,958	660,562
Pennsylvania	4,938,140	5,249,750	5,476,136
Percent Owner-Occupied			
Philadelphia County	62.0%	59.3%	57.1%
Pennsylvania	70.6%	71.3%	71.4%
Median Value of Owner-Occupied Housing			
Philadelphia County	\$49,400	\$59,700	\$ 130,400
Pennsylvania	\$69,700	\$97,000	\$ 155,400
Number/Average Persons per Housing Unit			
Philadelphia County	2.56	2.65	2.63
Pennsylvania	2.72	2.62	2.59

Source: U.S. Department of Commerce, Bureau of the Census.

*2006-2008 American Community Survey 3 year estimates.

Promoting Economic Development

Mission

The goal of the City's economic development strategy is to create, maintain, and develop: (1) jobs by fostering an improved business environment; (2) increases in population; and (3) enhanced quality of life within the City of Philadelphia—all in order to grow the City's tax base.

Background

In 2009, the City of Philadelphia has launched several programs designed to improve economic development within the city and to designate ARRA funds to enhance Philadelphia's economic profile and improve its competitive position. By reorienting economic development services to provide transparency and better address customer service needs, Philadelphia will strive to become the business location of choice. This new business climate, coupled with recent cultural additions, neighborhood reinvestment and a renewed sense of civic pride, is designed to enhance Philadelphia's position as a world-class city.

Philadelphia's Competitive Advantages

Philadelphia's competitive advantages as a business location are based on size, strategic location, relative affordability, cultural and recreational amenities, and its growing strength in key knowledge industries. The City of Philadelphia, the fifth-largest city in the nation as of the last official census with the third largest downtown population, is at the center of the sixth largest metropolitan region. Our region includes the fourth largest retail sales market in the nation, as well as a diverse network of business suppliers and complementary industries.

Accessibility

Philadelphia is in a key position to access regional and international markets, due to the transportation infrastructure centered here, including Philadelphia International Airport, AMTRAK's

Northeast Corridor service, major interstate highway access, regional SEPTA service and the port. The capacity of Philadelphia's transportation infrastructure is demonstrated by its median commuting time, which is 19 percent lower than the national metropolitan average. Recent analysis has shown that employees also benefit: Commuters to suburban firms, nearly all of whom drive to work, spend over \$6,200 per year in vehicle expenses. By contrast, 70 percent of downtown office workers use public transit to get to work, and the annual cost of a SEPTA regional rail pass is just \$2,172. In addition, 37% of downtown residents walk to work, the highest percentage of any major American city. Another 1.6% of Philadelphia commuters use bicycles to get to work. This is the highest percentage of biking commuters in the U.S., which is nearly three times the national average.¹

Culture

As a major urban center with a rich historical legacy, Philadelphia is increasingly gaining national recognition for its cultural and recreational advantages, which include the many tourism assets concentrated within city limits. Landmarks such as Independence National Historical Park, the Philadelphia Art Museum, and the Kimmel Center for the Performing Arts, as well as recent developments, such as the construction of the Barnes Foundation Museum and the National Museum of American Jewish History, are increasingly drawing national attention. The development of new first-class sports facilities, as well as continued access and development along the City's Delaware and Schuylkill River waterfronts, adds to this array.

Affordability

Philadelphia remains affordable when compared to its peers, as noted in the chart below.

Cost of Living 2008 (Third Quarter)

Index	Philadelphia, PA	Washington-Arlington – Arlington, DC-VA	Boston, MA	New York (Manhattan), NY	National Average
Composite (100%)	124.1	137.7	133.7	220.3	100.0

Source: Council for Community and Economic Research ACCRA Cost of Living Index

The Council for Community and Economic Research determines "Cost of Living" by weighing various living expenses including: cost of groceries, housing, utilities, transportation and health. The national average cost for each index area is set at "100", and the indices for each place are then calculated based upon their relation to that average. With lower composite indices indicating lower cost of living, Philadelphia's composite index of 124.1 in the third quarter of 2008 is an indication of how our region matches up to other east coast peer metropolitan regions.

Educational Attainment

Philadelphia captures a significant portion of the region's educational employment and enrollment because of its major colleges and universities. The City houses 40 percent of all students during their studies, and the Philadelphia region retains a strong share of its graduates (55 percent) and an even greater share of graduates who are originally from the region (82 percent). The region retains 26 percent of non-native graduates, based on a survey of the class of 2005. On average, the region's workforce over age 25 is better educated (with four-year college degrees) than those in other metropolitan areas across the U.S. (32 percent, compared to 27 percent). At the same time, the City has one of the lowest educational attainment rates in the nation, with only 20.7 percent of its 25-years-or-older population possessing a bachelor's degree or higher in 2006.

¹ 2008 American Community Survey <http://blog.bicyclecoalition.org/2009/10/philadelphia-is-no-1-among-big-cities.html>

Real Estate Market

Despite challenges in the national economy, Philadelphia's central business district ("CBD"), encompassing 42.1 million rentable square feet, shows stable office market conditions. The strength of the market is driven by the continued expansion of the city's major healthcare and educational institutions, which are less likely to be impacted by the slowdown, and the growth of Comcast Corporation. Recent developments in the financial services market offer both retention risks and attraction opportunities for Philadelphia. Significant downsizing among law firms and other professional services businesses pose the greatest challenge to the office market.

The Center City office market has seen positive results in most recent years, with 1 million square feet of net absorption in 2006, 992,000 square feet in 2007 and approximately 876,000 square feet of positive net absorption in 2008. Unfortunately, the economic slowdown has begun to have an effect, dropping the Class A net absorption rate for 2009 to approximately -190,160. Likewise, while Philadelphia's CBD boasted a direct vacancy rate of under 9% for six quarters in a row as of the first quarter of 2009, this rate has risen to 10.5% by the end of 2009 - still well below the national average, which climbed to 15.8% as of December 2009. Despite these downturns, Philadelphia's CBD shows signs of economic recovery and confidence is returning to the market.

On the recovery side, Cushman & Wakefield's market forecast Winter 2009, names Boston, Philadelphia, Washington, DC and Seattle as places where markets "will be in a recovery-ready mode in 2010." The CBD experienced 636,146 square feet of leasing activity in 2009. As building owners make substantial capital investments and 'trophy' locations are in demand, Class A asking rental rates in the CBD have risen from \$25.85 in 2006 to \$26.19 per square foot of 2009. A concerted attraction and retention campaign involving the combined efforts of the City, PIDC, the Center City District, the Greater Philadelphia Chamber of Commerce, and the Commonwealth has sustained these positive market conditions.

Amidst the national slowdown in real estate, Philadelphia's single-family property market remains consistent but is showing some signs of strain due to threats of increased foreclosures and a stagnant buyers market. However, the rental real estate market continues to be positioned favorably. Unburdened by a glut of speculative multifamily projects outstripping tenant demand, Philadelphia has maintained a low apartment vacancy rate and has fared well when compared to other regions.

Major Industry Sectors

When compared to the average sector concentration in Pennsylvania counties, Philadelphia has a higher concentration of employment in six sectors, as noted in the chart below.

Philadelphia Industry Concentrations Compared to Pennsylvania

<u>Industry</u>	<u>Pennsylvania</u>	<u>Philadelphia County</u>
Education and Health Services	0.52	2.23
Financial Activities	0.80	1.24
Other Services	0.93	1.07
Professional and Business Services	0.75	1.33
Leisure and Hospitality	0.95	1.05
Information	0.94	1.06
Trade, Transportation, and Utilities	1.54	0.69
Manufacturing	2.54	0.39
Construction	2.35	0.43
Unclassified	0.50	0.02
Natural Resources and Mining	0.55	0.00

Source BLS: 2008 Location Quotient, Quarterly Census of Employment and Wages Data. Ratio of analysis-industry employment in the analysis area to base-industry employment in the analysis area divided by the ratio of analysis-industry employment in the base area to base-industry employment in the base area.

Philadelphia has maintained an above-average concentration of employment in Education and Health Services, Financial Activities, Other Services, Professional and Business Services, Leisure and Hospitality as well as Information Services. The employment base has undergone a gradual shift over the last decade, most notably marked by growth in leisure/hospitality and education/health services sector employment.

Despite a continued rise in unemployment over the past year, the overall gap between local and national unemployment has shrunk considerably due to deteriorating market conditions brought on by the nation's financial crisis.

As indicated in the chart below, until last year's economic downturn the City has consistently had an unemployment rate between 1.4 to 1.9 percent higher than the national average.

Year	U.S.	Pennsylvania	Philadelphia	% Difference between U.S. and Phila
1997	4.9%	5.1%	6.8%	1.9%
1998	4.5%	4.6%	6.2%	1.7%
1999	4.2%	4.4%	6.1%	1.9%
2000	4.0%	4.2%	5.6%	1.6%
2001	4.7%	4.8%	6.1%	1.4%
2002	5.8%	5.6%	7.3%	1.5%
2003	6.0%	5.7%	7.5%	1.5%
2004	5.5%	5.4%	7.3%	1.8%
2005	5.1%	5.0%	6.7%	1.6%
2006	4.6%	4.7%	6.3%	1.7%
2007	4.6%	4.4%	6.0%	1.4%
2008	5.8%	5.5%	7.2%	1.4%
2009	9.3%	8.1%	10.2%	0.9%

Source: Bureau of Labor Statistics (BLS).2009.

The jobs report is mixed. As shown in the chart below, the local economy has reflected a trend toward growth in particular sectors. Overall job growth in the City has decreased slightly in 2009 and continues to be sluggish.

Cluster Employment Data: City of Philadelphia
2003-2009

(in thousands)

Sector	2003	2004	2005	2006	2007	2008	2009	% Change from 2003-2009*	Average Annual % Change
Construction & Mining	12.3	11.4	12	12.6	11.8	12.2	10	-19%	-2.7%
Manufacturing	34	32.6	31.2	30	28.3	27.3	25.9	-24%	-3.4%
Trade, Transportation, & Utilities	95.8	90.9	90	88.6	88.0	87.5	85.2	-11%	-1.6%
Information	15.9	13.6	13.2	12.7	12.9	12.3	12.6	-21%	-3.0%
Financial Activities	50.7	49	48.2	47.6	47.1	46.3	45.3	-11%	-1.5%
Professional & Business Services	80.9	80.3	82.4	84.1	85.3	85.5	78.5	-3%	-0.4%
Education & Health Services	185.3	184.1	186.8	192	196.4	201.1	205.2	11%	1.5%
Leisure & Hospitality	52.9	54.6	56.6	57.6	58.4	57.8	56.6	7%	1.0%
Other Services	29	28.5	28.5	28.2	28.2	28.1	26.6	-8%	-1.2%
Government	114.7	113	111.4	108.4	105.9	104.5	105	-8%	-1.2%
Total	671.5	658	660.3	661.8	662.4	662.5	651	-3%	-0.4%

Source: Bureau of Labor Statistics.

While the ongoing economic crisis has dampened employment growth across virtually every sector of the economy, "Philadelphia has weathered the storm better than many other areas of the country," according to a recent economic report published by the Center City District. Much of this can be attributed to the City's diverse employment base and its avoidance of speculative real estate and high-risk financial activities that swept through the country following the "Technology Bust" of 2001.

The sector of Philadelphia's economy which has remained most insulated from the current recession has been Education and Health Services, capturing a 8% growth rate since 2003. The City, in its strategic plan for economic development and job growth, has identified the "Eds and Meds", along with Professional and Business Services, and Leisure and Hospitality, as targeted growth sectors that will drive the City's recovery process and position it for continued long-term growth.

The Education sector not only provides stable support to the local economy, but also generates a steady supply of potential "Knowledge Industry" workers. In the knowledge industry, which relies on the supply of new college graduates, companies apply emerging technologies to deliver high-quality, knowledge-based services. The knowledge industry includes sectors as diverse as financial services, engineering, health care, insurance, law, life sciences, printing, publishing, and academia. In a 2009 report published by the Milken Institute, the Greater Philadelphia region's life sciences industry earned the number one ranking of the study's "current impact" category by directly employing 94,400 workers and generating \$7.7 billion in direct revenue in 2008. These advantages equip Philadelphia and the region to continue to build its knowledge industries.

While Philadelphia has a strong core of knowledge-based industries, the City must capitalize on these advantages to ensure future growth and dynamism. Within the knowledge economy is another sector of great importance to Philadelphia and the region, the life sciences, which includes health care, research, biotechnology, and pharmaceuticals. Philadelphia is capitalizing on the region's opportunity to become an incubator for research generated by life sciences and educational institutions. Several sites now foster incubator opportunities, including the Philadelphia Navy Yard, the Science Center in West Philadelphia, and the west bank of the Schuylkill River bordered by the University of Pennsylvania, Children's Hospital of Pennsylvania and Drexel University.

Philadelphia's economy enjoys a large market share of for-profit creative industry companies which are technology-driven, known as businesses representing the "creative economy." A subset of the knowledge industry, the sector includes architecture, communications, design and merchandising, digital media, engineering, fashion design, graphic arts, information technology, interior and industrial design, marketing, music, film and video production, multimedia design, photography, planning product design and software development. Philadelphia supports several initiatives with the goal of increasing employment in this sector and fostering population growth in the City as a result. Philadelphia's population has increased 1.5% since 2000 according to a recently published challenge to the U.S. Census Bureau's 2008 estimate. The City's official population is now recorded as 1,540,351.

Philadelphia International Airport

Philadelphia International Airport served 31.8 million passengers, including 4.0 million international travelers, in calendar year 2008. In 2008, PHL ranked eighteenth in the nation in terms of total passengers and is presently the eleventh busiest in the world for aircraft operations, according to data reported by Airports Council International North America. The regional economic impact of the Airport is \$14 billion annually. PHL opened a new commuter terminal in 2001, a new international terminal in May 2003, and recently completed the extension of Runway 17-35 to increase airfield capacity.

In 2005, the Airport issued three series of Airport Revenue Bonds which included \$125 million in fixed-rate Series 2005A bonds, \$41 million in variable-rate Series 2005B bonds and \$189.5 million in variable-rate Series 2005C bonds. Proceeds of the 2005A and B bonds have enabled the Airport to

undertake critical infrastructure projects, such as expansion of Terminals D and E, improvements to Terminal A East, expansion of security checkpoints at Terminals B and C, and resurfacing of Runway 9R-27L. Proceeds of the 2005C bonds were used to refund the Airport's Series 1995A revenue bonds.

In August of 2007, the City issued the 2007A Bonds and the 2007B Bonds. Proceeds from the 2007A Bonds provide funding for several new capital projects including international terminal gate expansion, design work for the expansion of Terminal F, design of a new in-line baggage system for Terminal B/C, and an infrastructure improvement program. The 2007B Bonds refunded the Series 1997B Airport Revenue Bonds.

In April 2009, the City issued the fixed rate 2009A Bonds. Proceeds from the 2009A Bonds were used to refund the Airport's variable-rate Series 2005B, which are described above.

Philadelphia Industrial Development Corporation

Philadelphia Industrial Development Corporation (PIDC) is a private, not-for-profit Pennsylvania corporation, founded in 1958 by the City of Philadelphia and the Greater Philadelphia Chamber of Commerce to promote economic development throughout the City. The many programs provided by PIDC include (i) direct mortgage funding in a subordinate position at reduced interest rates for fixed asset improvement to companies who intend to build or expand in Philadelphia; (ii) tax-exempt bond financing to eligible borrowers through the Philadelphia Authority for Industrial Development (PAID); (iii) offering of fully improved parcels of land for sale in more than a dozen designated industrial parks and districts across the City; and (iv) offering of development assistance and project management to a range of Philadelphia's development and non-profit corporations.

Financing Programs

PIDC offers a variety of Financing Programs to assist economic development for all segments of the Philadelphia market. Primary categories include:

PIDC Loan Programs: Largely funded by federal, state, and local government sources, PIDC loan programs generally offer subordinated financing and below-market rates which encourage investment in Philadelphia. Specific terms and uses vary and may cover infrastructure costs, land acquisition, building construction, machinery/equipment purchase, or working capital. During 2009, PIDC settled 38 loan transactions and provided approximately \$159 million of funding to projects valued at \$1.18 billion.

PAID Bond Program: PIDC also manages the Philadelphia Authority for Industrial Development (PAID). PAID issues, as a conduit, tax-exempt bonds for qualified manufacturing and not-for-profit and other projects. PAID is also a conduit for taxable issues. During calendar year 2009, PAID settled 12 bond issues for \$153.7 million in financing and total project costs of \$157.8 million.

Real Estate Services

On behalf of the City of Philadelphia, PIDC is responsible for acquiring, improving and selling industrial and commercial land in strategic locations throughout the City. Over the years, PIDC has successfully leveraged economic development on more than 2,000 acres of such land.

- **Industrial Land:** PIDC parcels are competitively priced, zoned for immediate development, environmentally clean, and fully improved with roads and utilities. Many of these sites are located in established Northeast, West, and Southwest Philadelphia industrial park settings with excellent access to transportation and workforce. Others are situated in redeveloping commercial neighborhood corridors.

- Most of PIDC's properties are in designated incentive areas, which include specific entitlements to tax abatements, low interest loans and other benefits. Of particular note are the Keystone Opportunity Zones (KOZs), which abate business taxes for varying terms.
- Public Property Sales: In 2005, PIDC entered into an agreement with the City's Department of Public Property to market the City's surplus real estate throughout Philadelphia. Due to the poor economic climate in 2009, PIDC completed 1 transaction with a sale price of \$410,000. Since this effort began, PIDC has completed the sale of 28 properties resulting in approximately \$14.5 million for the City's General Fund.
- Developer Selection: When demand is present, PIDC also manages developer selection and sales of key real estate assets utilizing conventional RFQ/RFP methodology. Currently, PIDC is developing a handful of RFQ/RFP documents for sites that are likely to be in demand when the real estate market rebounds.
- In summary, PIDC closed 7 land sales, totaling 71.7 acres in 2009. This level of activity is consistent with 2008 and represents the impacts of the overall slowdown in the national and regional economy. In 2009, PIDC worked along with the City of Philadelphia's Commerce Department and the City Planning Commission to conduct a study of Philadelphia's industrial land inventory, characteristics, and projected demand to develop a new industrial land policy to serve as a guide for the nature, location and scale of industrial land acquisition and development for the foreseeable future. The study is anticipated to be completed in early 2010.
- Due to the weakness in the real estate market, PIDC is seeking opportunities to purchase distressed or underutilized industrially-zoned sites to replenish the City of Philadelphia's inventory of publicly controlled industrial land.

The Navy Yard

During the past decade, the United States Department of Defense has downsized significantly in the Philadelphia area, resulting in substantial excess real estate in the City. PIDC is responsible for converting these former military properties to civilian use, and many of the dispositions realized during 2003-2006 included development sites from this portfolio.

Located on the Delaware River at the south end of Broad Street, The Navy Yard is the largest former Defense Department asset, with 1,000 acres and 6.5 million square feet of existing industrial and office space. Since the ownership transfer in March 2000, PIDC has been responsible for planning, operations and development of this massive property.

Initial emphasis was on upgrading roads and utilities systems with over \$25 million of infrastructure investment. Development of the Aker Philadelphia Shipyard, a \$300 million state-of-the-art facility, was funded by federal, state, and local sources. Successful leasing and development efforts have resulted in more than 90 companies and three Navy operations occupying more than 4.5 million square feet of space and employing more than 7,000 people. In September 2004, PIDC and the City released an updated Navy Yard Master Plan, which focuses on mixed use development on 400 acres east of Broad Street and envisions over \$2 billion of private investment in office, research, retail, residential, and recreational projects. To date, major progress was achieved in implementation of the Master Plan:

- Industrial Anchors: The Navy Yard continues to be a vital industrial and manufacturing center, with the Aker Philadelphia Shipyard as a major anchor activity. Aker employs 1,300 in its commercial shipbuilding operation and is in the midst of \$2 billion worth of ship orders. This robust activity also supports a number of supplier and related industrial and manufacturing companies located at The Navy Yard. The US Navy also retains significant industrial facilities to support its foundry and propeller shop with nearly 800 employees. Building on the skilled workforce and range of industrial supplier companies located at The

Navy Yard, an affiliate of Boston Ship repair leases a dry-dock, pier and related facilities to support commercial and military ship repair activity. Tasty Baking Company's new 350,000 SF bakery and distribution center at The Navy Yard became fully operational in 2010. This facility, along with an additional 200,000 SF of speculative flex and industrial space, is being developed in the Navy Yard Commerce Center by Liberty Property Trust and Synterra Partners.

- **Navy Yard Corporate Center:** In 2003, PIDC selected a team led by Liberty Property Trust and Synterra Partners to develop 72 acres with 1.4 million square feet of Class A office space. Liberty/Synterra has developed three buildings, (i) a 77,000-square-foot, multi-tenant speculative building which is now 100 percent leased, (ii) a 47,000 square foot build-to-suit headquarters for Unique Industries and (iii) a 95,000 square foot office building completed in the second quarter of 2009 and is now 90% leased. PIDC and Liberty/Synterra are in the pre-development phase for a 125 room hotel and the next phase of speculative office construction, expected to commence in 2010.
- **Additional Corporate Office Activity:** The Navy Yard's shift from a federal, industrial property to a private sector business park with corporate/research future has defined itself in recent years with a combination of headquarters relocations by Vitetta Architects and Engineers, Unique Industries, and Barthco International. In 2006, Urban Outfitters, a major retailer of clothing, furnishings and accessories completed its \$115 million corporate campus, an award-winning historic conversion of approximately 300,000 SF of former industrial facilities. Urban Outfitters has grown their headquarters workforce to more than 1,000 employees since relocating to The Navy Yard and recently commenced work on an \$18 million, 50,000 SF expansion scheduled for completion in 2010.
- **Research and Development:** In addition to the development of general corporate office facilities, The Navy Yard has established an important market segment in technology and R&D activity. This activity is anchored by the Naval Ship Systems Engineering Station, an 1,800 person federal research lab that houses the Navy's premier research organization focusing on power, energy, fuel cells, propulsion, IT and systems integration. In order to complement and expand this research base, the Commonwealth designated the Navy Yard as a Keystone Innovation Zone (KIZ), providing access to variety of state incentives for technology development. The KIZ team led by PIDC includes the U.S. Navy, Penn State University, the Delaware Valley Industrial Resource Center (DVIRC), the City of Philadelphia and the Ben Franklin Technology Partners of Southeastern Pennsylvania.
- In 2009, PIDC established the Navy Yard Clean Energy Campus as the identity of Navy Yard R&D activity. Early initiatives of the Clean Energy Campus have resulted in Penn State establishing a Navy Yard location for its graduate level engineering program; the relocation of Ben Franklin Technology Partners' Corporate Office to The Navy Yard; the development of the Building 100 Innovation Center by Ben Franklin, DVIRC and PIDC to house early stage technology companies focused on power and energy related research; and a cadre of 12 related companies with offices at The Navy Yard.
- PIDC and its partners also continue to pursue significant federal funding for research, education and commercialization facilities. The Navy has commenced development on a new, \$20 million energy test center that will be the focus of their energy research activity. Penn State was recently awarded a \$2.5 million grant from the Department of Energy to establish the Mid Atlantic Clean Energy Applications Center at The Navy Yard. This Center will commence operations in 2010. PIDC and Penn State have also prepared initial plans for a \$43 million, 60,000 SF Energy Innovation Center that will provide The Navy Yard with a central energy research center at The Navy Yard to house research, education and technology commercialization activities with Penn State, Drexel University and other partners. Together, PIDC, Penn State and Drexel University have recently completed proposals for more than \$100 million in federal DOE funding for R&D activity at The Navy Yard.

- In 2009, two significant private investments in the Clean Energy Campus were announced. The first was the development of a 7-acre, 1.5 mega watt solar array to be developed by a partnership of Conergy and Exelon Power Generation. This facility is expected to be under construction in the second quarter of 2010. The second project is the development of a 350,000 SF, \$500 million thin film, solar panel manufacturing facility by Heliospehra USA. This facility is proposed for a start of construction at the end of 2010.
- The Navy Yard also supports a significant and growing life sciences community. In 2004, AppTec Laboratory Services, a Minneapolis based provider of contract testing and manufacturing services to the pharmaceutical sector, developed a new, 75,000 SF office and lab facility at The Navy Yard. Established with approximately 40 employees initially, AppTec now has more than 260 employees at The Navy Yard. In 2008, WuXi Pharmaceuticals acquired AppTec and now houses its North American contract testing operation and 200 employees at The Navy Yard. Phoenix IP Ventures, an intellectual property Merchant Bank focused in the life sciences area, established its corporate headquarters at The Navy Yard, where it also houses operations for its growing base of companies.

Additional Projects under Construction

The following table lists additional projects currently under construction in the City for the City/Public sector.

**Table 25
Projects under Construction**

Project	Estimated Cost
City Hall Exterior Renovation Project	\$90,000,000
Presidents House	\$8,400,000
Robin Hood Dell Restoration	\$5,500,000
Emergency Standby Generators	\$4,600,000
Philadelphia Industrial Correctional Center	
Security Upgrade Project	\$2,100,000
Fire Point Source Capture	\$11,000,000
Waterworks Esplanade Bulkhead Reconstruction	\$1,100,000
New Youth Study Center	\$93,000,000

Source: Office of Budget and Program Evaluation, December 2009

APPENDIX C

Definitions of Certain Terms and Summary of Certain Provisions of the Indenture

APPENDIX C
DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS
OF THE INDENTURE

The following sets forth the definitions of certain terms used in the Indenture and a brief summary of certain provisions of the Indenture. Certain other provisions of the Indenture relating to the 2010 Bonds are summarized in the Official Statement under the section captioned "THE 2010 BONDS." Reference should be made to the Indenture for a complete statement of all of these provisions and other provisions which are not summarized in the Official Statement. Copies of the Indenture may be obtained from the Trustee.

DEFINITIONS OF CERTAIN TERMS

"Additional Bonds" means bonds or notes, other than the 2009 Bonds and the 2010 Bonds, authorized to be issued under the Indenture.

"Authority" means the Pennsylvania Intergovernmental Cooperation Authority, a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth under and by virtue of the Constitution and laws of the Commonwealth.

"Authority Representative" means the person or persons at the time designated to act on behalf of the Authority by written certificate furnished to the Trustee containing the specimen signatures of such person or persons and signed on behalf of the Authority by its duly authorized agent. Such certificate may designate an alternate or alternates.

"Board" means the governing board of the Authority.

"Bond" or **"Bonds"** means all bonds authorized to be issued pursuant to authorizing resolutions previously adopted by the Authority and executed and delivered under and pursuant to such authorizing resolutions and the Indenture, as the same was amended and supplemented from time to time, including any bonds issued in substitution therefor, and any Additional Bonds issued pursuant to the Indenture.

"Bond Counsel" means any firm of nationally recognized bond counsel acceptable to the Authority.

"Bondholder" or **"Holder"** means the registered owner of any Bond.

"Bond Redemption Fund" means the separate fund of such name established under the Indenture.

"Bond Register" means the list of the names and addresses of Bondholders and the principal amounts and numbers of the Bonds held by them maintained by the Registrar on behalf of the Authority.

"Bond Year" for any Series of Bonds means each one-year period (or shorter period from the date of issue) that ends at the close of business on the date in the calendar year that is elected by the Authority as permitted under the Code.

"Business Day" means a day other than a Saturday, Sunday or holiday on which the Trustee or any applicable Credit Facility Issuer are authorized to be closed under applicable state or federal law.

"Capital Projects Fund" means the separate fund of such name established under the Indenture.

“City Account” means the account of such name created under the Act and the Disbursement Agreement.

“City Obligations” means any direct obligations of the City, including tax and revenue anticipation notes of the City, or any obligations guaranteed by the City, the investment in which shall have been approved by the Authority in accordance with Section 311(b) of the Act.

“Closing Date” means the date of delivery of the 2010 Bonds to the Underwriters against payment therefore.

“Code” means the Internal Revenue Code of 1986, as amended, or any successor legislation, and the regulations and published rulings promulgated thereunder or applicable thereto.

“Credit Facility” means the Municipal Bond Debt Service Reserve Fund Policy issued by the Credit Facility Issuer, and any other letter of credit, bond insurance policy, or other credit facility meeting the requirements of, and delivered to the Trustee in accordance with, the Indenture in connection with the issuance of Additional Bonds to satisfy the Debt Service Reserve Requirement for the Debt Service Reserve Fund.

“Credit Facility Issuer” means Financial Guaranty Insurance Company and each issuer of a Credit Facility then in effect, and its successors. Reference to the Credit Facility Issuer shall be read to mean each issuer of a Credit Facility.

“Debt Service Fund” means the separate fund of such name established under the Indenture.

“Debt Service Requirement” means for a specified period the principal of (whether at maturity or pursuant to mandatory redemption) and interest (other than capitalized interest) on Outstanding Bonds payable during the period. If any Series bears interest at a variable interest rate, the interest thereon shall be deemed to be an amount calculated using an interest rate equal to the maximum interest rate permitted for such Series under the authorizing Supplemental Indenture. If the repayment obligation of the Authority under a Credit Facility with respect to a particular Series is secured on a parity with the Bonds and provides for a different rate of interest or amortization period than such Series, the principal and interest during a period for such Series of Bonds for purposes of computing the Debt Service Requirement shall be based upon the maximum interest rate and amortization provisions of the Credit Facility if they result in a higher Debt Service Requirement. If an interest rate exchange agreement, interest rate cap and floor agreement or other similar agreement permitted by Section 304(10) of the Act is in effect with respect to a Series of Bonds and the unguaranteed debt of the obligated counterparty is rated in one of the two highest rating categories by S&P and Moody’s and no default exists under such agreement, the principal and interest payable during a period for such Series of Bonds for purposes of computing the Debt Service Requirement for such period shall be determined by reference to the net amount payable by the Authority under or after giving effect to such agreement.

“Debt Service Reserve Fund” means the separate fund of such name established under the Indenture.

“Debt Service Reserve Requirement” means an amount equal to the lesser of (i) the Maximum Annual Debt Service Requirement with respect to all Bonds outstanding under the Indenture, and (ii) the maximum amount permitted by the Code.

“Deficit Fund” means the separate Fund of such name established under the Indenture.

“Department” means the Department of Revenue of the Commonwealth.

“Depository” means U.S. Bank National Association, successor to First Union National Bank, a national banking association organized and existing under the laws of the United States, as Depository under the Disbursement Agreement, and its successors and assigns.

“Disbursement Agreement” means the City Account Deposit and Disbursement Agreement dated as of December 6, 1991 between the Authority and the Depository and acknowledge and agreed to by the City as the same may be amended, modified or supplemented and in effect from time to time.

“Event of Default” means any event specified as such in Section 8.01 of the Indenture.

“Fitch” means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns and if such corporation shall for any reason no longer perform the actions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

“Government Obligations” means any of the following which are noncallable and which at the time of investment are legal investments under the Act for the moneys proposed to be invested therein:

(a) direct general obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America (“Direct Obligations”);

(b) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (“FHLMCs”); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association (“FHMAs”); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association (“GNMAs”); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; and guaranteed Title XI financings of the U.S. Maritime Administration; or

(c) obligations issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (the “FIRRE Act”), (i) the principal of which obligations is payable when due from payments of the maturing principal of non-interest bearing direct obligations of the United States of America which are issued by the Secretary of the Treasury and deposited in the Funding Corporation Principal Fund established pursuant to the FIRRE Act, and (ii) the interest on which obligations, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to the FIRRE Act.

“Investment Earnings” means all interest and income received from the investment of funds held under the Indenture, losses suffered by reason of such investment, and any interest paid by the Trustee or any other depository of any fund established under the Indenture, and any net profits or losses resulting from the sale of securities.

“Investment Securities” means each of the following:

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank.

(2) Direct obligations of any of the following federal agencies whether or not such obligations are fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies.

(3) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” or “A-1+” by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P;

(6) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody’s or S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraphs (1) or (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(7) Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P;

(8) That certain "Debt Service Reserve Forward Delivery Agreement" dated as of June 6, 2000 by and between the Trustee, the Authority and Wachovia Bank, National Association (successor to First Union Securities, Inc.) and any securities which are "Eligible Securities" as defined therein;

(9) That certain "Debt Service Reserve Forward Delivery Agreement" dated as of June 6, 2000 by and between the Trustee, the Authority and JPMorgan Chase Bank, National Association, and any securities which are "Eligible Securities" as defined therein;

(10) Government Obligations; and

(11) Investment Securities, as defined in the Amended and Restated Indenture.

Notwithstanding the foregoing, no moneys of the Authority may be invested in obligations issued by or obligations guaranteed by the City, without the approval of a qualified majority of the board of the Authority, and, in any case, no moneys held in a debt service reserve fund may be invested in obligations issued by or obligations guaranteed by the City.

"Maximum Annual Debt Service Requirement" means the maximum Debt Service Requirement in any subsequent fiscal year of the Authority on Bonds expected to be Outstanding at the time of such calculation.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

"Municipal Obligations" means any obligations issued or guaranteed by any state or political subdivision of a state or by any public instrumentality of any of the foregoing.

"Outstanding," "Bonds Outstanding" or "outstanding Bonds" means all Bonds which have been authenticated and delivered under the Indenture, except:

(a) Bonds cancelled after purchase in the open market or because of payment or redemption prior to their maturity;

(b) Bonds for the payment or redemption of which cash or Government Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity date or redemption date of any such Bonds) in accordance with Article VII of the Amended and Restated Indenture; provided that if such Bonds are to be redeemed prior to their stated maturity date, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated under Section 2.07 or Section 2.08 of the Amended and Restated Indenture.

"Person" means a corporation, association, partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

"PICA Tax Disbursement Agreement" means the letter agreement between the Authority and the State Treasurer pursuant to which the Authority has designated the Trustee as the Trustee for the funds required or permitted to be established pursuant to Chapter 3 of the Act for the security and payment of the 2009 Bonds, the 2010 Bonds and all other Series of Bonds issued under the Indenture and the State Treasurer has acknowledged and agreed to the terms of such letter agreement.

"PICA Tax Ordinance" means the ordinance (Bill No. 1437) of the City approved June 12, 1991 enacting the Income Tax.

"PICA Taxes" means the Income Tax and any other taxes which may be enacted hereafter by the City pursuant to the Act for the exclusive purposes of the Authority and which are pledged by the Authority to secure the Bonds in a Supplemental Indenture.

"Pledged Revenues" means all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes and all moneys and securities held by the Trustee under the Indenture, together with any earnings thereon, except moneys and securities, together with any earnings thereon, held in the Rebate Fund.

"Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the 2010 Bonds at the request of the Authority, which at the time of issuance of the 2010 Bonds includes S&P, Moody's and Fitch.

"Registrar" means the Registrar appointed in accordance with the provisions of the Indenture. "Principal Office" of the Registrar means the office thereof designated in writing to the Authority and the Trustee.

"Revenue Fund" means the separate fund of such name established under the Indenture.

"S&P" means Standard & Poor's Ratings Group, a Division of McGraw Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

"Series" or "Series of Bonds" means all of the Bonds designated as being of the same series at the time of issuance thereof in one transaction and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture, as the same shall be amended and supplemented from time to time.

"Special Payment Date" means with respect to Outstanding Bonds the date set for the payment of interest or principal that was not paid when due on any Interest Payment Date or on any date that principal is due, which date shall be fixed by the Trustee whenever moneys become available for the payment of such interest or principal.

"Special Record Date" means the date (whether or not a Business Day) fixed to determine the names and addresses of holders of any series of Bonds for purposes of paying principal or interest on a Special Payment Date.

"State Treasurer" means the State Treasurer of the Commonwealth.

“Supplemental Indenture” means any indenture of the Authority amending or supplementing the Indenture for any purpose, in accordance with the terms of the Indenture.

“Tax Collection Agency Agreement” means the agreement between the Department and the City, acting through its Revenue Department and its Law Department, which sets forth the manner in which the Revenue Department and the Law Department of the City shall collect income tax on behalf of the Department and in which amounts collected shall be transferred to the Commonwealth account designated by the Department.

“Trustee” means U.S. Bank National Association, as successor trustee, a national banking association organized and existing under the laws of the United States, as the Trustee under the Indenture, its successors in trust under the Indenture and its assigns.

Words importing singular number shall include the plural number, and vice versa, words importing persons shall include, firms and corporations and the masculine shall include the feminine, and vice versa, wherever the context requires.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Pledge and Assignment

Under the Indenture, the Authority assigns, pledges and grants to the Trustee a security interest in the following property (the “Trust Estate”): (i) all of the Authority’s right, title and interest in and to the Pledged Revenues; (ii) all right, title and interest of the Authority in and to all moneys and securities from time to time held by the Trustee under the terms of the Indenture, except for moneys and securities held in the Rebate Fund; and (iii) any and all other property rights and interests of every kind or nature as the Authority may from time to time assign, pledge and grant to the Trustee as additional security under the Indenture, in trust for the equal and proportionate benefit, security and protection of all present and future Holders of Bonds to secure the payment of the principal of, premium, if any, and interest on the Bonds, without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds, except in the case of funds held for the benefit of particular Bonds, to the extent provided in the Indenture, for the performance and observance of the covenants contained in the Indenture and in the Bond, and for the benefit of any Credit Facility Issuer to the extent provided in the Indenture.

Creation of Funds

The Trustee has established under the Indenture the following funds: Revenue Fund, Debt Service Fund, Debt Service Reserve Fund, Bond Redemption Fund, Capital Projects Fund, Deficit Fund, Rebate Fund and Settlement Fund. Each of these funds is to be held in trust by the Trustee under the Indenture and, except for the Rebate Fund, which shall not be subject to any security interest, pledge, assignment, lien or charge in favor of the Trustee, any Bondholder, any Credit Facility Issuer or any other Person, such funds are pledged to secure the obligations to Bondholders and each Credit Facility Issuer under the Indenture. The Trustee shall establish accounts in each fund (other than the Debt Service Reserve Fund) to identify the Series of Bonds providing the source of money in such account or in respect of which money in such account is available to pay debt service. Moneys in accounts in respect of a particular Series shall only be available to pay debt service or the redemption price of the Bonds of such Series, except as may otherwise be provided in the Indenture or in the Supplemental Indenture adopted at or prior to the time of issuance of such Series. References in the following discussion of the various funds to transfers from certain funds to other funds are to be read to refer to transfers from the several accounts of the respective funds to the corresponding accounts of the other funds relating to the same Series of Bonds.

Deficit Fund

At the time of issuance of each Series of Bonds, there shall be deposited in the Deficit Fund such amount as shall be specified in the Indenture or the Supplemental Indenture authorizing the issuance of such Series of Bonds. Amounts in the Deficit Fund constituting proceeds of any Series of Bonds shall be applied as provided in the Indenture or the Supplemental Indenture authorizing such Series of Bonds. If there are insufficient amounts in the Debt Service Fund to make any payment of principal of or interest due on the Bonds and there are no available amounts in the Debt Service Reserve Fund or the Capital Projects Fund for such purpose, the Trustee shall transfer amounts from the Deficit Fund to the Debt Service Fund to the extent necessary to eliminate such deficiency. In addition, if any provision of Section 202 of the Act is held invalid by a court of competent jurisdiction, the Trustee shall not transfer any amounts from the Deficit Fund to the City unless it receives an Order from the Supreme Court of Pennsylvania permitting such transfer.

Capital Projects Fund

At the time of issuance of each Series of Bonds, there shall be deposited in the Capital Projects Fund such amount as shall be specified in the Indenture or in the Supplemental Indenture authorizing the issuance of such Series of Bonds. Amounts in the account in the Capital Projects Fund derived from proceeds of a Series of Bonds shall be disbursed only for costs of the capital projects identified in the Indenture or in the Supplemental Indenture authorizing the issuance of such Series of Bonds. The capital projects to be funded from the Capital Projects Fund may be revised by the Authority, with the consent of the City, upon delivery to the Trustee of, among other things, an opinion of Bond Counsel to the effect that such revision is permitted under the Act and will not adversely affect the excludability of interest on any Bonds from gross income for federal tax purposes. Such revision shall not require execution of a Supplemental Indenture and shall not be considered an amendment requiring consent of any Bond Insurer or Bondholders.

The Trustee shall transfer amounts in the applicable account in the Capital Projects Fund to the Encumbered Funds Account upon the receipt of a requisition signed by the Authority accompanied by a notice (in the form prescribed in the Indenture) from the City to the Authority to the effect that the City is prepared to award a contract for or commence work on an approved capital project or projects, which notice shall identify in reasonable detail: (i) the capital project or projects, (ii) the amount of the contract to be awarded or the cost of work to be encumbered, and (iii) the proposed date of award of such contract or the proposed date of commencement of the work. The Trustee shall not transfer amounts from the Capital Projects Fund to the Encumbered Funds Account at any time when a suspension of payment from the Commonwealth to the City is in effect as a result of the Authority certifying that the City is not in compliance with an approved financial plan pursuant to provisions of the Act and the Trustee has notice of such suspension. In addition, the Trustee shall not transfer amounts from the Capital Projects Fund to the Encumbered Funds Account if any provision of Section 202 of the Act is held invalid by a court of competent jurisdiction, unless the Trustee receives an order of the Supreme Court of Pennsylvania permitting such transfer. Upon completion, termination or abandonment of any capital project with respect to which moneys shall have been disbursed to the Encumbered Funds Account, any unspent moneys deposited therein for such capital project shall, to the extent not approved by the Authority for application to other capital projects being funded from the Encumbered Funds Account, be deposited, at the direction of the Authority and the City, in the Capital Projects Fund.

Amounts remaining in any account in the Capital Projects Fund after completion, termination or abandonment of the capital project or projects to be financed with the proceeds of the related Series of Bonds shall be transferred at the direction of the Authority to the Debt Service Fund for the payment of principal next becoming due on the applicable Series of Bonds or to the Bond Redemption Fund for

redemption of Bonds of such Series at the earliest practicable date that Bonds of such Series can be redeemed without a premium unless the Trustee is directed by the Authority at the request of the City to apply such excess for a purpose permitted under the Act and receives an opinion of Bond Counsel that such use is permitted under the Act and will not adversely effect the excludability of interest on any Bonds from gross income for federal income tax purposes.

To the extent that amounts in the Debt Service Fund are insufficient to make any payment of principal of or interest due on the Bonds after all available amount in the Debt Service Reserve Fund have been used, the Trustee shall transfer amounts from the Capital Projects Fund to the Debt Service Fund to the extent necessary to eliminate such deficiency.

Revenue Fund

All payments of PICA Taxes made to the Trustee by the State Treasurer shall be received by the Trustee and deposited by the Trustee in the Revenue Fund. The Trustee shall transfer sums from the Revenue Fund to other funds as provided in the Indenture and as more particularly described in the Official Statement under "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS — Authority Tax." Any moneys remaining in the Revenue Fund after all such transfers have been made shall be transferred by the Trustee to the Depository for deposit to the City Account.

Debt Service Fund

On the date of settlement for each Series of Bonds, there shall be deposited in the Debt Service Fund an amount equal to the accrued interest, if any, on such Series of Bonds to the date of settlement therefor and any capitalized interest in respect of such Series. Amounts received by the Trustee pursuant to an interest rate exchange agreement or other agreement permitted by Section 304(10) of the Act in respect of a Series of Bonds shall be credited to the accounts in respect of such Series of Bonds.

Moneys in the Revenue Fund shall be transferred to the Debt Service Fund to the extent necessary to cause the aggregate amount deposited therein in each month to equal the sum of (i) the aggregate for all Series of Bonds paying interest semiannually of $1/6$ (such fraction to be increased or decreased, as appropriate, for a Series of Bonds to account for any initial or final interest period shorter or longer than six months) of the amount of interest that will be due and payable on each such Series of Bonds Outstanding on the next succeeding Interest Payment Date for the respective Series, (ii) the aggregate for all Series of Bonds paying interest at an interval other than semiannually of an amount equal to the interest that will be due and payable or otherwise accrue on each such Series of Bonds during such month (assuming that interest due on such Bonds will be payable at the maximum interest rate applicable to such Bonds, and taking into account (A) any amounts received from the counterparty to an interest rate exchange agreement, interest rate cap or floor agreement or other similar agreement deposited directly into the Debt Service Fund, and (B) any amounts remaining in the Debt Service Fund from prior months' transfers from the Revenue Fund in excess of the amount actually paid or accrued as interest on such Bonds for such prior months), (iii) the aggregate for all Series of Bonds of $1/12$ (such fraction to be increased, as appropriate, for a Series to account for any initial or final principal payment period shorter than 12 months), of the amount of principal that will become due and payable on each Series of Bonds (whether upon maturity or mandatory redemption) on the next succeeding principal payment date (whether upon maturity or mandatory redemption) for the respective Series occurring within the next year following the date of such transfer, (iv) any deficiency in deposits required to be made in prior months under the preceding clauses (i), (ii) and (iii) which has not been eliminated and (v) any amount owed to any Credit Facility Issuer in respect of payments made for principal and interest on Bonds. The Trustee shall use the moneys in the Debt Service Fund to pay the principal of and mandatory sinking fund installments and interest on the Bonds as it becomes due and payable and to pay any amount owed to the Credit Facility Issuer in respect of payments made for principal and interest on Bonds.

Debt Service Reserve Fund

There shall be maintained in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement for the Bonds. In lieu of such deposit, at the time of issuance of a Series, subject to approval of the Bond Insurer, if any, there may be provided a Credit Facility in such amount issued by a Credit Facility Issuer whose credit facilities are such that bonds secured by such credit facilities are rated in one of the three highest rating categories by Moody's and S&P. To the extent that additional amounts are required to be deposited in the Debt Service Reserve Fund, such moneys shall come from sources other than the proceeds of the Bonds. Moneys in the Revenue Fund shall be transferred to the Debt Service Reserve Fund to the extent necessary to eliminate a deficiency therein. To the extent that there is an excess amount in the Debt Service Reserve Fund as of the date any valuation is required to be made as provided in the Indenture, unless otherwise provided in the Supplemental Indenture authorizing the issuance of such Series, the excess (other than any Investment Earnings) shall be transferred, at the written direction of the Authority, either to the Debt Service Fund or the Bond Redemption Fund as provided in the Indenture, or, subject to an approving opinion of Bond Counsel, as directed in writing by the Authority.

Investment Earnings from investments of amounts in the Debt Service Reserve Fund shall be applied by the Trustee as follows:

- (a) the Trustee shall retain in the Debt Service Reserve Fund the amount necessary to eliminate deficiency therein;
- (b) the Trustee shall transfer to the Rebate Fund in respect of each Bond Year such amount as is certified by the Authority to the Trustee pursuant to the applicable Tax Compliance Agreement as the Rebate Amount and Yield Reduction Amount, if any, for such Bond Year with respect to the 2009 Bonds and the 2010 Bonds and such additional amount for each other Series of Bonds as may be specified in the Supplemental Indenture authorizing the Series;
- (c) the Trustee shall transfer to the Authority the amount necessary to cause the aggregate amount transferred to the Authority during the fiscal year of the Authority in which such transfer is made (together with transfers from the Revenue Fund), to equal the total operating expenses of the Authority for such fiscal year as set forth in the certificate of the Authority filed with the Trustee in respect of such fiscal year; and
- (d) the Trustee shall transfer any remaining amount to the Revenue Fund.

If there are insufficient moneys to pay the Debt Service Requirement on any Series of Bonds on any Interest Payment Date or maturity date of such Series of Bonds, the Trustee shall transfer from the Debt Service Reserve Fund to the Debt Service Fund amounts necessary to make such payments from the Debt Service Fund.

In the event any application of funds in the Debt Service Reserve Fund in accordance, with the preceding paragraph causes the amount in the Debt Service Reserve Fund to be less than the Debt Service Reserve Requirement, the Trustee shall promptly notify the Authority.

The Trustee shall value the Investment Securities, if any, held in the Debt Service Reserve Fund at the end of each Bond Year for such Series and six months after the end of each such Bond Year. Investments in the Debt Service Reserve Fund, other than guaranteed investment contracts, shall be valued at fair market value. Guaranteed investment contracts shall be valued at the amortized cost thereof plus accrued interest. If the value of such Investment Securities plus any moneys in the Debt Service

Reserve Fund (other than Investment Earnings which have not yet been transferred as described above) falls below the Debt Service Reserve Requirement, the Trustee shall promptly notify the Authority. Such deficiency shall be eliminated as indicated above and if necessary by the transfer from the Revenue Fund described in the Indenture.

Upon a redemption or final maturity of all of the Bonds of a Series, moneys in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement shall be applied as discussed above.

Bond Redemption Fund

The Trustee shall deposit in the Bond Redemption Fund amounts received from any source for redemption of Bonds other than mandatory sinking fund payments.

Moneys deposited into the Bond Redemption Fund shall be used to redeem Bonds or, at the request of the Authority in writing, to purchase Bonds in the open market at a price not in excess of the principal amount thereof plus accrued interest thereon. Upon such deposit, to the extent such moneys are to be used to redeem Bonds, the Trustee shall promptly select and call Bonds for redemption.

Rebate Fund

Amounts shall be deposited in the Rebate Fund in order to comply with rebate requirements of Section 148 of the Code and shall not be subject to any security interest, pledge, assignment, lien or charge in favor of the Trustee, any Bondholder, any Credit Facility Issuer or any other Person. The provisions of the Indenture regarding the Rebate Fund may be amended upon receipt by the Trustee and the Authority of an opinion of Bond Counsel that such amendment will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any moneys released from the Rebate Fund as a result of any such amendment shall be applied by the Trustee as required or permitted (in which case such application shall be at the written direction of the Authority) by such opinion of Bond Counsel.

The Authority is required to determine the Rebate Amount and Yield Reduction Amount, if any, in respect of each Series of Bonds or cause the same to be determined within 30 days after the end of each Bond Year and upon the retirement of the last Bond of a particular Series and to give written notification of such amounts to the Trustee. Following receipt of such notification, the Trustee is required to transfer first from Investment Earnings on the Debt Service Reserve Fund and then from the Revenue Fund to the Rebate Fund such amount as may be necessary so that the amount in the Rebate Fund shall be equal to the Rebate Amount and Yield Reduction Amount, if any, as of the computation date. In the event that as of the first day of any Bond Year in respect of each Series of Bonds, the amount on deposit in the Rebate Fund exceeds the Rebate Amount and Yield Reduction Amount, if any, the Trustee, at the direction of the Authority, shall transfer such excess amount into the Revenue Fund. If any amount shall remain in the Rebate Fund after the Trustee has made the final payment to the United States in respect of each Series of Bonds pursuant to the Indenture, such amount shall be transferred to the Revenue Fund.

Settlement Fund

The Trustee has established a Settlement Fund under the Indenture to hold funds to be applied to the costs of issuance of the 2010 Bonds. Upon the payment of the costs of issuance, moneys in the Settlement Fund with respect to the 2010 Bonds are to be transferred to the Debt Service Fund.

Pledged Revenues

The Pledged Revenues, which secure the payment of amounts due in respect of the Bonds, consist of all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes and all moneys and securities held by the Trustee under the Indenture, together with any earnings thereon, except moneys and securities held in the Rebate Fund.

Pledge of Pledged Revenues

The Pledged Revenues are trust funds and shall not be subject to lien (other than that of the Indenture or any lien thereon granted to secure the payment of any subordinated indebtedness of the Authority in accordance with the terms of the Indenture) or attachment by any creditor of the Authority.

Investment of Funds

Moneys in the funds established under the Indenture shall, to the extent permitted by law and at the written direction of the Authority, be invested and reinvested in Investment Securities or City Obligations, except that moneys in the Debt Service Fund, the Revenue Fund and the Rebate Fund shall only be invested only in Government Obligations with maturities which will assure the availability of money at the time when needed; and moneys in the Debt Service Reserve Fund shall only be invested in Investment Securities with a maturity of not more than five years; provided, however, that if moneys are invested in a guaranteed investment contract or a repurchase agreement which allows the full principal of and interest on the investment to be withdrawn at par on any principal or interest payment date for the Bonds, such guaranteed investment contract or repurchase agreement may have a maturity longer than five years but not longer than ten years. Investment Earnings shall be added or charged to the Revenue Fund when earned or realized, subject to the provisions of the Indenture in the case of defeasance, and provided that (i) Investment Earnings from investment of amounts in the Debt Service Reserve Fund shall be applied as described under "Debt Service Reserve Fund" above; (ii) Investment Earnings from investment of amounts in the Rebate Fund shall remain in the Rebate Fund and become a part thereof, to be disbursed as described under "Rebate Fund" above; and (iii) Investment Earnings from investment of amounts in the Capital Projects Fund shall remain in the Capital Projects Fund so long as costs of capital projects are to be paid therefrom.

Covenants of the Authority

The Authority covenants, among other things, that it will promptly pay or cause to be paid, but only from the Pledged Revenues, the principal of, premium, if any, and interest on all Bonds, and that it shall do and perform or cause to be done or performed all acts and things required to be done or performed by it under the Act and that it shall comply with all valid acts, rules, regulations, orders and directions applicable to the Indenture. The Authority has covenanted not to enter into any interest rate exchange agreement, interest rate cap and floor agreement or other similar agreement permitted by the Act if entering into such agreement would materially adversely affect any rating of the Bonds by Moody's, S&P or Fitch. The Authority also covenants at all times, to the extent permitted by law, to defend, preserve and protect the assignment and pledge of and security interest in, the Trust Estate under the Indenture and all the rights of the Bondholders and all Credit Facility Issuers under the Indenture against all claims and demands of all persons whomsoever.

The Authority covenants with the Holders from time to time of the Bonds and the Authority shall cause the City to covenant with the Authority and Trustee that they will not make any investment or other use of the proceeds of the Bonds which would cause the Bonds the interest on which, when such Bonds

were issued, was intended, to be excluded from gross income for federal income tax purposes to be "arbitrage bonds" (as that term is defined in Section 148 of the Code and all applicable regulations promulgated thereunder), and that they will comply with the requirements of such Code section and regulations throughout the term of all such Bonds.

The Authority shall deliver to the Trustee and to Moody's, S&P, Fitch and any Credit Facility Issuer within 120 days after the end of each fiscal year, on the basis of an audit conducted by independent certified public accountants, financial statements of the Authority at the end of such fiscal year together with notes and exhibits thereto (which shall include exhibits showing (i) all Bonds of the Authority then Outstanding, (ii) a summary of total annual debt service requirements and (iii) a statement of debt service coverage), which financial statements shall be audited by a firm of independent certified public accountants in accordance with generally accepted auditing standards. The Trustee is authorized to deliver copies of such financial statements to Bondholders and to any other Person who requests such financial statements.

Defaults and Remedies

Each of the following events constitutes an Event of Default under the Indenture:

- (a) Default in the due and punctual payment of interest on any Bond after such payment has become due and payable; or
- (b) Default in the due and punctual payment of the principal or mandatory sinking fund installment of any Bond, whether at the stated maturity thereof or upon proceedings for redemption thereof; or
- (c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Authority contained in the Indenture, any Supplemental Indenture or in the Bonds; or
- (d) Failure by the City to perform any of its covenants or agreements contained in the PICA Tax Ordinance or in any other ordinance of the City enacting PICA Taxes; or
- (e) Failure by the State Treasurer or the Department in the performance of any of their duties under the Act or covenants or agreements contained in the PICA Tax Disbursement Agreement or the Tax Collection Agency Agreement;

provided, however, that a default under (c) or (e) shall not constitute an Event of Default unless the Authority, the State Treasurer or the Department, as applicable, shall have had thirty (30) days after receipt of notice of such default from the Trustee or from the Bondholders of not less than twenty-five percent (25%) in aggregate principal amount of all Outstanding Bonds to correct said default or cause said default to be corrected and shall not have corrected said default or caused said default to be corrected within such period; provided that, if said default is such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Authority, the State Treasurer or the Department, as applicable, within the applicable period and diligently pursued until the default is corrected; provided, further, that the period to cure any of such defaults shall be only seven (7) days in the case of a default in the payment of money and shall be such shorter period as may be specified in the notice of such default in the case of any default which would have a material adverse effect on the tax exempt status of the 2009 Bonds or the 2010 Bonds if not cured sooner than the period specified in the notice.

Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity, including, without limitation, enforcement of the rights of the Trustee and the Bondholders under the PICA Tax Ordinance or the Tax Compliance Agreement, the remedies provided in Section 305 of the Act and the rights of enforcement provided in Section 310 of the Act, to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, the performance by the Authority of its obligations under the Indenture and the performance by the Department and by the State Treasurer of their obligations under the Act. Notwithstanding the foregoing, there shall be no right to accelerate the time for payment of the Bonds. Without limiting the generality of the foregoing, if at any time the Trustee shall not receive the Pledged Revenues for transfer to the Debt Service Fund at the times and on the dates required by the Act and the Indenture, the Trustee shall promptly enforce the pledge of, security interest in and lien and charge on the Pledged Revenues against all government agencies (as defined in the Act) in possession of any of such Pledged Revenues at any time and shall send notice to the Department and the State Treasurer requesting that they take appropriate corrective actions.

If an Event of Default shall have occurred and be continuing and if directed in writing by the Bondholders of 25% in aggregate principal amount of Outstanding Bonds and upon being indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers specified in the preceding paragraph, as directed, provided such direction shall not be otherwise than in accordance with law and the provisions of the Indenture and the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would prejudice Bondholders not parties to such direction.

No waiver of any Event of Default under the Indenture, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Anything in the Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the term and conditions of the Indenture, provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture. The Trustee shall not be required to follow any direction from the Bondholders in the absence of indemnification of the Trustee, in accordance with the Indenture, in form and substance satisfactory to the Trustee.

Limitation on Actions by Bondholders

Under certain circumstances set forth in the Indenture, Bondholders may direct proceedings with respect to an Event of Default; however, no Bondholder shall have the right to pursue any remedy under the Indenture unless (a) the Trustee has been notified of an Event of Default as provided in the Indenture, (b) the Bondholders of not less than 25% of the aggregate principal amount of Outstanding Bonds shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers with respect to remedies granted under the Indenture or to pursue such remedy in their name or names, (c) the Trustee shall have been offered security and indemnity satisfactory to it against costs, expenses and liabilities and (d) the Trustee shall have failed or refused to comply with such request. Notwithstanding the foregoing, nothing in the Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on each of the Bonds to and for the equal benefit of all Bondholders at the time and place, from the source and in the manner expressed in the Bonds.

Waivers of Events of Default

The Trustee may at its discretion waive any Event of Default under the Indenture and its consequences, and shall do so upon the written request of the Bondholders of (1) not less than 66-2/3% in aggregate principal amount of all Outstanding Bonds in respect of which default in the payment of principal or interest, or both, exists or (2) not less than a majority in aggregate principal amount of all Outstanding Bonds in the case of any other Event of Default; provided, however, that there shall not be waived any Event of Default in the payment of the principal of or interest on any Outstanding Bonds unless, prior to such waiver or rescission, all arrears of principal and interest, and all expenses of the Trustee in connection with such Event of Default shall have been paid or provided for and, in the case of any Bonds to which a Credit Facility applies, any amount drawn under the Credit Facility shall have been reinstated (if applicable) or the Credit Facility Issuer shall have been reimbursed. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee, the Credit Facility Issuer and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon. The foregoing notwithstanding, so long as a Credit Facility applies to the affected Bonds and the Credit Facility Issuer has not wrongfully failed to honor a drawing thereunder, the consent of the Credit Facility Issuer must be obtained prior to any such waiver with respect to the Bonds. Also, notwithstanding the foregoing, the consent of the Bond Insurer of the Series of Bonds as to which such Event of Default exists must be obtained prior to any such waiver becoming effective.

Modifications of Indenture Not Requiring Consent of Bondholders

The Authority and the Trustee may enter into Supplemental Indentures, without the consent of or notice to, the Bondholders, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Bondholders or the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee;
- (c) To subject to the Indenture additional revenues or collateral;
- (d) To modify, amend or supplement, the Indenture or any indenture supplemental thereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States;
- (e) To provide for the adoption of a book-entry registration of any Series of Bonds;
- (f) To evidence the appointment of a separate or co-Trustee or the succession of a new Trustee;
- (g) To authorize the issuance and establish the terms of Additional Bonds and to effect an interest rate swap agreement, an interest rate cap or floor agreement or other similar agreement permitted under the Act;
- (h) To make any other change in the Indenture, including changes in connection with the Authority's issuance of subordinated debt, which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Bondholders;

- (i) To secure or maintain the rating for the Bonds from S&P and/or Moody's and/or Fitch
- (j) To cure any defects in the Indenture which would, if not cured, cause the interest on Bonds which at the time of issuance was intended to be excluded from gross income for federal income tax purposes not to be so excluded;
- (k) To make any change permitted under Section 5.09 of the Indenture (relating to the Rebate Fund); or
- (l) To make any other change in the Indenture which is approved by the Credit Facility Issuer if at the time of such change a Credit Facility is in effect and there has been no failure by the Credit Facility Issuer to make any payment under the Credit Facility or, if a new Credit Facility is being obtained, which is requested by the new Credit Facility Issuer and is to be effective only at, the time the new Credit Facility becomes effective, except a change specified in the Indenture as requiring the consent of the Holders of all Outstanding Bonds or a change which would affect the rights of the Authority unless the Authority approves of such change.

In exercising its discretion, the Trustee shall not unreasonably withhold its consent to any Supplemental Indenture for any of the foregoing purposes. The Trustee shall have the right to require an opinion of counsel that such Supplemental Indenture is authorized and permitted under the Indenture.

Modifications of Indenture Requiring Consent of Bondholders

Except for the foregoing Supplemental Indentures and subject to the provisions of the Indenture, the Bondholders of not less than a majority in aggregate principal amount of the Outstanding Bonds which would be adversely affected thereby shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Trustee of such other Supplemental Indentures as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in the Indenture shall permit, or be construed as permitting, without the consent of the Holders of all Bonds Outstanding which would be adversely effected thereby, (a) an extension of the maturity of the principal of or the interest on any Bond issued under the Indenture, (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or a change in the terms of redemption of the Bonds, (c) a privilege or priority of any Bond or Bonds over any Outstanding Bond or Bonds, (d) a reduction in the aggregate principal amount of the Bonds required for consent to Supplemental Indentures, (e) the creation of any lien ranking prior to or on a parity with the lien of the Indenture on the Trust Estate or any part thereof, except as expressly permitted in the Indenture, (f) the deprivation of the Bondholder of any Outstanding Bond of the lien created on the Trust Estate or (g) an adverse effect on the interest of the Bondholders in any Credit Facility; and further provided that no such amendment shall be permitted without the consent of the Credit Facility Issuer so long as the Credit Facility Issuer has not wrongfully failed to honor a drawing under the Credit Facility or otherwise defaulted thereunder.

Discharge of Indenture

If the Authority shall pay or cause to be paid, or there shall otherwise be paid or provision be made for payment, to the Holders of the Bonds the principal of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, and all fees, expenses and other amounts due to the Trustee, each Registrar and each Credit Facility Issuer, then the Trust Estate and the rights granted under the Indenture shall cease, determine and be void, whereupon the Trustee shall cancel

and discharge the Indenture, and execute and deliver to the Authority such instruments in writing as shall be requisite to release the Indenture, and reconvey, release, assign and deliver unto the Authority any and all of the Trust Estate and all right, title and interest in and to any and all rights conveyed, assigned or pledged to the Trustee or otherwise subject to the Indenture, except amounts held in or payable to the Rebate Fund for payment to the United States and amounts held by the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds. Notwithstanding the foregoing, Bonds paid with the proceeds of any Credit Facility shall be Outstanding until the Credit Facility Issuer has been reimbursed for the amount of the payment.

Any Bond shall be deemed paid as described above for all purposes under the Indenture when payment of the principal of, premium, if any, and interest on such Bond to the due date thereof either (i) shall have been made or caused to be made in accordance with the terms of the Indenture; or (ii) shall have been provided for by the irrevocable deposit with the Trustee of (A) moneys sufficient to make such payment and/or (B) Government Obligations of the types described in clause (a) of such definition, Refcorp interest strips, CATS, TIGRS, STRPS or defeased municipal bonds rated "AAA" by S&P or "Aaa" by Moody's, in each case non-callable and maturing as to principal and interest in such amount and such time as will insure the availability of sufficient moneys to make such payment. At such time as a Bond shall be deemed to be paid as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

Duties of the Trustee

The Indenture provides that, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the Trustee undertakes to perform only such duties as are set forth in the Indenture. In case an Event of Default has occurred which has not been cured or waived, the Trustee is obligated to exercise such of the rights and powers vested in it by the Indenture and to the same degree of care and skill in the exercise of such rights and powers as a prudent man would exercise under the circumstances in the conduct of his own affairs. In general, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants or agreements on the part of the City, the Department or the State Treasurer, but the Trustee may require of the Authority full information and advice as to the performance of such covenants and agreements. Notwithstanding the foregoing, if there is a deficit in the amount deposited in the Debt Service Fund in excess of one month's required deposit, the Trustee shall make inquiry to determine whether there has been an Event of Default by reason of the failure of the City to perform its covenants and agreements in the PICA Tax Ordinance or other ordinance of the City enacting PICA Taxes or of the State Treasurer or the Department to perform their duties under the Act or covenants or agreements contained in the PICA Tax Disbursement Agreement or the Tax Collection Agency Agreement. The Trustee may act upon the opinion or advice of any attorney approved by the Trustee in the exercise of reasonable care and shall not be responsible for any loss or damage resulting from any action or inaction in good faith in reliance upon such opinion or advice received in writing. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with the provisions of the Indenture or for any loss resulting from any such investment or the sale or disposition of any such investment in accordance with the provisions of the Indenture. The Trustee is not required under the Indenture to give any bond or surety to the performance of its obligations as Trustee.

APPENDIX D
Proposed Form of Opinion of Bond Counsel

May __, 2010

Pennsylvania Intergovernmental Cooperation Authority
Philadelphia, Pennsylvania

Goldman, Sachs & Co.
New York, New York

Re: [\$_____] Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program), Series of 2010

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the authorization, issuance and sale by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of its [\$_____] Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the "Bonds"). The Bonds are being issued pursuant to (i) the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L.9, No. 6), as amended (the "Act"), and (ii) an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "Amended and Restated Indenture"), between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended and supplemented pursuant to the First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996, the Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999, the Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003, the Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006, the Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008, the Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 and the Seventh Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2010 (the "Seventh Supplement"), each between the Authority and the Trustee. The Amended and Restated Indenture, as amended and supplemented from time to time, including by the Seventh Supplement, shall hereinafter be referred to as the "Indenture". All capitalized terms used, but not otherwise defined, herein shall have the meanings set forth in the Indenture.

The Bonds are being issued for the purpose of providing funds which, together with other available moneys of the Authority, will be used to: (i) currently refund the Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008 (the "2008 Bonds"), (ii) pay the costs of terminating an interest rate swap transaction which relates to the 2008 Bonds, and (iii) pay the costs of issuing the Bonds (collectively, the "Refunding Project").

The Authority, in the Arbitrage Certificate dated the date hereof (the "Tax Certificate"), has covenanted that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority, or take or omit to take any action, that would cause the Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code. The Authority has further covenanted that it will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds, including the requirements of Section 148(f) of the Code which provides for the rebate of certain arbitrage profits to the United States. An officer of the Authority responsible for issuing the Bonds has executed the Tax Certificate, stating the reasonable expectations of the Authority on the date of issue as to future events that are material for purposes of Section 148 of the Code pertaining to arbitrage. Also, the Authority has caused or will cause to be filed with the Internal Revenue Service a report of the issuance of the Bonds as required by Section 149(e) of the Code as a condition of the exclusion from gross income of the interest on the Bonds.

In our capacity as Bond Counsel, we have examined such documents, records of the Authority and other instruments as we deem necessary to enable us to express the opinions set forth below, including original counterparts or certified copies of the Amended and Restated Indenture, the Seventh Supplement, the other documents listed on the closing document list in respect of the Bonds filed with the Trustee, and an executed Bond, as authenticated by the Trustee. We have also relied, in the opinions set forth below, upon the opinion of Authority's counsel as to the due authorization, execution and delivery by the Authority of certain operative documents.

Based upon the foregoing, we are of the opinion that:

1. The Authority is a body corporate and politic, organized and validly existing under the laws of the Commonwealth of Pennsylvania, with full power and authority under the Act to undertake the Refunding Project, to execute, deliver and perform its obligations under the Seventh Supplement and to issue and sell the Bonds.
2. The Seventh Supplement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other party thereto, constitutes the legal, valid and binding obligation of the Authority, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights.
3. The Authority has duly assigned, transferred and pledged to the Trustee, for the benefit of the holders of the Bonds, to the extent provided in the Indenture, all of its right, title and interest in and to the Pledged Revenues.

4. The issuance and sale of the Bonds have been duly authorized by the Authority; the Bonds have been duly executed and delivered by the Authority; and, on the assumption that all Bonds have been authenticated by the Trustee, such Bonds are entitled to the benefit and security of the Indenture and the trust created thereby and are legal, valid and binding obligations of the Authority enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights.

5. Assuming the accuracy of the certifications of the Authority and its continued compliance with its covenants in the Tax Certificate, interest on the Bonds is excludable from gross income of the owners of the Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals and corporations and interest on a Bond held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) will not indirectly be subject to alternative minimum tax because of its inclusion in the earnings and profits of the corporate holder. Interest on Bonds held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

6. Under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, the Bonds are exempt from personal property taxes in Pennsylvania and interest on the Bonds is exempt from Pennsylvania personal income tax and corporate net income tax.

Except as expressly stated in paragraphs 5 and 6 of this opinion, we express no opinion as to any federal or state tax consequences of the ownership of, receipt of interest on, or disposition of, the Bonds. In giving the opinions set forth in such paragraphs, we have assumed the accuracy of certain representations made by the Authority, which we have not independently verified, and compliance by the Authority with covenants set forth in the Tax Certificate that must be satisfied subsequent to the issuance of the Bonds. We call your attention to the fact that interest on the Bonds may become subject to federal income taxation retroactively to the date hereof if such representations are determined to have been inaccurate or if the Authority fails to comply with such covenants. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in law or events that may take place after the date hereof that may affect the tax status of interest on the Bonds.

We do not express any opinion herein with respect to title to any property, the perfection or priority of any lien or security interest, the adequacy of the security for the Bonds or the sources of payment for the Bonds or the adequacy or accuracy of the preliminary official statement, official statement or other information pertaining to the offering for sale of the Bonds.

Pennsylvania Intergovernmental Cooperation Authority
Goldman, Sachs & Co.
May __, 2010
Page 4

We call your attention to the fact that the Bonds are limited obligations of the Authority payable only out of Pledged Revenues and certain other moneys available therefor held under the Indenture, and that the Bonds do not pledge the credit or taxing power of the Commonwealth or any political subdivision thereof. The Authority has no taxing power.

Very truly yours,

GREENBERG TRAURIG, LLP

APPENDIX E

Proposed Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement ("Disclosure Agreement") is executed and delivered this ____ day of May, 2010, by The Pennsylvania Intergovernmental Cooperation Authority (the "Issuer") in connection with the Issuer's issuance of its \$_____ Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2010 (the "Bonds"). The Issuer, hereby, agrees as follows:

Section 1. Purpose. This Agreement is being executed and delivered by the Issuer solely for the benefit of the holders and the beneficial owners of the Bonds and in order to assist the underwriter purchasing the Bonds to comply with the provisions of Rule 15c2-12(b)(5)(i) (the "Rule") promulgated by the Securities and Exchange Commission by undertaking to provide certain annual financial information and material event notices required by the Rule (collectively, "Continuing Disclosure"), and shall create no rights in any other person or entity.

Section 2. Annual Disclosure. (a) So long as any Bonds are outstanding, the Issuer shall provide annually its audited annual financial statements in accordance with the provisions of Section (b)(5)(i) of the Rule.

If the audited financial statements to be filed pursuant to this Section 2(a) are not available by the date of the required filing, the Issuer may instead file unaudited statements by such date and file audited statements when available.

(b) The Issuer shall provide annually the financial information described in subsection (a) above (collectively, the "Annual Disclosure") within 180 days after the end of the Issuer's fiscal year, commencing with the Issuer's fiscal year ending June 30, 2010, to the Municipal Securities Rulemaking Board (the "MSRB").

(c) The Annual Disclosure may be included by specific reference to other documents available to the public on the MSRB internet website or filed with the SEC.

(d) The Issuer shall provide in writing in a timely manner to the MSRB notice specifying any failure of the Issuer to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure.

So long as any Bonds are outstanding, the Issuer shall provide in writing in a timely manner to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if material within the meaning of the Rule:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;

- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of holders of the Bonds;
- (h) Bond calls;
- (i) defeasance of all or any portion of the Bonds;
- (j) release, substitution, or sale of property securing repayment of the Bonds; and
- (k) rating changes.

Section 4. Termination. The obligations of the Issuer hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Bonds.

Section 5. Amendment. The Issuer may modify its obligations hereunder without the consent of the Bondholders, provided that this Agreement as so modified complies with the Rule as it exists at the time of modification. The Issuer shall within a reasonable time thereafter send in writing to the MSRB a description of such modifications.

Section 6. Default. (a) If the Issuer fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Agreement, any holder (within the meaning of the Rule) of Bonds then outstanding may, by notice to the Issuer, proceed to protect and enforce its rights and the rights of the holders of the Bonds by an action for specific performance of such covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the Issuer to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Agreement (i) shall not be deemed to constitute an event of default under the Bonds or the Indenture or other documents providing for the issuance of the Bonds and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

Section 7. Additional Disclosure. The Issuer may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the Issuer shall not incur any obligation to continue to provide, or to update, such additional information or data.

Section 8. General Provisions Regarding Filings. All filings with the MSRB pursuant to this Agreement: (a) shall be made in an electronic format as prescribed by the MSRB and (b) shall be accompanied by identifying information as prescribed by the MSRB. Unless otherwise prescribed by the MSRB, such submission to the MSRB shall be made via its Electronic Municipal Market Access ("EMMA") system.

Section 9. Governing Law.

This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY** has executed this Agreement as of the day and year first above written.

**THE PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

By: _____

Name:

Title:

NEW ISSUE: BOOK-ENTRY ONLY

RATINGS: See "Ratings" herein.

In the opinion of Bond Counsel, assuming the accuracy of certain certifications and compliance with certain covenants of the Authority, interest on the 2010 Bonds is excludable from gross income of the owners of the 2010 Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the 2010 Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax and interest on the 2010 Bonds will not be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations as more fully described under the caption "TAX EXEMPTION" herein. Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the 2010 Bonds are exempt from personal property taxes in Pennsylvania and the interest on the 2010 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

\$206,960,000

**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 2010**

Dated: Date of Delivery

Due: As shown on inside front cover

The \$206,960,000 Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2010 Bonds (the "2010 Bonds") are being issued pursuant to an Amended and Restated Indenture of Trust (the "1994 Indenture"), between the Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L. 9, No. 6), as amended (the "Act"), as a public authority and instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth"), and U.S. Bank National Association, Philadelphia, Pennsylvania, as successor trustee (the "Trustee"), as amended and supplemented by seven supplements thereto (as so amended and supplemented, the "Indenture"), between the Authority and the Trustee.

The 2010 Bonds will be issued as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Interest on the 2010 Bonds is payable semiannually on each June 15 and December 15, commencing December 15, 2010 (each an "Interest Payment Date"), by check or draft mailed or under certain conditions by wire transfer, to the persons in whose names the 2010 Bonds are registered at the close of business on the Record Date, which is the last day (whether or not a Business Day) of the calendar month next preceding any Interest Payment Date. The principal of, and redemption premium, if any, on the 2010 Bonds will be payable at the corporate trust office of the Trustee in Philadelphia, Pennsylvania.

The 2010 Bonds are subject to redemption prior to maturity as described herein. The 2010 Bonds are not subject to acceleration upon the occurrence of an Event of Default (as defined in the Indenture).

The proceeds from the sale of the 2010 Bonds, together with the other available funds of the Authority, will be used to (i) currently refund the Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008 (the "2008 Bonds"), (ii) pay the costs of terminating an interest rate swap transaction related to the 2008 Bonds, and (iii) pay the costs of issuing the 2010 Bonds. See "PLAN OF FINANCE" herein.

The 2010 Bonds, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2010 Bonds. Purchases of beneficial ownership interests in the 2010 Bonds will be made in book-entry only form. So long as DTC or its nominee, Cede & Co., is the registered owner, principal of, redemption premium, if any, and interest on the 2010 Bonds is payable directly to Cede & Co., for redistribution to DTC Participants and in turn to the beneficial owners as described herein. Purchasers of 2010 Bonds will not receive physical delivery of certificates representing their ownership interests in the 2010 Bonds. See "THE 2010 BONDS-Book-Entry Only System" herein.

THE 2010 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY ISSUED PURSUANT TO THE ACT AND THE INDENTURE AND ARE PAYABLE SOLELY FROM REVENUES OF THE AUTHORITY DERIVED FROM (I) A ONE AND ONE-HALF PERCENT (1.5%) TAX ON THE SALARIES, WAGES, COMMISSIONS AND OTHER COMPENSATION EARNED BY RESIDENTS OF THE CITY OF PHILADELPHIA, PENNSYLVANIA (THE "CITY") AND ON NET PROFITS EARNED IN BUSINESS, PROFESSIONS AND OTHER ACTIVITIES CONDUCTED BY RESIDENTS OF THE CITY, WHICH TAX IS IMPOSED BY THE CITY PURSUANT TO THE ACT AND AN ORDINANCE ADOPTED BY THE COUNCIL OF THE CITY AND APPROVED BY THE MAYOR EXCLUSIVELY FOR THE PURPOSES OF THE AUTHORITY, AND (II) CERTAIN MONEYS AND SECURITIES, AND INVESTMENT EARNINGS THEREON, HELD BY THE TRUSTEE IN CERTAIN FUNDS ESTABLISHED UNDER THE INDENTURE. THE ACT PROVIDES THAT THE REVENUES FROM THE FOREGOING TAX ARE THE REVENUES AND PROPERTY OF THE AUTHORITY AND ARE NOT THE REVENUES AND PROPERTY OF THE CITY. SEE "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS" HEREIN.

NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE 2010 BONDS. THE 2010 BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, AND NEITHER THE COMMONWEALTH NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS LIABLE FOR THE PAYMENT OF PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE 2010 BONDS. THE AUTHORITY HAS NO TAXING POWER.

The 2010 Bonds are offered when, as and if issued by the Authority and delivered to and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice, and to the receipt of the approving opinion of Greenburg Traurig, LLP, Philadelphia, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Reed Smith LLP, Philadelphia, Pennsylvania; for the Underwriter by its counsel, The Law Offices of Denise Joy Smyler, Philadelphia, Pennsylvania; and for the City by the Office of the City Solicitor and by Kutak Rock LLP, Philadelphia, Pennsylvania, special counsel to the City. It is anticipated that the 2010 Bonds in definitive form will be available for delivery to DTC in New York, on or about May 14, 2010.

GOLDMAN, SACHS & CO.

Dated: May 4, 2010

\$206,960,000
PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 2010

MATURITY SCHEDULE

MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS AND CUSIPS

DUE		INTEREST			
JUNE 15	AMOUNT	RATE	PRICE	YIELD	CUSIP**
2011	\$14,395,000	4.000%	103.763%	0.52%	708840JE4
2012	15,730,000	5.000	108.345	0.95	708840JF1
2013	16,335,000	5.000	110.867	1.39	708840JG9
2014	16,995,000	5.000	112.382	1.84	708840JH7
2015	17,670,000	5.000	113.247	2.23	708840JJ3
2016	18,375,000	5.000	113.186	2.64	708840JK0
2017	19,110,000	5.000	113.156	2.93	708840JL8
2018	19,875,000	5.000	113.341	3.12	708840JM6
2019	20,650,000	5.000	113.249	3.30	708840JN4
2020	21,470,000	5.000	113.015	3.46	708840JP9
2021*	12,925,000	5.000	112.019	3.57	708840JQ7
2022*	13,430,000	5.000	111.213	3.66	708840JR5

* Price/yield to first call date of June 15, 2020.

** The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Authority nor the Underwriter has agreed, and there is no duty or obligation, to update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
1500 WALNUT STREET, SUITE 1600, PHILADELPHIA, PENNSYLVANIA 19102**

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BOARD MEMBERS

James Eisenhower, Esquire
William J. Leonard, Esquire
Michael A. Karp
Joseph A. DiAngelo, Ed.D.
Wadud Ahmad, Esquire

Chairperson
Vice Chairperson
Treasurer/ Secretary
Asst.Treasurer/ Secretary
Member

Mary A. Soderberg
Secretary of the Budget and
Ex-Officio Representative
of the Commonwealth of
Pennsylvania

Rob Dubow
Director of Finance and
Ex-Officio Representative of
the City of Philadelphia

AUTHORITY STAFF

Executive Director
Uri Z. Monson

Director of Research and Analysis
Stephen K. Camp-Landis

Senior Analyst
Paul T. Johnson

AUTHORITY COUNSEL

Reed Smith LLP
Philadelphia, Pennsylvania

BOND COUNSEL

Greenburg Traurig, LLP
Philadelphia, Pennsylvania

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2010 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2010 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THE OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER. THE AUTHORITY MAY PURCHASE 2010 BONDS FROM TIME TO TIME.

This Official Statement does not constitute an offer to sell the 2010 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, salesman or other person has been authorized by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), the City of Philadelphia, Pennsylvania (the "City") or the Underwriter to give any information or to make any representation other than that contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized. Neither the delivery of this Official Statement nor the sale of any of the 2010 Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof or the date as of which particular information was given, if earlier.

This Official Statement is not to be construed as a contract with the purchasers of the 2010 Bonds. All summaries of statutes and documents are made subject to the provisions of such statutes and documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The information set forth herein has been provided by the Authority, the City, and by other sources which the Authority and the Underwriter believe are reliable, but it is not guaranteed as to its accuracy or completeness, and it is not to be construed as a representation by the Underwriter or, as to information provided by sources other than the Authority, by the Authority. Nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Authority, the City or the Underwriter.

This Official Statement contains forecasts, projections and estimates by the City that are based on current expectations or assumptions. In light of the important factors that may materially affect the amount of Authority Tax received, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the Authority or the City of Philadelphia that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the amount of Authority Tax received include, among others, changes in economic conditions and various other events, conditions and circumstances, many of which are beyond the control of the Authority and the City. These forward-looking statements include, but are not limited to, certain statements contained in the information contained under the caption "ANNUAL COLLECTION OF THE CITY TAX AND THE AUTHORITY TAX" and such statements speak only as of the date of this Official Statement. The Authority and the City disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Authority's or the City's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The 2010 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2010 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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APPENDIX A: AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY AS OF JUNE 30,
2009

APPENDIX B: CERTAIN INFORMATION CONCERNING THE CITY OF PHILADELPHIA

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APPENDIX D: PROPOSED FORM OF OPINION OF BOND COUNSEL

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OFFICIAL STATEMENT

Relating to

\$206,960,000

**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 2010**

INTRODUCTION

General

This Official Statement, including the cover page, table of contents and the attached appendices, sets forth information with respect to the issuance by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of \$206,960,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the "2010 Bonds"). This introduction is a brief description of certain matters described in this Official Statement and is qualified by reference to the entire Official Statement. Persons considering the purchase of any of the 2010 Bonds should read this Official Statement, including the cover page, tables and all appendices, in its entirety. Capitalized terms used in this Official Statement and not otherwise defined herein shall have the respective meanings set forth in APPENDIX C attached hereto or in the Indenture (as defined herein).

The Authority

The Authority, a body corporate and politic, was organized and exists under and by virtue of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L. 9, No. 6), 53 P.S. 12720.101 et seq., as amended (the "Act"). Pursuant to the Act, the Authority was established to provide financial assistance to cities of the first class in the Commonwealth of Pennsylvania (the "Commonwealth"). The City of Philadelphia, Pennsylvania (the "City") currently is the only city of the first class in the Commonwealth. See "THE AUTHORITY" herein.

The Act provides that, upon the request by the City to the Authority for financial assistance and for so long as any bonds of the Authority remain outstanding, the Authority shall have certain financial and oversight functions. First, the Authority shall have the power, subject to satisfaction of certain requirements in the Act, to provide financial assistance to the City. Second, the Authority also shall have the power, in its oversight capacity, to exercise certain advisory and review powers with respect to the City's financial affairs, including the power to review and approve five-year financial plans prepared at least annually by the City, and to certify noncompliance by the City with its then-existing five-year financial plan (which certification would require the Secretary of the Budget of the Commonwealth to cause certain payments due to the City from the Commonwealth to be withheld by the Commonwealth).

Under the Act, the Authority is no longer permitted to issue bonds for the purpose of financing a capital project of the City or a deficit of the City, including a cash flow deficit. The Authority does, however, have the power to issue bonds to refund outstanding bonds issued under the Act.

Authority's Outstanding Indebtedness

The Authority has previously issued ten series of Bonds. Two series of Bonds remain Outstanding: (i) Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008, consisting of Series of 2008A issued in the original aggregate principal amount of \$133,740,000 (the "2008A Bonds") and Series of 2008B issued in the original aggregate principal amount of \$80,825,000 (the "2008B Bonds" and, together with the 2008A Bonds, the "2008 Bonds") and (ii) Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009 issued in the original aggregate principal amount of \$354,925,000 (the "2009 Bonds").

A portion of the proceeds of the previous series of bonds issued by the Authority were used (a) to make grants to the City to fund General Fund deficits of the City, to fund the costs of certain capital projects undertaken by the City, to provide other financial assistance to the City to enhance productivity in the operation of City government, and to defease certain general obligation bonds of the City, and (b) to refund other bonds of the Authority. The proceeds of the 2010 Bonds will be applied to currently refund the Outstanding 2008 Bonds. See "PLAN OF FINANCE" herein.

Since the issuance of its first series of bonds in June 1992, the Authority has devoted its primary attention to the assessment, approval and oversight of each of the City's five-year financial plans prepared in accordance with the requirements of the Act (each, a "Financial Plan"), the City's compliance therewith, the evaluation of City financial reporting, the analysis of City financial and budgetary practices and programs and the oversight of the expenditures of funds for the capital projects and productivity enhancements for which the Authority has made grants to the City with a portion of the proceeds from the sale of its bonds. See "THE AUTHORITY - Operating History" herein.

Authorization to Issue the 2010 Bonds

The Authority is authorized to issue and sell the 2010 Bonds pursuant to the provisions of the Act and pursuant to a resolution of the Authority adopted April 20, 2010. The 2010 Bonds will be issued pursuant to and secured under an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "Amended and Restated Indenture"), between the Authority and U.S. Bank National Association (successor in interest to Wachovia Bank, National Association), as trustee (the "Trustee"), as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996 (the "First Supplement"), a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999 (the "Second Supplement"), a Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003 (the "Third Supplement"), a Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006 (the "Fourth Supplement"), a Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 (the "Fifth Supplement"), a Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 (the "Sixth Supplement"), and a Seventh Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2010 (the "Seventh Supplement" and, together with the Amended and Restated Indenture, the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, and the Sixth Supplement, the "Indenture"). The Amended and Restated Indenture amended and restated Indenture of Trust dated as of June 1, 1992, as amended and supplemented (the "Original Indenture") between the Authority and Meridian Bank (successor trustee by assignment from Corestates Bank, N.A., the initial trustee). For a summary of certain provisions of the Indenture, see APPENDIX C attached hereto.

The Indenture provides that the 2009 Bonds, the 2010 Bonds, and any Additional Bonds issued pursuant thereto (sometimes referred to herein collectively as, the "Bonds") are to be equally and ratably secured under the Indenture (except as otherwise described herein and in the Indenture). For a discussion of the issuance by the Authority of additional bonds, including Additional Bonds issued under the

Indenture, and the limitations on such issuance, see "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS - Additional Bonds" herein.

Plan of Finance

The proceeds from the sale of the 2010 Bonds, together with other available moneys of the Authority, will be used to (i) currently refund the 2008 Bonds in the aggregate principal amount of \$202,815,000, (ii) pay the cost of terminating an interest rate swap transaction related to the 2008 Bonds, and (iii) pay the costs of issuing the 2010 Bonds. See "PLAN OF FINANCE" herein.

Financial Condition of the City

Results for Fiscal Year 2009 reflect revenues of \$3.64 billion and obligations of \$3.92 billion on a legally enacted basis. Tax revenues were \$172 million below adopted budget levels. The real estate transfer tax and business privilege tax account for more than \$127 million of the decrease. Total general fund revenue was \$249.8 million below budget. Obligations were \$116.4 million below budgeted levels as the administration took action to reduce obligations and reduce the projected deficit. The Fiscal Year 2009 fund balance was negative \$137.2 million; of this amount \$45 million was due to a delay in the receipt from the Commonwealth for child welfare reimbursement under Title IV-E of the Social Security Act ("Title IV-E") and an additional \$10 million was due to an Act 148 ("Act 148") funding settlement from Fiscal Year 2008. The Commonwealth has implemented a new billing system in response to Federal audit requirements and because of this, the Title IV-E funds were not received in Fiscal Year 2009, but are anticipated to be received in Fiscal Year 2010.

Fiscal Year 2010 Adopted Budget of the City

The City's Fiscal Year 2010 budget was presented to City Council on March 19, 2009, was approved by City Council on May 21, 2009, and signed by the Mayor on May 27, 2009. The budget projects estimated revenues of \$3.815 billion, obligations of \$3.694 billion and an ending fund balance of \$85.3 million after discharging the Fiscal Year 2009 fund balance deficit on the legally enacted basis. The budget includes a one percent City Sales Tax increase which is estimated to yield \$97 million in Fiscal Year 2010. The Sales Tax increase became effective on October 8, 2009.

Fiscal Year 2010 Current Estimate of the City

With the delay in Commonwealth approval of the temporary Sales Tax increase, reduced child welfare funding, revisions to the pension amortization schedule and other reductions and delays in implementation of revenue initiatives, the City revised the Fiscal Year 2010 budget and Eighteenth Five-Year Plan and submitted the revision to PICA on September 1, 2009. PICA approved the revised Eighteenth Five-Year Plan on September 16, 2009. The revised Fiscal Year 2010 estimate projects revenues of \$3.769 billion, obligations of \$3.696 billion and an ending fund balance on the legally enacted basis of \$3 million. However, after the second quarter results were known, the City revised the Fiscal Year 2010 fund balance estimate to negative \$37.9 million. This revision reflects weaker Wage, Earnings and Sales tax receipts, partially offset by increased Real Estate Transfer Tax collections and an improved Business Privilege Tax base; reduced State funding for Police, weakened recycling revenue and increased spending for technology improvements.

Although the 2010 Bonds are not obligations of the City, financial developments with respect to the City may affect the market for, and the market prices of, the 2010 Bonds. Further, economic and demographic conditions in the City may affect the levels of collections of the Authority Tax (as defined herein). See "ANNUAL COLLECTION OF THE CITY TAX AND THE AUTHORITY TAX" herein. For more extensive discussion of the City's financial affairs, see APPENDIX B attached hereto.

Description of the 2010 Bonds

The 2010 Bonds will be issued as fully registered bonds, without coupons, will be dated the date of their initial authentication and delivery, will be issued in the denominations of \$5,000 or any integral multiple thereof, and will mature and bear interest as described on the inside front cover of this Official Statement. The 2010 Bonds are subject to optional redemption prior to scheduled maturity as described herein. See "THE 2010 BONDS - Redemption" herein. THE BONDS OF THE AUTHORITY WHICH ARE OUTSTANDING UNDER THE INDENTURE, INCLUDING THE 2010 BONDS, ARE NOT SUBJECT TO ACCELERATION UPON THE OCCURRENCE OF ANY EVENT OF DEFAULT.

The 2010 Bonds, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository under a book-entry only system for the 2010 Bonds. See "THE 2010 BONDS - Book-Entry Only System" herein.

Interest on the 2010 Bonds will be paid semiannually on each June 15 and December 15, commencing December 15, 2010 (each an "Interest Payment Date"), by check or draft of the Trustee. The Trustee will mail such interest to the person in whose name the 2010 Bonds are registered on the registration books of the Authority maintained by the Trustee, as bond registrar, at the address appearing thereon at the close of business on the last day of the calendar month (whether or not a Business Day) next preceding any Interest Payment Date (the "Record Date"); provided, however, at the request of any registered owner of 2010 Bonds in an aggregate principal amount of \$1,000,000 or more, interest shall be paid by bank wire transfer of funds to a bank account in a bank located in the United States designated in writing by such registered owner not less than ten (10) days prior to the applicable Interest Payment Date.

Principal of, and redemption premium, if any, on the 2010 Bonds is payable upon presentation and surrender thereof at the corporate trust office of the Trustee in Philadelphia, Pennsylvania.

Sources of Payment and Security for the 2010 Bonds

The 2010 Bonds are limited obligations of the Authority and the principal of, redemption premium, if any, and interest on the 2010 Bonds are payable, together with the 2009 Bonds and any Additional Bonds issued pursuant to the Indenture, solely from (i) the revenues pledged and assigned by the Authority for such payment under the Indenture, including revenues received by the Authority from a one and one-half percent (1.5%) tax (the "Authority Tax") imposed by the City, pursuant to the Act and an ordinance adopted by City Council and approved by the Mayor on June 12, 1991 (Bill No. 1437, effective July 1, 1991) (the "Authority Tax Ordinance"), exclusively for the purposes of the Authority, on the salaries, wages, commissions and other compensation earned by residents of the City and on net profits earned in business, professions and other activities conducted by residents of the City, and (ii) certain moneys and securities and investment earnings thereon, together with a Debt Service Reserve Fund Policy (described herein) issued by Financial Guaranty Insurance Company ("FGIC"), all held by the Trustee in certain funds established under the Indenture. **Investors should assume that FGIC may not be able to meet its obligations under the Debt Service Reserve Fund Policy and therefore should not rely on the Debt Service Reserve Fund Policy in making their investment decision. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS - Debt Service Reserve Fund Policy" herein.** In connection with the enactment of the Authority Tax Ordinance and the adoption of the Fiscal Year 1992 operating budget of the City, the City enacted an ordinance reducing the rate of the City's tax on the salaries, wages, commissions and other compensation earned by, and net profits earned in business, professions and other activities conducted by, City residents by one and one-half percent (1.5%).

The Act provides that the Commonwealth will not reduce, and will not authorize any government agency levying such tax to reduce, the rate of any tax, including the Authority Tax, imposed exclusively for the purposes of the Authority and pledged by the Authority as security for the payment of principal of, and interest on, bonds issued by the Authority, including without limitation the 2010 Bonds, until all of the principal of, and interest on, the bonds so secured is paid in full or provided for. The Authority Tax presently is the only tax imposed exclusively for the purposes of the Authority and pledged by the Authority as security for the payment of its bonds.

The Act prohibits the City from reducing the rate of the Authority Tax or repealing the Authority Tax Ordinance while bonds of the Authority secured by the Authority's pledge of the Authority Tax are outstanding. The City, as required by the Act, has pledged and agreed in the Authority Tax Ordinance with each and every obligee of the Authority secured by an Authority pledge of the Authority Tax that the City will not reduce the rate of, or repeal, the Authority Tax until the principal of, and interest on, all bonds so secured are paid in full or provision for such payment is made. In the Intergovernmental Cooperation Agreement, dated January 8, 1992 (the "Cooperation Agreement"), between the Authority and the City, the City has made a similar pledge to, and agreement with, the Authority and its obligees.

The Act requires that the Authority Tax be collected by the Department of Revenue of the Commonwealth (the "Pennsylvania Revenue Department") for deposit in the Pennsylvania Intergovernmental Cooperation Authority Tax Fund (the "PICA Tax Fund") established under the Act and held by the Treasurer of the Commonwealth (the "State Treasurer"), as custodian. The State Treasurer is required by the Act to transfer all amounts in the PICA Tax Fund at least weekly to or upon the order of the Authority. The Authority will direct the State Treasurer to transfer all such amounts to the Trustee for deposit in the Revenue Fund established under the Indenture in accordance with the requirements of the Act and for so long as any 2009 Bonds or 2010 Bonds are Outstanding under the Indenture. The Act authorizes the Pennsylvania Revenue Department to appoint agents for the collection and enforcement of the Authority Tax. Pursuant to such authority, a letter dated June 28, 1991 from the Pennsylvania Revenue Department and the Pennsylvania Intergovernmental Cooperation Authority Income Tax Collection Agency Agreement, dated as of June 1, 1992 (the "Tax Collection Agreement"), by and between the Commonwealth and the City, the Revenue Department of the City ("City Revenue Department") and the Law Department of the City have been appointed agents of the Pennsylvania Revenue Department for the collection and enforcement of the Authority Tax. The procedures for the collection and transfer of the Authority Tax are prescribed in the Act and are further delineated in the Authority Tax Ordinance and the Tax Collection Agreement.

NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE 2010 BONDS. THE 2010 BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, AND NEITHER THE COMMONWEALTH NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS LIABLE FOR THE PAYMENT OF PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE 2010 BONDS. THE AUTHORITY HAS NO TAXING POWER.

Additional Bonds

The Authority has the power under the Act, subject to the limitations set forth therein, to issue bonds for various purposes. Under the Act as currently in effect, however, the Authority may no longer issue any bonds for the purpose of financing a capital project or deficit of the City. Subject to the terms of the Act and the Indenture, such additional bonds may be issued by the Authority under the Indenture on a parity with the 2009 Bonds and the 2010 Bonds. For a discussion of the issuance by the Authority of

additional bonds, including Additional Bonds issued under the Indenture, and the limitations on such issuance, see "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS - Additional Bonds" herein.

The Sixth Supplement amended the Indenture to provide that in connection with the issuance of Additional Bonds subsequent to the 2009 Bonds the Authority will be required to certify debt service coverage of three hundred percent (300%). See "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS - Additional Bonds" herein for additional information.

Continuing Disclosure Undertaking

In order to enable the Underwriter to comply with the requirements of Rule 15c2-12, as amended ("Rule 15c2-12"), promulgated under the Securities Exchange Act of 1934, as amended, the Authority will enter into a Continuing Disclosure Agreement ("Disclosure Agreement"), dated the date of delivery and payment for the 2010 Bonds which will constitute a written undertaking for the benefit of the registered owners from time to time of the 2010 Bonds, including owners of book-entry credits evidencing interests in the 2010 Bonds. The proposed form of Disclosure Agreement is attached to this Official Statement as Appendix E. See "MISCELLANEOUS - Continuing Disclosure Undertaking."

Miscellaneous

Brief descriptions of the Act, the Authority, the 2010 Bonds, the Indenture, the Cooperation Agreement, the Tax Collection Agreement, the Authority Tax Ordinance, and the Disclosure Agreement are included in this Official Statement. The summaries of the Act and of other documents contained herein do not purport to be complete, comprehensive or definitive and are qualified in their entireties by reference to the entire text of the Act and such documents, and the description herein of the 2010 Bonds is qualified in its entirety by reference to the text thereof and the information with respect thereto included in the aforesaid documents. All such descriptions are further qualified in their entireties by reference to laws and principles of equity relating to or affecting generally the enforcement of creditors' rights. Copies of the Indenture, the Authority Tax Ordinance, the Cooperation Agreement, the Disclosure Agreement and the Tax Collection Agreement may be obtained from the Authority and, after initial delivery of the 2010 Bonds, at the corporate trust office of the Trustee in Philadelphia, Pennsylvania.

Certain information concerning the City has been furnished by the City and is included as APPENDIX B attached hereto. THE AUTHORITY MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION INCLUDED AS APPENDIX B HERETO.

This Official Statement, including the appendices (except APPENDIX A, consisting of the audited financial statements of the Authority, which speak as of June 30, 2009), speaks only as of the date of this Official Statement printed on the cover hereof. The information contained herein is subject to change.

PLAN OF FINANCE

General

The proceeds from the sale of the 2010 Bonds shall be used, together with other available moneys of the Authority, to (i) currently refund the 2008 Bonds, (ii) pay the costs of terminating an interest rate swap transaction related to the 2008 Bonds, and (iii) pay the costs of issuing the 2010 Bonds (the "2010 Refunding Project"). The 2008 Bonds have been called for redemption on May 15, 2010 (the "Redemption Date"), at a redemption price of 100% of the principal amount thereof plus accrued interest

to the Redemption Date, and will be redeemed on May 17, 2010 (the first Business Day following the Redemption Date).

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2010 Refunding Project are as follows:

Sources of Funds:

Principal Amount of 2010 Bonds	\$206,960,000.00
Net Original Issue Premium	24,252,706.10
Transfer from Debt Service Fund for the 2008 Bonds	<u>12,370,796.69</u>
Total	\$243,583,502.79

Uses of Funds:

Current Refunding of 2008 Bonds	\$202,910,115.28
Swap Termination Payment	39,678,000.00
Costs of Issuance*	<u>995,387.51</u>
Total	\$243,583,502.79

* Includes legal, accounting, financial and swap advisory fees and expenses, printing, rating fees, underwriter's discount, contingency and miscellaneous fees and expenses.

THE 2010 BONDS

General

The 2010 Bonds will be dated the date of original issuance and delivery thereof, will be payable as to interest at the rates and on the dates, and will mature in the amounts on the dates set forth on the inside front cover hereof. Purchases of beneficial ownership interests in the 2010 Bonds may be made in denominations of \$5,000 or integral multiples thereof. Descriptions of the provisions regarding redemption, transfer and payment of the 2010 Bonds are set forth below.

THE 2010 BONDS ARE NOT SUBJECT TO ACCELERATION UPON THE OCCURRENCE OF AN EVENT OF DEFAULT.

DTC will serve as securities depository under a book-entry only system for the 2010 Bonds. Unless such system is discontinued, the provisions described under "Book-Entry Only System" below (including provisions regarding payments to and transfers by the owners of beneficial interests in the 2010 Bonds) will be applicable to the 2010 Bonds. If such system is discontinued, the provisions described under "Discontinuation of Book-Entry Only System" below will be applicable.

So long as DTC, or its partnership nominee, Cede & Co., is the registered owner of the 2010 Bonds, payments of the principal of and interest on the 2010 Bonds are to be made by the Trustee directly to Cede & Co. Disbursements of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC. Disbursements of such payments to the owners of beneficial interests in the 2010 Bonds is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined). See "Book-Entry Only System" below.

Optional Redemption

The 2010 Bonds maturing on and prior to June 15, 2020 are not subject to optional redemption prior to maturity. The 2010 Bonds maturing on and after June 15, 2021 are subject to redemption at the

option of the Authority on and after June 15, 2020, in whole at any time, or in part from time to time, if in part in such order of maturity and in such principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount thereof, plus accrued interest to the redemption date.

Notice of Redemption

When the Authority shall determine to redeem 2010 Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of 2010 Bonds to be redeemed, the Trustee, at the Authority's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall specify the series, the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue on the 2010 Bonds which are the subject of such notice. If at the time of mailing of any notice of redemption, the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the 2010 Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, postage prepaid, not less than twenty (20) days, nor more than sixty (60) days, prior to the redemption date, addressed to the Holders of the 2010 Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any 2010 Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other 2010 Bonds.

Not more than sixty (60) days following the applicable redemption date, a further notice shall be mailed as provided above to the Bondholders of any 2010 Bonds called for redemption and not then presented for payment containing substantially the same information set forth above.

So long as DTC or its nominee is the sole Bondholder under the book-entry only system, redemption notices shall be sent by the Trustee only to DTC or its nominee and any failure on the part of DTC or a DTC Participant (as defined below) to notify the Beneficial Owner (as defined below) of a 2010 Bond called for redemption shall not affect the validity of the redemption.

Transfers and Exchanges of 2010 Bonds

Upon presentation for transfer and exchange of any 2010 Bond entitled to registration of exchange or registration of transfer at the corporate trust office of U.S. Bank National Association, Philadelphia, Pennsylvania (the "Registrar"), the Registrar will register the exchange or register the transfer of such 2010 Bond in the bond registration books, under such reasonable regulations as the Registrar may prescribe. The Registrar will make all necessary provisions to permit the exchange or registration of transfer of the 2010 Bonds at its corporate trust office in Philadelphia, Pennsylvania. Until the discontinuance of the book-entry only system, as described above, one fully registered 2010 Bond for each maturity, each in the aggregate principal amount of such maturity will be registered in the name of Cede & Co., as nominee for DTC.

The transfer of any 2010 Bond shall be registered in the registration books of the Registrar at the written request of the Bondholder thereof or his attorney duly authorized in each writing, upon surrender and cancellation thereof at the corporate trust office of the Registrar in Philadelphia, Pennsylvania, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Bondholder or his duly authorized attorney. Upon the registration of transfer of any such 2010 Bond or Bonds, the Authority shall issue in the name of the transferee, in authorized denominations permitted by

the Indenture, a new fully registered 2010 Bond or new fully registered 2010 Bonds of the same series in the same aggregate principal amount and of like tenor as the surrendered 2010 Bond or Bonds.

Any 2010 Bond, upon surrender thereof at the corporate trust office of the Registrar in Philadelphia, Pennsylvania, may, at the option of the Bondholder thereof, be exchanged for an equal aggregate principal amount of any authorized denominations of the 2010 Bonds of the same series and maturity, and having the same interest rate and other provisions, as the surrendered 2010 Bond.

In all cases in which the privilege of exchanging 2010 Bonds or registering the transfer of 2010 Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver 2010 Bonds in accordance with the provisions of the Indenture.

For every such exchange or registration of transfer of the 2010 Bonds, whether temporary or definitive, the Authority, the Registrar or the Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, which sum or sums shall be paid by the person requesting such exchange or registration of transfer as a condition precedent to the exercise of the privilege of making such exchange or registration of transfer.

The Registrar shall not be required to transfer or exchange any 2010 Bond during the period from a Record Date through the next Interest Payment Date, inclusive, nor to transfer or exchange any 2010 Bond selected for redemption in whole or in part.

Payments of Principal of, and Interest on, the 2010 Bonds

The principal of, and redemption premium, if any, on the 2010 Bonds shall be payable upon presentation and surrender thereof at the corporate trust office of the Trustee in Philadelphia, Pennsylvania. Interest shall be payable by check or draft mailed to the registered owners of the 2010 Bonds as shown on the registration books kept by the Registrar as of the close of business on the applicable record dates described below. Interest payable to the registered owner of 2010 Bonds in the aggregate principal amount of \$1,000,000 or more may, upon request by such registered owner, be paid by bank wire transfer of funds to a bank account in a bank located in the United States designated in writing by such registered owner not less than ten (10) days prior to the applicable Interest Payment Date.

The Authority, the Trustee and the Registrar may deem and treat the registered owner of any 2010 Bond as the absolute owner of such 2010 Bond, whether such 2010 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, redemption premium, if any, and interest on such 2010 Bond and for all other purposes, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All such payments so made to any such holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such 2010 Bond to the extent of the sum or sums to be so paid.

Record Dates

Except in the case of overdue interest, the record date (the "Record Date") for interest due on the 2010 Bonds on any June 15 shall be the immediately preceding May 31 (whether or not a Business Day) and the record date for interest due on any December 15 shall be the immediately preceding November 30 (whether or not a Business Day).

Interest which is due and payable on any June 15 or December 15 but cannot be paid on such date from available funds under the Indenture, shall thereupon cease to be payable to the registered owners otherwise entitled thereto as of such date. At such time as sufficient funds are available for the payment of

such overdue interest, the Trustee shall establish a special payment date (which shall be a Business Day) and a special record date in respect thereof. The Trustee shall mail a notice specifying the special payment date so established to each registered owner of the 2010 Bonds as of the special record date, such notice to be mailed at least ten (10) days prior to the special payment date.

Book-Entry Only System

Portions of the following information concerning DTC and DTC's book-entry only system have been obtained from DTC. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the Underwriter believe to be reliable; however, the Authority and the Underwriter take no responsibility for the accuracy thereof and make no representation as to the accuracy of such information.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2010 Bonds. The 2010 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity and interest rate of the 2010 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of: The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: "AAA." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2010 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2010 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2010 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2010 Bonds, except in the event that use of the book-entry system for the 2010 Bonds is discontinued.

To facilitate subsequent transfers, all 2010 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2010 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2010 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2010 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2010 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2010 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of 2010 Bonds may wish to ascertain that the nominee holding the 2010 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the 2010 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2010 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal or redemption price of and interest on the 2010 Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds.

Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is, the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2010 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

So long as Cede & Co. is the registered owner of the 2010 Bonds, as nominee of DTC, references herein to the bondholders or registered owners of the 2010 Bonds means Cede & Co., not the Beneficial Owners of the 2010 Bonds.

THE AUTHORITY, TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE 2010 BONDS (i) PAYMENTS OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2010 BONDS, OR (ii) CONFIRMATION OF OWNERSHIP INTERESTS IN THE 2010 BONDS, OR (iii) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE AUTHORITY, THE TRUSTEE NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE 2010 BONDS WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (ii) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION OF, OR INTEREST ON, ANY 2010 BONDS, (iii) THE DELIVERY OF ANY NOTICE BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (iv) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2010 BONDS, OR (v) ANY OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

Discontinuation of Book-Entry Only System

DTC may determine to discontinue providing its service with respect to the 2010 Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS

General

The 2010 Bonds are limited obligations of the Authority payable solely from certain pledged revenues of the Authority and certain other funds held by the Trustee for such purpose. The 2010 Bonds are payable from and are equally and ratably secured under the Indenture, together with the 2009 Bonds and with any Additional Bonds that may be issued thereunder, by an assignment, pledge and grant to the Trustee of all of the Authority's right, title and interest in and to (i) the Authority Tax, and (ii) moneys and securities held by the Trustee under the Indenture (including proceeds of the Authority Tax) and any interest or income earned thereon, including amounts deposited into the Deficit Fund, Capital Projects Fund, Revenue Fund, Debt Service Fund, Debt Service Reserve Fund and the Bond Redemption Fund, but excluding moneys held in trust for the United States in the Rebate Fund (collectively, the "Pledged Revenues"), subject to the terms and conditions of the Indenture. The Indenture provides that moneys in accounts established by the Trustee in respect of a particular Series of Bonds shall only be available to pay debt service or the redemption price of Bonds of such Series, except as may otherwise be provided in the Indenture or in a Supplemental Indenture adopted at or prior to the time of issuance of such Series.

The Debt Service Reserve Fund will secure, equally and ratably, all Bonds outstanding under the Indenture, including the 2009 Bonds and the 2010 Bonds.

Authority Tax

As permitted by the Act, and pursuant to the Authority Tax Ordinance, the City has imposed, exclusively for the purposes of the Authority, a one and one-half percent (1.5%) tax on the salaries, wages, commissions and other compensation earned by residents of the City and on net profits earned in business, professions and other activities conducted by residents of the City. As described above, the Authority Tax has been pledged by the Authority to the Trustee, as permitted by the Act and pursuant to the Indenture, as security for the payment of principal of, redemption premium, if any, and interest on, all Bonds issued under the Indenture, including the 2009 Bonds and the 2010 Bonds.

The Act requires that the Authority Tax be collected by the Pennsylvania Revenue Department for deposit in the PICA Tax Fund held by the State Treasurer, as custodian. The Act authorizes the Pennsylvania Revenue Department to appoint agents for the collection and enforcement of the Authority Tax and, pursuant to such authority, a letter dated June 28, 1991 from the Pennsylvania Revenue Department and the Tax Collection Agreement, the City Revenue Department and the Law Department of the City have been appointed agents for the collection and enforcement of the Authority Tax.

In accordance with the applicable provisions of the Act and the Tax Collection Agreement, all receipts from the Authority Tax are deposited into a special account separate and apart from all City accounts. Based on historical trends in revenues collected by the City from taxes imposed for City purposes by the City on salaries, wages, commissions and other compensation earned by, and net profits earned in business, professions and other activities conducted by, City residents (see APPENDIX B attached hereto), the City and the Pennsylvania Revenue Department currently attribute 60.93% of wage tax remittances, 86.62% of earnings tax remittances, and 41.62% of net profit tax remittances to City residents. Pursuant to the Tax Collection Agreement, the Pennsylvania Revenue Department shall determine the timing and the method of recalculation of the foregoing percentages. Moneys in an amount equal to each daily amount of the Authority Tax collected (calculated as set forth above) are deposited on the day of receipt in immediately available funds in a segregated account (the "Custodial Account") established by the City, as agent for the Pennsylvania Revenue Department, for remittance on the following day to a general Commonwealth demand deposit account established by the State Treasurer. Upon the transfer of Authority Tax collections to the custody of the State Treasurer, such moneys are held with other Commonwealth funds. Pursuant to the Tax Collection Agreement, the City is required to reconcile the daily deposits to the Custodial Account with actual Authority Tax collections on a monthly basis. Pursuant to the Act, the Authority Tax paid to the State Treasurer shall be transferred by the State Treasurer not less frequently than every two weeks to the PICA Tax Fund, a special fund established by the Act and held in the custody of the State Treasurer. Pursuant to the Act, proceeds of the Authority Tax and amounts on deposit in the PICA Tax Fund are at all times the sole property and revenues of the Authority, and are not subject to appropriation by either the City or the Commonwealth.

The Act requires that the State Treasurer make at least weekly payments of all amounts in the PICA Tax Fund to or upon the order of the Authority. In connection with the issuance of the 2010 Bonds, the Authority will direct the State Treasurer to transfer all such amounts to the Trustee for deposit in the Revenue Fund established under the Indenture in accordance with the requirements of the Act and for so long as any 2009 Bonds and 2010 Bonds are Outstanding under the Indenture. Promptly after deposit of moneys in the Revenue Fund, the Trustee shall transfer any money in the Revenue Fund to the following funds in the following order and priority:

- (a) to the Debt Service Fund, the amount necessary to cause the aggregate amount therein in each month to equal the sum of (i) the aggregate for all Series of Bonds

paying interest semiannually of $\frac{1}{6}$ (such fraction to be increased or decreased, as appropriate, for a Series of Bonds to account for any initial or final interest period longer or shorter than six months) of the amount of interest that will be due and payable on each Series of Bonds Outstanding on the next succeeding Interest Payment Date for the respective Series, (ii) the aggregate for all Series of Bonds paying interest at an interval other than semiannually of an amount equal to the interest that will be due and payable or otherwise accrue on each such Series of Bonds during such month (assuming that interest due on such Bonds will be payable at the maximum interest rate applicable to such Bonds, and taking into account (A) any amounts received from the counterparty to an interest rate exchange agreement, interest rate cap or floor agreement or other similar agreement, deposited directly into the Debt Service Fund, and (B) any amounts remaining in the Debt Service Fund from prior months' transfers from the Revenue Fund in excess of the amount actually paid or accrued as interest on such Bonds for such prior months), (iii) the aggregate for all Series of Bonds Outstanding of $\frac{1}{12}$ (such fraction to be increased, as appropriate, for a Series to account for any initial or final principal payment period shorter than 12 months) of the amount of principal that will become due and payable on each Series of Bonds Outstanding, including the 2010 Bonds (whether upon maturity or mandatory redemption), on the next succeeding principal payment date (whether upon maturity or mandatory redemption) for the respective Series occurring within the next year following the date of such transfer, (iv) any deficiency in deposits required to be made in prior months under the preceding clauses (i), (ii) and (iii) which has not been eliminated, and (v) any amount owed to any Credit Facility Issuer in respect of payments made for principal and interest on Bonds;

- (b) to the Debt Service Reserve Fund, the amount necessary to eliminate any deficiency therein (a deficiency being the amount by which the Debt Service Reserve Requirement exceeds the amount in such Fund);
- (c) to any Person entitled to payment pursuant to an interest rate exchange agreement, interest rate cap or floor agreement or other similar agreement, an amount equal to the net amount then required to be paid to such person by the Authority pursuant to such an agreement; provided, however, with respect to certain interest rate swap agreements or similar hedge agreements, the Authority may elect to establish a separate account in the Revenue Fund and cause the Trustee to deposit on a monthly basis such amount as is necessary to cause the aggregate amount deposited therein in each month to equal a monthly portion of the amount that will be due to the relevant counterparty on the next payment date;
- (d) as directed in a certificate of the Authority delivered to the Trustee, to the trustees or other depositories in respect of subordinated debt, if any, payable from Pledged Revenues, the amount necessary to cause the aggregate amount paid in respect of such subordinated debt from all sources to equal the amount then required to be paid in respect of each issue of subordinated debt;
- (e) to the Authority, the amount necessary to cause the aggregate amount transferred to the Authority during the fiscal year of the Authority in which such transfer is made to equal the operating expenses of the Authority for such fiscal year as set forth in a certificate of the Authority delivered to the Trustee with respect to such fiscal year, to the extent that the amounts transferred from the Debt Service

Reserve Fund pursuant to the applicable provisions of the Indenture are not sufficient for such purpose; and

- (f) to the Rebate Fund, the amounts required to be deposited therein pursuant to the applicable provisions of the Indenture, to the extent that the transfers from the earnings in the Debt Service Reserve Fund pursuant to the applicable provisions of the Indenture are insufficient for such purpose.

Notwithstanding the foregoing order of priority, the Indenture requires that to the extent the Trustee is required to make payment of the Rebate Amount or Yield Reduction Amount, if any, to the United States of America pursuant to the Indenture and there are insufficient amounts in the Rebate Fund on the date which is thirty (30) days prior to the due date of such payment, the Trustee shall thereafter transfer moneys from the Revenue Fund to the Rebate Fund prior to making any other transfers of moneys to any other funds until the amount in the Rebate Fund equals the required Rebate Amount and Yield Reduction Amount. Any moneys remaining in the Revenue Fund after all transfers required by paragraphs (a), (b), (c), (d), (e) and (f) above have been made shall be transferred by the Trustee to U.S. Bank National Association, for deposit to a special account (the "City Account"), in trust for the exclusive benefit of the City, established and created under the Act and the City Account Deposit and Disbursement Agreement, dated as of December 6, 1991, as amended, between the Authority and First Union National Bank (now U.S. Bank National Association), Philadelphia, Pennsylvania, as depository. The City Account Deposit and Disbursement Agreement has been acknowledged and agreed to by the City.

The Bonds, including the 2010 Bonds, are not secured by, and the owners of the Bonds, including the 2010 Bonds, are not and shall not be entitled to, any moneys transferred by the Trustee, as required by the Act and the Indenture, to the City Account.

The Act provides that, for so long as any of the Authority's bonds, including the 2010 Bonds, remain Outstanding, the Commonwealth (i) will not limit or alter the rights vested in the Authority by the Act in any manner inconsistent with the obligations of the Authority to its obligees, and (ii) will not reduce, nor will it authorize any government agency (which term includes, without limitation, the City) levying such tax to reduce, the rate of any tax, including the Authority Tax, imposed exclusively for the purposes of the Authority and pledged by the Authority to secure its bonds, including the 2010 Bonds. Pursuant to the requirements of the Act, the City has included a pledge to the effect set forth in clause (ii) above in the Authority Tax Ordinance.

In the Authority Tax Ordinance and the Cooperation Agreement, the City has pledged and agreed, for so long as any of the Authority's bonds remain outstanding, with the Authority and each and every obligee of the Authority secured by an Authority pledge of the Authority Tax, that the City will not reduce the rate of, or repeal in whole or in part, the Authority Tax until the principal amount of all bonds of the Authority, including the 2010 Bonds, secured by a pledge of the Authority Tax, together with interest thereon, is fully paid or provision for such payment is made in accordance with the terms of the Indenture or other agreement pursuant to which such bonds were issued. The City further has acknowledged and agreed in the Authority Tax Ordinance and the Cooperation Agreement that, as provided in the Act, (i) all revenues from the Authority Tax are revenues and property of the Authority and not revenues or property of the City, (ii) such revenues may be freely pledged by the Authority to secure payment of bonds of the Authority, and (iii) such revenues are not subject to appropriation by City Council.

Debt Service Reserve Fund

The Debt Service Reserve Fund will, upon issuance of the 2010 Bonds, be maintained in an amount not less than the Debt Service Reserve Requirement, and will secure, equally and ratably, all Bonds Outstanding under the Indenture, including the 2009 Bonds and the 2010 Bonds.

Under the Indenture the term "Debt Service Reserve Requirement" means, with respect to all Bonds, an amount equal to the lesser of (i) the Maximum Annual Debt Service Requirement with respect to all Bonds Outstanding under the Indenture, and (ii) the maximum amount permitted by the Code. The amount to be deposited into the Debt Service Reserve Fund as a result of each additional Series of Bonds will be specified in the Supplemental Indenture executed in connection with the issuance of each additional Series of Bonds, and will be that amount sufficient to satisfy the Debt Service Reserve Requirement with respect to all Bonds Outstanding under the Indenture. The Indenture provides that in lieu of a deposit at the time of issuance of a series of Bonds, the Authority may cause a Credit Facility to be provided to the Trustee. See APPENDIX C - "Debt Service Reserve Fund." Upon the issuance of the 2010 Bonds, the Debt Service Reserve Requirement with respect to all Bonds Outstanding under the Indenture as of such date will be \$66,521,707.08. The Authority currently satisfies the Debt Service Reserve Requirement with: (a) a Debt Service Reserve Fund Policy in the amount of \$30,458,126.54 described below under "Debt Service Reserve Fund Policy"; (b) cash invested in short-term securities in the amount of \$19,750,056 as of March 31, 2010; and (c) a forward delivery agreement in the amount of \$51,495,466.26 as of March 31, 2010. On June 15, 2010, the amount under such forward delivery agreement will reduce to \$47,834,291.26. The Authority has entered into a forward delivery agreement involving certain U.S. Government obligations with JP Morgan Chase Bank that expires on June 15, 2010, and a forward delivery agreement involving certain monies and securities with Wachovia Securities which will become effective on June 15, 2010 in the amount of \$47,834,291.26 and continue until June 15, 2023 with the invested amount declining over that period. The Authority is not required to maintain amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement. If there are insufficient moneys to pay the debt service requirements on any Series of Bonds on any Interest Payment Date, mandatory sinking fund redemption date or maturity date of such series of Bonds, the Trustee shall transfer from the Debt Service Reserve Fund to the Debt Service Fund amounts necessary to make such payments from the Debt Service Fund. All cash and investments in the Debt Service Reserve Fund shall be utilized for making required transfers to the Debt Service Fund for payment of principal of, or interest on, the Bonds before making any draws on the Reserve Policy (hereinafter defined). Repayment of any draws, expenses and interest thereon with respect to the Reserve Policy shall be made prior to replenishment of the Debt Service Reserve Fund. Draws on the Reserve Policy and any other similar policies on which there is available coverage shall be made on a pro rata basis (calculated by reference to coverage then available under each such policy) after applying available cash and investments in the Debt Service Reserve Fund. Holders of Bonds will have equal and ratable rights or claims to all assets and funds, including the Reserve Policy, held by the Trustee in the Debt Service Reserve Fund. **Investors should assume that FGIG may not be able to meet its obligations under the Reserve Policy and therefore should not rely on the Reserve Policy in making their investment decision. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS -Debt Service Reserve Fund Policy" herein.**

Debt Service Reserve Fund Policy

The Debt Service Reserve Requirement is currently satisfied in part by the Debt Service Reserve Fund Policy in the maximum amount of \$30,458,126.54 (the "Reserve Policy") issued by FGIC and originally delivered to the Trustee in 1999.

Beginning in 2008, Standard & Poor's, a division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings (the "Rating Agencies"), have expressed growing concern about the

claims-paying ability of the bond insurance companies, including FGIC. The Rating Agencies have withdrawn their respective ratings of FGIC.

The Reserve Policy met the rating requirement of the Indenture at the time the Reserve Policy was obtained. The Indenture has no requirement that the rating of FGIC be maintained. Accordingly, the Reserve Policy is valued at its full face value for purposes of determining satisfaction of the Debt Service Reserve Requirement. The Authority has no intention at this time of terminating or replacing the Reserve Policy.

Investors should be aware that FGIC may not be able to meet its obligations under the Reserve Policy and therefore should not rely on the Reserve Policy or on the credit of FGIC in making their investment decision. Updated information regarding FGIC or the Reserve Policy has not been provided by FGIC for inclusion in this Official Statement. The Authority and the Underwriter make no representations regarding the Reserve Policy or FGIC.

The specific rights, if any, granted to FGIC in connection with its issuance of the Reserve Policy are set forth in the description of the principal legal documents appearing elsewhere in this Official Statement. Reference should be made as well to such description for a discussion of related matters.

Additional Bonds

Pursuant to the Indenture and the Act, the Authority is authorized to issue Additional Bonds under the Indenture, so long as no Event of Default has occurred and is continuing under the Indenture. The Additional Bonds shall be equally and ratably secured with the 2009 Bonds and the 2010 Bonds, except for moneys otherwise specifically pledged under the Indenture. Pursuant to the Act, additional bonds, including Additional Bonds issued under the Indenture, may not be issued for the purpose of financing a capital project or deficit of the City.

In connection with the issuance of Additional Bonds under the Indenture, the Indenture provides that the Authority must execute a certificate, the calculations of which shall be "verified" by a certified public accountant, showing that (1) the PICA Taxes (as defined in the Indenture), including the Authority Tax, collected with respect to any twelve (12) consecutive months during the fifteen (15) month period immediately preceding the date of issuance of such Additional Bonds equaled at least three hundred percent (300%) of the Maximum Annual Debt Service Requirement (including the Authority's obligations with respect to the payment of Policy Costs then due and owing with respect to each Credit Facility issued in connection with the Debt Service Reserve Fund for the Bonds and any amounts due to the provider of a credit or liquidity facility issued with respect to a series of Bonds) on Bonds to be Outstanding after the issuance of the Additional Bonds and (2) the PICA Taxes projected to be collected during the twelve (12) months following issuance of the Additional Bonds, which projection may be based on the PICA Taxes projected in the City's most recent Financial Plan approved by the Authority, equal to at least three hundred percent (300%) of the Debt Service Requirement during such twelve (12) month period on Bonds to be Outstanding after the issuance of the Additional Bonds. In determining the amount of PICA Taxes, retroactive effect shall be given to any PICA Tax which was not in effect (including for this purpose any increase in the rate of an existing tax) during the relevant period, but which has been imposed prior to the issuance of the Additional Bonds. The certificate referenced in this paragraph shall not be required in the case of Additional Bonds issued to refund Outstanding Bonds where the Maximum Annual Debt Service Requirement for such Additional Bonds and the total principal and interest payable on such Additional Bonds for the term thereof do not exceed the comparable amounts for the Bonds being refunded.

The Authority may at any time, without the request or approval of the City, issue bonds to refund its outstanding bonds, including the 2010 Bonds, so long as the maturity date of such refunding bonds

will not extend to a maturity date which could not have been included in the original issue of the bonds being refunded. The 2010 Bonds satisfy this requirement.

Certain Remedies of Bondholders

Upon the occurrence of any Event of Default (as defined in the Indenture) the Indenture provides that the Trustee, if requested to do so by the holders of twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding and upon being indemnified as provided in the Indenture, shall pursue any available remedy at law or in equity, including, without limitation, the right to enforce the pledge of, security interest in and lien and charge on all revenues pledged by the Authority as security under the Indenture against all Commonwealth and local public officials in possession of any such taxes and revenues at any time and the performance by the Authority of its obligations under the Indenture; provided, however, that there is no right to accelerate the payment of the principal of the Bonds. See APPENDIX C attached hereto.

Limitation of Remedies

THE 2010 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE PLEDGED REVENUES. THE 2010 BONDS DO NOT OTHERWISE CONSTITUTE A PLEDGE OF THE GENERAL CREDIT OF THE AUTHORITY. FURTHER, THE 2010 BONDS DO NOT CONSTITUTE A PLEDGE OF THE CREDIT OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE CITY), NOR DO THE 2010 BONDS CONSTITUTE A PLEDGE OF THE TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE CITY). THE AUTHORITY HAS NO TAXING POWER. NEITHER THE COMMONWEALTH NOR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE CITY) IS LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE 2010 BONDS.

THE 2010 BONDS SHALL NOT BE SECURED BY, AND ARE NOT PAYABLE FROM, AND THE OWNERS OF THE 2010 BONDS SHALL NOT BE ENTITLED TO, ANY MONEYS TRANSFERRED BY THE TRUSTEE, AS REQUIRED BY THE ACT AND THE INDENTURE, TO THE CITY ACCOUNT OR TO THE ENCUMBERED FUNDS ACCOUNT.

THE 2010 BONDS ARE NOT SUBJECT TO ACCELERATION UPON THE OCCURRENCE OF AN EVENT OF DEFAULT.

The rights and remedies of Bondholders could be limited by the provisions of the Federal Bankruptcy Code, as now or hereafter enacted (the "Bankruptcy Code"), or by other laws or legal or equitable principles which may affect the enforcement of creditors' rights. Chapter 9 of the Bankruptcy Code permits, under prescribed circumstances, a political subdivision of a state to commence a voluntary bankruptcy proceeding and to file a plan of adjustment in the repayment of its debts, if such political subdivision is generally not paying its debts as they became due (unless such debts are the subject of a bona fide dispute), or is unable to pay its debts as they become due. Under the Bankruptcy Code, an involuntary petition cannot be filed against a political subdivision.

In order to proceed under Chapter 9 of the Bankruptcy Code, state law must authorize the political subdivision to file a petition under the Bankruptcy Code. THE ACT PROHIBITS BOTH THE AUTHORITY AND THE CITY FROM FILING A PETITION UNDER THE BANKRUPTCY CODE WHILE ANY BONDS OF THE AUTHORITY ARE OUTSTANDING.

CERTAIN DERIVATIVES ACTIVITIES OF THE AUTHORITY

The Authority and JPMorgan Chase Bank (the "Swap Counterparty") previously entered into interest rate "swaption" transactions and "basis cap" transactions with respect to certain prior series of bonds of the Authority. These transactions were documented under standard ISDA documents including a Master Agreement, dated as of December 6, 2001 (the "Master Agreement"); a U.S. Municipal Counterparty Schedule to said Master Agreement, dated as of December 6, 2001; a Credit Support Annex to said Schedule, dated as of December 6, 2001 (the "Credit Support Annex"); and various transaction confirmations. The only such transactions that will remain outstanding after the issuance of the 2010 Bonds will be two basis cap transactions between the Authority and the Swap Counterparty. Under one such basis cap (the "1993A Bonds Basis Cap"), the Swap Counterparty pays to the Authority an amount each month equal to 0.40% per annum times the notional amount times the day count fraction, and the Authority pays to the Swap Counterparty each month an amount equal to the greater of (a) the average of the SIFMA Index for the monthly period divided by the one-month LIBOR rate less 70%, multiplied by the one-month LIBOR rate, times the notional amount times the day count fraction, and (b) zero. The notional amount of the 1993A Bonds Basis Cap is currently \$126,915,000, and such notional amount reduces by certain scheduled amounts on each June 15 until the end of the term of the 1993A Bonds Basis Cap on June 15, 2021.

Under the second outstanding basis cap transaction (the "1999 Bonds Basis Cap") the Swap Counterparty pays to the Authority an amount each month equal to 0.46% per annum times the notional amount times the day count fraction, and the Authority pays to the Swap Counterparty each month an amount equal to the greater of (a) the average of the SIFMA Index for the monthly period divided by the one-month LIBOR rate less 70%, multiplied by the one-month LIBOR rate, times the notional amount times the day count fraction, and (b) zero. The notional amount of the 1999 Bonds Basis Cap is currently \$326,865,000, and such notional amount reduces by certain scheduled amounts on each June 15 until the end of the term of the 1999 Bonds Basis Cap on June 15, 2022.

Under each of these transactions, the Authority has the right at its option to terminate the related basis cap, and any such termination will be treated as an "Additional Termination Event" under the Master Agreement that will result in a termination payment, calculated under the "Market Quotation, Second Method" basis, either owing by the Authority to the Swap Counterparty or owing by the Swap Counterparty to the Authority. Other "Additional Termination Events" under the Master Agreement that may entitle the Authority to terminate the related basis cap transactions include (i) if the Swap Counterparty ceases to have an unsecured and unenhanced senior long-term debt rating of at least "A3" by Moody's Investors Service, Inc. ("Moody's") and "A-" by Standard & Poor's Ratings Services ("S&P") and the Swap Counterparty fails to post collateral as required by the Credit Support Annex within 15 days, and (ii) if the unsecured and unenhanced senior long-term debt rating of the Swap Counterparty by Moody's or S&P is suspended or withdrawn or if the Swap Counterparty ceases to have an unsecured and unenhanced senior long-term debt rating of at least "Baa2" by Moody's and "BBB" from S&P.

Under the documentation for these basis caps, the liability of the Authority to make any payment is limited to the amounts available for such payment in the Revenue Fund after all required transfers have been made to the Debt Service Fund and the Debt Service Reserve Fund pursuant to the Indenture (and also after payment of any amounts owing to the issuer of any municipal bond debt service reserve fund policy on deposit in the Debt Service Reserve Fund). The Swap Counterparty's rights are expressly subordinated to payment by the Authority on the Authority's bonds issued under the Indenture and amounts required to be deposited into the Debt Service Reserve Fund (including payments to the issuer of a reserve fund policy as aforesaid), and the Authority has not granted to the Swap Counterparty any lien, charge, security interest or other encumbrance in or on the Pledged Revenues or any other revenues or assets to secure payment or performance of any of the Authority's obligations under the basis caps.

DEBT SERVICE REQUIREMENTS

The following table shows the annual debt service requirements on the 2009 Bonds, the annual principal and interest payments on the 2010 Bonds, and the total debt service requirements on the 2009 Bonds and the 2010 Bonds.

Year Ending (June 30)	Total Debt Service Relating to 2009 Bonds	2010 Bonds Principal	2010 Bonds Interest	Total Debt Service Requirements on 2010 Bonds	Total Debt Service Requirements
2011	\$41,043,975	\$14,395,000	\$11,082,732	\$25,477,732	\$66,521,707
2012	41,026,100	15,730,000	9,628,250	25,358,250	66,384,350
2013	41,017,350	16,335,000	8,841,750	25,176,750	66,194,100
2014	40,994,150	16,995,000	8,025,000	25,020,000	66,014,150
2015	40,975,850	17,670,000	7,175,250	24,845,250	65,821,100
2016	40,948,850	18,375,000	6,291,750	24,666,750	65,615,600
2017	40,929,600	19,110,000	5,373,000	24,483,000	65,412,600
2018	31,802,600	19,875,000	4,417,500	24,292,500	56,095,100
2019	23,078,350	20,650,000	3,423,750	24,073,750	47,152,100
2020	23,082,850	21,470,000	2,391,250	23,861,250	46,944,100
2021	23,076,850	12,925,000	1,317,750	14,242,750	37,319,600
2022	23,078,250	13,430,000	671,500	14,101,500	37,179,750
2023	23,076,000				23,076,000

ANNUAL COLLECTION OF THE CITY TAX AND THE AUTHORITY TAX

In connection with the enactment of the ordinance levying the Authority Tax of 1.5% and the adoption of the Fiscal Year 1992 operating budget of the City, the City enacted an ordinance approved on June 12, 1991 (effective July 1, 1991) reducing the rate of the City's tax on the salaries, wages, commissions and other compensation earned by residents of the City and on net profits earned in business, professions and other activities conducted by City residents (the "City Tax") by 1.5%, from 4.96% to 3.46%. Further reductions in the rate of the City Tax were implemented in each of the City's fiscal years 1996 through 2009. The current rate is 2.430% which, when added to the Authority Tax, results in a tax rate of 3.9300%. These reduced rates include rate reductions funded through tax reduction funding provided by the Commonwealth from gaming proceeds. Additional Commonwealth-funded rate reductions may occur depending on the level of gaming proceeds received by the Commonwealth.

Revenue enhancement legislation passed by City Council on December 4, 2008 will halt further City-funded reductions in the rate of the City Tax until fiscal year 2015.

The City Tax is imposed pursuant to authority granted to the City by the Sterling Act (Act of August 5, 1932, Sp. Sess., P.L. 45, No. 43), which was enacted by the Pennsylvania General Assembly in 1932 and permits the City to levy any tax not specifically preempted by the Commonwealth. The City has imposed a wage, earnings and net profits tax since 1939. For a discussion of historical data with respect to collection of the City Tax, see APPENDIX B herein.

Under state law at least sixty percent (60%) of a taxpayer's tax liability based upon net income under the Business Privilege Tax levied by the City under the First Class City Business Tax Reform Act must be allowed as a credit against such taxpayer's liability under any tax based upon net profits or gain levied by the City pursuant to the Sterling Act (such as the City Tax and the Authority Tax). The Act requires that such credit be applied and exhausted against the City Tax before such credit can be applied

and charged against similar liability of a taxpayer under the Authority Tax. The City currently allows the minimum sixty percent (60%) credit required by law, but is permitted to increase that credit above sixty percent (60%).

The City also levies a tax on the salaries, wages, commissions and other compensation and on net profits earned in business, professions and other activities of non-residents employed in the City ("Non-resident Tax"). The Non-resident Tax rate is different from the City Tax rate.

The following table sets forth the amount of the Authority Tax collected by the Commonwealth (which is net of the costs of the Pennsylvania Revenue Department in collecting the Authority Tax) in Fiscal Years 2000 to 2009.

Authority Tax Collected By Commonwealth

<u>Fiscal Year</u>	<u>Amount (in millions)</u>
2000	\$256.6
2001	273.6
2002	273.6
2003	281.5
2004	285.0
2005	300.2
2006	309.9
2007	327.9
2008	341.8
2009	348.5

The following table sets forth Authority Tax receipts from the Commonwealth for the periods indicated below.

**Authority Tax Receipts
April, 2009 to March, 2010
(in millions)**

<u>MONTH</u>	<u>AMOUNT</u>	<u>MONTH</u>	<u>AMOUNT</u>
April 2009	29.7	October 2009	27.2
May 2009	32.5	November 2009	28.8
June 2009	25.6	December 2009	25.4
July 2009	29.1	January 2010	32.1
August 2009	29.9	February 2010	29.9
September 2009	23.5	March 2010	30.3*
		Total	344.0

*Preliminary

Historical Revenues and Debt Service Coverage Ratios

The revenues of the Authority available for debt service from the Authority Tax for Fiscal Years 2006 through 2009 and the debt service coverage ratios for Fiscal Years 2006 through 2009 are shown in the following table:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues Available for Debt Service (in millions)	\$309,900,000	\$327,900,000	\$341,800,000	\$348,500,000
Actual Debt Service	87,137,018	85,977,412	86,421,613	74,659,961
Debt Service Coverage Ratio	3.56	3.81	3.96	4.67

In its current proposed Financial Plan, the City estimates that the amount of the Authority Tax to be collected in Fiscal Years 2010 and 2011 will be approximately \$354.3 million and \$361.9 million, respectively. There is no assurance that the City Revenue Department and the Law Department of the City, acting as agents for the Pennsylvania Revenue Department, will actually collect such estimated amount of Authority Tax or that the amount of the Authority Tax collected in future years will equal or exceed such estimated amount. Authority Tax receipts collected in the first nine (9) months of Fiscal Year 2010 totaled \$256.2 million. See APPENDIX B attached herein.

THE AUTHORITY

Organization and Purpose

The Authority is a body corporate and politic constituting a public authority and an instrumentality of the Commonwealth exercising public powers of the Commonwealth as an agency and instrumentality thereof which was created pursuant to the Act for the purpose of providing financial assistance to, and exercising certain powers of oversight over the budgetary practices and fiscal affairs of, cities of the first class in the Commonwealth. The City currently is the only city of the first class in the Commonwealth. The Act and the Cooperation Agreement provide that, upon the request by the City to the Authority for financial assistance and for so long as any bonds of the Authority remain outstanding, the Authority shall have certain powers. In its financial assistance capacity, the Authority has the power to issue its bonds to grant or lend the proceeds thereof to the City. Such power to issue debt for the purposes of financing a deficit or a capital project of the City has expired. The Authority also has an oversight role, and in this capacity it has the power to exercise certain advisory and review powers with respect to the City's financial affairs, including the power to review and approve Financial Plans to be revised at least annually by the City and to certify any noncompliance by the City with its then-existing Financial Plan, which certification would require the Secretary of the Budget of the Commonwealth to cause certain payments due to the City from the Commonwealth to be withheld by the Commonwealth and disbursements to the City from the City Account to be suspended pending compliance with the Act and the then-existing Financial Plan. For a discussion of the operating history of the Authority, see "THE AUTHORITY -Operating History" herein.

Board of Authority

Under the Act, the Authority is administered by a governing Board consisting of five voting members and two ex officio non-voting members. The Governor, the President Pro Tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives each appoints one voting member of the Board. Each Board

member serves at the pleasure of his or her appointing authority for a term extending not more than sixty days beyond the current term of office of the appointing authorities from the House of Representatives or until a successor member is appointed, whichever occurs first. The maximum term of office of the appointing authorities from the House of Representatives is two (2) years. The current term of office of the appointing authorities from the House of Representatives ends on November 30, 2010.

Members of the Board shall not be liable personally on the 2010 Bonds and shall not be subject to any personal liability or accountability by reason of the issuance thereof.

The Secretary of the Budget of the Commonwealth and the Director of Finance of the City serve as ex officio members of the Board. The ex officio members have no voting rights, are not counted for purposes of establishing a quorum and may designate in writing a representative of their respective offices to attend Board meetings on their behalf.

The current members of the Board are as follows:

JAMES EISENHOWER, Chair. Mr. Eisenhower was appointed to serve as a member of the Board by Pennsylvania Governor Edward G. Rendell in 2005. Mr. Eisenhower is an attorney with the firm of Schnader Harrison Segal & Lewis LLP and chair of the firm's Government and Regulatory Affairs Practice Group. His practice emphasis is on government relations, criminal law, investigative services, ethics and election law and complex civil litigation. Prior to entering private practice, Mr. Eisenhower served as an Assistant United States Attorney for the Eastern District of Pennsylvania and as trial attorney for the Civil Rights Division of the United States Department of Justice. His long, distinguished record of public service includes serving as the 2004 Democratic candidate for attorney general of Pennsylvania, serving as Governor Rendell's chief criminal justice advisor during the 2002 governor's race, and in a wide variety of roles – such as participating as a member on the Governor's Cabinet for Children and Families – at the request of Governor Rendell.

WILLIAM J. LEONARD, Vice-Chair. Mr. Leonard was originally appointed to serve as a member of the Board by the Minority Leader of the House of Representatives of the Commonwealth in 1998 and has been reappointed to the Board upon expiration of each term of office since that time, most recently by the Speaker of the House of Representatives. Mr. Leonard is a partner with the Philadelphia-based law firm of Obermayer Rebmann Maxwell & Hippel LLP. He was previously associated with the law firm of Dilworth Paxson LLP. His areas of concentration include general complex commercial litigation with experience in antitrust, construction and intellectual property matters. He graduated from Drexel University in 1981 with a degree in Business Administration. In 1984 he graduated from the Dickinson School of Law where he was the winner of the Law Review Writing Competition for Outstanding Casenote.

MICHAEL A. KARP. Mr. Karp was appointed to serve as a member of the Board by the Speaker of the House of Representatives in 2000 and has been reappointed to the Board upon expiration of each term of office since that time, most recently by the Minority Leader of the House of Representatives. His prior government service includes service as a member of the Board of Education of the School District of Philadelphia. He is the founder of University City Housing and is active in the civic affairs of the University City community in West Philadelphia.

JOSEPH A. DIANGELO, Ed.D. Dr. DiAngelo was appointed to serve as a member of the Board by the President Pro Tempore of the Senate in 2009. He is the Dean and a Professor in the Department of Management at the Haub School of Business at St. Joseph's University.

WADUD AHMAD. Mr. Ahmad was appointed to serve as a member of the Board by Senator Robert J. Mellow, Minority Leader of the Senate of the Commonwealth of Pennsylvania, in 2009. Mr.

Ahmad is a Partner in the Law Firm of Ahmad & Zaffarese, LLC, a Philadelphia based law firm, where his practice focuses on business law and criminal defense. Prior to founding Ahmad & Zaffarese, LLC, Mr. Ahmad served as an Assistant District Attorney with the Philadelphia District Attorney's Office. Mr. Ahmad has served as counsel for the Ten Thousand Men Project, as an Adjunct Professor for Eastern University's Philadelphia Center for Community Education, and as a frequent guest lecturer at Temple University. Mr. Ahmad also serves as an unpaid consultant for the Woman's Opportunity Resource Center (WORC) in Philadelphia.

MARY A. SODERBERG, Ex Officio. Ms. Soderberg is the Secretary of the Budget of the Commonwealth.

ROB DUBOW, Ex Officio. Mr. Dubow is the Director of Finance of the City. Mr. Dubow previously served as the Executive Director of the Authority.

Authority Staff

The Board appoints a staff to execute the functions of the Authority. Currently, the staff of the Authority is comprised of five (5) individuals, including the Executive Director, two (2) financial analysis specialists and two (2) clerical assistants. The Act provides that the Executive Director serves at the pleasure of the Board for a term ending sixty days beyond the current term of office of the appointing authorities from the House of Representatives or until his or her successor is retained, whichever occurs first.

The staff of the Authority is currently supervised by:

URI Z. MONSON, Executive Director. Mr. Monson served as Director of Budgetary Analysis for the Authority until October 16, 2001, when he became the Deputy Executive Director for the Authority. From 1998 to 2000, he served as an Assistant Budget Director for the City of Philadelphia. From 1995 to 1998, he worked for the U.S. Department of Education in Washington, D.C. as a congressional liaison, policy analyst, and as manager of the Javits Graduate Fellowship Program and co-manager of the National Resource Center program. Mr. Monson is a graduate of the Presidential Management Internship Program, served as a program analyst at the U.S. Department of Education, and worked in the Office of the Vice President of the United States and the New York City Office of the Superintendent for Alternative High School Programs. He has a Masters Degree in Public Policy, with a concentration in education policy, from the Columbia University School of International and Public Affairs. He also has a BA in Political Science from Columbia University, as well as a BA in Midrash from the Jewish Theological Seminary of America. Mr. Monson serves on the Board of Camp Ramah in the Poconos and the Philadelphia Committee on City Policy.

Financing Program

The Authority was established and organized by the Commonwealth in June 1991 pursuant to the Act. The Authority has previously issued ten series of bonds. Upon the issuance of the 2010 Bonds only the 2009 Bonds and 2010 Bonds will remain outstanding. The Authority may from time to time, subject to the limitations prescribed in the Act, enter into financing or refinancing transactions. Each additional financing or refinancing transaction may be a separate obligation of the Authority issued under a trust indenture separate from the Indenture or may be an obligation of the Authority issued under an indenture supplemental to the Indenture and secured on an equal and ratable (except for moneys otherwise specifically pledged under the Indenture) or subordinate basis with the 2009 Bonds and the 2010 Bonds.

Under the Act, the City is required to fulfill and comply with certain requirements in order to receive financial assistance from the Authority. Such requirements include, but are not limited to, (i)

adoption of an intergovernmental cooperation agreement between the City and the Authority, which must be approved by a Qualified Majority of the Board, and (ii) the development and revision at least annually by the City, in consultation with the Authority, of, and in compliance with, a Financial Plan. "Qualified Majority" is defined in the Act to mean a majority of the Board which includes any four voting members.

Oversight Functions of the Authority

The Act establishes a statutory framework for financial oversight of the City by the Authority. Generally, in order to receive financial assistance from the Authority, and for so long as any bonds of the Authority remain Outstanding, the City must comply with certain requirements set forth in the Act and in certain documents and agreements, such as the Cooperation Agreement, contemplated by the Act. In addition, the Act and certain documents and agreements contemplated by the Act, such as the Cooperation Agreement, grant to the Authority certain powers to review City financial information and to take certain actions to monitor and to promote the City's compliance with its obligations under the Act and under certain documents and agreements contemplated by the Act, such as the Cooperation Agreement. See "THE AUTHORITY - Powers of the Authority to Promote Compliance" herein.

Intergovernmental Cooperation Agreement

On January 8, 1992, the City and the Authority entered into the Cooperation Agreement. In addition to detailing the preparation, approval and effect of the City's Financial Plan as described below, the Cooperation Agreement provides, in general, for the initial issuance of bonds by the Authority to provide financial assistance to the City, and sets forth certain terms governing the City Account. The Cooperation Agreement also requires the City to provide to the Authority certain financial and other information and grants to the Authority certain inspection and audit rights.

Financial Plan

Upon the request by the City to the Authority for financial assistance, and for so long as any bonds of the Authority remain Outstanding, the Act requires that the City submit and the Authority approve at least annually a Financial Plan conforming to certain standards specified in the Act and in the Cooperation Agreement. The Act and the Cooperation Agreement require that each Financial Plan include financial information concerning projected revenues and expenditures of the principal operating fund or funds of the City specified in the Cooperation Agreement, including primarily the City's General Fund, General Capital Fund and Grants Revenue Fund, for the current fiscal year and the next four fiscal years. All projections of the revenues and expenditures in each Financial Plan must be based on assumptions and methods of estimation determined to be reasonable and appropriate by the Authority, such assumptions and methods to be consistently applied. All cash flow projections in each Financial Plan must be based upon assumptions as to sources and uses of cash determined to be reasonable and appropriate by the Authority. Revenue and appropriation estimates must be on a modified accrual basis; any deviation from the statutory standards for estimating revenues and expenditures must be approved by a Qualified Majority of the Board.

Each Financial Plan must specify practices by which the City shall (i) eliminate any projected deficit of the City for the then-current fiscal year and for the subsequent fiscal years covered by such Financial Plan; (ii) restore to special fund accounts of the City moneys from those accounts used for purposes other than those specifically authorized; (iii) balance the then-current fiscal year budget and subsequent budgets of the City covered by the Financial Plan through sound budgetary practices, including, but not limited to, reductions in expenditures, improvements in productivity, increases in revenues, or a combination of such steps; (iv) provide procedures to avoid a City fiscal emergency condition in the future; and (v) enhance the ability of the City to regain access to the short- and long-term credit markets.

Pursuant to the Act, the City was required to submit an initial Financial Plan to the Authority for its approval prior to the Authority rendering certain financial assistance to the City. The City submitted an initial Financial Plan to the Authority prior to the issuance of the first series of bonds by the Authority in 1992. In addition, the Act and the Cooperation Agreement require the City to submit a revised Financial Plan at least one hundred (100) days prior to the beginning of each fiscal year (or such other date as the Authority may approve at the request of the City), so long as any bonds of the Authority are outstanding. Each such revised Financial Plan is required to include projected revenues and expenditures of the General Fund, the General Capital Fund, the Grants Revenue Fund and any other principal operating fund of the City which becomes a member of the City's Consolidated Cash Account (collectively, the "Covered Funds") for five fiscal years of the City, consisting of the fiscal year of the City beginning on the July 1 next following the date such revised Financial Plan is required to be submitted to the Authority and the next four fiscal years thereafter.

The Act and the Cooperation Agreement also require that the City, simultaneously with the submission of each Financial Plan, submit to the Authority, among other things, the following:

- (a) a schedule of debt service payments due or projected to become due in respect of all indebtedness of the City and all indebtedness of others supported in any manner by the City (by guaranty, lease, service agreement or otherwise) during each fiscal year of the City until the final scheduled maturity of such indebtedness, such schedule to set forth such debt service payments separately according to the general categories of direct general obligation debt, direct revenue debt, lease obligations, service agreement obligations and guaranty obligations;
- (b) a schedule of payments for legally mandated services included in the Financial Plan and due or projected to be due during the fiscal years of the City covered by the Financial Plan;
- (c) a statement describing, in reasonable detail, the significant assumptions and methods of estimation used in arriving at the projections contained in the Financial Plan;
- (d) the Mayor's proposed operating budget and capital budget for each of the City's principal operating funds for the next fiscal year of the City, which budgets shall be consistent with the first year of the Financial Plan and which budgets shall be prepared in accordance with the Philadelphia Home Rule Charter, as amended;
- (e) a statement by the Mayor that the budgets described in (d) above: (i) are consistent with the Financial Plan; (ii) contain funding adequate for debt service payments, legally mandated services and lease payments securing bonds of other government agencies or of any other entities; and (iii) are based on reasonable and appropriate assumptions and methods of estimation;
- (f) a cash flow forecast for the City's consolidated cash account for the first fiscal year of the City covered by the Financial Plan;
- (g) an opinion or certification of the City Controller, prepared in accordance with generally accepted auditing standards, with respect to the reasonableness of the assumptions and estimates in the Financial Plan; and

- (h) schedule setting forth the number of authorized employee positions (filled and unfilled) for the first year covered by such Financial Plan for each board, commission, department or office of the City.

The Act and the Cooperation Agreement require the Authority promptly to review the Financial Plan and the proposed operating and capital budgets. The Act and the Cooperation Agreement also require the Authority, within thirty (30) days of the submission of the Financial Plan and proposed operating and capital budgets, to determine whether such Financial Plan projects balanced budgets for the principal operating fund or funds of the City, based upon reasonable assumptions, for each year of the Financial Plan and whether such proposed operating and capital budgets are consistent with the Financial Plan.

If the Authority determines that the Financial Plan and the proposed operating and capital budgets fulfill the applicable requirements of the Act and the Cooperation Agreement, the Act and the Cooperation Agreement require the Board to approve the Financial Plan by a Qualified Majority. If the Authority fails to take any action within thirty (30) days of the submission of a proposed Financial Plan, such Financial Plan shall be deemed to have been approved; provided, however, that if during such thirty (30) day period a written request by two (2) members of the Board for a meeting and vote on the question of approval of the proposed Financial Plan has been submitted to the Chairperson of the Board and a meeting and vote does not take place, then the Financial Plan shall be deemed to have been disapproved. The Financial Plan also shall be deemed to have been disapproved if such meeting and vote are held and the Financial Plan is approved by anything less than a Qualified Majority. The Act and the Cooperation Agreement provide that the Authority shall not be bound by any opinions or certifications of the City Controller issued pursuant to the Act or the Cooperation Agreement in making any determination regarding the Financial Plan.

If the Financial Plan is disapproved by the Board, the Act and the Cooperation Agreement require the Authority to notify the City thereof and to state in writing in reasonable detail the reasons for such disapproval, including the amount of any estimated budget imbalance in a principal operating fund or funds of the City. The City must then submit a revised Financial Plan to the Authority, eliminating the budget imbalance, within fifteen (15) days of such disapproval. Such revised Financial Plan must be reviewed and voted upon by the Board within fifteen (15) days of its submission. If the Authority determines that the revised Financial Plan fulfills the applicable requirements of the Act and the Cooperation Agreement, the Board must approve the revised Financial Plan by a Qualified Majority. If the Authority does not so approve the revised Financial Plan, the Authority shall certify the City's noncompliance with the Financial Plan to the Secretary of the Budget of the Commonwealth. See "Powers of the Authority to Promote Compliance" herein.

The Act and the Cooperation Agreement provide that the City may, during any fiscal year, submit proposed revisions to its then-existing Financial Plan. The Act provides that the City shall submit such a proposed revision after, and the Cooperation Agreement provides that the City shall submit a proposed revision within fifteen (15) days after, any amendment to the City's operating or capital budget becomes effective. The Act and the Cooperation Agreement also require the Mayor, within ninety (90) days of assuming office, to certify to the Authority that the Mayor adopts the then-existing Financial Plan or to propose to the Authority revisions to the then-existing Financial Plan. When a proposed revision is submitted, the Authority is required to review the revision within twenty (20) days and to approve the proposed revision if, based on assumptions deemed to be reasonable by the Authority, it does not cause the Financial Plan to become imbalanced. Proposed revisions become part of the Financial Plan upon the approval of a Qualified Majority, unless a Qualified Majority of the Board adopts some other method of approval in its rules and regulations. If the Authority fails to take action on a proposed revision within twenty (20) days, such revision will be deemed to have been approved, unless two (2) members of the Board request in writing submitted to the Chairperson of the Board a meeting and vote on the revision

and no such meeting and vote takes place, in which event such revision will be deemed to have been disapproved. The Financial Plan shall also be deemed to have been disapproved if such meeting and vote are held and the Financial Plan is approved by anything less than a Qualified Majority.

In the event that the City Council adopts a budget inconsistent with an approved Financial Plan, the Act and the Cooperation Agreement require the City to submit the enacted budget to the Authority (pursuant to the terms of the Cooperation Agreement, within twenty (20) days after such budget has been so enacted) as a proposed revision to the Financial Plan. The Authority shall have thirty (30) days to review such proposed revision.

Contracts and Collective Bargaining Agreements of the City

The Act and the Cooperation Agreement provide that the City shall execute contracts and collective bargaining agreements which are in compliance with the Financial Plan. The Act and the Cooperation Agreement provide that if the City executes a contract or collective bargaining agreement or receives an arbitration award (other than with respect to police officers or firefighters as described in the next following sentence) which is not in compliance with the Financial Plan, such contract, collective bargaining agreement or arbitration award shall not be void or voidable solely by reason of such noncompliance, but the City shall as soon as practicable but in no event later than fifteen (15) days after the execution or receipt thereof by the City, submit to the Authority a proposed revision to the Financial Plan which demonstrates to the reasonable satisfaction of the Authority that revenues sufficient to pay the costs of the contract or collective bargaining agreement or arbitration award will be available in the affected fiscal years of the Financial Plan. In addition, Section 209(k) of the Act provides that a board of arbitration must take into consideration and accord substantial weight to the Financial Plan when making an award which increases the wages or fringe benefits of any police officers or firefighters employed by the City. The Act and the Cooperation Agreement provide that if such an arbitration award, after the exhaustion of all appeals, is not in compliance with the Financial Plan, such an arbitration award shall not be void or voidable solely by reason of such noncompliance, but the City shall not later than twenty (20) days after the date of such award, submit to the Authority a proposed revision to the Financial Plan which demonstrates that revenues sufficient to pay the costs of the arbitration award will be available in the affected fiscal years of the Financial Plan. The Cooperation Agreement provides that the Authority has certain rights to receive information concerning collective bargaining agreements of the City and to express views as to the financial impact on the City of such collective bargaining agreements. The Cooperation Agreement also provides that the Authority has certain rights of review, comment, and recommendation with respect to certain other contracts or agreements to which the City is a party or under or on account of which the City may be or become obligated, directly or indirectly, pursuant to which the City will or may incur a financial obligation or confer a financial benefit upon another, in either case in excess of \$1,000,000 during any fiscal year of the City during the term of such contract or agreement, or in excess of \$5,000,000 in the aggregate during the term of such contract or agreement. The Authority has agreed with the City to keep certain information and communications relating to collective bargaining agreements and such other contracts confidential until such agreements or contracts are executed.

Powers of the Authority to Promote Compliance

In the event the City fails to submit the required revisions to the Financial Plan as discussed above, the Authority may exercise certain powers to promote compliance, as described below.

Power to Require Production of Records and Information and to Act Thereon

The Act and the Cooperation Agreement require the City to furnish, and the Authority to receive and review, certain financial reports and other information in order to enable the Authority to determine

whether the City is complying with the then-existing Financial Plan. Under the Cooperation Agreement, within forty-five (45) days of the end of each fiscal quarter of the City, and also monthly (within thirty (30) days after the end of the previous month) if a Variance (as hereinafter defined) from the then-current Financial Plan has been determined by the Authority to have occurred, the Mayor is required to provide to the Authority a report describing actual, or current estimates of, revenues, expenditures and cash flows by Covered Fund (excepting the Grants Revenue Fund) compared to budgeted revenues, expenditures and cash flows by Covered Funds (excepting the Grants Revenue Fund) for such previous quarterly or monthly period, as the case may be, and for the year-to-date period from the beginning of the then-current fiscal year of the City to the last day of the fiscal quarter or month, as the case may be, just ended. Each such report is required to explain any Variance existing as of such last day. If the City fails to file with the Authority any Financial Plan, revision to a Financial Plan, report or other information required to be filed with the Authority pursuant to the Act or the Cooperation Agreement, the Act and the Cooperation Agreement authorize the Authority to bring, on ten (10) days' notice, a mandamus action to compel production of the same.

The Authority is required to determine, based on its review of the aforementioned information or upon such independent audits, examinations or studies of the City finances as may be conducted by or on behalf of the Authority, whether a Variance from the Financial Plan has occurred.

Under the Cooperation Agreement, a "Variance" is deemed to have occurred as of the end of a reporting period described above if (i) a net adverse change in the fund balance of a Covered Fund of more than one percent (1%) of the revenues budgeted for such Covered Fund for that fiscal year is reasonably projected to occur, such projection to be calculated from the beginning of the fiscal year for the entire fiscal year, or (ii) the actual net cash flows of the City for a Covered Fund are reasonably projected to be less than ninety-five percent (95%) of the net cash flows of the City for such Covered Fund for that fiscal year originally forecast at the time of adoption of the budget, such projection to be calculated from the beginning of the fiscal year for the entire fiscal year.

If the Authority determines that a Variance exists, it is required to notify the City in writing, whereupon the City is required, within ten (10) days after request by the Authority, to provide the Authority such additional information as the Authority deems necessary to explain the Variance. The Authority may not take action with respect to the City as a result of Variances from the Financial Plan in any fiscal quarter of the City if the City (i) within thirty (30) days provides a written explanation of the Variance that the Authority deems reasonable, (ii) within forty-five (45) days proposes remedial action that the Authority believes will restore overall compliance with the Financial Plan, (iii) provides information in the immediately succeeding quarterly financial report required to be delivered to the Authority demonstrating to the reasonable satisfaction of the Authority that the City is taking the remedial action and otherwise complying with the Financial Plan, and (iv) submits monthly supplemental reports in accordance with the Act and the Cooperation Agreement.

Power to Initiate Withholding of Certain Payments to the City by the Commonwealth

The Act and the Cooperation Agreement require the Authority to certify to the Secretary of the Budget of the Commonwealth the City's noncompliance with the then-existing Financial Plan during any period when the Authority, by a Qualified Majority, determines that the City (i) has not adhered to the then-existing Financial Plan and (ii) has not taken adequate remedial action during the next fiscal quarter following such departure from the Financial Plan to cure such noncompliance.

In addition, the Act and the Cooperation Agreement require the Authority to certify to the Secretary of the Budget of the Commonwealth that the City is not in compliance with the then-existing Financial Plan if the City (a)(i) has failed to file a Financial Plan or has no Financial Plan approved by the Authority, both as required by the Act and the Cooperation Agreement, or (ii) has failed to file mandatory

revisions to an approved Financial Plan or reports as required by the Act and the Cooperation Agreement and (b) has not been compelled to file a Financial Plan, a mandatory revision to a Financial Plan or a report pursuant to the Authority's power to institute a mandamus action under the Act and the Cooperation Agreement.

Withholding of Commonwealth Payments to City; Exemptions Therefrom

In the event the Authority certifies the City's noncompliance with an approved Financial Plan, the Act requires the Secretary of the Budget of the Commonwealth to notify the City of such certification and to inform the City that each grant, loan, entitlement or payment from the Commonwealth or any of its agencies to the City (except as provided below), including payments from the City Account, shall be suspended until such time as the City complies with the then-existing Financial Plan. The Act also requires payments from the City Account to be retained in that account, and all other payments to be held in escrow by the Commonwealth until such time as the Board, by a Qualified Majority, determines that the conditions causing the City's noncompliance with the Financial Plan have ceased to exist. At the time the Authority makes such determination, the Act requires the Authority promptly to notify the Secretary of the Budget of the Commonwealth, who is required to release all funds held in escrow, along with interest and income earned thereon during the escrow period, and the disbursements to the City from the City Account shall then resume.

The Act and the Cooperation Agreement specifically provide that, other provisions of the Act and the Cooperation Agreement notwithstanding, the following funds may not be withheld by the Commonwealth from the City for noncompliance with a Financial Plan: (i) funds for capital projects under contracts in progress; (ii) funds granted or allocated to the City directly from an agency of the Commonwealth, or from the federal government for distribution by the Commonwealth after the declaration of a disaster resulting from a catastrophe; (iii) pension fund payments required by law; (iv) funds administered by the City's Department of Human Services or Department of Health that provide benefits or services to recipients; (v) funds that the City has pledged to repay bonds or notes issued under The First Class City Revenue Bond Act (Act of October 18, 1972, P.L. 955, No. 234); and (vi) funds appropriated by the Commonwealth for the City's court system or correctional programs. The Act also provides that funds will not be withheld from the City if the City's noncompliance with a Financial Plan is due to the Commonwealth's failure to pay funds due to the City from moneys appropriated by the General Assembly of the Commonwealth. However, the Cooperation Agreement provides that such failure by the Commonwealth to pay any such money shall not be as a result of any fault of the City.

Operating History

Since the issuance of its first series of bonds in 1992, the Authority has devoted its primary attention to the assessment, approval and oversight of the City's Financial Plans, the City's compliance therewith, the evaluation of City financial reporting, the analysis of City financial and budgetary practices and programs and oversight of the expenditure of funds for capital projects and productivity enhancements for which the Authority made grants to the City with a portion of the proceeds from the sale of bonds in 1992, 1993 and 1994.

The City's original Financial Plan, which covered Fiscal Years 1992-1996, was prepared by the Mayor, approved by City Council on April 29, 1992 and approved by the Authority on May 18, 1992. In November 1992 the Authority began receiving quarterly Financial Plan reports from the City addressing the status of the City's compliance with its original Financial Plan and any associated achievement of City initiatives. The Authority determined a Variance to exist with respect to the quarterly Financial Plan report for the first quarter of Fiscal Year 1993, which projected a Variance in the Financial Plan through June 30, 1993 of \$57 million of the budgeted revenues of the General Fund. The Mayor proposed Variance correction measures for Fiscal Year 1993, a revised Financial Plan for Fiscal Years 1994-1998

and a Fiscal Year 1994 general fund and capital budget, which were enacted or approved by the City Council. The revised Financial Plan for Fiscal Years 1994-1998 and Variance correction proposals were submitted to the Authority and were approved by the Authority on April 14, 1993, at which time the Authority determined that a Variance no longer existed with respect to the Financial Plan. Subsequent quarterly Financial Plan reports prior to the City's December 31, 2008 report did not project Variances from the Financial Plans applicable to such reports and the Authority approved each subsequent Financial Plan. The December 31, 2008 report projected a Variance and the Authority notified the Mayor of the Variance in a letter of February 18, 2009, which required the Mayor to submit a rebalancing Plan. The proposed Financial Plan for Fiscal Years 2010-2014 met that requirement. The Authority approved the Financial Plan for Fiscal Years 2010-2014 in September of 2009. The revised Financial Plan for Fiscal Years 2011-2015 was submitted to City Council on March 4, 2010. The revised Financial Plan for Fiscal Years 2011-2015 is expected to be submitted to the Authority in June 2010 for Authority approval.

Information Requested from Authority by Justice Department and SEC

The Authority has received from the Antitrust Division of the United States Department of Justice and from Division of Enforcement of the Securities and Exchange Commission requests (including grand jury subpoenas duces tecum) to provide certain information relating to certain investment contacts and derivative transactions in which the Authority has been involved. Based on published reports, the Authority believes that these requests relate to broader criminal and civil investigations being conducted by these governmental authorities into alleged anticompetitive practices in municipal finance transactions involving investments and derivatives. The Authority has complied with such requests for information.

LITIGATION

There is no litigation of any nature now pending or threatened seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2010 Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2010 Bonds or the existence or powers of the Authority.

LEGAL INVESTMENT

The Act provides that the 2010 Bonds are legal investments, in which all government agencies, all insurance companies, trust companies, banking associations, banking corporations, savings banks, investment companies, executors, trustees of any retirement, pension or annuity fund or system of the Commonwealth or of a city, trustees and other fiduciaries may properly and legally invest funds, including capital, deposits or other funds in their control or belonging to them. Under the Act, the 2010 Bonds may properly and legally be deposited with and received by any government agency for any purpose for which the deposit of bonds or other obligations of the Commonwealth now or hereafter may be authorized by law.

TAX EXEMPTION

Federal Tax Exemption

In the opinion of Bond Counsel, assuming the accuracy of the certifications of the Authority and continuing compliance with requirements of the Internal Revenue Code of 1986, as amended (the "Code"), by the Authority, interest on the 2010 Bonds is excludable from gross income for federal income tax purposes under existing law, as currently enacted and construed. Interest on the 2010 Bonds will not be an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals and corporations and interest on the 2010 Bonds held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage

investment conduit) will not be indirectly subject to alternative minimum tax because of its inclusion in the earnings and profits of the corporate holder. Interest on the 2010 Bonds held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

Ownership of the 2010 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with “excess net passive income,” individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2010 Bonds. Bond Counsel expresses no opinion as to any such collateral tax consequences. Purchasers of 2010 Bonds should consult their own tax advisors as to such collateral tax consequences.

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the 2010 Bonds for interest thereupon to remain excludable from the gross income of the owners of the 2010 Bonds for federal income tax purposes. The Authority has covenanted to comply with such requirements. Noncompliance with such requirements may cause interest on the 2010 Bonds to be required to be included in the gross income of the owners of the 2010 Bonds for federal income tax purposes, retroactive to the date of issuance of the 2010 Bonds or as of some later date.

Original Issue Premium

The 2010 Bonds maturing on and prior to June 15, 2020 (the “Noncallable Premium Bonds”) and the 2010 Bonds maturing on and after June 15, 2021 (the “Callable Premium Bonds”) were sold at a price in excess of the amount payable at maturity in the case of the Noncallable Premium Bonds or their earlier call date in the case of the Callable Premium Bonds. Under the Code, the difference between the amount payable at maturity of the Noncallable Premium Bonds and the tax basis to the purchaser and the difference between the amount payable at the call date of the Callable Premium Bonds that minimizes the yield to a purchaser of a Callable Premium Bond and the tax basis to the purchaser (other than a purchaser who holds a Noncallable or Callable Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) is “bond premium”. Bond premium is amortized for federal income tax purposes over the term of a Noncallable Premium Bond and over the period to the call date of a Callable Premium Bond that minimizes the yield to the purchaser of the Callable Premium Bond. A purchaser of a Noncallable or Callable Premium Bond is required to decrease his adjusted basis in the Premium Bond by the amount of amortizable bond premium attributable to each taxable year he holds the Premium Bond. The amount of amortizable bond premium attributable to each taxable year is determined at a constant interest rate compounded actuarially. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of the Noncallable or Callable Premium Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Noncallable or Callable Premium Bonds and with respect to the state and local consequences of owning and disposing of Noncallable or Callable Premium Bonds.

Pennsylvania Tax Exemption

In the opinion of Bond Counsel, under the laws of the Commonwealth of Pennsylvania as currently enacted and construed, the 2010 Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the 2010 Bonds is exempt from Pennsylvania personal income tax and corporate net income tax.

RATINGS

Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch Ratings, have assigned the 2010 Bonds ratings of "Aa2", "AA" and "AA+", respectively. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency concerned, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2010 Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery of the 2010 Bonds are subject to the approving opinion of Greenburg Traurig, LLP, Philadelphia, Pennsylvania, Bond Counsel. The proposed form of opinion of Bond Counsel is appended hereto as APPENDIX D. Certain legal matters will be passed upon for the Authority by its counsel, Reed Smith LLP, Philadelphia, Pennsylvania; for the Underwriter by its counsel, The Law Offices of Denise Joy Smyler, Philadelphia, Pennsylvania; and for the City by the Office of the City Solicitor and by Kutak Rock LLP, Philadelphia, Pennsylvania, special counsel to the City.

The various legal opinions to be delivered concurrently with the delivery of the 2010 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, an attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of the parties to the transaction. In addition, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The underwriter of the 2010 Bonds is Goldman, Sachs & Co. (the "Underwriter"). The 2010 Bonds are being purchased for reoffering by the Underwriter at an aggregate purchase price of \$230,630,404.90 which price reflects an underwriter's discount in the amount of \$582,301.20 and net original issue premium of \$24,252,706.10. The initial public offering prices of the 2010 Bonds may be changed from time to time by the Underwriter without notice. The Underwriter may offer and sell the 2010 Bonds to certain dealers (including dealers depositing 2010 Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriter) and others at prices lower than the offering prices set forth on the inside front cover page hereof. The purchase contract for the 2010 Bonds provides that the Underwriter's obligation to purchase the 2010 Bonds is subject to certain conditions and that the Underwriter is obligated to purchase all of the 2010 Bonds, if any 2010 Bonds are purchased.

FINANCIAL ADVISOR AND SWAP ADVISOR

Mohanty Gargiulo LLC has served as financial advisor and swap advisor to the Authority in connection with certain matters pertaining to the issuance of the 2010 Bonds and the termination of interest rate swap transactions in connection with the issuance of the 2010 Bonds.

FINANCIAL STATEMENTS

The financial statements of the Authority as of June 30, 2009 included in APPENDIX A to this Official Statement have been audited by Isdaner & Company, LLC, independent auditors, as stated in their report appearing in APPENDIX A.

MISCELLANEOUS

Negotiable Instruments

The Act provides that bonds of the Authority shall have all the qualities of negotiable instruments under the Uniform Commercial Code of the Commonwealth.

Continuing Disclosure Undertaking

In order to enable the Underwriters to comply with the requirements of Rule 15c2-12, the Authority will enter into the Disclosure Agreement for the benefit of the registered owners from time to time of the 2010 Bonds, to be dated the date of original delivery and payment for the 2010 Bonds. The Disclosure Agreement shall constitute a written undertaking for the benefit of the owners and beneficial owners of the 2010 Bonds. The proposed form of the Disclosure Agreement is attached to this Official Statement as APPENDIX E. During the past five years, the Authority has complied in all material respects with its obligations under all continuing disclosure agreements to which it is or was a party.

Certain References

All summaries of the provisions of the 2010 Bonds and the security therefor, the Act and the Indenture set forth herein, and all summaries and references to other documented material not purported to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions. Reference is made hereby to the complete documents relating to such matters for the complete terms and provisions thereof, or for the information contained therein. Copies of the Indenture are on file at the corporate trust office of the Trustee in Philadelphia, Pennsylvania. Insofar as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are made merely as such and not as representations of fact.

The City has furnished the information relating to the City and its affairs contained in APPENDIX B to this Official Statement and has reviewed and approved all other information relating to the City appearing in this Official Statement. The Authority makes no representations as to the accuracy or completeness of such information.

This Official Statement has been duly authorized, executed and delivered by the Authority. Neither this Official Statement nor any advertisement for the 2010 Bonds is to be deemed or construed as constituting a contract between the Authority and the City on one hand and the purchasers of the 2010 Bonds on the other.

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

By: /s/ JAMES EISENHOWER
James Eisenhower, Chairperson

APPENDIX A

Audited Financial Statements of the Authority as of June 30, 2009

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**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

JUNE 30, 2009

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Management Discussion of Financial Operations

The Board of the Pennsylvania Intergovernmental Cooperation Authority (the "Authority" or "PICA") offers the following narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2009.

Financial Highlights

- The total net assets (deficit) of the Authority at the close of the fiscal year were (\$439,781,360) representing a increase in net deficit of \$1,114,519 over the prior year.
- At the close of the current fiscal year, the Authority's General Fund unreserved balance increased by over \$11,150,000 to \$18,621,662 from the prior fiscal year. All Administration costs during fiscal year 2009 were funded from the Authority's earnings on its General Fund and on its Debt Service Reserve Fund.
- The Authority's outstanding long-term debt decreased by \$14,355,000 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, and 2) governmental funds financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets (deficit). Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net assets (deficit) changed during the fiscal year ended June 30, 2009. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements can be found on pages 3-4 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for all of the functions that are reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the

end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The basic governmental fund financial statements can be found on pages 5-6 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-26 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, liabilities exceeded assets by \$439,781,360 at the close of fiscal year 2009.

By far the largest portion of the Authority's net deficit reflects its bonds payable. Proceeds from the PICA Tax as well as the corresponding interest earned are in part utilized to fund such debt service requirements. The Authority's bonds payable activity for the year ended June 30, 2009 is summarized as follows:

	Amount (in thousands)
Outstanding Debt at July 1, 2008	\$572,095
Debt Retired	<u>(14,355)</u>
Outstanding Debt at June 30, 2009	<u>\$557,740</u>

The Authority's cash, cash equivalents and short-term investments make up the largest portion of the total assets. Such assets are derived from the proceeds of bond issuances of years past and the related investment income. These assets are used to provide grants to the City of Philadelphia for various capital projects and to fund the required debt service reserve. During fiscal year 2009, the Authority granted approximately \$278.6 million to the City of Philadelphia.

Governmental activities increased the Authority's net deficit by \$1,114,519, thereby accounting for the total increase in net deficit during fiscal year 2009. Net deficit increase was due primarily to costs associated with the retirement of long-term debt netted against better than budgeted operating fund results during fiscal year 2009.

Governmental Funds Financial Analysis

As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of approximately \$147.9 million, an increase of approximately \$7.8 million over the prior year. Approximately 51 percent of this total amount (\$75.4 million) constitutes fund balances reserved for debt service. Approximately 21 percent of the total (\$31.1 million) constitutes fund balances that are reserved for the benefit of the City of Philadelphia. The remainder of the reserved fund balances is reserved primarily for the administration of the Authority. Approximately, \$20.8 million is designated for future swaption activity relating to various derivative transactions. Approximately \$18.6 million constitutes unreserved fund balance, which is available for spending at the Authority's discretion.

General Fund. All fiscal year 2009 administration expenses of the Authority were funded from the Authority's earnings on its General Fund and on its Debt Service Reserve Fund (established from proceeds of the Authority's bond issues) and residual balances of similar earnings from prior fiscal years. No City of Philadelphia or Commonwealth of Pennsylvania tax revenues were used to pay any portion of the Authority's administrative costs in fiscal year 2009, nor are any expected to be used in fiscal year 2010 for such purpose.

The PICA Act allows the Authority several sources of income to support its operations. The statute specifically provides that the Authority may draw earnings from the various funds and accounts created pursuant to its Trust Indenture, and also directly from the proceeds of PICA Taxes to the extent investment income is insufficient. The latter allowable revenue source has never been utilized by the Authority.

The PICA Act requires that the Authority adopt an annual budget (for the fiscal year commencing July 1) before March 1 of each year and also stipulates the format thereof, and information to be provided therewith to the Governor and General Assembly of the Commonwealth of Pennsylvania. The Authority's annual General Fund budgets, since its inception, have all produced surpluses.

Details as to anticipated and actual fund balances as of June 30, 2009 and as to the fiscal year 2010 budget are as follows:

<u>Anticipated Residual Fund Balance:</u>	
Unreserved Fund Balance at June 30, 2008	\$7,436,013
Excess Revenues over Expenditures	0
Anticipated Unreserved Fund Balance at June 30, 2009	<u>\$7,463,013</u>
<u>Fund Balance at June 30, 2009 (Anticipated/Actual):</u>	
Anticipated Unreserved Fund Balance at June 30, 2009	\$7,436,013
Add: Net FY09 "Better than Budget" Operating Results	<u>598,189</u>
Actual Unreserved Fund Balance at June 30, 2009	<u>\$8,034,202</u>
<u>General Fund Budget for FY10:</u>	
Revenues - General Fund Interest Earnings	\$ 150,000
Other Financing Sources - Transfer from Bond Issue Investment Earnings ("Reserved for subsequent Authority Administration" <u>in the Debt Service Reserve Fund at June 30, 2009</u>)	1,419,004
Total Estimated Expenditures	<u>\$1,569,004</u>

The Authority's fiscal year 2010 budget recognizes the possibility that the Authority may be requested to become involved in oversight matters as directed by the Pennsylvania General Assembly; and provides funding to study and/or implement such a role. The fiscal year 2010 budget reflects a decrease of nearly 8.5 percent from the fiscal year 2009 budget.

The philosophy underlying the Authority's general fund operations remains that the Authority should maintain a personnel and expenditure level sufficient to permit it to respond to the demands placed upon it, but not so large as to present an opportunity either for the City of Philadelphia to use the Authority's resources to bypass the re-creation of its own management systems or to establish a permanent Authority structure that would develop its own reason for continued existence.

Special Revenue Fund. The Authority's Special Revenue Fund receives PICA taxes, interest earnings on such collections, and net interest earnings on bond issue funds other than Capital Projects Funds (the earnings on Capital Projects Funds are restricted to use for grants to the City of Philadelphia for PICA approved capital projects). The Special Revenue Fund receipts are utilized to provide, monthly, from the first available funds in that month, one-sixth of the next semi-annual interest requirement on PICA bonds outstanding and one-twelfth of the next annual principal requirement on PICA bonds outstanding, in a manner calculated to provide the total required semi-annual interest and the total required annual principal at the close of the month prior to such required date. After provision of monthly debt service requirements, the residual balances in PICA's Special Revenue Fund are paid to City of Philadelphia as grants to the City's General Fund.

PICA grants to the City of Philadelphia's General Fund during fiscal year 2009 exceeded the equation (PICA taxes minus provision for PICA Debt Service equals PICA grants to the City) by more than \$4.7 million.

Debt Service Funds. The Debt Service Funds account for the accumulation of financial resources for the payment of principal and interest on PICA's long-term debt.

Debt Service Reserve Fund. This fund is used to hold assets for debt service reserve purposes as required by the Trust Indenture. Current year investment earnings were transferred to pay current year debt service requirements and to aid in paying for the General Fund's administration expenditures.

Rebate Fund. This fund is maintained in order to fund future potential rebates and/or debt service requirements. The only activity that occurred during the current fiscal year was the increase from investment earnings.

At June 30, 2009, the Fund Balances held in the combined Debt Service Funds, by individual fund groups, consisted of:

Debt Service Fund -- Current assets held for interest due 12/15/09 and principal due 6/15/10	\$ 2,305,183
Debt Service Reserve Fund -- Current assets held for debt service reserve purposes as required by the Trust Indenture	78,325,969
Rebate Fund -- Current assets held for future potential rebate/debt service purposes	<u>1,989,462</u>
Amount Reserved for Debt Service	\$82,620,614

Debt Service Reserve Fund -- Current assets held for subsequent PICA administration purposes (Debt Service Reserve Fund earnings held for PICA FY10 operations -- per adopted budget)

1,419,004

Fund Balances at June 30, 2009- Combined Debt Service Funds

\$84,039,618

Expendable Trust/ Capital Projects Funds. Expendable trust funds include amounts held separately, by bond issue from which such funds were provided, for purposes of grants to the City of Philadelphia for specific PICA approved capital projects. The PICA Act restricts the City of Philadelphia's use of PICA provided capital projects dollars to specific "emergency" and "productivity" projects approved by the PICA Board and, where necessary, by specified Commonwealth of Pennsylvania elected officials.

The Authority, in connection with its three new-money bond issues, approved specific City capital projects totaling approximately \$426 million, while providing bond issue funds of approximately \$400.8 million for such projects. The difference, \$25.2 million, as anticipated, has been raised from investment earnings of funds dedicated to capital projects. At June 30, 2009, sufficient PICA controlled capital projects funds were available to complete all of the initially approved PICA projects, to complete \$16.3 million of additional projects subsequently approved by the PICA Board, and an additional \$31 million of yet to be designated projects. Capital project funds held for PICA capital project grants to the City of Philadelphia totaled approximately \$31.1 million at June 30, 2009.

Additional information. In accordance with IRS regulations, certain funds already granted to the City of Philadelphia by PICA continue to be classified as PICA Arbitrage Reportable Funds until the City of Philadelphia expends such funds for the purpose for which they were provided. Accordingly, and also for oversight purposes, PICA tracks the uses/balances of such grant funds and interest earnings thereon as yet unexpended by the City of Philadelphia. As of June 30, 2009, such PICA provided funds as yet unexpended by the City of Philadelphia included:

	Amount (in thousands)
'92 Capital Projects Encumbered Funds	\$2,554
'93 Capital Projects Encumbered Funds	\$5,339
'94 Capital Projects Encumbered Funds	\$3,476

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ISDANER &
COMPANY, LLC

**ISDANER &
COMPANY, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

ISDANER &
COMPANY, LLC

Report of Independent Certified Public Accountants

To the Board
Pennsylvania Intergovernmental Cooperation Authority

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Pennsylvania Intergovernmental Cooperation Authority as of June 30, 2009, and the respective changes in financial position thereof for the year ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying Management's Discussion and Analysis preceding this report on pages i to v is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and, therefore, express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These supplemental schedules are the responsibility of the Authority's management. Such supplemental schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Sedane & Company LLC

October 21, 2009

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

STATEMENT OF NET ASSETS

JUNE 30, 2009

ASSETS

	Governmental Activities
CURRENT ASSETS	
Cash, cash equivalents and short-term investments	\$154,519,570
PICA taxes receivable	9,141,061
Accrued interest receivable	<u>13,248</u>
Total current assets	<u>163,673,879</u>
OTHER ASSETS	<u>4,821,293</u>
TOTAL	<u><u>\$168,495,172</u></u>

LIABILITIES AND NET ASSETS (DEFICIT)

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 877,037
Due to the City of Philadelphia	10,460,227
Deferred revenue	39,199,268
Bonds payable—current portion	<u>40,305,000</u>
Total current liabilities	<u>90,841,532</u>
BONDS PAYABLE—Long-term portion	<u>517,435,000</u>
Total liabilities	<u>608,276,532</u>
NET ASSETS (DEFICIT):	
Restricted for debt service	103,838,009
Restricted for benefit of the City of Philadelphia	31,142,526
Restricted for subsequent PICA administration	1,565,500
Unrestricted deficit	<u>(576,327,395)</u>
Total net assets (deficit)	<u>(439,781,360)</u>
TOTAL	<u><u>\$168,495,172</u></u>

The accompanying notes are an integral part of this statement.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	<u>Governmental Activities</u>
EXPENSES	
Grants to the City of Philadelphia	\$278,584,264
General management and support— general operations	1,002,241
Interest expense on long-term debt	32,244,961
Investment expenses	54,176,492
Amortization of bond costs	218,241
	<hr/>
Total program expenses	366,226,198
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PROGRAM REVENUES	
Premium amortization	1,615,282
Investment income - net	5,261,991
	<hr/>
Program revenues	6,877,273
	<hr/>
Net program expenses	359,348,925
	<hr/>
GENERAL REVENUES	
PICA taxes	348,534,406
Other	9,700,000
	<hr/>
Total general revenues	358,234,406
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CHANGE IN NET DEFICIT	(1,114,519)
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NET ASSETS (DEFICIT)—Beginning of year	(438,666,841)
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NET ASSETS (DEFICIT)—End of year	(\$439,781,360)
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The accompanying notes are an integral part of this statement.

PERFORMANCE INTERGOVERNMENTAL COOPERATION AUTHORITY

BALANCE SHEET-GOVERNMENTAL FUNDS

2018, 2019

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000	3001	3002	3003	3004	3005	3006	3007	3008	3009	3010	3011	3012	3013	3014	3015	3016	3017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KENNESAW VALLEY REGIONAL GOVERNMENTAL COOPERATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDING JUNE 30, 2009

	General	FICA Tax Revenue	1990	1991	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000	3001	3002	3003	3004	3005	3006	3007	3008	3009	3010	3011	3012	3013	3014	3015	3016	3017	3018	3019	3020	3021	3022	3023	3024	3025	3026	3027	3028	3029	3030	3031	3032	3033	3034	3035	3036	3037	3038	3039	3040	3041	3042	3043	3044	3045	3046	3047	3048	3049	3050	3051	3052	3053	3054	3055	3056	3057	3058	3059	3060	3061	3062	3063	3064	3065	3066	3067	3068	3069	3070	3071	3072	3073	3074	3075	3076	3077	3078	3079	3080	3081	3082	3083	3084	3085	3086	3087	3088	3089	3090	3091	3092	3093	3094	3095	3096	3097	3098	3099	3100	3101	3102	3103	3104	3105	3106	3107	3108	3109	3110	3111	3112	3113	3114	3115	3116	3117	3118	3119	3120	3121	3122	3123	3124	3125	3126	3127	3128	3129	3130	3131	3132	3133	3134	3135	3136	3137	3138	3139	3140	3141	3142	3143	3144	3145	3146	3147	3148	3149	3150	3151	3152	3153	3154	3155	3156	3157	3158	3159	3160	3161	3162	3163	3164	3165	3166	3167	3168	3169	3170	3171	3172	3173	3174	3175	3176	3177	3178	3179	3180	3181	3182	3183	3184	3185	3186	3187	3188	3189	3190	3191	3192	3193	3194	3195	3196	3197	3198	3199	3200	3201	3202	3203	3204	3205	3206	3207	3208	3209	3210	3211	3212	3213	3214	3215	3216	3217	3218	3219	3220	3221	3222	3223	3224	3225	3226	3227	3228	3229	3230	3231	3232	3233	3234	3235	3236	3237	3238	3239	3240	3241	3242	3243	3244	3245	3246	3247	3248	3249	3250	3251	3252	3253	3254	3255	3256	3257	3258	3259	3260	3261	3262	3263	3264	3265	3266	3267	3268	3269	3270	3271	3272	3273	3274	3275	3276	3277	3278	3279	3280	3281	3282	3283	3284	3285	3286	3287	3288	3289	3290	3291	3292	3293	3294	3295	3296	3297	3298	3299	3300	3301	3302	3303	3304	3305	3306	3307	3308	3309	3310	3311	3312	3313	3314	3315	3316	3317	3318	3319	3320	3321	3322	3323	3324	3325	3326	3327	3328	3329	3330	3331	3332	3333	3334	3335	3336	3337	3338	3339	3340	3341	3342	3343	3344	3345	3346	3347	3348	3349	3350	3351	3352	3353	3354	3355	3356	33
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PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

Organization

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic, was organized on June 5, 1991 and exists under and by virtue of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (P.L. 9, No. 6) (the "Act"). Pursuant to the Act, the Authority was established to provide financial assistance to cities of the first class. The City of Philadelphia (the "City") currently is the only city of the first class in the Commonwealth of Pennsylvania (the "Commonwealth"). Under the Act, the Authority is administered by a governing Board consisting of five voting members and two ex-officio nonvoting members. The ex-officio members are presently the Director of Finance of the City and the Budget Secretary of the Commonwealth. The Governor, the President pro tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives each appoints one voting member of the Board. Future operations of the Authority may be subject to legislative action.

The Act provides that, upon the request of the City to the Authority for financial assistance and for so long as any bonds of the Authority remain outstanding, the Authority shall have certain financial and oversight functions. First, the Authority shall have the power, subject to satisfaction of certain requirements in the Act, to issue bonds and grant or lend the proceeds thereof to the City. Second, the Authority also shall have the power, in its oversight capacity, to exercise certain advisory and review powers with respect to the City's financial affairs, including the power to review and approve five-year financial plans prepared at least annually by the City, and to certify noncompliance by the City with its then-existing five-year financial plan (which certification would require the Secretary of the Budget of the Commonwealth to cause certain payments due to the City from the Commonwealth to be withheld by the Commonwealth).

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues from the PICA Tax are recorded when the Authority is advised by the Commonwealth of the amounts to be remitted, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority cannot and does not account for any PICA Tax not yet collected by the City.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION -
Continued

The governmental fund financial statements utilize a "modified accrual basis" of accounting. Under this basis, certain revenues (those susceptible to accrual, readily measurable and available as to amount and anticipated as being readily collectible) are recorded on the accrual basis. All other revenues are recognized only when received in cash. Expenditures, with the exception of interest requirements on long-term debt, are accounted for on the accrual basis of accounting.

The General Fund is used to account for the administrative operations of the Authority, for which a budget is adopted annually.

The Special Revenue Fund accounts for the proceeds of the PICA Tax (a tax levied on the wages and net profits of City of Philadelphia residents) remitted to the Authority via the Commonwealth. It is utilized to fund the debt service requirements of the Authority and to provide grants to the City. It encompasses the Revenue Fund established with the Trustee by the Trust Indenture (see Note 3).

Debt Service Funds account for the accumulation of financial resources for the payment of principal and interest on the Authority's long-term debt. The Debt Service Reserve Fund holds assets for debt service reserve purposes as required by the Trust Indenture. The Rebate Fund is maintained in order to fund future potential rebates and/or debt service requirements. The Debt Service funds also include the Bond Redemption Fund which has not yet been required.

The Expendable Trust Funds/Capital Projects Funds account for assets held by the Authority for expenditure for the benefit of the City. The principal and income of these funds must be expended for their designated purpose. The Expendable Trust Funds/Capital Projects Funds also include the Deficit and Settlement funds which completed their designated purposes in prior years and are presently inactive.

PICA Tax

The "PICA Tax" was enacted by an ordinance adopted by City Council and approved by the Mayor of the City of Philadelphia on June 12, 1991 (Bill No. 1437). The tax levy is one and one-half percent (1.5%) on the wages and net profits of City residents. The PICA Tax is collected by the Department of Revenue of the Commonwealth, utilizing the City Revenue and Law Departments (collectively) as its agent, and remitted to the Treasurer of the Commonwealth for disbursement to the Authority's Trustee. The Authority does not administer the collection of the PICA tax from taxpayers.

Cash and Cash Equivalents

The Authority considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Investments and Derivatives

The Authority's investments are stated at fair value. In accordance with Government Accounting Standards Board Technical Bulletin 2003-1, derivative instruments are not reported at fair value but are subject to certain disclosure requirements.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION - Continued

Subsequent Events

The date to which events occurring after June 30, 2009, the date of the most recent statement of net assets and Governmental Funds balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 21, 2009, which is the date on which the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) CASH AND INVESTMENTS

Authority funds may be deposited in any bank that is insured by federal deposit insurance. To the extent that such deposits exceed federal insurance, the depositories must deposit (with their trust department or other custodians) obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Under Pennsylvania Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit with their institution.

Investments in the Special Revenue Fund, the Debt Services Funds, and the Expendable Trust Funds must be invested in accordance with the Trust Indenture (see Note 3). The Trust Indenture restricts investments to the following types of securities:

- (a) Obligations of the City of Philadelphia;
- (b) Government obligations;
- (c) Federal funds, unsecured certificates of deposits, time deposits or bankers' acceptances of any domestic bank having a combined capital and surplus of not less than \$50,000,000;
- (d) Federally insured deposits of any bank or savings and loan association which has a combined capital, surplus and undivided profits of not less than \$3,000,000;
- (e) (i) Direct obligations of, or (ii) obligations, the principal of and interest on which are unconditionally guaranteed by any state of the United States of America, the District of Columbia or the Commonwealth of Puerto Rico, or any political subdivision or agency thereof, other than the City, whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and Standard & Poor's (S&P);
- (f) Commercial paper (having original maturities of not more than 270 days rated, at the time of purchase, "P-1" by Moody's and "A-1" or better by S&P;

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(2) CASH AND CASH INVESTMENTS - Continued

- (g) Repurchase agreements collateralized by direct obligations of, or obligations the payment of principal and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America; and direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; debentures of the Federal Housing Administration; mortgaged-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association; participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association; guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letters of credit-backed issued of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing and Urban Development; and guaranteed Title XI financing of the U.S. Maritime Administration;
- (h) Money market mutual fund shares issued by a fund having assets not less than \$100,000,000 (including any such fund from which the Trustee or any of its affiliates may receive compensation) which invests in securities of the types specified in clauses (b) or (f) above and is rated "AAAm" or "AAAm-G" by S&P;
- (i) Guaranteed investment contracts (GICs) with a bank, insurance company or other financial institution that is rated in one of the three highest rating categories by Moody's and S&P and which GICs are either insured by a municipal bond insurance company or fully collateralized at all times with securities included in (b) above.

Investments in the Debt Service Reserve Fund may only be invested in the investments included in (b) through (i) above with a maturity of 5 years or less or GICs that can be withdrawn without penalty.

At June 30, 2009, the carrying amount of the Authority's deposits with financial institutions (including certificates of deposit and shares in U.S. Government money market funds) and other short-term investments was \$101,812,661. Statement balances were insured or collateralized as follows:

Insured	\$ 12,075,871
Other uninsured and uncollateralized, but covered under the provisions of Act 72, as amended	89,822,449
	<u>\$101,898,320</u>

The Authority's deposits include bank certificates of deposit that have a remaining maturity at time of purchase of one year or less and shares in U.S. Government money market funds. U.S. Government Agency Investments with a remaining maturity of one year or less are classified as short-term investments.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(2) CASH AND INVESTMENTS – Continued

At June 30, 2008, the Authority held auction rate notes with a par value of \$8.7 million. These notes are auction rate securities issued by municipalities, having long-term contractual maturities and collateralized by pools of student loans. In February 2008 auctions failed for certain of these securities because there were more sellers than buyers at par, and quoted market values were no longer available. The Authority obtained below-par valuations from UBS AG ("UBS") based on estimated future cash flows, market data and other factors and, as of June 30, 2008, recorded an impairment charge of \$730,010.

UBS announced that on August 8, 2008, UBS and certain of its affiliates entered into settlements in principle with certain regulatory authorities with respect to UBS's sale and marketing of auction rate securities. Pursuant to the settlements, UBS agreed to offer to purchase certain auction rate securities from certain holders. On October 8, 2008, the Authority received a settlement offer from UBS regarding its auction rate securities, whereby the Authority became eligible to sell its auction rate securities held with UBS to UBS at par during the period of January 2, 2009 through January 4, 2011. Until then, the Authority would be entitled to continued interest payments on its auction rate securities in accordance with their terms. The terms and conditions of the settlement offer included a release of claims against UBS and its affiliates. The Authority's management elected to accept the settlement offer and, in fiscal 2009, liquidated its investment in these securities. A gain of \$730,010, equal to the prior year charge, is included in investment income.

The following is a schedule of investments of the Authority by type (other than certificates of deposit and shares in U.S. Government money market funds) showing the carrying value and categorization as to credit risk at June 30, 2009:

	Total	Fair Value		
		Credit Risk Category		
		(1)	(2)	(3)
FNMA discount note due September 29, 2009	\$52,706,909			\$52,706,909
Total	\$52,706,909			\$52,706,909

The three credit risk categories are defined as follows:

Category

- (1) Insured, registered or securities held by the entity or its agent (bank trust department) in the entity's name (name of the Authority).
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS

In the government-wide financial statements, bonds are reported as liabilities in the statement of net assets. Through June 30, 2009, the Authority has issued eight series of Special Tax Revenue Bonds, as follows:

<u>Series of</u>	<u>Amount Issued</u>
1992	\$474,555,000
1993	643,430,000
1993A	178,675,000
1994	122,020,000
1996	343,030,000
1999	610,005,000
2003	165,550,000
2006	89,950,000
2008A&B	214,565,000
2009	354,925,000

The following summary shows the changes in bonds payable for the year ended June 30, 2009

<u>Series of</u>	<u>Outstanding July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2009</u>
1999	\$357,530,000	\$ -	\$357,530,000	-
2008A&B	214,565,000	-	11,750,000	202,815,000
2009	-	354,925,000	-	354,925,000
	<u>\$572,095,000</u>	<u>\$354,925,000</u>	<u>\$369,280,000</u>	<u>\$557,740,000</u>
			Less current portion	<u>40,305,000</u>
			Long-term portion	<u>517,435,000</u>

In conjunction with its 1992, 1993, 1993A and 1996 bond issues, the Authority entered into an Indenture of Trust dated as of June 1, 1992, which was subsequently amended and supplemented as of June 22, 1992, July 15, 1993, August 15, 1993, and June 1, 2006. An Amended and Restated Indenture of Trust dated as of December 15, 1994 was entered into in conjunction with the Authority's 1994 bond issue and replaced (amended and restated) the original indenture as amended and supplemented. The 1996 bonds were issued pursuant to the Amended and Restated Indenture of Trust dated as of December 15, 1994 (the "1994 Indenture") as amended and supplemented by a First Supplement to the Amended and Restated Indenture Trust dated as of May 15, 1996. The 1999 bonds were issued pursuant to the Amended and Restated Indenture of Trust dated as of December 15, 1994 as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996 and a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999 (together the "Trust Indenture") between the Authority and First Union National Bank as Trustee (the "Trustee"). The 2003 bonds were issued pursuant to the Trust Indenture as amended and supplemented by a Third Supplement to the Trust Indenture dated June 1, 2003 between the Authority and Wachovia Bank, National Association, formerly First Union National Bank, as Trustee. The 2006 bonds were issued pursuant to the Trust Indenture as amended and supplemented by a Fourth

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

Supplement to the Amended and Restated Indenture of Trust between the Authority and Wachovia Bank, National Association, as Trustee. The 2008A&B and 2009 bonds were issued pursuant to the Trust Indenture as amended and supplemented by a Fifth Supplement to the Amended and Restated Indenture of Trust between the Authority and U.S. Bank National Association, as successor Trustee. The Trustee's responsibilities include ensuring that the proceeds of the PICA Tax (see Note 1) received by it are used to fund the debt service payments (bond principal and interest) required under the Trust Indenture, as amended.

Each series of bonds issued by the Authority are limited obligations of the Authority and the principal, redemption premium, if any, and interest thereon, are payable solely from a portion of the PICA Tax.

To issue additional bonds, the Trust Indenture requires that the Authority's collection of PICA Taxes in any twelve consecutive months during the fifteen-month period immediately preceding the date of issuance of such additional bonds equals at least 175% of the maximum annual debt service requirement on the bonds outstanding after the issuance of the additional bonds. The PICA Taxes collected during the year ended June 30, 2009 (\$347,577,238) equaled approximately 514% of the maximum annual debt service (\$67,601,444) of the bonds outstanding at June 30, 2009 (the 2008A&B and 2009 bonds).

Total annual debt service requirements (annual principal or sinking fund requirements and interest payments) on the outstanding bonds at June 30, 2009 are as follows:

<u>Fiscal Year Ending</u>	<u>Total Debt Service Requirements</u>
2010	67,601,444
2011	63,933,394
2012	63,938,142
2013	63,904,605
2014	63,888,525
2015	63,864,975
2016	63,836,725
2017	63,822,850
2018	54,705,225
2019	45,971,725
2020	45,981,850
2021	36,587,850
2022	36,586,500
2023	23,076,000

Details as to the purpose of each of the respective series of bonds issued by the authority through June 30, 2009, and as to bonds outstanding at that date follow.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

A. Series of 1992

The proceeds from the sale of the Series of 1992 Bonds were used to (1) make grants to the City of fund the Fiscal Year 1991 General Fund cumulative deficit and the projected Fiscal Years 1992 and 1993 General Fund deficits, (2) make grants to the City to pay the costs of certain emergency capital projects to be undertaken by the City and other capital projects to increase productivity in the operation of City government, (3) make the required deposit to the Debt Service Reserve Fund, (4) capitalize interest on a portion of the Series of 1992 Bonds through June 15, 1993, (5) repay amounts previously advanced to the Authority by the Commonwealth to pay initial operating expenses of the Authority, (6) fund a portion of the Authority's first fiscal year operating budget, and (7) pay the costs of issuing the Series of 1992 Bonds.

Series of 1992 Bonds, initially scheduled to mature June 15, 2006, 2012 and 2022, were advance refunded on September 14, 1993 through an irrevocable trust created by using a portion of the proceeds of the Series of 1993A Bonds. Series of 1992 Bonds, initially scheduled to mature June 15, 1996, 1997, 1998, 1999, 2000 and 2002 were advance refunded on May 15, 1996 together with the Refunded 1994 Bonds (see Series of 1994 in this Note 3) through an irrevocable trust created by using the net proceeds of the Series of 1996 Bonds together with monies on deposit with the Trustee on account of the Refunded 1992 Bonds, monies on deposit with the Trustee on account of the Refunded 1994 Bonds and sums derived from certain forward purchase agreements entered into with respect to the irrevocable trust. The Refunded 1992 Bonds are no longer deemed to be outstanding under the Trust Indenture.

B. Series of 1993

The proceeds from the sale of the Series of 1993 Bonds were used to (1) make grants to the City to pay the costs of certain emergency capital projects (including capital improvements to the City's Criminal Justice and Correctional Facilities) to be undertaken by the City and other capital projects to increase productivity in the operation of City government, (2) make a grant to the City for refunding of certain of the City's General Fund Obligation Bonds, (3) make the required deposit to the Debt Service Fund, and (4) to pay the costs of issuing the Series of 1993 Bonds.

Series of 1993 Bonds, initially scheduled to mature June 15, 1999 through 2009, 2015, 2016 and 2023 were advance refunded on April 1, 1999 through an irrevocable trust created by using the net proceeds of the Series of 1999 Bonds together with monies on deposit with the Trustee on account of the Refunded 1993 bonds. The Refunded 1993 Bonds are no longer deemed to be outstanding under the Trust Indenture.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

C. Series of 1993A

The proceeds from the sale of the Series of 1993A Bonds were used to (1) provide for the advance refunding of a portion of the Authority's Special Tax Revenue Bonds Series of 1992, in the aggregate principal amount of \$136,670,000, (2) make the required deposit to the Debt Service Fund, and (3) to pay the costs of issuing the Series of 1993A Bonds.

Series of 1993A Bonds, initially scheduled to mature June 15, 2004 through 2023 were currently refunded on June 16, 2003 using the net proceeds of the Series of 2003 Bonds. The Refunded 1993A Bonds are no longer deemed to be outstanding under the Trust Indenture.

D. Series of 1994

The proceeds from the sale of the Series of 1994 Bonds were used to (1) make grants to the City to pay the costs of certain emergency capital projects to be undertaken by the City and other capital projects to increase productivity in the operation of City Government, (2) make the required deposit to the Debt Service Reserve Fund, and (3) pay the costs of issuing the Series of 1994 Bonds.

Series of 1994 Bonds, initially scheduled to mature on and after June 15, 1996, were advance refunded on May 15, 1996 together with the Refunded 1992 Bonds (see Series of 1992 earlier in this Note 3) through an irrevocable trust created by using the net proceeds of the Series of 1996 Bonds together with monies on deposit with the Trustee on account of the Refunded 1994 Bonds, monies on deposit with the Trustee on account of the Refunded 1992 Bonds and sums derived from certain forward purchase agreements entered into with respect to the irrevocable trust. The Refunded 1994 Bonds are no longer deemed to be outstanding under the Trust Indenture.

E. Series of 1996

The proceeds from the sale of the Series of 1996 Bonds were used, together with monies available in certain of the separate accounts established under the 1994 Indenture on account of the 1992 Bonds and the 1994 Bonds to (1) provide for the advance refunding of the Authority's Special Tax Revenue Bonds Series of 1992 outstanding as of May 15, 1996 and the Authority's Special Tax Revenue Bonds Series of 1994 outstanding as of May 15, 1996, (2) pay the premium for a Debt Service Reserve Fund Insurance Policy to satisfy the Debt Service Reserve Fund Requirements in respect of the Series of 1996 Bonds, and (3) pay the costs of issuing the Series of 1996 Bonds.

Series of 1996 Bonds, initially scheduled to mature on and after June 15, 2006, were refunded on June 15, 2006 using the net proceeds of the Series of 2006 Bonds. The Refunded 1996 Bonds are no longer deemed to be outstanding under the Trust Indenture.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

F. Series of 1999

The net proceeds from the sale of the Series of 1999 Bonds were used, together with other monies available in the Debt Service Fund of the 1993 bonds, to (1) provide for the advance refunding of all of the Authority's Special Tax Revenue Bonds Series of 1993 outstanding as of April 1, 1999 and maturing June 15 of the years 1999 through 2009, 2015, 2016 and 2023, (the "Refunded 1993 Bonds"), (2) pay the premium for a Debt Service Reserve Fund Insurance Policy to help satisfy the Debt Service Reserve Requirements in respect of the 1993A, 1996 and 1999 bonds outstanding under the Indenture, equally and ratably, as per the amended provisions of the Trust Indenture with respect to "Debt Service Reserve Requirements," and (3) pay the costs of issuing the Series of 1999 Bonds.

Series of 1999 Bonds, initially scheduled to mature on and after June 15, 2009, were advance refunded on June 15, 2009 using the net proceeds of the Series of 2009 Bonds. The refunded 1999 Bonds are no longer deemed to be outstanding under the Trust Indenture.

G. Series of 2003

The net proceeds from the sale of the Series of 2003 Bonds were used to (1) provide for the current refunding of all of the Authority's Special Tax Revenue Bonds Series of 1993A outstanding as of June 16, 2003 and maturing June 15 of the years 2004 through 2023, and (2) pay the costs of issuing the Series of 2003 Bonds.

Series of 2003 Bonds, initially scheduled to mature on and after June 15, 2022, were advance refunded on May 15, 2008 together with the refunded 2006 Bonds (see Series of 2006 in this Note 3) using the net proceeds of the Series of 2008A Bonds together with monies on deposit with the Trustee on account of the Series of 2003 Bonds. The refunded 2003 Bonds are no longer deemed to be outstanding under the Trust Indenture.

H. Series of 2006

The net proceeds from the sale of the Series of 2006 Bonds were used to provide for the current June 7, 2006 and maturing June 15 of the years 2007 through 2020.

Series of 2006 Bonds, initially scheduled to mature on and after June 15, 2023, were advance refunded on May 15, 2008 together with the refunded 2003 Bonds (see Series of 2003 earlier in this Note 3) using the net proceeds of the Series of 2008B Bonds together with monies on deposit with the Trustee on account of the Series of 2006 Bonds. The refunded 2006 Bonds are no longer deemed to be outstanding under the Trust Indenture.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

I. Series of 2008A&B

The net proceeds from the sale of the Series of 2008A Bonds, together with other available funds, were used to (1) provide for the current refunding of all of the Authority's Special Tax Revenue Bonds Series of 2003 outstanding as of May 15, 2008, and (2) to pay the costs of obtaining credit enhancement for and the costs of issuing the 2008A Bonds. The net proceeds from the sale of the Series of 2008B Bonds, together with other available funds, were used to (1) provide for the current refunding of all of the Authority's Special Tax Revenue Bonds Series of 2006 outstanding as of May 15, 2008, and (2) to pay the costs of obtaining credit enhancement for and the costs of issuing the 2008B Bonds.

The details of Series of 2008A&B Bonds outstanding at June 30, 2009 are as follows:

<u>Interest Rate</u>	<u>Maturing June 15</u>	<u>2008A Amount</u>	<u>2008B Amount</u>
5.00 - 5.52	2010	7,165,000	5,200,000
5.00 - 5.52	2011	7,525,000	5,475,000
5.00 - 5.52	2012	7,900,000	5,800,000
5.00 - 5.52	2013	8,295,000	6,100,000
5.00 - 5.52	2014	8,710,000	6,450,000
5.00 - 5.52	2015	9,145,000	6,800,000
5.00 - 5.52	2016	9,600,000	7,175,000
5.00 - 5.52	2017	10,080,000	7,575,000
5.00 - 5.52	2018	10,585,000	8,000,000
5.00 - 5.52	2019	11,120,000	8,425,000
5.00 - 5.52	2020	11,670,000	8,900,000
5.00 - 5.52	2021	12,255,000	-
5.00 - 5.52	2022	12,865,000	-
		<u>\$ 126,915,000</u>	<u>\$ 75,900,000</u>

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

I. Continued Series of 2008A&B

The following table shows the annual principal or sinking fund requirements, interest payments and the total debt service requirements for the Series of 2008A&B Bonds outstanding at June 30, 2009:

<u>Fiscal Year Ending</u>	<u>Principal or Sinking Fund Requirements</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2010	12,365,000	10,533,669	22,898,669
2011	13,000,000	9,889,419	22,889,419
2012	13,700,000	9,212,042	22,912,042
2013	14,395,000	8,492,255	22,887,255
2014	15,160,000	7,734,375	22,894,375
2015	15,945,000	6,944,125	22,889,125
2016	16,775,000	6,112,875	22,887,875
2017	17,655,000	5,238,250	22,893,250
2018	18,585,000	4,317,625	22,902,625
2019	19,545,000	3,348,375	22,893,375
2020	20,570,000	2,329,000	22,899,000
2021	12,255,000	1,256,000	13,511,000
2022	12,865,000	643,250	13,508,250

The interest rate related to the 2008A&B Bonds is based on the payments due by the Authority under the swap agreement, not the floating rate of interest on the 2008A&B bonds. The Authority will have an additional interest obligation relating to the 2008A&B Bonds if the floating rate of interest receivable under the swap agreement is less than the interest rate on the 2008A&B Bonds. (See Note 3L.)

J. Series of 2009

The net proceeds from the sale of the Series of 2009 Bonds, were used to (1) provide for the current refunding of all of the Authority's Special Tax Revenue Bonds Series of 1999 outstanding as of May 15, 2009, and (2) to pay the costs of obtaining credit enhancement for and the costs of issuing the 2009 Bonds. The proceeds of these bonds were used to refund the remaining portion of the 1999 Series maturing through 2023 in the total amount of \$326,865,000. The cash flows required by the new bonds is \$36.2 million more than the cash flow required by the refunded bonds. The economic loss on the refunding (the adjusted present value of these increased cash flows), as determined by the bond underwriters, was \$28.1 million.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

J. Series of 2009

The details of Series of 2009 Bonds outstanding at June 30, 2009 are as follows:

<u>Interest Rate</u>	<u>Maturing June 15</u>	<u>Amount</u>
2.00	2010	\$ 27,940,000
2.50	2011	765,000
5.00	2011	24,075,000
3.00	2012	925,000
5.00	2012	25,120,000
3.00	2013	890,000
5.00	2013	26,430,000
4.00	2014	4,395,000
5.00	2014	24,250,000
4.00	2015	375,000
5.00	2015	29,640,000
5.00	2016	31,485,000
5.00	2017	33,040,000
4.00	2018	900,000
5.00	2018	24,665,000
5.00	2019	18,110,000
		<u>\$354,925,000</u>

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

J. Continued Series of 2009

The following table shows the annual principal or sinking fund requirements, interest payments and the total debt service requirements for the Series of 2009 Bonds outstanding at June 30, 2009:

<u>Fiscal Year Ending</u>	<u>Principal or Sinking Fund Requirements</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2010	\$27,940,000	\$16,762,775	\$44,702,775
2011	24,840,000	16,203,975	41,043,975
2012	26,045,000	14,981,100	41,026,100
2013	27,320,000	13,697,350	41,017,350
2014	28,645,000	12,349,150	40,994,150
2015	30,015,000	10,960,850	40,975,850
2016	31,485,000	9,463,850	40,948,850
2017	33,040,000	7,889,600	40,929,600
2018	25,565,000	6,237,600	31,802,600
2019	18,110,000	4,968,350	23,078,350
2020	19,020,000	4,062,850	23,082,850
2021	19,965,000	3,111,850	23,076,850
2022	20,945,000	2,133,250	23,078,250
2023	21,990,000	1,086,000	23,076,000

K. Series of 1993A, 1996 and 1999 Swaptions

Objective of the swaptions

During the fiscal year ended June 30, 2002, the Authority entered into three swaption agreements with JPMorgan Chase as the counterparty that provided the Authority up-front premium payments totaling \$26,235,000 (\$10,720,000 for the 1993A issuance, \$5,815,000 for the 1996 issuance and \$9,700,000 for the 1999 issuance). These swaption agreements were entered into in order to affect a synthetic refunding of the Authority's 1993A, 1996, and 1999 bond issuances at some point in the future (generally, the first call date for each bond issuance). The premium payments, which were recorded as deferred revenue in fiscal year 2002, represented the risk-adjusted, present value savings of a refunding at the specified call date without issuing refunding bonds at the time the swaption agreements were executed. The swaptions gave the counterparty the option to require the Authority enter into pay-fixed, receive-variable interest rate swaps. If the options were exercised, the Authority would then expect to issue variable-rate refunding bonds. (See Note 3L below related to the exercising of the 1993A and 1996 swaptions and termination of the 1999 swaption).

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

K. Series of 1993A, 1996 and 1999 Swaptions - Continued

Terms

The premium payments were based on a notional amount representing the outstanding bonds for each issuance, and at the time any of the related swap agreements are to take effect the notional amounts will represent the outstanding bonds at that time. The counterparty has the option to exercise the agreements at the first call date of each related bond issuance and the related swap will commence on that same date. The fixed swap rates (ranging from approximately 5.0 – 5.5%) were set at rates that, when added to an assumption for remarketing and liquidity costs, would approximate the coupons of the “refunded” bonds. The swap’s variable payment would be a predetermined percentage (ranging from 62% – 67%) of the London Interbank Offered Rate (“LIBOR”). Both the Authority and the counterparty had the ability to terminate the swaptions, with monetary consequences, before the interest rate swaps were set to begin.

L. Series of 2003 , 2006 and 1999 Swap Agreement and Basis Cap Agreements

In June 2003 and June 2006, the counterparty exercised its options under the 1993A and 1996 swaption agreements, respectively, concurrently with the Authority’s Series 2003 and 2006 Refunding Bond issuances (see Note 3G and 3H). The \$10,700,000 premium received (1993A) was recognized as swaption premium revenue in the general fund during the fiscal year ended June 30, 2003. The \$5,815,000 (1996) premium was recognized as swaption premium revenue in the general fund during the fiscal year ended June 30, 2006. At June 30, 2009, the swaption premiums continue to be reflected as deferred revenue in the government-wide financial statements, net of amortization over the life of the related Swap Agreements.

In June 2009, concurrent with the Authority’s Series 2009 Refunding Bond issuance, the \$9,700,000 (1999) swap agreement was terminated. As such, the revenue from this premium, previously deferred, was recognized as income in both the statements of activities and revenues, expenditures and changes in fund balance. In connection with the termination of this agreement, PICA paid a termination fee to a counterparty of \$52,750,000, which is included in investment expenses.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

L. Series of 2003, 2006 and 1999 Swap Agreement and Basis Cap Agreements
- Continued

Terms and objective

The Series of 2003 and 2006 bonds and the related swap agreements mature on June 15, 2022 and June 15, 2020, respectively. The swap's initial notional amounts of \$163,185,000 and \$89,960,000 match the related 1993A and 1996 bonds that were currently refunded on June 16, 2003 and June 6, 2006 and the notional amount declines each year to match the original maturity schedule of the 1993A and 1996 refunded bonds. The swaps were entered into at the same time the refunding bonds were issued, during June 2003 and 2006. Under the swap agreements, the Authority pays the counterparty a fixed payment of approximately 5% and receives a variable payment computed as 67% of the one-month LIBOR. Conversely, the variable rate bonds are based on the Bond Market Association Municipal Swap Index ("BMA").

In June 2003 and 2004, the Authority also entered into basis cap transactions with the counterparty as follows:

2003 Basis Cap

Beginning July 15, 2003, the counterparty pays the Authority a fixed rate each month of .40% per year and the Authority will pay to the counterparty a variable rate based on the greater of (a) the average of the BMA for the month divided by the one-month LIBOR, less 70%, multiplied by the one-month LIBOR, times the notional amount times the day count fraction or (b) zero. The notional amount and term of this agreement equals the notional amount and term of the interest rate swap noted above. The objective of the basis cap is to minimize the basis risk as discussed below.

1999 Basis Cap

Beginning July 15, 2009, the counterparty pays the Authority a fixed rate each month of .46% per year and the Authority will pay to the counterparty a variable rate based on the greater of (a) the average of the BMA for the month divided by the one-month LIBOR, less 70%, multiplied by the one-month LIBOR, times the notional amount times the day count fraction or (b) zero. The notional amount and term of this agreement equals the notional amount and term of the interest rate swap noted above. The objective of the basis cap is to minimize the basis risk as discussed below.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

L. Series of 2003, 2006 and 1999 Swap Agreement and Basis Cap Agreements -- Continued

Fair Value

At June 30, 2009, The swap and basis cap agreements had fair values as follows:

<u>Instrument</u>	<u>Fair Value</u>
2003 Swap Agreement	(\$22,587,721)
2003 Basis Cap	(2,774,708)
2006 Swap Agreement	(14,562,023)
1999 Basis Cap	(5,316,475)

The swap and basis cap negative fair values may be countered by a reduction in total interest payments required by the variable rate bonds, creating a lower synthetic interest rate. Because the coupons on the variable rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase.

Credit Risk

As of June 30, 2009, the Authority was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Authority would be exposed to credit risk in the amount of the swap's fair value. The counterparty was rated "AA" by Standard & Poor's and "Aaa" by Moody's Investors Service as of June 30, 2009. To mitigate the potential for credit risk, if the counterparty's credit quality falls below "A-" or "A3", respectively, the fair value of the swap will be fully collateralized by the counterparty within 15 days of it having ceased to have such minimum ratings. The collateral would be posed with a third party custodian.

Basis Risk

As noted above, the swap exposes the Authority to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the bonds. If a change occurs that results in the rates moving to converge, the expected cost savings may not be realized. At June 30, 2009, the 67% of LIBOR rate was approximately .21% and the SIFMA rate was approximately .45%.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(3) SPECIAL TAX REVENUE BONDS - Continued

L. Series of 2003, 2006 and 1999 Swap Agreement and Basis Cap Agreement -- Continued

Termination Risk

The derivative contract for the swap and the basis cap uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination events" section. Under each of the transactions the Authority has the right at its option to terminate the related interest rate swap or basis cap and any such termination will result in a termination payment calculated under the Master Agreement either owing by the Authority to the counterparty or owing by the counterparty to the Authority. Additionally, the swap may be terminated by the Authority if the counterparty's credit falls below "A-" as issued by Standard & Poor's or "A3" by Moody's Investors Service and collateral is not posted within 15 days of it having ceased to have such minimum ratings. The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

(4) FORWARD DELIVERY AGREEMENT

Objective

On June 6, 2000, the Authority entered into a debt service reserve forward delivery agreement which began on August 1, 2003, whereby the Authority received a premium of \$4,450,000 on December 1, 2002 for the debt service reserve fund in exchange for the future earnings from the debt service reserve fund investments. The premium amount was deferred and is being recognized as revenue over the remaining life of the agreement or through June 15, 2010.

Terms

Under this agreement, the Authority is guaranteed a fixed interest rate on the debt service reserve investments of 4.79%.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(4) FORWARD DELIVERY AGREEMENT - Continued

Interest rate risk

Under this agreement, the Authority has agreed upon a rate of return equal to 4.79% in order to minimize the risks resulting from fluctuations in interest rates; however, the Authority has also forgone the possibility of receiving greater returns should the interest rates rise above 4.79%.

Termination risk

Either party to the agreement may terminate the agreement if the other party fails to perform under the terms of the contract. Depending on prevailing interest rates at the time of the termination the amount owed by the Authority could be substantial.

Rollover risk

The Authority is exposed to rollover risk on this agreement as this agreement matures or may be terminated prior to the maturity of the associated debt. When this agreement terminates, the Authority may not realize the rate of interest offered by this agreement.

(5) DEFINED BENEFIT PENSION PLAN

Plan description

The Authority covers all full-time employees in the State Employees' Retirement System (the "System") which was established as of June 27, 1923, under the provisions of Public Law 858, No. 331. The System is the administrator of a cost-sharing, multiple-employer defined benefit retirement system established by the Commonwealth to provide pension benefits for employees of state government and certain independent agencies.

The System is a component unit of the Commonwealth and is included in the Commonwealth's financial report as a pension trust fund. The System also issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Commonwealth of Pennsylvania, State Employees' Retirement Board, 30 North Third Street, P.O. Box 1147, Harrisburg, Pennsylvania 17108.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(5) DEFINED BENEFIT PENSION PLAN – Continued

Plan Descriptions - Continued

The System provides retirement, death and disability benefits. Retirement benefits vest after five years of credited service. Employees who retire with three years of service at age 60, or with 35 years of service if under age 60, are entitled to a normal annual retirement benefit. Members of the General Assembly and certain employees classified in hazardous duty positions can retire with full benefits at age 50, with at least three years of service. The general annual benefit is 2% of the member's highest three-year annual average salary times years of service times class of service multiplier. The Authority's total and annual covered payroll for the year ended June 30, 2009 was \$515,068.

Contributions required

Covered employees are required to contribute to the System at a rate of 6.25% of their gross pay. The contributions are recorded in an individually identified account which is also credited with interest, calculated quarterly to yield 4% per annum, as mandated by statute. Accumulated employee contributions and credited interest vest immediately and are returned to the employee upon termination of service if the employee is not eligible for other benefits.

Participating agency contributions are also mandated by statute and are based upon an actuarially determined percentage of gross pay that is necessary to provide the System with assets sufficient to meet the benefits to be paid to System participants.

The Authority did not and was not required to contribute to the System for the years ended June 30, 2002 through 2009.

According to the retirement code, all obligations of the System will be assumed by the Commonwealth should the System terminate.

(6) LEASE COMMITMENT

The Authority is obligated under an operating lease for office space, expiring December 31, 2019. The following is a schedule of future minimum lease payments:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2010	\$ 99,056
2011	102,020
2012	105,086
2013	108,230
2014	111,486
2015	114,832
2016	118,272
2017	121,818
2018	125,472
2019	21,014
	<u>\$1,027,286</u>

Rental expense for the year ended June 30, 2009 was \$89,992.

SUPPLEMENTARY INFORMATION

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - OPERATIONS
YEAR ENDED JUNE 30, 2009

	Budget (Original and Final)	Actual	Over (Under) Budget
Interest and short term investment earnings	\$ 150,000	\$ 60,768	\$ (89,232)
Expenditures - administration			
Personnel - salaries and benefits	904,500	645,312	(259,188)
Professional services:			
Legal	50,000	99,017	49,017
Audit	90,000	56,000	(34,000)
Consulting/research	40,000	5,200	(34,800)
Interagency services	6,000		(6,000)
Trustee	85,000	10,262	(74,738)
Miscellaneous	40,000	8,789	(31,212)
Rent	100,000	89,992	(10,009)
Computer software and minor hardware	20,000	2,678	(17,322)
Office supplies	6,500	3,957	(2,543)
Telephone	15,000	12,476	(2,524)
Subscription and reference services	7,500	5,705	(1,795)
Postage and express	6,000	3,710	(2,290)
Dues and professional education	3,000	675	(2,325)
Travel	7,500	513	(6,987)
General and administrative	12,000	5,727	(6,273)
Miscellaneous	2,500	39,309	36,809
	<u>1,395,500</u>	<u>989,321</u>	<u>(406,179)</u>
Capital outlays - furniture, fixtures and equipment	20,000	38,758	18,758
Additional oversight duties	<u>300,000</u>		<u>(300,000)</u>
Total expenditures	<u>1,715,500</u>	<u>1,028,079</u>	<u>(687,421)</u>
Excess of expenditures over revenues	(1,565,500)	(967,311)	598,189
Other financing sources:			
Transfers in for PICA draw for operations	<u>1,565,500</u>	<u>1,565,500</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	-	598,189	(598,189)
FUND BALANCE, JULY 1, 2008	<u>17,110,848</u>	<u>17,110,848</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2009	<u>\$17,110,848</u>	<u>\$17,709,037</u>	<u>\$ 598,189</u>

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

GENERAL FUND

SUPPLEMENTAL SCHEDULE OF CASH ACTIVITY

YEAR ENDED JUNE 30, 2009

Revenues collected - interest	\$ 1,344,432
Other financing sources - operating transfers in from interest earnings on debt service funds	<u>1,586,330</u>
Total cash receipts	2,930,762
Cash disbursements:	
Expenditures paid - administration	<u>972,700</u>
Excess cash receipts over cash disbursements	1,958,062
CASH, CASH EQUIVALENTS AND SHORT TERM INVESTMENTS BEGINNING OF YEAR	<u>43,248,382</u>
CASH, CASH EQUIVALENTS AND SHORT TERM INVESTMENTS END OF YEAR	<u>\$45,206,444</u>

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL REVENUE FUND
SUPPLEMENTAL SCHEDULE OF CASH ACTIVITY
YEAR ENDED JUNE 30, 2009

Cash receipts:	
Revenues collected:	
PICA Taxes	\$347,577,238
Interest	<u>188,995</u>
Total cash receipts	<u>347,766,232</u>
Cash disbursements:	
Expenditures paid - grants to the City of Philadelphia	276,809,819
Other financing uses - operating transfers out for debt service requirements	70,906,601
Investment expenses	<u>49,812</u>
Total cash disbursements	<u>347,766,233</u>
Excess cash receipts over cash disbursements	-
CASH, CASH EQUIVALENTS AND SHORT TERM INVESTMENTS BEGINNING OF YEAR	<u>-</u>
CASH, CASH EQUIVALENTS AND SHORT TERM INVESTMENTS END OF YEAR	<u>\$ -</u>

APPENDIX B

Certain Information Concerning the City of Philadelphia

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THE GOVERNMENT OF THE CITY OF PHILADELPHIA

General

The City was incorporated in 1789 by an Act of the General Assembly of the Commonwealth of Pennsylvania (the "Commonwealth") (predecessors of the City under charters granted by William Penn in his capacity as proprietor of the colony of Pennsylvania may date to as early as 1684). In 1854, the General Assembly, by an act commonly referred to as the Consolidation Act, made the City's boundaries coterminous with the boundaries of Philadelphia County (the same boundaries that exist today) (the "County"), abolished all governments within these boundaries other than the City and the County and consolidated the legislative functions of the City and the County. Article 9, Section 13 of the Pennsylvania Constitution abolished all county offices in the City and provides that the City performs all functions of county government and that laws applicable to counties apply to the City.

Since 1952, the City has been governed under a Home Rule Charter authorized by the General Assembly (First Class City Home Rule Act, Act of April 21, 1949, P.L. 665, Section 17) and adopted by the voters of the City. The Home Rule Charter, as amended and supplemented to this date, provides, among other things, for the election, organization, powers and duties of the legislative branch (the "City Council"); the election, organization, powers and duties of the executive and administrative branch; and the basic rules governing the City's fiscal and budgetary matters, contracts, procurement, property and records. The Home Rule Charter, as amended, now also provides for the governance of The School District of Philadelphia (the "School District") as a home rule school district. Certain other constitutional provisions and Commonwealth statutes continue to govern various aspects of the City's affairs, notwithstanding the broad grant of powers of local self-government in relation to municipal functions set forth in the First Class City Home Rule Act.

Under the Home Rule Charter, as currently in effect, there are two principal governmental entities in Philadelphia: (1) the City, which performs ordinary municipal functions as well as traditional county functions; and (2) the School District, which has boundaries coterminous with the City and has responsibility for all public primary and secondary education.

The court system in Philadelphia, consisting of Common Pleas, Municipal and Traffic Courts, is part of the Commonwealth of Pennsylvania judicial system. Although judges are paid by the Commonwealth, most other court costs are paid by the City, with partial reimbursement from the Commonwealth.

Government Services

Municipal services provided by the City include: police and fire protection; health care; certain welfare programs; construction and maintenance of local streets, highways, and bridges; trash collection, disposal and recycling; provision for recreational programs and facilities; maintenance and operation of the water and wastewater systems (the "Water and Wastewater Systems"); the acquisition and maintenance of City real and personal property, including vehicles; maintenance of building codes and regulation of licenses and permits; maintenance of records; collection of taxes and revenues; purchase of supplies and equipment; construction and maintenance of airport facilities; and maintenance of a prison system. The City owns the assets that comprise the Philadelphia Gas Works ("PGW" or the "Gas Works"). PGW serves residential, commercial, and industrial customers in the City. PGW is operated by Philadelphia Facilities Management Corporation ("PFMC"), a non-profit corporation specifically organized to manage and operate the PGW for the benefit of the City.

Local Government Agencies

There are a number of significant governmental authorities and quasi-governmental non-profit corporations that also provide services within the City.

The Southeastern Pennsylvania Transportation Authority ("SEPTA"), which is supported by transit revenues and Federal, Commonwealth, and local funds, is responsible for developing and operating a comprehensive and coordinated public transportation system in the southeastern Pennsylvania region.

The Philadelphia Parking Authority is responsible for the construction and operation of parking facilities in the City and at the Philadelphia International Airport and, by contract with the City, for enforcement of on-street parking regulations.

The Philadelphia Municipal Authority (formerly The Equipment Leasing Authority of Philadelphia) ("PMA") was originally established for the purpose of buying equipment and vehicles to be leased to the City. PMA's powers have been expanded to include, without limitation, the construction and leasing of municipal solid waste disposal facilities, correctional facilities, and other municipal buildings.

The Redevelopment Authority of the City of Philadelphia (the "Redevelopment Authority") and the Philadelphia Housing Authority develop and/or administer low and moderate income rental units and housing in the City. The Redevelopment Authority, supported by Federal funds through the City's Community Development Block Grant Fund and by Commonwealth and local funds, is responsible for the redevelopment of the City's blighted areas.

The Hospitals and Higher Education Facilities Authority of Philadelphia (the "Hospitals Authority") assists non-profit hospitals by financing hospital construction projects. The City does not own or operate any hospitals. The powers of the Hospitals Authority have been expanded to permit the financing of construction of buildings and facilities for certain colleges and universities and other health care facilities and nursing homes.

The Philadelphia Industrial Development Corporation ("PIDC") and its affiliate, the Philadelphia Authority for Industrial Development ("PAID"), coordinate the City's efforts to maintain an attractive business environment and to attract new businesses to the City and retain existing ones.

The Pennsylvania Convention Center Authority (the "Convention Center Authority") constructed and maintains, manages, and operates the Pennsylvania Convention Center, which opened on June 25, 1993. The Convention Center Authority is currently undertaking an expansion of the Pennsylvania Convention Center as further described in the forepart of this Official Statement.

School District

The School District was established by the Educational Supplement to the City's Home Rule Charter to provide free public education to the City's residents. Under the Home Rule Charter, its board is appointed by the Mayor and must submit a lump sum statement of expenditures to the City annually. Such statement is used by City Council in making its determination to authorize the levy of taxes on behalf of the School District. Certain financial information regarding the School District is included in the City's Comprehensive Annual Financial Report. It has no independent taxing powers and may levy only the taxes authorized on its behalf by the City and the Commonwealth. Under the Home Rule Charter, the School District is managed by a nine-member Board of Education appointed by the Mayor from a list supplied by an Educational Nominating Panel that is chosen by the Mayor. In some matters, including the incurrence of short-term and long-term debt, both the City and the School District are governed primarily by the laws of the Commonwealth. The School District is a separate political

subdivision of the Commonwealth and the City has no property interest in or claim on any revenues or property of the School District.

The School District was declared distressed by the Secretary of Education of the Commonwealth pursuant to Section 691(c) of the Public School Code of 1949, as amended (the "School Code"), effective December 22, 2001. During a period of distress under Section 691(c) of the School Code, all of the powers and duties of the Board of Education granted under the School Code or any other law are suspended and all of such powers and duties are vested in the School Reform Commission (the "School Reform Commission") provided for under the School Code. The School Reform Commission is responsible for the operation, management and educational program of the School District during such period. It is also responsible for financial matters related to the School District. The School Code provides that the members of the Board of Education continue to serve during the time the School District is governed by the School Reform Commission, and that the establishment of the School Reform Commission shall not interfere with the regular selection of the members of the Board of Education. During the tenure of the School Reform Commission, the Board of Education will perform those duties delegated to it by the School Reform Commission. As of the date hereof, the School Reform Commission has not delegated any duties to the Board.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

General

The Pennsylvania Intergovernmental Cooperation Authority ("PICA") was created on June 5, 1991 by the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the "PICA Act"). PICA was established to provide financial assistance to cities of the first class. The City is the only city of the first class in the Commonwealth. The PICA Act provides that, upon request by the City to PICA for financial assistance and for so long as any bonds issued by PICA remain outstanding, PICA shall have certain financial and oversight functions. Under the PICA Act, PICA no longer has the authority to issue bonds for new money purposes, but may refund bonds previously issued by it. PICA has the power, in its oversight capacity, to exercise certain advisory and review procedures with respect to the City's financial affairs, including the power to review and approve five-year financial plans prepared at least annually by the City, and to certify non-compliance by the City with the then-existing five-year plan adopted by the City pursuant to the PICA Act. PICA is also required to certify non-compliance if, among other things, no approved five-year plan is in place; and PICA is required to certify non-compliance with an approved five-year plan if the City has failed to file mandatory revisions to an approved five-year plan. Under the PICA Act, any such certification of non-compliance would require the Secretary of the Budget of the Commonwealth to withhold payments due to the City from the Commonwealth or any of its agencies (including, with certain exceptions, all grants, loans, entitlements and payment of the portion of the PICA Tax, hereinafter described, otherwise payable to the City). See "Source of Payment of PICA Bonds" below.

On June 16, 1992, PICA, at the request of the City, issued \$474,555,000 Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992 (the "1992 PICA Bonds"). The proceeds of the 1992 PICA Bonds were used (i) to make grants to the City to fund the Fiscal Year 1991 General Fund cumulative deficit (\$153.5 million) and the then-projected Fiscal Year 1992 General Fund deficit (\$71.4 million); (ii) to make grants to the City to pay the costs of certain capital projects to be undertaken by the City; and (iii) to make a grant to the City to provide it with financial assistance to enhance productivity in the operation of City government. It had been anticipated that the proceeds of the 1992 PICA Bonds would also be used to fund the City's projected Fiscal Year 1993 General Fund deficit; however, because no deficit occurred, a grant from PICA for this purpose was not required. These proceeds, in the amount equal to \$23.5 million, were instead used to provide funds for other City purposes.

On July 29, 1993, PICA, at the request of the City, issued \$643,430,000 Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1993 (the "1993 PICA Bonds"), the proceeds of which were used to make grants to the City to pay the costs of certain capital projects to be undertaken by the City and to make a grant to the City to provide for the defeasance of certain outstanding general obligation bonds of the City in the aggregate amount of \$336,225,000.

On September 14, 1993, PICA issued \$178,675,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A (the "1993A PICA Bonds"), the proceeds of which were used to advance refund \$136,670,000 principal amount of the 1992 PICA Bonds.

On December 15, 1994, PICA, at the request of the City, issued \$122,020,000 Special Tax Revenue Bonds (City of Philadelphia Funding Program) Series of 1994 (the "1994 PICA Bonds"), the proceeds of which were used to make grants to the City to pay the costs of certain capital projects to be undertaken by the City.

On May 30, 1996, PICA issued \$343,030,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996 (the "1996 PICA Bonds"), the proceeds of which were used to advance refund \$304,160,000 principal amount of the 1992 PICA Bonds and \$120,180,000 principal amount of the 1994 PICA Bonds.

On April 15, 1999, PICA issued \$610,005,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999 (the "1999 PICA Bonds"), the proceeds of which were used to advance refund \$610,730,000 principal amount of the 1993 PICA Bonds.

On June 16, 2003, PICA issued \$165,550,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2003, the proceeds of which were used to refund \$163,185,000 principal amount of the 1993A PICA Bonds.

On June 15, 2006, PICA issued \$89,950,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2006 (Auction Rate Securities), the proceeds of which were used to refund \$89,960,000 principal amount of the 1996 PICA Bonds.

On May 15, 2008, PICA issued \$133,740,000 Series 2008A and \$80,825,000 Series 2008B Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program). The proceeds of the Series 2008A bonds were used to refund \$142,085,000 principal amount of the 2003 PICA Bonds; the proceeds of the Series 2008B Bonds together with other available funds of the Authority were used to refund \$85,500,000 principal amount of the 2006 PICA Bonds.

On June 15, 2009, PICA issued \$354,925,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009, the proceeds of which were used to refund the outstanding 1999 PICA Bonds and pay the costs of terminating an associated swap.

As of the close of business on June 30, 2009, the principal amount of PICA bonds outstanding was \$557,740,000.

Source of Payment of PICA Bonds

The PICA Act authorized the City to impose a tax for the sole and exclusive purposes of PICA. In connection with the adoption of the Fiscal Year 1992 budget and the adoption of the first Five-Year Plan, the City reduced the wage, earnings, and net profits tax on City residents by 1.5% and enacted a PICA Tax of 1.5% tax on wages, earnings and net profits of City residents (the "PICA Tax"). Proceeds of the PICA Tax are solely the property of PICA. The PICA Tax, collected by the City's Department of Revenue, is deposited in the "Pennsylvania Intergovernmental Cooperation Authority Tax Fund" (the

“PICA Tax Fund”) of which the State Treasurer is custodian. The PICA Tax Fund is not subject to appropriation by City Council or the General Assembly of the Commonwealth.

The PICA Act authorizes PICA to pledge the PICA Tax to secure its bonds and prohibits the Commonwealth and the City from repealing the PICA Tax or reducing the rate of the PICA Tax while any bonds secured by the PICA Tax are outstanding.

The PICA Act requires that proceeds of the PICA Tax in excess of amounts required for (i) debt service, (ii) replenishment of any debt service reserve fund for bonds issued by PICA, and (iii) certain PICA operating expenses, be deposited in a trust fund established pursuant to the PICA Act exclusively for the benefit of the City and designated the “City Account.” Amounts in the City Account are required to be remitted to the City not less often than monthly, but are subject to withholding if PICA certifies the City’s non-compliance with the then-current five-year plan.

The PICA Act establishes a “Bond Payment Account” for PICA as a trust fund for the benefit of PICA bondholders and authorizes the creation of a debt service reserve fund for bonds issued by PICA. Since PICA has issued bonds secured by the PICA Tax, the PICA Act requires that the State Treasurer pay the proceeds of the PICA Tax held in the PICA Tax Fund directly to the Bond Payment Account, the debt service reserve fund created for bonds issued by PICA and the City Account.

The total amount of PICA Tax remitted to PICA by the State Treasurer (which is net of the costs of the State Treasurer in collecting the PICA Tax) for each of the Fiscal Years 2001 through 2009, and the current estimate for Fiscal Year 2010, are set forth below:

<u>Year</u>	<u>Amount</u>
2001	273.6 million
2002	278.0 million
2003	281.5 million
2004	285.0 million
2005	300.2 million
2006	309.9 million
2007	327.9 million
2008	341.8 million
2009	348.5 million
2010 (Current Estimate)	354.3 million

PICA bonds are payable from the PICA revenues, including the PICA Tax, pledged to secure PICA’s bonds, the Bond Payment Account and any debt service reserve fund established for such bonds and have no claim on any revenues of the Commonwealth or the City.

Five-Year Plans of the City

One of the conditions precedent to the issuance of bonds by PICA was the development by the City and approval by PICA of a five-year financial plan. The original five-year plan, which covered Fiscal Years 1992 through 1996, was prepared by the Mayor, approved by City Council on April 29, 1992 and by PICA on May 18, 1992. In each subsequent year, the City updated the previous year’s five-year plan, each of which was adopted by City Council, signed by the Mayor and approved by PICA.

The Mayor presented the Seventeenth Five-Year Plan (the “Seventeenth Five-Year Plan”) to City Council on February 14, 2008. City Council approved the Fiscal Year 2009 Budget and the revised Seventeenth Five-Year Plan on May 22, 2008. The Mayor signed the budget into law on May 22, 2008. The Seventeenth Five-Year Plan was approved by PICA on June 17, 2008.

The Mayor presented the Eighteenth Five-Year Plan (the "Eighteenth Five-Year Plan") to City Council on March 19, 2009. City Council reviewed the Fiscal Year 2010 Operating Budget and Eighteenth Five-Year Plan on March 25, 2009. City Council approved the Fiscal Year 2010 Budget on May 21, 2009, and the Mayor signed it on May 27, 2009. The City submitted the revised Eighteenth Five-Year Plan to PICA in June 2009 for PICA's approval. The Eighteenth Five-Year Plan included a one percent City Sales Tax increase through Fiscal Year 2014. Additionally, the Eighteenth Five-Year Plan assumed a partial deferral of the City's pension payment in Fiscal Year 2010 (\$150 million) and Fiscal Year 2011 (\$80 million) to be paid back by Fiscal Year 2014. In addition to the deferral, the City changed the amortization period from 20 years to 30 years and lowered the interest rate assumption from 8.75 percent to 8.25 percent.

PICA's Board approved the City's Eighteenth Five-Year Plan on July 21, 2009 with several conditions, including that the Eighteenth Five-Year Plan would be deemed disapproved if (i) the General Assembly of the Commonwealth failed to enact legislation authorizing the City to increase the City's sales tax and change the City's pension fund payments by August 15, 2009 or such earlier date that the General Assembly recessed for the summer, or (ii) the City failed to provide PICA by August 20, 2009 with a list of items that could generate at least \$25 million in additional savings or recurring revenues in each year of the Eighteenth Five-Year Plan. If either of the conditions referred to above were not met, the City would be required to submit a revised Eighteenth Five-Year Plan within 15 days of the deemed disapproval. The City prepared the information required in clause (ii) and submitted it to PICA on August 20, 2009. In addition, on September 1, 2009, the City formally submitted a revised Five-Year Plan for FY2010-FY2014. PICA approved the revised Eighteenth Five-Year Plan on September 16, 2009, subject to the enactment of the legislation authorizing the increase in the City's sales tax and change in the City's pension fund payments. The Commonwealth enacted such legislation on September 18, 2009.

The Mayor presented the Nineteenth Five-Year Plan (the "Nineteenth Five-Year Plan") to City Council on March 4, 2010. City Council review is currently underway.

CITY FINANCIAL PROCEDURES

Except as otherwise noted, the financial statements, tables, statistics, and other information shown below have been prepared by the Office of the Director of Finance and can be reconciled to the financial statements in the City's Comprehensive Annual Financial Report and Notes therein.

Independent Audit and Opinion of the City Controller

The City Controller has examined and expressed opinions on the basic financial statements of the City of Philadelphia contained in the City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2009 (the "Fiscal Year 2009 Comprehensive Annual Financial Report").

The City Controller has not participated in the preparation of this Official Statement nor in the preparation of the budget estimates and projections and cash flow statements and forecasts set forth in various tables contained in this Official Statement. Consequently, the City Controller expresses no opinion with respect to any of the data contained in this Official Statement other than what is contained in the Fiscal Year 2009 Comprehensive Annual Financial Report.

Principal Operations

The major operations of the City are conducted through the General Fund. In addition to the General Fund, operations of the City are conducted through two other major governmental funds and 12 minor governmental funds. The two major governmental funds and three of the minor governmental

funds are financed solely through grants from the Commonwealth and Federal government. The City's Debt Service Fund and Capital Projects Fund are also included with the minor governmental funds.

Fund Accounting

Funds are groupings of activities that enable the City to maintain control over resources that have been segregated for particular purposes or objectives. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. The governmental funds are used to account for the financial activity of the City's basic services, such as: general government; economic and neighborhood development; public health, welfare and safety; cultural and recreational; and streets, highways and sanitation. The funds' financial activities focus on a short-term view of the inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. The financial information presented for the governmental funds is useful in evaluating the City's short term financing requirements.

The City maintains twenty-three individual governmental funds. The City's Comprehensive Annual Financial Report (including for the City's fiscal year ended June 30, 2009), presents data separately for the General Fund, Grants Revenue Fund and Health Choices Behavioral Health Fund, which are considered to be major funds. Data for the remaining twenty funds are combined into a single aggregated presentation.

Proprietary Funds. The proprietary funds are used to account for the financial activity of the City's operations for which customers are charged a user fee; they provide both a long and short-term view of financial information. The City maintains three enterprise funds that are a type of proprietary funds - airport, water and wastewater operations, and industrial land bank.

Fiduciary Funds. The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for PGW's employees' retirement reserve assets. Both of these fiduciary activities are reported in the City's Comprehensive Annual Financial Report (including for the City's fiscal year ended June 30, 2009), as separate financial statements of fiduciary net assets and changes in fiduciary net assets.

Basis of Accounting and Measurement Focus

Governmental funds account for their activities using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as in the case of full accrual accounting. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due; however, those expenditures may be accrued if they are to be liquidated with available resources.

Imposed non-exchange revenues, such as real estate taxes, are recognized when the enforceable legal claim arises and the resources are available. Derived tax revenues, such as wage, business privilege, net profits and earnings taxes, are recognized when the underlying exchange transaction has occurred and the resources are available. Grant revenues are recognized when all the applicable eligibility requirements have been met and the resources are available. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue that is considered to be program revenue includes: (1) charges to customers or applicants for goods received, services rendered or privileges provided, (2) operating grants and

contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program specific revenues; therefore, all taxes are considered general revenues.

The City's financial statements reflect the following three funds as major Governmental Funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.
- The Health Choices Behavioral Health Fund accounts for resources received from the Commonwealth. These resources are restricted to providing managed behavioral health care to residents of the City.
- The Grants Revenue Fund accounts for the resources received from various federal, state and private grantor agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

The City also reports on Permanent Funds, which are used to account for resources legally held in trust for use by the park and library systems of the City. There are legal restrictions on the resources of the funds that require the principal to remain intact, while only the earnings may be used for the programs.

The City reports on the following Fiduciary Funds:

- The Municipal Pension Fund accumulates resources to provide pension benefit payments to qualified employees of the City and certain other quasi-governmental organizations.
- The Philadelphia Gas Works Retirement Reserve Fund accounts for contributions made by PGW to provide pension benefit payments to its qualified employees under its noncontributory pension plan.

The City reports on the following major Proprietary Funds:

- The Water Fund accounts for the activities related to the operation of the City's water delivery and sewage systems.
- The Aviation Fund accounts for the activities of the City's airports.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenues of the Water Fund are charges for water, sewer and stormwater service. The principal operating revenue of the Aviation Fund is charges for the use of the airport. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Legal Compliance

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). In accordance with the Home Rule Charter, the City has formally established budgetary accounting control for its operating and capital improvement funds.

The operating funds of the City, consisting of the General Fund, ten Special Revenue Funds (County Liquid Fuels Tax, Special Gasoline Tax, Health Choices Behavioral Health, Hotel Room Rental Tax, Grants Revenue, Community Development, Car Rental Tax, Wage Tax Reduction, Acute Care Hospital Assessment and Housing Trust Funds) and two Enterprise Funds (Water and Aviation Funds), are subject to annual operating budgets adopted by City Council. Included with the Water Fund is the Water Residual Fund. These budgets appropriate funds for all City departments, boards and commissions by major class of expenditure within each department. Major classes are defined as: personal services; purchase of services; materials and supplies; equipment; contributions, indemnities and taxes; debt service; payments to other funds; and advances and other miscellaneous payments. The appropriation amounts for each fund are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. All transfers between major classes (except for materials and supplies and equipment, which are appropriated together) must have councilmanic approval. Appropriations that are not expended or encumbered at year-end are lapsed.

The City's capital budget is adopted annually by City Council. The capital budget is appropriated by project for each department. Requests to transfer appropriations between projects must be approved by City Council. Any appropriations that are not obligated at year-end are either lapsed or carried forward to the next fiscal year.

Schedules prepared on the legally enacted basis differ from the GAAP basis in that both expenditures and encumbrances are applied against the current budget, adjustments affecting activity budgeted in prior years are accounted for through fund balance or as reduction of expenditures and certain interfund transfers and reimbursements are budgeted as revenues and expenditures.

Budget Procedure

At least ninety days before the end of the Fiscal Year the operating budget for the next Fiscal Year is prepared by the Mayor and must be submitted to City Council for adoption. The budget, as adopted, must be balanced and provide for discharging any estimated deficit from the current Fiscal Year and make appropriations for all items to be funded with City revenues. The Mayor's budgetary estimates of revenues for the ensuing Fiscal Year and projection of surplus or deficit for the current Fiscal Year may not be altered by City Council. Not later than the passage of the operating budget ordinance, City Council must enact such revenue measures as will, in the opinion of the Mayor, yield sufficient revenues to balance the budget.

At least thirty days before the end of each Fiscal Year, City Council must adopt by ordinance an operating budget and a capital budget for the ensuing Fiscal Year and a capital program for the six ensuing years. If the Mayor disapproves the bill, he must return it to City Council with the reasons for his disapproval at the first meeting thereof held not less than ten days after he receives it. If the Mayor does not return the ordinance within the time required, it becomes law without his approval. If City Council passes the bill by a vote of two-thirds of all of its members within seven days after the bill has been returned with the Mayor's disapproval, it becomes law without his approval. The capital program is prepared annually by the City Planning Commission to present the capital expenditures planned for each of the six ensuing Fiscal Years, including the estimated total cost of each project and the sources of funding (local, state, Federal, and private) estimated to be required to finance each project. The capital program is reviewed by the Mayor and transmitted to City Council for adoption with his recommendation thereon. See Table 11 for a summary of the City's capital improvement program for the Fiscal Years 2010 through 2015.

The capital budget ordinance, authorizing in detail the capital expenditures to be made or incurred in the ensuing Fiscal Year from funds that City Council appropriates, is adopted by City Council

concurrently with the capital program. The capital budget must be in full conformity with that part of the capital program applicable to the Fiscal Year that it covers.

Awards

For the twenty-ninth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded its prestigious Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. The City received this recognition by publishing a report that was well organized and readable and satisfied both generally accepted accounting principles and applicable legal requirements.

CITY CASH MANAGEMENT AND INVESTMENT POLICIES

Consolidated Cash

The Act of the General Assembly of the Commonwealth of June 25, 1919, P.L. 581, Art. XVII, § 6, gives the City the authority to make temporary inter-fund loans between operating and capital funds.

The Consolidated Cash Account provides for the physical commingling of the cash of all City Funds, except those which, for legal or contractual reasons, cannot be commingled (e.g., the Municipal Pension Fund, sinking funds, sinking fund reserves, funds of PGW, the Water Fund, the Aviation Fund and certain other restricted purpose funds). A separate accounting is maintained for the equity of each member fund in the Consolidated Cash Account. The City manages the Consolidated Cash Account pursuant to the following procedures:

To the extent that any member fund temporarily experiences the equivalent of a cash deficiency, the required advance is made from the Consolidated Cash Account, in the amount necessary to result in a zero balance in the cash equivalent account of the borrowing fund. All subsequent net receipts of a borrowing fund are applied in repayment of the advance.

All advances are made within the budgetary constraints of the borrowing funds. Within the General Fund, this system of inter-fund advances has historically resulted in the temporary use of tax revenues or other operating revenues for capital purposes and the temporary use of capital funds for operating purposes.

Procedures governing the City's cash management operations require the General Fund-related operating fund to borrow initially from the General Fund-related capital fund, and only to the extent there is a deficiency in such fund may the General Fund-related operating fund borrow money from any other funds in the Consolidated Cash Account.

Investment Practices

Cash balances in each of the City's funds are managed to maintain daily liquidity to pay expenses, and make investments that preserve principal while striving to obtain the maximum rate of return. In accordance with the Home Rule Charter, the City Treasurer is the City Official responsible for managing cash collected into the City Treasury. The available cash balances in excess of daily expenses are placed in demand accounts, swept into money market mutual funds, or used to make investments directed by professional money managers. These investments are held in segregated trust accounts at a separate financial institution. Cash balances related to Revenue Bonds for Water and Sewer and the Airport are directly deposited and held separately in trust. A Fiscal Agent manages these cash balances per the related bond documents and the investment practice is guided by administrative direction of the City Treasurer per the Investment Committee and the Investment Policy. In addition, certain operating cash deposits (such as Community Behavioral Health, Special Gas/County Liquid and "911" surcharge) of the

City are restricted by purpose and required to be segregated into accounts in compliance with Federal or State reporting.

Investment guidelines for the City are embodied in legislation approved by City Council appearing in the Philadelphia City Code, Chapter 19. In furtherance of the City, State, and Federal legislative guidelines, the Director of Finance adopted a written Investment Policy (the "Policy") that first went into effect in August 1994 and most recently was revised in April 2001. This Policy supplements other legal requirements and establishes a comprehensive investment policy for the overall administration and effective management of all monetary funds (except the Municipal Pension Fund and PGW Retirement Reserve Fund).

The Policy delineates the authorized investments as approved by City Council Ordinance and the funds to which the Policy applies. The authorized investments include U.S. Government Securities, U.S. Treasuries, U.S. Agencies, Collateralized Certificates of Deposit, Bankers Acceptance Notes, Eurodollar Deposits, Euro Certificates of Deposit, Commercial Paper, Corporate Bonds, Money Market Mutual Funds, Repurchase Agreements and Commonwealth of Pennsylvania securities, all of investment grade rating or better. Each category of instruments, excluding U.S. Government Treasury and Agency securities which carry no limitation, is limited to investment of no more than 25% of the total portfolio, and no more than 10% of the total portfolio per institutional or corporate issuer. The Policy also restricts investments to those having a maximum maturity of two years. Daily liquidity is maintained through the use of SEC-registered money market mutual funds with the balance of funds invested by the City or money managers in accordance with the Policy.

The Policy provides for an ad hoc Investment Committee consisting of the Director of Finance, the City Treasurer and the Deputy City Treasurer with ex-officio membership of a representative of each of the principal operating and capital funds, i.e., Water Fund, Aviation Fund, Philadelphia Gas Works and Philadelphia Municipal Authority. The Investment Committee meets quarterly with each of the investment managers to review each manager's performance to date and to plan for the next quarter. Investment managers are given any changes in investment instructions at these meetings. The Investment Committee approves all modifications to the Policy.

The Policy expressly forbids the use of any derivative investment product whose yield or market value does not follow the normal swings in interest rates. Investment in derivatives such as "inverse floaters," leveraged variable rate debt and interest-only or principal-only Collateralized Mortgage Obligations are specifically forbidden. The use of any other derivative investment products is restricted to identified "core cash" in any fund but never to exceed 25% of any fund's balance at the time of purchase.

General Fund Cash Flow

Because the receipts of General Fund revenues lag behind expenditures during most of each fiscal year, the City issues notes in anticipation of General Fund revenues and makes payments from the Consolidated Cash Account to finance its on-going operations. The City has issued notes in anticipation of the receipt of income by the General Fund in each fiscal year since Fiscal Year 1972 (with a single exception). Each issue was repaid when due, prior to the end of the fiscal year.

The timing imbalance referred to above results from a number of factors, principally the following: (1) real property, business privilege tax and certain other taxes are not due until the latter part of the fiscal year; and (2) the City experiences lags in reimbursement from other governmental entities for expenditures initially made by the City in connection with programs funded by other governments.

DISCUSSION OF FINANCIAL OPERATIONS

Fiscal Year 2009 Adopted Budget

The City's Fiscal Year 2009 budget was approved by City Council on May 22, 2008 and signed into law that day. The budget projects estimated revenues of \$3.9 billion, obligations of \$4.03 billion and an ending fund balance of \$62.5 million on the legally enacted basis. This budget was adopted by the City in conjunction with the Seventeenth Five-Year Plan which was approved by PICA on June 17, 2008.

Fiscal Year 2009 Actual

Results for Fiscal Year 2009 reflect revenues of \$3.64 billion and obligations of \$3.92 billion on a legally enacted basis. Tax revenues were \$172 million below adopted budget levels. The real estate transfer tax and business privilege tax account for more than \$127 million of the reduction. Total general fund revenue was \$249.8 million below budget. Obligations were \$116.4 million below budgeted levels as the administration took action to reduce obligations and reduce the projected deficit. The Fiscal Year 2009 fund balance was negative \$137.2 million; of this amount \$45 million was due to a delay in the receipt from the Commonwealth for child welfare reimbursement under Title IV-E of the Social Security Act ("Title IV-E") and an additional \$10 million was due to an Act 148 ("Act 148") funding settlement from Fiscal Year 2008. The Commonwealth has implemented a new billing system in response to Federal audit requirements and because of this, the Title IV-E funds were not received in Fiscal Year 2009, but are anticipated to be received in Fiscal Year 2010.

Fiscal Year 2010 Adopted Budget

The City's Fiscal Year 2010 budget was presented to City Council on March 19, 2009, was approved by City Council on May 21, 2009, and signed by the Mayor on May 27, 2009. The budget projects estimated revenues of \$3.815 billion, obligations of \$3.694 billion and an ending fund balance of \$85.3 million after discharging the Fiscal Year 2009 fund balance deficit on the legally enacted basis. The budget includes a 1 percent City Sales Tax increase which is estimated to yield \$97 million in Fiscal Year 2010 increasing to an estimated \$121 million in Fiscal Year 2014. The Sales Tax increase became effective on October 8, 2009.

Fiscal Year 2010 Current Estimate

With the delay in Commonwealth approval of the temporary Sales Tax increase, reduced child welfare funding, revisions to the pension amortization schedule and other reductions and delays in implementation of revenue initiatives, the City revised the Fiscal Year 2010 budget and Eighteenth Five-Year Plan and submitted the revision to PICA on September 1, 2009. PICA approved the revised Eighteenth Five-Year Plan on September 16, 2009. The revised Fiscal Year 2010 estimate projects revenues of \$3.769 billion, obligations of \$3.696 billion and an ending fund balance on the legally enacted basis of \$3 million. However, after the second quarter results were known, the City revised the Fiscal Year 2010 fund balance estimate to negative \$37.9 million. This revision reflects weaker Wage, Earnings and Sales tax receipts, partially offset by increased Real Estate Transfer Tax collections and an improved Business Privilege Tax base; reduced State funding for Police, weakened recycling revenue and increased spending for technology improvements.

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Table 1
City of Philadelphia General Fund
Summary of Operations
(Legal Basis) (Amounts In Millions of USD)

	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Current Estimate 2010
REVENUES							
Real Property Taxes	377.7	392.7	395.8	397.5	402.8	400.1	413.4
Wage and Earnings Tax	1,049.6	1,073.6	1,111.2	1,167.4	1,184.8	1,117.0	1,117.0
Net Profits Tax	13.0	13.7	14.6	15.3	12.5	12.2	14.4
Business Privilege Tax	309.2	379.5	415.5	436.4	398.8	386.0	376.6
Sales Tax ^(a)	108.0	119.9	127.8	132.6	137.3	128.2	199.8
Other Taxes ^(b)	<u>202.2</u>	<u>250.9</u>	<u>304.1</u>	<u>286.7</u>	<u>260.3</u>	<u>209.3</u>	<u>213.4</u>
Total Taxes	<u>2,059.7</u>	<u>2,230.3</u>	<u>2,369.0</u>	<u>2,435.9</u>	<u>2,396.5</u>	<u>2,252.8</u>	<u>2,334.6</u>
Locally Generated Non-Tax Revenue	207.4	200.9	235.9	247.9	265.8	256.3	247.3
Revenue from Other Governments	801.1	1,054.6	924.5	1,032.9	1,033.4	993.4	1,168.9
Receipts from Other City Funds	<u>24.7</u>	<u>26.3</u>	<u>24.9</u>	<u>27.4</u>	<u>27.2</u>	<u>135.4</u>	<u>33.0</u>
Total Revenue	<u>3,092.9</u>	<u>3,512.1</u>	<u>3,554.3</u>	<u>3,744.1</u>	<u>3,722.8</u>	<u>3,637.9</u>	<u>3,783.9</u>
OBLIGATIONS/APPROPRIATIONS							
Personnel Services	1,278.3	1,243.5	1,250.2	1,327.6	1,390.7	1,406.3	1,381.3
Purchase of Services	1,050.3	1,090.1	1,065.7	1,151.6	1,188.7	1,174.2	1,127.7
Materials, Supplies and Equipment	70.6	71.5	82.1	89.1	92.1	82.7	75.4
Employee Benefits	598.9	704.7	760.2	890.3	983.0	973.2	835.2
Indemnities, Contributions and Grants	95.1	113.5	110.9	119.0	120.9	130.0	107.9
City Debt Service	93.7	89.7	82.9	89.1	87.2	100.9	128.1
Other	32.0	36.7	38.6	31.2	32.3	22.7	25.0
Payments to Other City Funds	<u>29.1</u>	<u>36.6</u>	<u>35.4</u>	<u>38.7</u>	<u>24.8</u>	<u>25.3</u>	<u>28.5</u>
Total Obligations/Appropriations	<u>3,248.0</u>	<u>3,386.3</u>	<u>3,426.0</u>	<u>3,736.6</u>	<u>3,919.8</u>	<u>3,915.3</u>	<u>3,709.1</u>
Operating Surplus (Deficit) for the Year	(155.4)	125.8	128.2	7.5	(197.0)	(277.4)	74.8
Net Adjustments – Prior Year	17.3	17.2	30.1	35.9	18.6	20.7	24.5
Funding for Contingencies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cumulative Fund Balance Prior Year	<u>91.3</u>	<u>(46.8)</u>	<u>96.2</u>	<u>254.5</u>	<u>297.9</u>	<u>119.5</u>	<u>(137.2)</u>
Cumulative Adjusted Year End Fund Balance (Deficit)	<u>(46.8)</u>	<u>96.2</u>	<u>254.5</u>	<u>297.9</u>	<u>119.5</u>	<u>(137.2)</u>	<u>(37.9)</u>

(a) Reflects one percent increase effective October 8, 2009.

(b) Includes Real Estate Transfer Tax, Parking Tax, Amusement Tax, and Other Taxes.

FIGURES MAY NOT ADD DUE TO ROUNDING.

Table 2
City of Philadelphia
Principal Operating Funds (Debt Related)
Summary of Operations (Legal Basis)
(Amounts in Millions of USD)

	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Current Estimate 2010
REVENUES							
General Fund	3,092.8	3,512.1	3,554.3	3,744.1	3,722.8	3,637.9	3,783.9
Water Fund ^(a)	438.3	451.4	490.3	519.7	589.7	543.5	574.7
Aviation Fund ^(b)	241.4	249.0	271.5	268.6	287.9	294.1	296.7
Other Operating Funds ^(c)	<u>39.0</u>	<u>38.6</u>	<u>41.9</u>	<u>44.9</u>	<u>113.2</u>	<u>49.5</u>	<u>49.6</u>
Total Revenue	<u>3,811.5</u>	<u>4,251.1</u>	<u>4,358.0</u>	<u>4,577.3</u>	<u>4,713.6</u>	<u>4,525.0</u>	<u>4,704.9</u>
OBLIGATIONS/APPROPRIATIONS							
Personnel Services	1,444.7	1,409.0	1,412.9	1,498.2	1,568.9	1,579.0	1,556.9
Purchase of Services	1,197.0	1,250.0	1,233.5	1,328.5	1,441.4	1,369.2	1,353.7
Materials, Supplies and Equipment	119.2	121.9	136.2	145.9	151.1	140.7	145.6
Employee Benefits	662.1	784.9	845.3	990.1	1,095.8	1,091.4	941.0
Indemnities, Contributions and Taxes	99.7	117.3	116.5	122.6	127.1	135.9	140.2
Debt Service ^(d)	344.6	336.8	337.6	348.8	346.7	384.8	401.4
Other	32.0	36.7	38.6	31.2	32.3	22.7	25.0
Payments to Other City Funds	<u>95.5</u>	<u>97.0</u>	<u>119.4</u>	<u>144.9</u>	<u>154.7</u>	<u>88.1</u>	<u>122.1</u>
Total Obligations/Appropriations	<u>3,994.8</u>	<u>4,153.6</u>	<u>4,240.0</u>	<u>4,610.2</u>	<u>4,917.9</u>	<u>4,811.8</u>	<u>4,685.9</u>
Operating Surplus (Deficit) for the Year	(183.4)	97.5	118.0	(32.8)	(204.3)	(286.8)	19.1
Net Adjustments Prior Year	41.0	45.8	60.6	69.6	51.0	41.8	56.7
Funding for Contingencies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cumulative Fund Balance (Deficit) Prior Year End	<u>132.0</u>	<u>(10.4)</u>	<u>132.9</u>	<u>311.5</u>	<u>348.3</u>	<u>236.8</u>	<u>(50.0)</u>
Cumulative Adjusted Year End Fund Balance (Deficit)	<u>(10.4)</u>	<u>132.9</u>	<u>311.5</u>	<u>348.3</u>	<u>195.0</u>	<u>(50.0)</u>	<u>25.8</u>

(a) Revenues of the Water Fund are not legally available for payment of other obligations of the City until, on an annual basis, all revenue bond debt service requirements and covenants relating to those bonds have been satisfied, and then only to the extent of \$4,994,000 per year, provided certain further conditions are satisfied. From Fiscal Year 1991 to Fiscal Year 2003, the maximum transfer, per administrative agreement, was \$4,138,000. For Fiscal Year 2004, the budgeted transfer was not made. For Fiscal Year 2005, the transferred amount was \$4,401,000. For Fiscal Year 2006, 2007 and 2008, the transferred amount was \$4,994,000. For Fiscal Year 2009, the transferred amount was \$4,185,463. The current estimate for Fiscal Year 2010 is \$2,553,000.

(b) Airport revenues are not available for other City purposes.

(c) Includes County Liquid Fuels Tax Fund, Special Gasoline Tax Fund and Water Residual Fund.

(d) Excludes PICA bonds.

FIGURES MAY NOT ADD DUE TO ROUNDING.

Quarterly Reporting to PICA

On November 16, 1992, the City submitted the first of its quarterly reports to PICA. This reporting is required under the PICA Act so that PICA may determine whether the City is in compliance with the then-current Five-Year Plan. Under the PICA Act, a “variance” is deemed to have occurred as of the end of a reporting period if (i) a net adverse change in the fund balance of a covered fund of more than 1% of the revenues budgeted for such fund for that fiscal year is reasonably projected to occur, such projection to be calculated from the beginning of the fiscal year for the entire fiscal year, or (ii) the actual net cash flows of the City for a covered fund are reasonably projected to be less than 95% of the net cash flows of the City for such covered fund for that fiscal year originally forecast at the time of adoption of the budget, such projection to be calculated from the beginning of the fiscal year for the entire fiscal year. The Mayor is required to provide a report to PICA that describes actual or current estimates of revenues, expenditures, and cash flows by covered funds compared to budgeted revenues, expenditures, and cash flows by covered funds for such previous quarterly or monthly period and for the year-to-date period from the beginning of the then-current fiscal year of the City to the last day of the fiscal quarter or month, as the case may be, just ended. Each such report is required to explain any variance existing as of such last day.

PICA may not take any action with respect to the City for variances if the City (i) provides a written explanation of the variance that PICA deems reasonable; (ii) proposes remedial action that PICA believes will restore overall compliance with the then-current Five-Year Plan; (iii) provides information in the immediately succeeding quarterly financial report demonstrating to the reasonable satisfaction of PICA that the City is taking remedial action and otherwise complying with the then-current Five-Year Plan; and (iv) submits monthly supplemental reports as required by the PICA Act.

On February 20, 2009, based on results as reported in the December 31, 2008 Quarterly City Managers Report for December 31, 2008, PICA informed the City that a variance had been declared as defined in Section 4.10(a) of the Intergovernmental Cooperation Agreement. The City provided monthly information to PICA as requested. PICA agreed to accept the submission of the Eighteenth Five-Year Plan as the City’s proposed remedial action to address the variance. The City revised the Eighteenth Five-Year Plan and submitted it to PICA on September 1, 2009. On September 16, 2009, PICA approved the Eighteenth Five-Year Plan. The variance has been removed.

REVENUES OF THE CITY

General

In 1932, the Pennsylvania General Assembly adopted an act (commonly referred to as the Sterling Act) under which the City was permitted to levy any tax that was not specifically pre-empted by the Commonwealth. Prior to 1939, the City relied heavily upon the real property tax as the mainstay of its revenue system. Acting under the Sterling Act and other legislation, the City has taken various steps over the years to reduce its reliance on real property taxes as a source of income, including: (1) enacting the wage, earnings, and net profits tax in 1939; (2) introducing a sewer service charge to make the sewage treatment system self-sustaining after 1945; (3) requiring under the Home Rule Charter that the water, sewer, and other utility systems be fully self-sustaining; and (4) enacting in 1952 the Mercantile License Tax (a gross receipts tax on business done within the City), which was replaced as of the commencement of Fiscal Year 1985 by the Business Privilege Tax.

Major Revenue Sources

The City derives its revenues primarily from various taxes, non-tax revenues, and receipts from other governments. See Table 3 for revenues by major source for Fiscal Years 1999-2010 and Table 4 for General Fund tax revenues for Fiscal Years 2004-2010. The following description does not take into

account revenues in the Non-Debt Related Funds. The tax rates for Fiscal Years 1999 through 2009 are contained in the Fiscal Year 2009 Comprehensive Annual Financial Report.

Wage, Earnings, and Net Profits Taxes. These taxes are levied on the wages, earnings, and net profits of all residents of the City and all non-residents employed within the City. The rate for both residents and non-residents was 4.3125% from Fiscal Year 1977 through Fiscal Year 1983. For Fiscal Years 1984 through 1991 the wage and earnings tax rate was 4.96% for residents and 4.3125% for non-residents and the net profits tax rate was 4.96% for both residents and non-residents.

In Fiscal Year 1992, the City reduced the City wage, earnings, and net profits tax on City residents by 1.5% and imposed the PICA Tax on wages, earnings and net profits at the rate of 1.5% on City residents. The table below sets forth the resident and non-resident wage and earnings tax rates for Fiscal Years 2001-2010, and the annual wage and earnings tax receipts in Fiscal Years 2001-2009 and the estimated receipts in Fiscal Year 2010.

<u>Fiscal Year</u>	<u>Resident Wage and Earnings Tax Rates*</u>	<u>Non-Resident Wage and Earnings Tax Rates</u>	<u>Annual Wage and Earnings Tax Receipts (including PICA Tax) (Amounts in Millions)</u>
2001	4.5635%	3.9672%	\$1,332.6
2002	4.5385	3.9462	1,297.3
2003	4.5000	3.9127	1,306.6
2004	4.4625	3.8801	1,347.6
2005	4.3310	3.8197	1,387.5
2006	4.3010	3.7716	1,435.6
2007	4.2600	3.7557	1,510.6
2008	4.2190	3.7242	1,527.5
2009 **	3.9800 (July 1) 3.9300 (January 1)	3.5392 (July 1) 3.5000 (January 1)	1,488.7
2010	3.9296	3.4997	1,533.2 (Current Estimate)

* Includes PICA Tax.

** There were two rate decreases during Fiscal Year 2009.

In the Seventeenth Five-Year Plan, the Mayor approved further reductions in this tax rate for each of the Fiscal Years 2009-2013. The Seventeenth Five-Year Plan approved reducing the wage tax from its then-current level of 4.2190% for residents and 3.7242% for non-residents to 3.60% for residents and 3.25% for non-residents by Fiscal Year 2013. These reduced rates include rate reductions funded through tax reduction funding provided by the Commonwealth of Pennsylvania from gaming proceeds. In Fiscal Year 2009 there were two rate reductions: one that took effect July 1, 2008 and the other that took effect January 1, 2009. The Eighteenth Five-Year Plan suspends future City-funded rate reductions until Fiscal Year 2015; however, the proposed Nineteenth Five-Year Plan suspends future City-funded rate reductions until Fiscal 2014.

Business Privilege Tax. In May 1984, the City enacted an ordinance substituting the Business Privilege Tax for the Mercantile License Tax. The Business Privilege Tax has been levied since January 1985 on every entity engaging in business in the City.

The Business Privilege Tax is a composite tax. Tax rates vary according to business classification (regulated, non-regulated, persons registered under the Pennsylvania Securities Act of 1972, manufacturing, wholesale, or retail) and method of tax computation employed. The various methods of tax computation are as follows: effective Fiscal Year 1989, all regulated industries, banks, trust companies, insurance companies, and public utilities, among others, were taxed at an annual rate of 3.25 mills on annual receipts not to exceed 6.5% of their net income. The tax on annual receipts and net income of all businesses, other than regulated industries, was levied at 3.25 mills and 6.5%, respectively,

provided that persons registered under the Pennsylvania Securities Act of 1972 shall in no event pay a tax of less than 5.711 mills on all taxable receipts plus the lesser of 4.302% of net income or 4.302 mills on gross taxable receipts.

Non-regulated industry manufacturers can opt for a lower 5.395% rate on receipts from sales after deducting the applicable cost of goods. Non-regulated wholesalers may choose a gross receipts tax on wholesale transactions at a lower rate of 7.55% after deducting applicable product and labor costs. Non-regulated retailers have the option of choosing the lower rate of 2.1% on receipts from retail sales after deducting applicable product and labor costs.

All persons subject to both the Business Privilege Tax and the Net Profits Tax are entitled to apply a credit of 60% of their Business Privilege Tax liability against what is due on the Net Profits Tax, which credit may be carried back or forward for up to three years.

In Fiscal Year 1996, the City began a program of reducing the gross receipts portion of the Business Privilege Tax from its previous level of 3.25 mills. The tax rates for tax years 2001-2010 are set forth below.

<u>Tax Year</u>	<u>Business Privilege Tax/Gross Receipts</u>
2001	2.525 mills
2002	2.400 mills
2003	2.300 mills
2004	2.100 mills
2005	1.900 mills
2006	1.665 mills
2007	1.540 mills
2008	1.415 mills
2009	1.415 mills
2010	1.415 mills

In the Seventeenth Five-Year Plan, the Mayor approved further reductions in the gross receipts portion of the Business Privilege Tax for each of the Fiscal Years 2009-2013. The Eighteenth Five-Year Plan suspends future City-funded rate reductions until Fiscal Year 2015; however, the proposed Nineteenth Five-Year Plan suspends future City-funded rate reductions until Fiscal 2014.

All business activity is also assessed a one-time \$200 licensing fee administered by the Department of Licenses and Inspections.

Real Property Taxes. A real estate tax on all taxable real property is levied on the assessed value of residential and commercial property located within the City's boundaries. From Fiscal Year 2003 through Fiscal Year 2007 the City's portion of the rate was 34.74 mills and the School District's portion was 47.90 mills. In Fiscal Year 2008, City Council shifted 1.69 mills of City tax to the School District. In Fiscal Year 2008, the City's portion of the rate became 33.05 mills and the School District's portion became 49.59 mills. Those rates remain in effect.

Sales and Use Tax. In connection with the adoption of the Fiscal Year 1992 Budget, the City adopted a 1% sales and use tax (the "City Sales Tax") for City general revenue purposes. The Commonwealth authorized the levy of this tax under the PICA Act. Vendors are required to pay this sales tax to the Commonwealth Department of Revenue together with the similar Commonwealth sales and use tax. The State Treasurer deposits the collections of this tax in a special fund and disburses the collections, including any investment income earned thereon, less administrative fees of the Commonwealth Department of Revenue, to the City on a monthly basis.

The City Sales Tax is imposed in addition to, and on the same basis as, the Commonwealth's sales and use tax. The City Sales Tax became effective September 28, 1991 and is collected for the City by the Commonwealth Department of Revenue. The Fiscal Year 2010 budget assumes an increase to 2 percent from the current 1 percent rate. The Pennsylvania General Assembly enacted legislation authorizing this increase effective October 8, 2009. The Eighteenth Five-Year Plan assumes this temporary increase will sunset on June 30, 2014. The table below sets forth the City Sales Tax collected in Fiscal Years 2001 through 2009 and estimated collections for Fiscal Year 2010.

<u>Fiscal Year</u>	<u>City Sales Tax Collections</u>
2001	\$ 111.3 million
2002	108.1 million
2003	108.0 million
2004	108.0 million
2005	119.9 million
2006	127.8 million
2007	132.6 million
2008	137.3 million
2009	128.2 million
2010 (Current Estimate)	199.8 million

Other Taxes. The City also collects real property transfer taxes, parking lot taxes, and other miscellaneous taxes such as the Amusement Tax.

Other Locally Generated Non-Tax Revenues. These revenues include license fees and permit sales, traffic fines and parking meter receipts, court related fees, stadium revenues, interest earnings and other miscellaneous charges and revenues of the City.

Revenue from Other Governments. The City's Fiscal Year 2010 General Fund current estimate projects that approximately 30.8% of General Fund revenues will be received from other governmental jurisdictions, including: (1) \$610.1 million from the Commonwealth for health, welfare, court, and various other specified purposes; (2) \$192.2 million from the Federal government; and (3) \$74.5 million from other governments, in which revenues are primarily rental and payments from the Philadelphia Gas Works and parking fines and fees from the Philadelphia Parking Authority. In addition, the projected net collections of the PICA Tax of \$288.2 million are included in "Revenue from Other Governments." These amounts do not include the substantial amounts of revenues from other governments received by the Grants Revenue Fund, Community Development Fund, and other operating and capital funds of the City.

Revenues from City-Owned Systems

In addition to taxes, the City realizes revenues through the operation of various City-owned systems such as the Water and Wastewater Systems and PGW. The City has issued revenue bonds with respect to the Water and Wastewater Systems and PGW to be paid solely from and secured by a pledge of the respective revenues of these systems. The revenues of the Water and Wastewater Systems and PGW are not legally available for payment of other obligations of the City until, on an annual basis, all revenue bond debt service requirements and covenants relating to those bonds have been satisfied and then, in a limited amount and upon satisfaction of certain other conditions.

Effective June 1991, the revenues of the Water Department were required to be segregated from other funds of the City. Under the City's Restated General Water and Wastewater Revenue Bond Ordinance of 1989 (the "Water Ordinance"), an annual transfer may be made from the Water Fund to the City's General Fund in an amount not to exceed the lesser of (a) all Net Reserve Earnings, as defined below, or (b) \$4,994,000. Net Reserve Earnings means the amount of interest earnings during the fiscal year on amounts in the Debt Reserve Account and Subordinated Bond Fund, as defined in the Water

Ordinance. Commencing in Fiscal Year 1991, the \$4,994,000 amount was reduced to \$4,138,000 by administrative agreement that remained in effect through Fiscal Year 2003. No such transfer was made in Fiscal Year 1992; however, the transfer was made in each subsequent year through Fiscal Year 2003. For Fiscal Year 2004, the transfer was to have increased to \$4,994,000 but no payment was made. For Fiscal Year 2005, the transferred amount was \$4,401,000; for Fiscal Years 2006 through 2008, the transferred amount was \$4,994,000. In Fiscal Year 2009, the transferred amount was \$4,185,463. In Fiscal Year 2010, the budgeted amount is \$4,994,000 and the current estimate is \$2,553,000.

The revenues of PGW are segregated from other funds of the City. Payments for debt service on Gas Works Revenue Bonds are made directly by PGW. In previous years, PGW has also made an annual payment of \$18,000,000 to the City's General Fund. For Fiscal Year 2005 the City agreed to forgo the \$18,000,000 payment, and for Fiscal Years 2006, 2007, 2008 and 2009, the City budgeted the receipt of the \$18,000,000 payment and the grant back of such amount to PGW. The City's Eighteenth Five-Year Plan assumes that the \$18,000,000 payment will be made in each of Fiscal Years 2010 through 2014 and that the City will grant back such payment to PGW in each such Fiscal Year, and the City's proposed Nineteenth Five-Year Plan contemplates the same for each of the Fiscal Years 2011 through 2015.

Philadelphia Parking Authority

The Philadelphia Parking Authority ("PPA") was established by City ordinance pursuant to the Pennsylvania Parking Authority Law, P.L. 458, No. 208 (June 5, 1947). Various statutes, ordinances, and contracts authorized PPA to plan, design, acquire, hold, construct, improve, maintain and operate, own or lease land and facilities for parking in the City, including such facilities at Philadelphia International Airport (the "Airport"), and to administer the City's on-street parking program through an Agreement of Cooperation ("Agreement of Cooperation") with the City.

PPA owns and operates five parking garages at the Airport, as well as operating a number of surface parking lots at the Airport. The land on which these garages and surface lots are located is leased from the City, acting through the Department of Commerce, Division of Aviation, pursuant to a lease expiring in 2030 (the "Lease Agreement"). The Lease Agreement provides for payment of rent to the City, which is equal to gross receipts less operating expense, debt service on PPA's bonds issued to finance improvements at the Airport and reimbursement to PPA for capital expenditures and prior year operating deficits relating to its Airport operations, if any. The City received transfers of rental payments in Fiscal Years 2003 through 2009 that totaled \$11,629,311, \$14,539,053, \$27,239,000, \$30,186,642, \$33,184,918, \$33,570,037, and \$31,239,909 respectively. The Fiscal Year 2010 budgeted transfer amount is \$36,000,000 and the current estimate is projected to be \$26,000,000.

One component of the operating expenses is PPA's administrative costs. In 1999, at the request of the Federal Aviation Administration ("FAA"), PPA and the City entered into a letter agreement (the "FAA Letter Agreement") which contained a formula for calculating PPA's administrative costs and capped such administrative costs at 28% of PPA's total administrative costs for all of its cost centers. PPA owns and/or operates parking facilities at a number of non-Airport locations in the City. These parking facilities are revenue centers for purposes of the FAA Letter Agreement.

Assessment and Collection of Real and Personal Property Taxes

In December 2009, the Board of the Revision of Taxes (BRT) ratified a Memorandum of Understanding separating the assessment and appeals functions for property valuation and transferring day-to-day authority for oversight of assessments to the Finance Department. The BRT did not extend the MOU which expired in April 2010. On December 17, 2009, City Council passed legislation that would disband the BRT and replace it with separate offices for assessments and appeals. Before the changes in the legislation can become effective, they must be approved by the voters and they are likely to be placed on the ballot for the May 2010 primary.

If the voters assent, the BRT will cease to exist at the end of September 2010 and the changes described in this paragraph will take effect. Beginning October 1, 2010, the newly created Office of Property Assessment will take over the annual assessment of all real estate located within the City. The new head assessor will be appointed by the Mayor with approval by City Council. The new Board of Appeals will be comprised of seven members appointed by the Mayor after recommendations by an independent panel. City Council will have the right to approve or disprove the Mayor's selections. As with the existing appeals mechanism, the Board may increase or decrease the property valuations contained in the returns of the assessors in order that such valuations conform with law. After all changes in property assessments, and after all assessment appeals, assessments will be certified and the results provided to the Department of Revenue.

Real estate taxes, if paid by February 28, are discounted by 1%. If the tax is paid during the month of March, the gross amount of tax is due. If the tax is not paid by the last day of March, tax additions of 1.5% per month are added to the tax for each month that the tax remains unpaid through the end of the calendar year. Beginning in January of the succeeding year, the 15% tax additions that accumulated during the last ten months of the preceding years are capitalized and the tax is registered delinquent. Interest is then computed on the new tax base at a rate of 0.5% per month until the real estate tax is fully paid. Commencing in February of the second year, an additional 1% per month penalty is assessed for a maximum of seven months. See the Fiscal Year 2009 Comprehensive Annual Financial Report for assessed and market values of taxable realty in the City and for levies and rates of collections.

During Fiscal Year 1997 and subsequent to the adoption of the Fiscal Year 1998 budget, the City decided to abandon the collection of the Personal Property Tax due to uncertainty as to the outcome of litigation challenging specific aspects of the tax then pending in other jurisdictions of the Commonwealth. As a result, the City realized no Personal Property Tax revenues in Fiscal Year 1998 or in subsequent years. The Personal Property Tax had been levied on the value of certain personal property of the residents of the City.

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Page 3
City of Philadelphia
Summary of
Principal Operating Funds (Debt Related)
Revenues by Major Source
Fiscal Years 2001-2010 (Legal Basis)
(Amounts in Millions of USD)

<u>Fiscal Year</u>	<u>Real Property Taxes^(a)</u>	<u>Wage Earnings & Net Profits Taxes^(a)</u>	<u>Business Privilege Tax^(a)</u>	<u>Sales and Use Tax^(a)</u>	<u>Other Taxes^(b)</u>	<u>Total Taxes</u>	<u>Water & Wastewater Charges</u>	<u>Airport Charges</u>	<u>Other Locally Generated Charges</u>	<u>Total Local Revenue</u>	<u>Revenue from Other Govts</u>	<u>Revenue from Other City Funds</u>	<u>Total Revenues</u>
2001	363.4	1,059.0 ^(c)	314.0 ^(c)	111.3	130.0 ^(c)	1,977.7	285.8	175.7	251.3	2,690.5	781.7	90.5	3,562.7
2002	376.8	1,019.3	295.8	108.1	148.6	1,945.4	302.8	181.7	257.9	2,687.8	722.5	80.8	3,491.1
2003	361.1	1,025.1	286.1	108.0	156.3	1,936.6	329.6	219.4	327.4	2,813.0	909.7	62.8	3,785.5
2004	377.7	1,062.6	309.2	108.0	202.2	2,059.7	383.1	235.0	207.4	2,885.2	834.2	92.1	3,811.5
2005	392.7	1,087.3	379.5	119.9	250.9	2,230.3	419.7	246.3	200.8	3,097.1	1,082.4	71.6	4,251.1
2006	395.8	1,125.8	415.5	127.8	304.1	2,369.0	460.4	269.4	236.2	3,335.0	953.1	69.9	4,358.0
2007	397.5	1,182.7	436.4	132.6	286.7	2,435.9	486.9	266.0	248.3	3,437.1	1,063.3	77.0	4,577.4
2008	402.8	1,197.3	398.8	137.3	260.3	2,396.5	555.0	275.3	267.5	3,494.3	1,066.2	153.1 ^(d)	4,713.6
2009	400.1	1,129.2	386.0	128.2	209.3	2,252.8	484.5	291.3	258.3	3,286.9	1,025.4	212.7 ^(e)	4,525.0
2010 (Current Estimate)	413.4	1,131.4	376.6	199.8 ^(f)	213.4	2,334.6	513.0	293.7	249.3	3,390.6	1,202.4	111.9 ^(g)	4,704.9

(a) See Table 7 in the Fiscal Year 2009 Comprehensive Annual Financial Report for Tax Rates.

(b) Includes Real Estate Transfer Tax, Parking Tax, Amusement Tax, and Other Taxes.

(c) Accounting accrual changes required by GASB #33 resulted in additional one-time tax revenue accruals in Fiscal Year 2001. (Wage Tax, \$50.4 million; Business Privilege, \$5.2 million; Other Taxes, \$4.3 million).

(d) In Fiscal Year 2008, there was an increase of \$73 million in payment from Water Fund to Water Residual Fund.

(e) In Fiscal Year 2009, there was an \$86 million payment from the Wage Tax Reduction Fund.

(f) Reflects one percent increase effective October 8, 2009.

(g) In Fiscal Year 2010, the Wage Tax Reduction payment is shown in the Revenue from Other Governments column.

FIGURES MAY NOT ADD DUE TO ROUNDING.

Table 4
City of Philadelphia General Fund
Tax Revenues (a)
Fiscal Years 2004-2010
(Amounts in Millions of USD)

	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Current Estimate 2010
REAL PROPERTY TAXES							
Current	332.6	353.2	354.1	367.2	366.5	365.6	371.4
Prior	45.1	39.5	41.7	30.3	36.3	34.4	42.0
Total	<u>377.7</u>	<u>392.7</u>	<u>395.8</u>	<u>397.5</u>	<u>402.8</u>	<u>400.0</u>	<u>413.4</u>
WAGE AND EARNINGS TAX ^(b)							
Current	1,034.5	1,066.0	1,104.0	1,162.4	1,176.5	1,105.9	1,093.0
Delinquent	15.1	7.6	7.2	5.1	8.3	11.1	24.0
Total	<u>1,049.6</u>	<u>1,073.6</u>	<u>1,111.2</u>	<u>1,167.5</u>	<u>1,184.8</u>	<u>1,117.0</u>	<u>1,117.0</u>
BUSINESS TAXES							
Business Privilege							
Current	269.9	326.7	390.5	401.9	376.1	367.1	349.6
Delinquent	39.2	52.8	25.0	34.5	22.7	18.9	27.0
Sub-Total Business	<u>309.1</u>	<u>379.5</u>	<u>415.5</u>	<u>436.4</u>	<u>398.8</u>	<u>386.0</u>	<u>376.6</u>
Privilege							
Net Profits Tax							
Current	11.3	12.0	11.8	10.9	9.1	9.5	8.4
Delinquent	1.7	1.7	2.8	4.3	3.4	2.7	6.0
Sub-Total Net Profits	<u>13.0</u>	<u>13.7</u>	<u>14.6</u>	<u>15.3</u>	<u>12.5</u>	<u>12.2</u>	<u>14.4</u>
Tax							
Total Business Taxes	<u>322.1</u>	<u>393.2</u>	<u>430.1</u>	<u>451.6</u>	<u>411.3</u>	<u>398.2</u>	<u>391.0</u>
OTHER TAXES							
Sales and Use Tax	108.0	119.9	127.8	132.6	137.3	128.3	199.8 ^(c)
Amusement Tax	18.3	13.5	17.0	16.4	18.0	21.4	20.9
Real Property	141.3	192.3	236.4	217.3	184.0	115.1	118.7
Transfer Tax							
Parking Taxes	42.5	45.0	48.4	50.3	55.5	70.4	70.7
Other Taxes	0.1	0.1	2.3	2.6	2.8	2.4	3.1
Sub-Total Other	<u>310.2</u>	<u>370.8</u>	<u>431.9</u>	<u>419.2</u>	<u>397.6</u>	<u>337.6</u>	<u>413.2</u>
Taxes							
TOTAL TAXES	<u>2,059.6</u>	<u>2,230.3</u>	<u>2,369.0</u>	<u>2,435.9</u>	<u>2,396.5</u>	<u>2,252.8</u>	<u>2,334.6</u>

(a) See Table 7 in the Fiscal Year 2009 Comprehensive Annual Financial Report for Tax Rates.

(b) Beginning in Fiscal Year 1992, the City reduced the resident Wage and Earnings and Net Profits Tax from 4.96% to 3.46% and levied the PICA Tax at a rate of 1.50%, the proceeds of which are remitted to PICA for payment of debt service on PICA bonds and the PICA expenses. After paying debt service and expenses, net proceeds from the tax are remitted to the City as Revenue from Other Governments.

(c) Effective October 8, 2009, there is a one percent increase to the City Sales tax.

FIGURES MAY NOT ADD DUE TO ROUNDING

Table 5
Ten Largest Certified Market and Assessment Values
of Tax-Abated Properties
Certified Values for 2010

	Location	2010 Certified Market Value	Total Assessment	Total Taxable Assessment	Total Exempt Assessment
1	1701 John F Kennedy Blvd.	\$181,500,000	\$58,080,000	\$2,897,184	\$ 55,182,816
2	2929L Arch Street	117,000,000	37,440,000	0	37,440,000
3	1500 Spring Garden Street	50,000,000	16,000,000	2,944,000	13,056,000
4	2201 Park Towne Place	48,000,000	15,360,000	13,452,400	1,907,600
5	819 Chestnut Street	45,200,000	14,464,000	5,440,000	9,024,000
6	4300 S 26th Street	41,486,500	13,275,680	0	13,275,680
7	3711 Market Street	40,994,900	13,118,368	0	13,118,368
8	2760 Red Lion Rd.	39,820,000	12,742,400	480,006	12,262,394
9	3401 Chestnut Street	35,261,800	11,283,776	718,000	10,565,776
10	1327-29 Chestnut Street	35,000,000	11,200,000	10,880,000	320,000

Source: City of Philadelphia, Board of Revision of Taxes

EXPENDITURES OF THE CITY

The major City expenditures are for personal services, employee benefits, purchase of services (including payments to SEPTA), and debt service.

Personal Services (Personnel)

As of June 30, 2009, the City employed 27,482 full-time employees with the salaries of 22,912 employees paid from the General Fund. Additional employment is supported by other funds, including the Water Fund and the Aviation Fund.

Additional operating funds for employing personnel are contributed by other governments, primarily for categorical grants, as well as for the conduct of the community development program. These activities are not undertaken if funding is not received.

The following table sets forth the number of filled full-time positions of the City as of the dates indicated.

Table 6
City of Philadelphia
Filled, Full Time Positions — All Operating Funds
at June 30 (Actual)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010*</u>
General Fund							
Police	7,668	7,368	7,287	7,424	7,367	7,443	7,478
Streets	1,946	1,788	1,858	1,814	1,839	1,724	1,797
Fire	2,337	2,248	2,270	2,399	2,326	2,252	2,328
Health	745	667	662	664	665	662	739
Courts	2,046	2,004	1,936	1,928	1,970	1,889	1,965
Prisons	2,033	2,152	2,225	2,176	2,131	2,294	2,360
Human Services	1,815	1,743	1,703	1,721	1,784	1,743	1,858
All Other	5,170	4,995	4,878	4,941	5,029	4,905	4,982
Total General Fund	<u>23,760</u>	<u>22,965</u>	<u>22,819</u>	<u>23,067</u>	<u>23,111</u>	<u>22,912</u>	<u>23,507</u>
Other Funds	<u>4,659</u>	<u>4,649</u>	<u>4,616</u>	<u>4,598</u>	<u>4,642</u>	<u>4,570</u>	<u>5,044</u>
TOTAL	28,419	27,614	27,435	27,665	27,753	27,482	28,551

* Adopted Budget includes vacant positions.

Labor Agreements

Four major bargaining units represent City employees for collective bargaining purposes. District Councils 33 and 47 of the American Federation of State, County and Municipal Employees, AFL-CIO represents approximately 15,000 non-uniformed employees. The bargaining units for uniformed employees are the Fraternal Order of Police, Lodge 5 (the "FOP") and the Philadelphia Fire Fighters Association, Local 22, International Association of Fire Fighters AFL-CIO ("IAFF Local 22"), which together represent approximately 9,400 employees. The non-uniformed employees bargain under Act 195 of 1972, which allows for the limited right to strike over collective bargaining impasses. The uniformed employees bargain under Pennsylvania Act 111 of 1968, which provides for final and binding interest arbitration to resolve collective bargaining impasses. All contract expiration dates are June 30 unless otherwise noted.

In September 2004, a collective bargaining agreement was reached with District Council 47. This four-year contract includes a \$750 payment to each member with no general wage increase in Fiscal Year 2005 and wage increases of 2, 3 and 4 percent effective July 1 of each succeeding year, respectively. In December 2004, a collective bargaining agreement was reached with District Council 33, which mirrored the agreement previously reached with District Council 47. Each of the collective bargaining agreements included a health benefit reopener provision for the final two years of the agreement. The City concluded negotiations with District Councils 33 and 47 and agreed to increase the per member per month contributions to the unions by fourteen percent in Fiscal Year 2007 and an additional fourteen percent in Fiscal Year 2008.

On June 28, 2006, an arbitration panel issued a 3-year award to the IAFF Local 22. The award granted wage increases of 3.0% effective July 1, 2005, 3.0% effective July 1, 2006, and 4.0% effective July 1, 2007. In addition, the panel granted Local 22 health medical increases of 11.3% effective July 1, 2005, 14.1% effective July 1, 2006, and 14.0% effective July 1, 2007. The arbitration panel also addressed management issues believed by the City to be outside its jurisdiction. On August 24, 2007, the Commonwealth Court issued an opinion affirming in part and revising in part. The Court upheld the medical increases granted by the arbitrator's and revised the decision that limited the City's management rights.

The FOP contract contained a 3% increase in wages effective July 1, 2004, 3% effective July 1, 2005, 3% effective July 1, 2006 and a 4% increase effective July 1, 2007. The award also called for a re-opener for health medical coverage for Fiscal Year 2006 and Fiscal Year 2007.

At the re-opener in August of Fiscal Year 2006, the arbitrators ordered the City to increase FOP healthcare contributions by 15.7 percent and 10 percent in Fiscal Year 2006 and Fiscal Year 2007, respectively. After a City appeal, the Court of Common Pleas remanded the ruling back to arbitration, but the panel reissued its original ruling with no change. The City appealed the ruling to Common Pleas Court on February 13, 2006, and lost. The City has appealed that ruling in Commonwealth Court which ruled in favor of the City. The FOP petitioned the Pennsylvania Supreme Court asking the Court to review the matter, which the Court declined to do. The Mayor and the FOP reached a settlement in which the City agreed to pay the amounts awarded by the arbitrator. Accordingly, the matter has been withdrawn as moot.

On July 10, 2008 the arbitration panel awarded a one-year contract to the FOP effective July 1, 2008. The award called for a 2 percent wage increase effective July 1, 2008, a 2 percent wage increase effective January 1, 2009 and a 1 percent increase in longevity pay effective January 1, 2009. In addition, the panel reduced the per member per month health medical payment from the current monthly rate of \$1,303 per member to \$1,165 per member.

On October 17, 2008, an arbitration panel awarded a one-year contract to the IAFF Local 22 effective July 1, 2008. The award called for a 2 percent wage increase effective July 1, 2008, a 2 percent

wage increase effective January 1, 2009, and a 1 percent increase in longevity pay effective January 1, 2009. In addition, the panel reduced the per member per month health medical payment from the current monthly rate of \$1,444 per member to \$1,270 per member.

The City also reached a one year agreement with District Council 33 and District Council 47, which was effective July 1, 2008. The agreement called for a lump sum bonus of \$1,100 per member. The agreement also called for no increase in the current per member per month health benefit payment. The union memberships have ratified the agreements.

Contracts for the four major bargaining units representing City employees expired on June 30, 2009.

On December 18, 2009, an arbitration panel awarded a five-year contract to the FOP effective July 1, 2009 which calls for no raise the first year, a 3% wage increase and one percent stress differential increase effective July 1, 2010, a 3% wage increase effective July 1, 2011, and reopeners on wages in Fiscal Year 2013 and 2014. The award also includes higher employee co-pays in the police medical plan, reduced City contributions to the union's healthcare fund in Fiscal Year 2010, self insurance for employee health benefits and a requirement that new employees choose between a 20% increase in pension contributions over the amount current employees pay or entering a 401K type retirement plan for the first time.

Negotiations are currently underway with District Councils 33 and 47 and the contract with the IAFF Local 22 is in arbitration.

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The following table presents employee wage increases for the Fiscal Years 1998 through 2009.

Table 7
City of Philadelphia
Employee Wage Increases
Fiscal Years 1998-2010

<u>Fiscal Year</u>	<u>District Council No. 33</u>	<u>District Council No. 47</u>	<u>Fraternal Order of Police</u>	<u>International Association of Fire Fighters</u>
1998	3.0% (a)	3.0% (a)	4.0% (b)	4.0% (c)
1999	3.0% (a)	3.0% (a)	3.0% (b)	3.0% (c)
2000	4.0% (d)	4.0% (d)	4.0% (e)	4.0% (f)
2001	No increase	No increase	3.0%	3.0%
2002	3.0% (h)	3.0% (h)	4.0%	4.0%
2003	3.0% (i)	3.0% (i)	3.0%	3.0%
2004	3.0%	3.0%	3.5%	3.5%
2005	No increase (j)	No increase (j)	3.0%	3.0%
2006	2.0%	2.0%	3.0%	3.0%
2007	3.0% (k)	3.0% (k)	3.0%	3.0%
2008	4.0% (l)	4.0% (l)	4.0%	4.0%
2009	No increase (m)	No increase (m)	4.0% (n)	4.0% (n)
2010	(o)	(o)	0.0% (p)	(q)

- (a) Third year of a four year contract: 3% effective December 15, 1998.
- (b) First year of a two year contract: 3% effective September 15, 1998.
- (c) Third year of a four year contract: 3% effective September 15, 1998.
- (d) Fourth year of a four year contract: 4% effective March 15, 2000.
- (e) Second year of a two year contract: 4% effective September 15, 1999.
- (f) Fourth year of a four year contract: 4% effective September 15, 1999.
- (g) First year of a four year contract: cash bonus of \$1,500 paid in August 2000.
- (h) Second year of a four year contract: 3% effective December 15, 2001.
- (i) Third year of a four year contract: 3% effective December 15, 2002.
- (j) First year of a four year contract: cash bonus of \$750 paid in October 2004 to District Council 47 members and in December 2004 to District Council 33 members.
- (k) Third year of a four year contract: 3% effective July 1, 2006.
- (l) Fourth year of a four year contract: 4% effective July 1, 2007.
- (m) Cash bonus of \$1,100 paid 15 days after ratification.
- (n) One year contract: 2% effective July 1, 2008 and 2% effective January 1, 2009.
- (o) Contract expired on June 30, 2009, negotiations are currently underway.
- (p) Five year contract: 0% effective July 1, 2009, 3% effective July 1, 2010, 3% effective July 1, 2011, and re-openers on wages in Fiscal Years 2013 and 2014.
- (q) Existing contract expired on June 30, 2009, arbitration proceedings are currently underway.

Employee Benefits

The City provides various pension, life insurance, health, and medical benefits for its employees. General Fund employee benefit expenditures for Fiscal Years 2004 through 2010 are shown in the following table.

Table 8
City of Philadelphia
General Fund Employee Benefit Expenditures
Fiscal Years 2004-2010
(Amounts in Millions of USD)

	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Current Estimate 2010
Pension Contribution*	229.4	315.5	346.5	436.8	430.8	459.0	350.1
Health/Medical/Dental	253.7	285.9	291.8	331.5	421.0	377.0	368.8
Social Security	60.6	59.9	60.8	64.1	69.7	68.8	69.2
Other	<u>55.2</u>	<u>43.4</u>	<u>61.1</u>	<u>57.9</u>	<u>61.5</u>	<u>68.4</u>	<u>47.1</u>
Total	<u>598.9</u>	<u>704.7</u>	<u>760.2</u>	<u>890.3</u>	<u>983.0</u>	<u>973.2</u>	<u>835.2</u>

* The Pension Contribution amount includes debt service on the Pension Obligation Bonds, Series 1999.

Municipal Pension Fund (Related to All Funds)

The City is required by the Home Rule Charter to maintain an actuarially sound pension and retirement system covering all officers and employees of the City. Court decisions have interpreted this requirement to mean that the City must make contributions to the Municipal Pension Fund sufficient to fund:

A. Accrued actuarially determined normal costs.

B. Amortization of the unfunded actuarial accrued liability ("UAAL") determined as of July 1, 1985. The portion of that liability attributable to a class action lawsuit by pension fund beneficiaries is amortized in level installments, including interest, over 40 years through June 30, 2009. The remainder of the liability is amortized over 34 years with increasing payments expected to be level as a percentage of each year's aggregate payroll.

C. Amortization in level percent of pay of the changes in the July 1, 1985 liability due to: nonactive member's benefit modifications (10 years); experience gains and losses (15 years); changes in actuarial assumptions (20 years); and active members' benefit modifications (20 years).

The pension fund was actuarially valued every two years through 1984, and beginning with the July 1, 1985 valuation report, is required to be actuarially valued each year.

The July 1, 1980 unfunded liability, as amended by subsequent reports, will be amortized over 38 years through annual contributions which will closely approximate a level percent of payroll. The Pennsylvania Municipal Pension Plan Funding Standard and Recovery Act, enacted December 18, 1984 adopted changes in funding of municipal pensions that have been reflected in the valuation report for July 1, 1985. In particular, this act generally requires that unfunded actuarial accrued liability be funded in annual level dollar payments. The City is permitted to amortize the July 1, 1985 UAAL over 40 years as a level percentage of pay of each year's aggregate payroll ending in 2025.

A July 2004 amendment to Act 205 allowed for 2001 and 2002 calendar year investment losses to be amortized over 30 years, rather than the usual 15.

Based on the City's most recent actuarial report dated as of July 1, 2009, the unfunded accrued liability was \$4.933 billion which equals a funding ratio of 45%.

Non-uniformed employees become vested in the Municipal Pension Plan upon the completion of ten years of service. Upon retirement, non-uniformed employees may receive up to 80% of their average

final compensation depending upon their years of credited service. Uniformed employees become vested in the Municipal Pension Plan upon the completion of ten years of service. Upon retirement, uniformed employees may receive up to 100% of their average final compensation depending upon their years of credited service. City employees participate in one of two Municipal Pensions Plans, Plan 67 or Plan 87, depending, primarily, on such employee's date of hire. The retirement age differs for Plan 67 (age 55) and Plan 87 (age 60) for non-uniformed employees and also for Plan 67 (age 45) and Plan 87 (age 50) for uniformed employees.

Effective January 1, 1987, the City adopted a new plan ("Plan 87") to cover employees hired after January 8, 1987, as well as members in the previous Plan who elected to transfer to Plan 87. Except for elected officials, Plan 87 provides for less costly benefits and reduced employee contributions. For elected officials, Plan 87 provides for enhanced benefits, with participating elected officials required to pay for the additional normal cost. Police and Fire personnel became eligible for Plan 87 on July 1, 1988. Because of Court challenges, members of District Council 33 and Locals 2186 and 2187 of District Council 47 were not eligible for Plan 87 until October 2, 1992.

The Eighteenth Five-Year Plan assumes several changes to the pension system. The City changed the amortization period from 20 to 30 years and lowered the assumed rate of interest from 8.75 percent to 8.25 percent. Additionally, the Eighteenth Five-Year Plan assumes a partial deferral of the pension payment in Fiscal Year 2010 (\$150 million) and Fiscal Year 2011 (\$80 million) to be paid back by Fiscal Year 2014. The change in amortization period and the partial deferral have been approved by the Pennsylvania General Assembly.

A comprehensive statement of operations of the City Municipal Pension Fund for Fiscal Years 1999 through 2009 is contained in the Fiscal Year 2009 Comprehensive Annual Financial Report.

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Purchase of Services

The City accounts for a number of expenditures as purchase of services. The following table presents major purchases of services in the General Fund in Fiscal Years 2004 through 2010.

TABLE 9
CITY OF PHILADELPHIA
PURCHASE OF SERVICE IN THE GENERAL FUND
FISCAL YEARS 2004-2010
(AMOUNTS IN MILLIONS OF USD)

	Actual						Current Estimate
	2004	2005	2006	2007	2008	2009	2010
Human Services (a)	493.7	511.8	467.9	495.3	515.3	499.0	465.5
Public Health	69.1	60.7	61.1	65.5	65.1	67.9	68.6
Public Property (b)	132.4	133.3	137.6	156.3	139.5	142.6	134.0
Streets (c)	53.9	54.6	54.8	58.3	58.4	51.0	47.4
Sinking Fund-Lease Debt (d)	70.8	70.7	77.0	84.3	85.1	86.1	93.7
Legal Services (e)	33.4	33.5	33.6	35.4	37.3	37.3	35.9
First Judicial District	23.0	28.3	24.4	24.8	25.6	23.6	23.0
Licenses & Inspections (f)	6.0	3.1	11.5	11.4	11.9	9.6	8.4
Emergency (g)	12.0	22.1	28.6	31.3	33.9	32.3	31.7
Prisons	80.8	84.9	82.8	87.5	93.6	110.7	110.2
All Other	<u>75.2</u>	<u>87.1</u>	<u>86.4</u>	<u>101.5</u>	<u>123.0</u>	<u>114.1</u>	<u>109.3</u>
Total	<u>1,050.3</u>	<u>1,090.1</u>	<u>1,065.7</u>	<u>1,151.6</u>	<u>1,188.7</u>	<u>1,174.2</u>	<u>1,127.7</u>

- (a) Includes payments for care of dependent and delinquent children.
- (b) Includes payments for SEPTA, space rentals, utilities, and telecommunications. In Fiscal Year 2008, the telecommunications division was transferred to the Managing Director – Division of Technology (DOT). Services purchased for DOT appear in the table under the category “All Other.”
- (c) Includes solid waste disposal costs.
- (d) Includes, among other things, Justice Center, Neighborhood Transformation Initiative and Stadium lease debt.
- (e) Includes payments to the Defender Association to provide legal representation for indigents.
- (f) Includes payments for demolition in Fiscal Year 2006 through Fiscal Year 2010.
- (g) Includes homeless shelter and boarding home payments.

FIGURES MAY NOT ADD DUE TO ROUNDING

City Payments to School District

In each fiscal year since Fiscal Year 1996, the City has made an annual grant of \$15 million to the School District. Pursuant to negotiations with the Commonwealth to address the School District’s current and future educational and fiscal situation, the Mayor and City Council agreed to provide the School District with an additional annual \$20 million beginning in Fiscal Year 2002. In Fiscal Year 2008, the Mayor and City Council agreed to provide an additional \$2 million, bringing the total contribution to \$37 million. In Fiscal Year 2009, the City made a \$38.5 million contribution, and the Fiscal Year 2010 budget includes a \$38.5 million contribution.

City Loan to PGW

The City made a loan of \$45 million to PGW during Fiscal Year 2001 to assist PGW in meeting its cash flow requirements. This loan was scheduled to mature in Fiscal Year 2007; however, PGW did not make the \$45 million payment. PGW repaid \$2 million to the City on August 31, 2007. PGW remitted a payment for \$20.5 million before December 28, 2007; and PGW remitted a payment for the balance of \$22.5 million on August 29, 2008. In addition, in order to assist PGW, (i) the City agreed to forgo the \$18 million annual payment in Fiscal Year 2004, (ii) for Fiscal Years 2005, 2006, 2007, 2008, 2009 and 2010 the City made a grant to PGW equal to the annual payment received from PGW in such fiscal years, and (iii) the City's proposed Nineteenth Five-Year Plan contemplates that in each of the Fiscal Years 2011 through 2015, the City will make a grant to PGW equal to the annual payment received from PGW in such Fiscal Years.

City Payments to SEPTA

The City's Fiscal Year 2008 operating subsidy payment to SEPTA was \$61.3 million. The City's Fiscal Year 2009 operating subsidy payment to SEPTA was \$62.9 million. The Fiscal Year 2010 budget projects operating subsidy payments to SEPTA of \$64.2 million. The Eighteenth Five-Year Plan provides that the City's contribution to SEPTA will increase to \$70.9 million by Fiscal Year 2014. The proposed Nineteenth Five-Year Plan provides that the City's contribution to SEPTA will increase to \$72.9 million by Fiscal Year 2015.

DEBT OF THE CITY

The Constitution of the Commonwealth provides that the authorized debt of the City "may be increased in such amount that the total debt of said City shall not exceed 13.5% of the average of the annual assessed valuations of the taxable realty therein, during the ten years immediately preceding the year in which such increase is made, but said City shall not increase its indebtedness to an amount exceeding 3.0% upon such average assessed valuation of realty, without the consent of the electors thereof at a public election held in such manner as shall be provided by law." It has been judicially determined that bond authorizations once approved by the voters will not be reduced as a result of a subsequent decline in the average assessed value of City property.

The Constitution of the Commonwealth further provides that there shall be excluded from the computation of debt for purposes of the Constitutional debt limit, debt (herein called "self-supporting debt") incurred for revenue-producing capital improvements that may reasonably be expected to yield revenue in excess of operating expenses sufficient to pay interest and sinking fund charges thereon. In the case of general obligation debt, the amount of such self-supporting debt to be so excluded must be determined by the Court of Common Pleas of Philadelphia County upon petition by the City. Self-supporting debt is general obligation debt of the City, with the only distinction from tax-supported debt being that it is not used in the calculation of the Constitutional debt limit. Self-supporting debt has no lien on any particular revenues.

As of June 30, 2009, the Constitutional debt limitation for tax-supported general obligation debt was approximately \$1,469,376,000 (based upon a formula of 13.5% of the assessed value of taxable real estate within the City on a 10 year rolling average). As of June 30, 2009, the City's total amount of authorized general obligation debt was \$1,710,551,000 which includes approximately \$358,305,000 of self-supporting debt, which does not count against the Constitutional debt limit. As of June 30, 2009, \$1,352,246,000 of general obligation debt subject to the constitutional debt limit was authorized, and of this authorized amount, \$1,278,621,000 was issued and outstanding. As of June 30, 2009, a balance of \$73,625,000 remained authorized and unissued, and after legally authorized deductions for appropriations of approximately \$34,255,000 for Fiscal Year 2010 maturing serial bonds, there remained a balance of \$151,385,000 available for future authorization and issuance.

The City is also authorized to issue revenue bonds pursuant to The First Class City Revenue Bond Act of 1972. Currently, the City issues revenue bonds to support the Division of Aviation, the Water Department and PGW. Bonds so issued are excluded for purposes of the calculation of the Constitutional debt limit.

Short-Term Debt

The City has issued notes in anticipation of the receipt of income by the General Fund in each fiscal year since Fiscal Year 1972 (with a single exception). Each note issue was repaid when due prior to the end of the fiscal year of issuance. The City issued \$275 million of Tax and Revenue Anticipation Notes Series B in November 2009. These notes are scheduled to be repaid on June 30, 2010.

Long-Term Debt

Table 15 presents a synopsis of the bonded debt of the City and its component units at the close of Fiscal Year 2009. In addition, for tables setting forth a ten-year historical summary of tax-supported debt of the City and School District and the debt service requirements to maturity of the City's outstanding bonded indebtedness as of June 30, 2009, see the Fiscal Year 2009 Comprehensive Annual Financial Report.

Of the total balance of City tax-supported general obligation bonds issued and outstanding at June 30, 2009, approximately 16% is scheduled to mature within 5 years and approximately 37% is scheduled to mature within 10 years.

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Table 10
City of Philadelphia
City-related Bond Indebtedness
June 30, 2009
(Amounts in Millions of USD)

	Governmental Fund Types				Enterprise Funds			
	<u>General Fund</u>	<u>Municipal Authority Fund</u>	<u>PICA</u>	<u>Total</u>	<u>Water Fund</u>	<u>Aviation Fund</u>	<u>Total</u>	<u>All Funds Total</u>
Bonded Debt Outstanding, July 1, 2008	1,147.0	185.9	572.1	1,905.0	1,669.8	1,302.8	2,972.6	4,877.6
<u>Increases:</u>								
Par Value of Bonds Issued:								
General Obligation	165.0	97.9	354.9	617.8	-	-	-	617.8
Revenue	-	-	-	-	140.0	45.7	185.7	185.7
<u>Total Bonds Sold</u>	<u>165.0</u>	<u>97.9</u>	<u>354.9</u>	<u>617.8</u>	<u>140.0</u>	<u>45.7</u>	<u>185.7</u>	<u>803.5</u>
<u>Decreases:</u>								
Matured Bonds:								
General Obligation	31.0	14.2	42.4	87.6	1.2	-	1.2	88.8
General Obligation	-	-	326.9	326.9	-	-	-	326.9
Refunded	-	-	-	-	90.0	36.3	126.3	126.3
Revenue	-	-	-	-	-	41.0	41.0	41.0
Revenue Refunded	-	-	-	-	-	-	-	-
<u>Total Decrease</u>	<u>31.0</u>	<u>14.2</u>	<u>369.3</u>	<u>414.5</u>	<u>91.2</u>	<u>77.3</u>	<u>168.5</u>	<u>583.0</u>
Bonded Debt Outstanding, June 30, 2009	1,281.0	269.6	557.7	2,108.3	1,718.6	1,271.2	2,989.8	5,098.1

Source: Office of Director of Finance.

Other Long-Term Debt Related Obligations

The City has entered into other contracts and leases to support the issuance of debt by public authorities related to the City pursuant to which the City is required to budget and appropriate tax or other general revenues to satisfy such obligations. As of June 30, 2009, the principal amounts of the outstanding bonds of each of these authorities relating to the City's contract and lease obligations were as follows:

PMA	\$ 269.6 million
PAID*	\$ 1,973.1 million
Parking Authority	\$ 16.4 million
Redevelopment Authority	\$ 259.3 million
Convention Center Authority	\$ 201.8 million

Source: Office of the Director of Finance

*This includes 100% of Pension Bonds, only 86% applicable to the general fund.

The bonds of the Parking Authority included in the previous table are payable from project revenues, and by the City only if and to the extent that net revenues are inadequate for this purpose. The City paid \$2.3 million in Fiscal Year 2006, \$1.2 million in Fiscal Year 2007, \$2.0 million in Fiscal Year 2008 and \$1.2 million in Fiscal Year 2009 toward the repayment of these bonds. The budgeted amount in Fiscal Year 2010 is \$1,335,650. See "REVENUES OF THE CITY – Philadelphia Parking Authority."

The Hospitals Authority and the State Public School Building Authority have issued bonds on behalf of the Community College of Philadelphia ("CCP"). Under the Community College Act, each community college must have a local sponsor, which for CCP is the City. As the local sponsor, the City is obligated to pay up to 50% of the annual capital expenses of the college, which includes debt service. The remaining 50% is paid by the Commonwealth. Additionally, the City annually appropriates funds for a portion of CCP's operating costs (less tuition and less the Commonwealth's payment). The total payment to CCP in Fiscal Year 2008 was \$24,467,924. The amount paid in Fiscal Year 2009 is \$26,467,924. The budgeted amount in Fiscal Year 2010 is \$26,467,924. This amount represents the portion of operating costs (less student tuition and the Commonwealth payment) and up to half of the annual capital expenses for the year.

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Swap Information

The City has entered into various swaps related to its outstanding General Fund supported bonds as detailed in the following chart:

City Entity	City GO	City Lease - PAID	City Lease - PAID	City Lease - PAID
Related Bond Series	2009B ⁽¹⁾	2001 (Stadium)	2007B (Stadium)	2007B (Stadium)
Initial Notional Amount	\$313,505,000	\$298,485,000	\$217,275,000	\$72,400,000
Current Notional Amount	\$100,000,000	\$193,520,000	\$217,275,000	\$72,400,000
Termination Date	8/1/2031	10/1/2030	10/1/2030	10/1/2030
Product	Fixed Payer Swap	Basis Swap ⁽²⁾	Fixed Payer Swap	Fixed Payer Swap
Rate Paid by Dealer	SIFMA	67% 1-month LIBOR + 0.20%, plus fixed annuity	SIFMA	SIFMA
Rate Paid by City Entity	3.829%	SIFMA	3.9713%	3.9713%
Dealer	Royal Bank of Canada	Merrill Lynch Capital Services, Inc.	JP Morgan Chase Bank, N.A.	Merrill Lynch Capital Services, Inc.
Fair Value ⁽³⁾	(\$4,259,482)	(\$4,330,602)	(\$19,479,940)	(\$6,491,024)

Notes:

(1) On 7/23/09, the City terminated a portion of the swap in the amount of \$213,505,000 in conjunction with the refunding of its Series 2007B bonds with the Series 2009A fixed rate bonds and the Series 2009B variable rate bonds. The City made a termination payment of \$15,450,000 to RBC.

(2) PAID receives annual fixed payments of \$1,216,500 from 7/1/2004 through 7/1/2013. As the result of an amendment on 7/14/2006, \$104,965,000 of the total notional was restructured as a constant maturity swap (the rate received by PAID on that portion was converted from a percentage of 1-month LIBOR to a percentage of the 5-year LIBOR swap rate from 10/1/2006 to 10/1/2020). The constant maturity swap was terminated in December 2009.

(3) Fair values are as of March 31, 2010 and are shown from the City's perspective and include accrued interest.

While the City is party to several interest rate swap agreements for which there is General Fund exposure and on which the swaps currently have a negative mark against the City, the City has no obligation to post collateral on these swaps while the City's underlying ratings are investment grade.

For more information related to certain swaps entered into in connection with revenue bonds issued for the Water and Wastewater Systems, PGW and the Airport, see the City's 2009 Comprehensive Annual Financial Report attached as Appendix C. In addition, PICA has entered into swaps which are detailed in the City's 2009 Comprehensive Annual Financial Report attached as Appendix C.

Recent and Upcoming Financings

The following is a list of financings that the City has entered into since the close of Fiscal Year 2009:

The City, in conjunction with PMA, issued \$97.8 million of Lease Revenue Bonds, Series 2009. The proceeds of the bonds will be used to design, construct and equip a youth center facility. The transaction closed on June 30, 2009.

The City and the Water Department restructured \$83.6 million of its outstanding Water and Wastewater Revenue Refunding Bonds, Series 2005B on July 1, 2009. The City replaced the Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") insurance policy with a letter of credit from Bank of America N.A.

The City executed a \$31 million, four-year tax-exempt lease to finance an upgrade to its municipal radio communications system for emergency and normal public safety purposes. This financing closed July 7, 2009.

The City also had outstanding variable rate debt consisting of \$313.5 million of General Obligation Bonds, Series 2007B insured by AGM with Dexia as the liquidity provider. AGM's financial difficulties negatively impacted these bonds and the City refunded the 2007B Bonds with the proceeds of the 2009A Bonds and the 2009B Bonds and terminated a portion of the swap related to the 2007B Bonds. The City closed this transaction on August 13, 2009.

The PGW 6th Series Revenue Bonds were insured by AGM and had liquidity provided by J.P. Morgan, Wachovia Bank N.A., and Scotia Bank. The liquidity expired in January 2009. All of the 6th Series Revenue Bonds were owned by the banks. The City, together with PGW, refunded the 6th Series Revenue Bonds with the Eighth Series Bonds. The variable rate bonds (Eighth Series B, C, D & E) in the amount of \$255 million are secured by letters of credit from Bank of America, N.A., Wachovia Bank, N.A., Scotia Bank and J.P. Morgan. The remaining bonds were refunded as fixed rate bonds (Series A) and a portion of the swap related to the 6th Series Revenue Bonds was terminated. The City and PGW closed this transaction on August 20, 2009.

In September 2009, the City issued the Series A, Tax and Revenue Anticipation Note ("TRAN") in the maximum principal amount of \$275 million to J.P. Morgan Securities, Inc ("JP Morgan"). The City drew \$270 million under the JP Morgan private placement. The City issued a publicly offered TRAN, Series B and repaid the principal of and accrued interest on the Series A TRAN with a portion of the proceeds of the TRAN, Series B, together with other available funds of the City. This transaction closed on November 5, 2009.

In December 2009, PAID in conjunction with the City terminated the portion of the swap related to the \$104,965,000 million constant maturity swap on PAID's 2001 Stadium financing. The swap counterparty paid a termination payment to the City/PAID.

The City's 2003 Variable Rate Series, Water and Wastewater Revenue Refunding Bonds are insured by AGM with Dexia as the liquidity provider. The liquidity facility expired on April 1, 2010. The City plans to refund such variable rate bonds and to terminate a swap related to such bonds. The refunding and related swap termination closed in April 2010.

CITY CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program for Fiscal Years 2010-2015 contemplates a total budget of \$7,964,291,000 of which \$2,026,341,000 is to be provided from Federal, Commonwealth, and other sources and the remainder through City funding. The following table shows the amounts budgeted each year from various sources of funds for capital projects. City Council adopted the Capital Improvement Program for Fiscal Years 2010-2015 on May 21, 2009 and adopted an amendment to the FY2010 capital budget in December 2009.

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Table 11
City of Philadelphia
Fiscal Years 2010-2015
Capital Improvement Program
(Amounts in Thousands of USD)

CITY FUNDS – TAX SUPPORTED							
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2010-2015</u>
Carried-forward Loans	229,502	0	0	0	0	0	229,502
Operating Revenue	38,339	17,439	20,439	17,439	17,439	17,439	128,534
New Loans	63,000	68,020	78,023	88,013	97,944	99,946	494,946
Pre-financed Loans	6,042	1,000	1,000	1,000	1,000	1,000	11,042
PICA Pre-financed Loans	<u>43,017</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>43,017</u>
Tax-supported Subtotal	379,900	86,459	99,462	106,452	116,383	118,385	907,041
CITY FUNDS - SELF-SUSTAINING							
Carried-forward Loans	653,509	0	0	0	0	0	653,509
Operating	146,926	41,961	40,352	40,743	40,134	40,525	350,641
New Loans	<u>667,144</u>	<u>532,113</u>	<u>525,404</u>	<u>582,679</u>	<u>883,025</u>	<u>810,394</u>	<u>4,000,759</u>
Self-Sustaining Subtotal	1,467,579	574,074	565,756	623,422	923,159	850,919	5,004,909
REVOLVING FUNDS	26,000	0	0	0	0	0	26,000
OTHER THAN CITY FUNDS							
Federal *	427,767	84,762	70,048	68,008	77,023	74,458	802,066
Federal Off Budget	96,553	95,859	79,906	81,815	97,600	117,840	569,573
State *	107,050	6,205	5,837	6,897	5,968	6,321	138,278
State Off Budget	20,772	35,902	36,933	35,058	36,799	34,732	200,196
Other Governments *	62,663	0	0	0	0	0	62,663
Other Governments/Off Budget	9,883	11,989	5,435	5,514	5,793	6,081	44,695
Private *	81,670	26,020	26,020	25,020	25,020	25,020	208,770
Private Off Budget	<u>0</u>	<u>100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100</u>
Other Than City Funds Subtotal	<u>806,358</u>	<u>260,837</u>	<u>224,179</u>	<u>222,312</u>	<u>248,203</u>	<u>264,452</u>	<u>2,026,341</u>
TOTAL	2,679,837	921,370	889,397	952,186	1,287,745	1,233,756	7,964,291

*Other Than City Funds in Fiscal Year 2010 contain both New and Carried-Forward amounts as follows:

Federal	New – \$79,984	Carried Forward – \$ 347,783
State	New – 25,799	Carried Forward – 81,251
Other Governments	New – 0	Carried Forward – 62,663
Private	New – 5,030	Carried Forward – 76,640

LITIGATION

Generally, judgments and settlements on claims against the City are payable from the General Fund, except for claims against the Water Department, the Aviation Division, and the Gas Works. Claims against the Water Department are paid first from the Water Fund and only secondarily from the General Fund. Claims against the Aviation Division, to the extent not covered by insurance, are paid first from the Aviation Fund and only secondarily from the General Fund. Claims against the Gas Works, to the extent not covered by insurance, are paid first from Gas Works revenues and only secondarily from the General Fund.

The Act of October 5, 1980, P.L. 693, No. 142, known as the "Political Subdivision Tort Claims Act," (the "Tort Claims Act") establishes a \$500,000 aggregate limitation on damages for injury to a person or property arising from the same cause of action or transaction or occurrence or series of causes of action, transactions or occurrences with respect to governmental units in the Commonwealth such as the City. The constitutionality of that aggregate limitation has been repeatedly upheld by the Pennsylvania Supreme Court. In February 1987, an appeal of a decision upholding such constitutionality to the United States Supreme Court was dismissed for want of jurisdiction. However, under Pennsylvania Rule of Civil Procedure 238, delay damages in State Court cases are not subject to the \$500,000 limitation. Moreover, the limit on damages is inapplicable to any suit against the City which does not arise under state tort law such as claims made against the City under Federal civil rights laws.

The aggregate loss resulting from general and special litigation claims was \$30.2 million for Fiscal Year 2001, \$30.0 million for Fiscal Year 2002, \$24.1 million for Fiscal Year 2003, \$24.5 million for Fiscal Year 2004, \$27.5 million for Fiscal Year 2005, \$23.0 million for Fiscal Year 2006, \$26.6 million for Fiscal Year 2007, \$29.8 million for Fiscal Year 2008, \$34.5 million for Fiscal Year 2009 and \$14.33 million in the first half of Fiscal Year 2010. Estimates of settlements and judgments from the General Fund are \$34.5 million, \$42 million, \$34.5 million, \$34.5 million, and \$34.5 million for Fiscal Years 2010 through 2014, respectively (based on the proposed Nineteenth Five-Year Plan). In budgeting for settlements and judgments in the annual Operating Budget and projecting settlements and judgments for each Five-Year Plan, the City bases its estimates on past experience and on an analysis of estimated potential liabilities and the timing of outcomes, to the extent a proceeding is sufficiently advanced to permit a projection of the timing of a result. General and special litigation claims are budgeted separately from back-pay awards and similar settlements relating to labor disputes. Usually, some of the costs arising from labor litigation are reported as part of current payroll expenses. For the first half of Fiscal Year 2010, payments for claims arising from labor settlements in the General Fund were \$0.41 million of which \$0.38 million were paid from the Indemnities account, and \$0.03 million from the Operating budgets of the affected departments. For Fiscal Year 2009, payments for claims arising from labor settlements in the General Fund were \$1.74 million of which \$1.7 million was paid from the Indemnities account, and \$0.04 million from the Operating budgets of the affected departments. Actual claims paid out from the General Fund for settlements and judgments averaged \$28.3 million per year over the five years from Fiscal Year 2005 through Fiscal Year 2009.

In addition to routine litigation incidental to performance of the City's governmental functions and litigation arising in the ordinary course relating to contract and tort claims and alleged violations of law, certain special litigation matters are currently being litigated and/or appealed and adverse final outcomes of such litigation could have a substantial or long-term adverse effect on the City's General Fund. These proceedings involve: environmental-related actions and proceedings in which it has been or may be alleged that the City is liable for damages, including but not limited to property damage and bodily injury, or that the City should pay fines or penalties or the costs of response or remediation, because of the alleged generation, transport, or disposal of toxic or otherwise hazardous substances by the City, or the alleged disposal of such substances on or to City-owned property; a class action suit alleging that the City failed to properly oversee management of funds in the deferred compensation plan of City employees; civil rights claims; and a pay dispute with former and current paramedics. The ultimate outcome and fiscal impact, if any, on the City's General Fund of the claims and proceedings described in this paragraph are not currently predictable.

Various claims in addition to the lawsuits described in the preceding paragraph have been asserted against the Water Department and in some cases lawsuits have been instituted. Many of these Water Department claims have been reduced to judgment or otherwise settled in a manner requiring payment by the Water Department. The aggregate loss for Fiscal Year 2003 which resulted from these claims and lawsuits was \$3.9 million, \$2.9 million for Fiscal Year 2004, \$2.4 million for Fiscal Year 2005, \$4.2 million for Fiscal Year 2006, \$2.5 million in Fiscal Year 2007, \$4.6 million in Fiscal Year 2008, \$5.0 million in Fiscal Year 2009 and \$2.38 million in the first half of Fiscal Year 2010. The Water Fund's

budget for Fiscal Year 2010 contains an appropriation for Water Department claims in the amount of \$6.5 million, although the current estimate, based on the prior three fiscal years' expenditures, is for only \$4.0 million. The Water Fund is the first source of payment for any of the claims against the Water Department.

In addition, various claims have been asserted against the Aviation Division and in some cases lawsuits have been instituted. Many of these Aviation Division claims have been reduced to judgment or otherwise settled in a manner requiring payment by the Aviation Division. The aggregate loss for Fiscal Year 2008 which resulted from these claims and lawsuits was \$1.3 million and \$0.43 million for Fiscal Year 2009. The aggregate loss for the first half of Fiscal Year 2010 was \$0.30 million. The Indemnities budget for Aviation Fund claims for Fiscal Year 2010 contains an appropriation in the amount of \$2.5 million, although the current estimate, based on the prior three fiscal years' expenditures, is only \$0.7 million. The Aviation Division is the first source of payment for any of the claims against the Aviation Division.

ELECTED AND APPOINTED OFFICIALS

The Mayor is elected for a term of four years and is eligible to succeed himself for one term. Each of the seventeen members of the City Council is also elected for a four-year term which runs concurrently with that of the Mayor. There is no limitation on the number of terms that may be served by members of the City Council. Of the members of the City Council, ten are elected from districts and seven are elected at-large, with a minimum of two of the seven representing a party or parties other than the majority party. The District Attorney and the City Controller are elected at the mid-point of the terms of the Mayor and City Council.

The City Controller's responsibilities derive from the Home Rule Charter, various City ordinances and state and federal statutes, and contractual arrangements with auditees. The City Controller must follow GAGAS, Generally Accepted Government Auditing Standards established by the federal Government Accountability Office (formerly known as the General Accounting Office), and GAAS, Generally Accepted Auditing Standards promulgated by the American Institute of Certified Public Accountants. As of January 4, 2010, the Office of the City Controller had 123 employees, including 77 auditors, 27 of whom were certified public accountants.

The City Controller post-audits and reports on the City's combined financial statements, federal assistance received by the City, the performance of City departments and the finances of the School District. The City Controller also conducts a pre-audit program of expenditure documents required to be submitted for approval, such as invoices, payment vouchers, purchase orders and contracts. Documents are selected for audit by category and statistical basis. The Pre-Audit Division verifies that expenditures are authorized and accurate in accordance with the Home Rule Charter and other pertinent legal and contractual requirements before any moneys are paid by the City Treasurer. The Pre-Audit Technical Unit, consisting of auditing and engineering staff, inspects and audits capital project design, construction and related expenditures. Other responsibilities of the City Controller include investigation of allegations of fraud, preparation of economic reports, certification of the City's debt capacity and the capital nature and useful life of the capital projects, and opining to the Pennsylvania Intergovernmental Cooperation Authority on the reasonableness of the assumptions and estimates in the City's five-year financial plans.

The principal officers of the City's government appointed by the Mayor are the Managing Director of the City (the "Managing Director"), the Director of Finance of the City (the "Director of Finance"), the City Solicitor (the "City Solicitor"), the Deputy Mayor for Planning and Economic Development and Director of Commerce (the "Director of Commerce") and the City Representative (the "City Representative"). These officials, together with the Mayor and the other members of the Mayor's cabinet, constitute the major policy-making group in the City's government.

The Managing Director is responsible for supervising the operating departments and agencies of the City that render the City's various municipal services. The Director of Commerce is charged with the responsibility of promoting and developing commerce and industry. The City Representative is the Ceremonial Representative of the City and especially of the Mayor. The City Representative is charged with the responsibility of giving wide publicity to any items of interest reflecting the activities of the City, its inhabitants and for the marketing and promotion of the image of the City.

The City Solicitor is head of the Law Department and acts as legal advisor to the Mayor, the City Council, and all of the agencies of the City government. The City Solicitor is also responsible for all of the City's contracts and bonds, for assisting City Council, the Mayor, and City agencies in the preparation of ordinances for introduction in City Council, and for the conduct of litigation involving the City.

The Director of Finance is the chief financial and budget officer of the City and is selected from three names submitted to the Mayor by a Finance Panel. The Director of Finance is responsible for the financial functions of the City including development of the annual operating budget, the capital budget, and capital program; the City's program for temporary and long-term borrowing; supervision of the operating budget's execution; the collection of revenues through the Department of Revenue; and the oversight of pension administration as Chairperson of the Board of Pensions and Retirement. The Director of Finance is also responsible for the appointment and supervision of the City Treasurer, whose office manages the City's debt program and serves as the disbursing agent for the distribution of checks and electronic payments from the City Treasury and the management of cash resources.

The following are brief biographies of Mayor Nutter, his chief of staff, his cabinet, as defined in the City Charter, the City Controller and the City Treasurer:

Michael A. Nutter, Mayor, was sworn in as Philadelphia's 98th Mayor on January 7, 2008. He won the Democratic nomination in a five-way primary election. Elected to Philadelphia City Council in 1992, the Mayor represented the City's Fourth Councilmanic District for nearly fifteen years. During his time in Council, he engineered groundbreaking ethics reform legislation, led successful efforts to pass a citywide smoking ban, worked to lower taxes for Philadelphians and to reform the City's tax structure, and labored to increase the number of Philadelphia police officers patrolling the streets and to create a Police Advisory Board to provide a forum for discussion between citizens and the Police Department. Mayor Nutter received his B.A. from the Wharton School of Business at the University of Pennsylvania in 1979.

Clarence D. Armbrister, Chief of Staff, was appointed on January 7, 2008. Prior to his appointment, Mr. Armbrister was Executive Vice President and Chief Operating Officer of Temple University. Mr. Armbrister began his career at Temple in April 2003 when he was named Senior Vice President. He was elevated to the position of Executive Vice President and Chief Operating Officer in January 2007. Prior to joining Temple, Mr. Armbrister was a Director in the UBS Financial Services Municipal Securities Group in Philadelphia and had served as Managing Director of the School District of Philadelphia, Treasurer of the City of Philadelphia, and was a partner in the law firm of Saul Ewing LLP. Mr. Armbrister holds a J.D. from the University of Michigan Law School and a B.A. degree in political science and economics from the University of Pennsylvania.

Camille Cates Barnett, Ph.D., Managing Director, was appointed in January 2008. Dr. Barnett is a professional manager, having worked in the cities of Sunnyvale, California, Dallas, Houston and Austin, Texas and Washington, DC. Prior to her appointment as Managing Director, Dr. Barnett served as an advisor and consultant to public sector clients to improve governance, with the Public Strategies Group, and Public Financial Management. Dr. Barnett encourages collaborative approaches to growth, disaster recovery, economic strength, environmental sustainability and other issues that cross governmental jurisdictions and has written numerous articles on emerging networks in governing and transforming the public sector. Dr. Barnett has a Ph.D. in public administration from the University of Southern California

and has taught at the University of Southern California and the University of Texas at Austin. On March 17, 2010, Dr. Barnett, announced her resignation effective June 30, 2010. The Administration will seek a replacement.

Rob Dubow, Director of Finance, was appointed on January 7, 2008. The Director of Finance is the Chief Financial Officer of the City. Prior to his appointment, Mr. Dubow was the Executive Director of the Pennsylvania Intergovernmental Cooperation Authority (PICA), which is a financial oversight board established by the Commonwealth in 1991. He served as Chief Financial Officer of the Commonwealth of Pennsylvania from 2004 to 2005. From 2000 to 2004, he served as Budget Director for the City of Philadelphia, where he had also been a Deputy Budget Director and Assistant Budget Director. Before working for the City, Mr. Dubow was a Senior Financial Analyst for PICA. He also served as a Research Associate at the Pennsylvania Economy League and was a reporter for the Associated Press. Mr. Dubow earned a Masters in Business Administration degree from the Wharton School of Business and a Bachelor of Arts degree from the University of Pennsylvania.

Shelley R. Smith, City Solicitor, was appointed on January 7, 2008. The City Solicitor of the City of Philadelphia is the City's chief legal officer, the head of the City's Law Department, and a member of the Mayor's Cabinet. Prior to her appointment, Ms. Smith was the Associate General Counsel for Regulatory Affairs - East at Exelon Corporation. Prior to joining Exelon, Ms. Smith was with Ballard Spahr as Of Counsel in the Labor, Employment & Immigration Group. Ms. Smith also spent more than a decade with the City of Philadelphia's Law Department where she was trial attorney and supervisor in the Civil Rights Unit, Chief of the Affirmative Litigation and Labor and Employment Units, and, finally, Chair of the Corporate and Tax Group.

Alan Greenberger, Acting Deputy Mayor for Planning and Economic Development and Director of Commerce, was appointed on June 30, 2009. Mr. Greenberger is also the Executive Director of the City Planning Commission where he chairs the Philadelphia Zoning Code Commission. A native of New York City, he moved to Philadelphia in 1974 to join Mitchell/Giurgola Architects. He became an associate of Mitchell/Giurgola in 1980, moved to Australia to join Mitchell/Giurgola & Thorpe, architects for the Australian Parliament House, and rejoined Mitchell/Giurgola in Philadelphia as a partner in 1986. In 1990, he and several partners at M/G changed the name of the firm to MGA Partners, where he practiced through 2008. He has been the lead designer on numerous MGA projects including the Department of State National Foreign Affairs Training Center, the West Chester University School of Music and Performing Arts Center, America on Wheels Museum, Lehigh University Linderman Library Renovation, Mann Center for the Performing Arts Master Plan and Pavilions, and the Centennial District Master Plan.

Melanie Johnson, City Representative, was appointed on January 7, 2008. The City Representative will promote and give wide publicity to items of interest reflecting the accomplishments of the City and its inhabitants and the growth and development of its commerce and industry. Ms. Johnson had served as the Director of Communications for the Nutter for Mayor Campaign since August of 2006. Prior experience includes her time as Press Secretary to Former Mayor Ed Rendell, Director of Communication for Multicultural Affairs Congress at Philadelphia Convention and Visitors Bureau, and Senior Account Executive at Beach Advertising.

Alan L. Butkovitz is serving his second term as Philadelphia's elected City Controller, an office independent of the Mayor. Prior to his election as City Controller, Mr. Butkovitz served 15 years in the Pennsylvania House of Representatives, representing the 174th Legislative District in Northeast Philadelphia where he served on the Veterans Affairs and Urban Affairs Committees as well as committees on Aging and Older Adults, Children and Youth and Insurance. Mr. Butkovitz was widely praised for leading the bi-partisan investigation into violence in Philadelphia public schools. He authored legislation creating the Office of the Safe Schools Advocate, the first of its kind in the nation. Mr. Butkovitz was born and raised in Philadelphia. He is an attorney and received his Juris Doctor degree from Temple University Law School in 1976 and a bachelor's degree from Temple University in 1973.

Rebecca Rhynhart was appointed the City Treasurer of the City of Philadelphia in July 2008. Her responsibilities include oversight of all activities related to the issuance of debt by the City, managing the investment of approximately \$2.0 billion of operating and bond funds as well as managing the City's depository banking. Ms. Rhynhart previously served as the Deputy Finance Director for Debt Management from February 2008 to July 2008. Prior to joining the City, Ms. Rhynhart headed up the Tax-Exempt Group in Bear Stearns' Global Credit Department, assessing the creditworthiness of municipalities and not-for-profit organizations for derivative trading. From 2001 to 2005, she worked as a credit analyst for Fitch Ratings. Ms. Rhynhart received her Masters of Public Administration from Columbia University and her Bachelor of Arts from Middlebury College.

ADDITIONAL INFORMATION

Current City Practices

It is the City's practice to file its Comprehensive Annual Financial Report ("CAFR"), which contains the audited combined financial statements of the City, with the Municipal Securities Rulemaking Board ("MSRB") as soon as practicable after delivery of such report. The CAFR for the City's fiscal year ended June 30, 2009 was deposited with the MSRB on February 25, 2010. The CAFR is prepared by the Director of Finance of the City in conformance with guidelines adopted by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants' audit guide, Audits of State and Local Government Units. Upon written request to the Office of the Director of Finance and payment of the costs of duplication and mailing, the City will make available copies of the CAFR for the Fiscal Year ended June 30, 2009. Such a request should be addressed to: Office of the Director of Finance, Municipal Services Building, Suite 1300, 1401 John F. Kennedy Boulevard, Philadelphia, PA 19102. The CAFR is also available online at www.phila.gov/investor, the City's website ("City Website" or "Website"). The City also expects to provide financial and other information from time to time to Moody's Investors Service, Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and Fitch Ratings, in connection with the securities ratings assigned by those rating agencies to bonds or notes of the City.

The foregoing statement as to filing or furnishing of additional information reflects the City's current practices, but is not a contractual obligation to the holders of the City's bonds or notes.

The City Website contains information in addition to that set forth in the CAFR. The "Terms of Use" statement of the City Website, incorporated herein by this reference, provides, among other things, that the information contained therein is provided for the convenience of the user, that the City is not obligated to update such information, and that the information may not provide all information that may be of interest to investors.

CITY SOCIOECONOMIC INFORMATION

Introduction

The City includes within its boundaries an area of approximately 130 square miles and a resident population of approximately 1.54 million according to the U.S. Census Bureau, 2008 Population Estimates. The City is in the heart of a nine-county metropolitan area with approximately 5.5 million residents. Air, rail, highway, and water routes provide easy access to the City.

The City is strategically located on the east coast with easy access to markets, resources, government centers, and transportation. The City's metropolitan area is the nation's fourth largest in the retail market with over 2,400 retail stores.

Quality of Life

The City is rich in history, art, architecture, and entertainment. World-class cultural and historic attractions include the Philadelphia Museum of Art (which houses the third largest art collection in the United States), the Philadelphia Orchestra, Academy of Music, Pennsylvania Ballet, the Constitution Center, the Kimmel Center (which had over 1 million people in attendance in 2007), Pennsylvania Academy of Fine Arts, Franklin Institute, Mann Music Center, Opera Company of Philadelphia, and the Rodin Museum. The South Philadelphia sports complex, currently consisting of Lincoln Financial Field, Citizens Bank Park, the Wachovia Spectrum and the Wachovia Center, is home to the Philadelphia 76ers, Flyers, Phillies and Eagles. The City also offers its residents and visitors America's most historic square mile, which includes Independence Hall and the Liberty Bell, as well as Fairmount Park, which spans 8,000 acres and includes Pennypack Park and the country's first zoo.

The City is a center for health, education, and science facilities with the nation's largest concentration of healthcare resources within a 100-mile radius. There are presently more than 30 hospitals, seven medical schools, two dental schools, two pharmacy schools, as well as schools of optometry, podiatry and veterinary medicine, and the Philadelphia Center for Health Care Sciences in West Philadelphia. The City is one of the largest health care and health care education centers in the world, and a number of the nation's largest pharmaceutical companies are located in the Philadelphia area.

The City has the second largest concentration of students on the East Coast with eighty degree granting institutions of higher education and a total enrollment of over 300,000 students. Included among these institutions are the University of Pennsylvania, Temple University, Drexel University, St. Joseph's University, and LaSalle University. Within a short drive from the City are such schools as Villanova University, Bryn Mawr College, Haverford College, Swarthmore College, Lincoln University, and the Camden Campus of Rutgers University. The undergraduate and graduate programs at these institutions help provide a well-educated and trained work force to the Philadelphia community.

Hospitals and Medical Centers

The City also has major research facilities, including those located at its universities, the medical schools, the Wistar Institute, the Fox Chase Cancer Center, and the University City Science Center. The Children's Hospital of Philadelphia (ranked number one in U.S. children's hospitals) has recently completed the construction of a new \$100 million biomedical research facility located within the Philadelphia Center for Health Care Sciences in West Philadelphia. A Comprehensive Cancer Center is also located at the University of Pennsylvania.

Hospitals and Medical Centers: The following table presents the most recent published data regarding hospitals and medical centers in Philadelphia. Due to mergers, consolidations and closures that have occurred or may occur in the future, this table is accurate only as of its publication date.

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Table 12
City of Philadelphia
Hospitals and Medical Centers
(As of July 2009)

<u>Institution</u>	<u>Beds</u>
Albert Einstein Medical Center	511
Aria Health System ⁽¹⁾	477
Belmont Center for Comprehensive Treatment	147
Chestnut Hill Hospital	119
Department of Veterans Affairs Medical Center-Philadelphia	145
Fairmount Behavioral Health System	185
Fox Chase Cancer Center	100
Friends Hospital	192
Girard Medical Center/Continuing Care Hospital of Philadelphia	106
Hahnemann University Hospital	497
Hospital of the University of Pennsylvania	760
Jeanes Hospital	160
Kensington Hospital	35
Kindred Healthcare-Philadelphia	52
Magee Rehabilitation Hospital	96
Mercy Hospital of Philadelphia	180
Methodist Hospital Division - TJUH	199
Nazareth Hospital	195
Penn Presbyterian Medical Center	223
Pennsylvania Hospital	410
Roxborough Memorial Hospital	137
Shriners Hospitals for Children - Philadelphia	39
St. Agnes Continuing Care Center	58
St. Christopher's Hospital for Children	175
St. Joseph's Hospital	146
Temple University Hospital ⁽²⁾	746
The Children's Hospital of Philadelphia	456
Thomas Jefferson University Hospital	666

Source: Delaware Valley Healthcare Council of HAP, Monthly Utilization Report, July 2009

(1) Aria (formerly Frankford Health Care Systems) includes data for all three divisions — Frankford, Torresdale and Bucks County.

(2) Temple includes data for Episcopal Hospital.

Children's Hospital Expansion. The Children's Hospital of Philadelphia is expanding its research facilities in West Philadelphia. The \$400 million first phase of the new complex was completed in the Fall of 2009; the \$500 million second phase has been put on hold for the time being due to market conditions. CHOP recently purchased the JFK Building on the banks of the Schuylkill River just south of South

Street. Administrative offices and research laboratories will be housed in this new space. The construction schedule is not yet known.

University of Pennsylvania. A major new \$302 million cancer research and treatment center, the Center for Advanced Medicine, opened in October 2008. The West Tower of the Center of Advanced Medicine is estimated to be completed in 2010 at a cost of \$370 million and is currently under construction.

The Fox Chase Cancer Center. The Center is a non-profit institution, which is expanding its campus in the northeast section of the City. The area of expansion is called Burholme Park and it is adjacent to the main campus. The Center's 25-year Master Plan is over \$1 billion, providing over 2.7 million sq. ft. of space dedicated to research and patient care. The Burholme Park portion of the expansion has been delayed for some time due to litigation. With a recent Commonwealth Court ruling, Fox Chase will be unable to expand into Burholme Park as planned. Throughout the litigation process, however, they have been actively pursuing other development sites within the City to expand, and have completed construction on and opened a \$100 million Cancer Research Pavilion on their main campus in July 2009. Also slated for construction on the main campus is a 25,000 sq. ft. comparative research facility to enhance and expand the capabilities of the Center's current research efforts.

Demographics

During the ten-year period between 1990 and 2000, the population of the City decreased from 1,585,577 to 1,517,550. During the same period, the population of Pennsylvania increased by 3.4%, less than one-third the national rate of increase.

Table 13
Population
City, Pennsylvania & Nation

	<u>1990</u>	<u>2000</u>	<u>2008 (est.)</u>	<u>% Change</u> <u>1990-2000</u>	<u>%</u> <u>Change</u> <u>2000-2008</u>
Philadelphia	1,585,577	1,517,550	1,540,351	-4.3%	1.5%
Pennsylvania	11,881,643	12,281,054	12,448,279	3.4%	1.4%
United States	248,709,873	281,421,906	304,059,724	13.2%	8.0%

Source: U.S. Census Bureau, 2008 Population Estimates (revised population estimate from challenge), Census 2000, 1990 Census.

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Table 14
Population Age Distribution

Philadelphia County						
Age	1990	% of Total	2000	% of Total	2006-2008* (est)	% of Total
0-24	563,816	35.6	551,308	36.3	522,829	36.1
25-44	490,224	30.9	444,774	29.3	394,939	27.3
45-64	290,803	18.3	307,746	20.2	344,260	23.8
65-84	217,913	13.7	186,383	12.3	158,546	10.9
85 & up	22,801	1.4	27,339	1.8	28,337	2
Total	1,585,577	100	1,517,550	100	1,448,911	100

Pennsylvania						
Age	1990	% of Total	2000	% of Total	2006-2008* (est)	% of Total
0-24	4,021,585	33.8	4,016,670	32.6	3,978,821	32
25-44	3,657,323	30.8	3,508,562	28.6	3,178,976	25.6
45-64	2,373,629	20	2,836,657	23.1	3,367,265	27.1
65-84	1,657,270	13.9	1,681,598	13.7	1,611,816	13
85 & up	171,836	1.4	237,567	1.9	281,878	2.3
Total	11,881,643	100	12,281,054	100	12,418,756	100

United States						
Age	1990	% of Total	2000	% of Total	2006-2008* (est)	% of Total
0-24	90,342,198	36.3	99,437,266	35.3	103,443,127	34.3
25-44	80,754,835	32.5	85,040,251	30.2	83,266,651	27.6
45-64	46,371,009	18.6	61,952,636	22	76,547,789	25.4
65-84	28,161,666	11.3	30,752,166	11	32,801,763	10.9
85 & up	3,080,165	1.2	4,239,587	1.5	5,178,373	1.7
Total	248,709,873	100	281,421,906	100	301,237,703	100

Source: U.S. Dept. of Commerce, Bureau of the Census.

*2006-2008 American Community Survey 3 year estimates

The Economy

Philadelphia's economy is composed of diverse industries, with virtually all classes of industrial and commercial businesses represented. The City is a major business and personal service center with strengths in insurance, law, finance, health, education, and utilities.

The cost of living in Philadelphia is relatively moderate compared to other major metropolitan areas. The City, as one of the country's education centers, offers the business community a large, diverse, and industrious labor pool.

Table 15
Office Rental Rates in Cities
Throughout the United States

(In \$ Per Square Foot)

	January <u>2005</u>	May <u>2006</u>	November <u>2006</u>	May <u>2007</u>	May <u>2008</u>	November <u>2008</u>	May <u>2009</u>	November <u>2009</u>
Atlanta	21.92	20.08	20.56	20.16	21.76	21.23	21.29	21.03
Chicago	28.47	23.77	22.97	22.44	24.75	24.78	24.56	24.82
Dallas	19.71	17.43	16.47	17.20	22.96	23.72	23.71	23.12
Denver	17.24	19.03	20.37	22.17	27.15	27.55	26.53	25.96
Houston	18.21	19.15	19.52	21.53	28.92	26.83	24.91	26.35
Los Angeles	26.55	23.12	22.59	23.74	30.52	30.51	29.92	28.72
New York	45.16	55.15	62.07	69.44	103.43	98.08	68.63	68.93
Philadelphia	21.97	22.42	22.96	22.60	24.35	25.26	25.24	24.09
Phoenix	19.39	24.29	26.19	27.32	29.14	29.17	28.23	26.72
Portland	19.65	21.58	22.41	23.00	25.85	27.62	26.99	26.65
San Francisco	27.75	30.62	31.11	35.81	49.71	48.57	39.40	33.94
St. Louis	19.91	21.12	21.75	21.21	22.82	22.42	22.78	22.51
Tampa	18.01	20.54	21.13	22.46	25.30	26.22	26.36	26.39
Washington, D.C.	35.95	42.74	43.58	44.00	51.05	51.26	51.77	51.74

Source: CB Richard Ellis, Global Market Rents Report; Global MarketView: Office Occupancy Costs Report.

Employment

The employment and unemployment rates and the total number of jobs within the City are reflected in Tables 17 and 18, respectively.

The employment changes within the City principally have been due to declines in the manufacturing sector and the relatively stronger performance of the service economy. The City's and region's economies are diversified, with strong representation in the health care, government, and education sectors but without the domination of any single employer or industry.

In March 2000, the Philadelphia Authority for Industrial Development ("PAID") took ownership of more than 1,000 acres at the site of the former Philadelphia Navy Shipyard, Naval Station, Naval Hospital and Defense Supply Center and has begun to implement aggressive redevelopment activities. To date, at least 47 companies have leased or purchased in excess of 2 million square feet of facilities at the complex, now known as the Philadelphia Naval Business Center ("PNBC"). In addition to this employment, the Navy has retained more than 2 million square feet of facilities. Together, the private and Navy facilities employ more than 7,000 people. Long term plans call for more than 10 million square feet of industrial and commercial space at PNBC, with employment targeted between 15,000-20,000.

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Table 16
Labor Force Data Annual Average
Based on Residency (not seasonally adjusted)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Philadelphia (000)*								
Labor Force	635.2	622.6	618.3	616.8	614.5	615.9	627.2	629.5
Employment	588.5	575.7	573.1	575.4	576.7	578.8	582.3	566.6
Unemployment	46.6	46.9	45.2	41.4	37.8	37.1	44.9	62.8
Unemployment Rate (%)	7.3	7.5	7.3	6.7	6.2	6.0	7.2	10.0
Philadelphia PMSA (000)**								
Labor Force	2,898.4	2,879.2	2,888.6	2,919.6	2,949.2	2,948.3	2,986.2	2,997.6
Employment	2,743.1	2,722.4	2,741.7	2,781.9	2,817.4	2,822.3	2,826.3	2,749.7
Unemployment	155.2	156.8	146.9	137.7	131.8	126.1	159.9	248.0
Unemployment Rate (%)	5.4	5.4	5.1	4.7	4.5	4.3	5.4	8.3
Pennsylvania (000)								
Labor Force	6,218.0	6,145.0	6,197.0	6,270.0	6,309.0	6,330.0	6,441.0	6,414.0
Employment	5,869.0	5,796.0	5,860.0	5,958.0	6,022.0	6,055.0	6,099.0	5,895.0
Unemployment	349.0	349.0	337.0	312.0	286.0	275.0	342.0	519.0
Unemployment Rate (%)	5.6	5.7	5.4	5.0	4.5	4.3	5.3	8.1
United States (000,000)								
Labor Force	144.9	146.5	147.4	149.3	151.4	153.1	154.3	154.1
Employment	136.5	137.7	139.3	141.7	144.4	146.0	145.4	139.9
Unemployment	8.4	8.8	8.1	7.6	7.0	7.1	8.9	14.3
Unemployment Rate (%)	5.8	6.0	5.5	5.1	4.6	4.6	5.8	9.3

Source: Center for Workforce Information and Analysis, PA Dept of Labor and Industry, 2010.

* Philadelphia County

** The Philadelphia PMSA includes Philadelphia-Camden-Wilmington, PA, NJ, DE, MD Metro Stat Area.

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Table 17
Philadelphia County
Total Monthly Employment and Monthly Unemployment Rates
Based on Residency
2003 – 2009

<u>Month</u>	<u>Total Employment in 000's</u>							<u>Unemployment Rate %</u>						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
January	580.5	573.7	574.8	574.9	578.9	583.4	577.8	7.5	7.5	6.9	6.1	6.0	6.4	8.5
February	580.3	573.4	573.5	576.3	579.8	582.0	576.5	7.5	7.3	7.2	6.4	5.8	6.4	9.0
March	579.7	572.0	572.2	576.4	579.2	582.7	571.6	7.3	7.7	6.9	6.2	5.7	6.6	9.2
April	578.9	572.4	574.4	576.4	576.2	586.0	571.1	7.5	7.4	6.8	6.4	6.0	6.5	9.3
May	576.1	569.7	576.2	576.5	575.4	584.4	569.0	7.5	7.5	6.7	6.2	6.0	6.8	9.5
June	575.9	570.7	574.7	577.7	578.3	583.3	567.4	7.7	7.6	6.6	6.2	6.0	6.9	9.8
July	573.4	573.6	577.2	575.6	579.4	582.4	566.0	7.6	7.4	6.4	6.3	6.1	7.1	10.0
August	573.7	572.8	575.8	577.0	578.9	582.6	563.1	7.6	7.3	6.5	6.2	6.0	7.5	10.5
September	573.1	573.4	576.6	576.8	579.2	582.0	560.4	7.7	7.2	6.7	6.1	6.1	7.5	10.8
October	573.1	574.0	576.0	577.8	578.6	582.2	557.5	7.6	7.1	6.5	5.9	6.2	7.8	11.1
November	573.3	575.3	575.7	577.2	581.8	579.1	560.0	7.5	7.0	6.8	6.1	6.1	8.0	10.9
December	570.7	576.5	578.8	578.5	580.4	578.3	559.3	7.4	6.9	6.4	5.9	6.3	8.4	10.9

Source: Center for Workforce Information and Analysis, PA Dept of Labor and Industry, March 2010 (monthly Seasonally Adjusted Labor Force), Philadelphia County.

Table 18
Philadelphia City
Non-Farm Payroll Employment*

	(Amounts in Thousands)							
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Non-Farm	683.5	671.3	657.9	660.3	662.5	662.7	663.3	651.0
Natural Resources, Construction & Mining	12.9	12.3	11.4	12.0	12.4	11.9	12.1	10.0
Manufacturing	37.7	34.0	32.6	31.2	29.9	28.5	27.8	25.9
Trade, Transportation & Utilities	98.5	95.8	90.9	90.0	88.5	87.8	87.6	85.2
Information	17.0	15.9	13.6	13.2	12.8	12.6	12.5	12.6
Financial Activities	52.3	50.7	49.0	48.2	47.7	47.1	46.5	45.3
Professional & Business Services	82.9	80.9	80.3	82.4	84.2	85.8	85.3	78.5
Education & Health Services	181.0	185.3	184.1	186.8	192.2	197.1	201.6	205.2
Leisure & Hospitality	54.2	52.9	54.6	56.6	58.0	58.0	57.9	56.6
Other Services	29.9	29.0	28.5	28.5	28.2	28.0	27.8	26.6
Government	117.1	114.7	113.0	111.4	108.6	105.9	104.3	105.0

Source: Bureau of Labor Statistics, March 2010.

* Includes persons employed within the City, without regard to residency.

Table 19
City of Philadelphia
Principal Employers in Philadelphia
June 30, 2009
(Listed Alphabetically)

Albert Einstein Medical
Children's Hospital of Philadelphia
City of Philadelphia
School District of Philadelphia
Southeastern Pennsylvania Transportation Authority
Temple University
Thomas Jefferson University Hospitals
United States Postal Service
University of Pennsylvania
University of Pennsylvania Hospital

Source: Philadelphia Department of Revenue

Table 20
Fortune 500
Largest Corporations
With Headquarters in Philadelphia, 2009

<u>Corporation</u>	<u>Type of Industry</u>	<u>Ranking</u>	<u>Revenues</u> <u>(\$ Millions)</u>
Sunoco	Petroleum Refining	41	\$51,625.0
Comcast	Telecommunications	68	\$34,256.0
Cigna	Health Care/Insurance	132	\$19,101.0
ARAMARK	Diversified Outsourcing Services	198	\$13,470.2
Rohm & Haas	Chemical	281	\$9,575.0
Crown Holdings	Metal Products	312	\$8,305.0

Source: Fortune Magazine website, May 2009.

Income

The following table presents data relating to per-capita income for the City, the PMSA, and the United States.

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TABLE 21
CONSUMER PRICE INDICES AND MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME

	<u>2000</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
CPLI United States ^(a)	172.2	179.9	184.0	188.9	195.3	201.6	207.3	215.3	214.5
CPL U Philadelphia PMSA ^(a)	176.5	184.9	188.8	196.5	204.2	212.1	216.7	224.1	225.1
<u>Buying Income</u> ^(b)									
Philadelphia	\$31,621	\$29,995	\$28,015	\$28,150	\$29,269	\$30,748	\$31,292	\$30,746	\$31,110
Philadelphia Metro Area *	\$47,152	\$43,800	\$41,820	\$42,852	\$44,060	\$45,395	\$46,413	\$46,900	\$47,580
United States	\$37,233	\$38,365	\$38,035	\$38,201	\$39,324	\$39,324	\$40,710	\$41,792	\$42,303

* Statistic is a measure of the Philadelphia, Camden & Wilmington Metropolitan Area.

Source: (a) Consumer Price Index - All Urban Consumers. U.S. Bureau of Labor Statistics.

(b) Sales & Marketing Management's 2009 Survey of Buying Power.

Table 22
Number of Households by Income Range in Philadelphia County

<u>Income</u>	<u>Number of Households*</u>			<u>Percentage of Households*</u>		
	<u>1990</u>	<u>2000</u>	<u>2006-2008** (est)</u>	<u>1990</u>	<u>2000</u>	<u>2006-2008** (est)</u>
Under \$ 9,999	136,335	109,237	84,213	22.6	18.5	14.9
\$10,000-14,999	59,331	49,035	48,221	9.9	8.3	8.6
\$15,000-24,999	108,405	89,059	73,984	18.1	15.0	13.1
\$25,000-49,999	190,237	171,215	147,661	31.7	29.0	26.2
\$50,000 and over	<u>106,432</u>	<u>171,737</u>	<u>209,758</u>	<u>17.6</u>	<u>29.1</u>	<u>37.2</u>
Total	600,740	590,283	563,837	100.0	100.0	100.0

Source: U.S. Department of Commerce, Bureau of the Census.

* A household includes all the persons who occupy a housing unit.

** 2006-2008 American Community Survey 3 year estimates

Number of Households by Income Range in United States

<u>Income</u>	<u>Number of Households</u> <u>(000's)</u>			<u>Percentage of Households</u>		
	<u>1990</u>	<u>2000</u>	<u>2006-2008* (est)</u>	<u>1990</u>	<u>2000</u>	<u>2006-2008* (est)</u>
Under \$ 9,999	14,214	10,067	8,046	15.5	9.5	7.2
\$10,000-14,999	8,133	6,657	6,140	8.8	6.3	5.5
\$15,000-24,999	16,124	13,536	11,921	17.5	12.8	10.6
\$25,000-49,999	31,003	30,965	27,850	33.7	29.3	24.8
\$50,000 and over	<u>22,519</u>	<u>44,312</u>	<u>58,429</u>	<u>24.5</u>	<u>42.1</u>	<u>52.0</u>
Total	91,994	105,537	112,386	100.0%	100.0%	100.0%

Source: U.S. Department of Commerce, Economics and Statistics Administration, 2000 Census of Population. Figures may not add due to rounding.

* 2006-2008 American Community Survey 3 year estimates

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Retail Sales

The following table reflects taxable sales for Philadelphia from Fiscal Years 1997 to 2009.

Table 23
Philadelphia
Taxable Retail Sales 1997-2009
(\$000's)

Fiscal Year	Taxable Sales
1997	9,637,833
1998	8,276,083
1999	9,604,970
2000	10,432,800
2001	11,107,100
2002	10,980,914
2003	10,933,524
2004	11,172,231
2005	12,001,439
2006	12,839,137
2007	13,643,582
2008	13,704,958
2009	13,211,446

Source: Figures determined by dividing the Philadelphia local sales tax reported by the Pennsylvania Department of Revenue by the local sales tax rate of 0.01.

Transportation

The residents of the City and surrounding counties are served by a commuter transportation system operated by SEPTA. This system includes two subway lines, a network of buses and trolleys, and a commuter rail network joining Center City and other areas of the City to the airport and to the surrounding counties. A high speed train line runs from southern New Jersey to Center City and is operated by the Delaware River Port Authority. An important addition to the area's transportation system was the opening of the airport high speed line between Center City and the Philadelphia International Airport in 1985. The line places the airport less than 25 minutes from the Center City business district and connects directly with the commuter rail network and the Convention Center, which opened in June 1993. The opening of the commuter rail tunnel in 1984 provided a unified City transportation system linking the commuter rail system, the SEPTA bus, trolley, and subway lines, the high speed line to New Jersey, and the airport high speed line.

Amtrak, SEPTA, Norfolk Southern, CSX Transportation, Conrail and the Canadian Pacific provide inter-city commuter and freight rail services connecting Philadelphia to the other major cities and markets in the United States. More than 100 truck lines serve the Philadelphia area.

The City now has one of the most accessible downtown areas in the nation with respect to highway transportation by virtue of I 95; the Vine Street Expressway (I 676), running east-to-west through the Central Business District between I 76 and I 95; and the "Blue Route" (I 476) in suburban Delaware and Montgomery Counties which connects the Pennsylvania Turnpike and I 95 and thereby feeds into the Schuylkill Expressway (I 76) and thus into Center City Philadelphia.

The Philadelphia International Airport (PHL) and Northeast Philadelphia Airport (PNE) comprise the Philadelphia Airport System (the "Airport System"). The Airport System is owned by the City of Philadelphia and is operated by its Division of Aviation. PHL is located 7.2 miles southwest of Center City; and PNE, a smaller reliever airport, is located 10 miles northeast of Center City. PHL is accessible from major highways within the City and from surrounding communities and SEPTA's Airport rail line.

PHL provides its passengers with service on 11 domestic carriers, four of which also provide international service, and 15 regional carriers, while four foreign flag carriers also provide international service. In addition, there are three all-cargo carriers. PHL serves as a key connecting hub for US Airways.

Water and Wastewater Systems

The water and wastewater systems of Philadelphia are owned by the City and operated by the City's Water Department. The water system provides water to the City (130 square mile service area), to Aqua Pennsylvania, Inc., formerly Philadelphia Suburban Water Company, and to the Bucks County Water and Sewer Authority. The City obtains approximately 58 percent of its water from the Delaware River and the balance from the Schuylkill River. The water system serves approximately 472,600 accounts through 3,137 miles of mains, three water treatment plants, 15 pumping stations and provides fire protection through more than 25,000 fire hydrants.

The wastewater system services a total of 360 square miles of which 130 square miles are within the City and 230 square miles are in suburban areas. The total number of accounts is approximately 471,000. The wastewater and stormwater systems contain three water pollution control plants, a biosolids processing facility, 21 pumping stations, and approximately 3,657 miles of sewers. Based on its current NPDES discharge permit, the City is required to achieve effluent limitations that are considered more stringent than those required to achieve secondary treatment levels as defined in the Federal Water Pollution Control Act, as amended.

Municipal Solid Waste Disposal

The City is responsible for collecting solid waste, including recycling, from residential households and some commercial establishments. On average, approximately 2,800 tons of solid waste per day is collected by the City. Municipal solid waste is disposed of through a combination of recycling processing facilities, private and City transfer stations within the City limits, and at various landfills operated outside the City limits. The City significantly reduced its waste disposal costs over the last decade. The current disposal contract, which began July 1, 2005, continues this trend. With three one-year City options, the contract can be extended through Fiscal Year 2012. Disposal rates escalate at a relatively low rate of approximately three percent per year over the contract term, and multiple vendors maximize operational flexibility and efficiencies.

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Housing

The table below shows details related to Philadelphia County and Pennsylvania's housing markets:

Table 24
Characteristics of Housing Units

	<u>1990</u>	<u>2000</u>	<u>2006-2008*</u> <u>(est)</u>
Total Housing Units			
Philadelphia County	674,899	661,958	660,562
Pennsylvania	4,938,140	5,249,750	5,476,136
Percent Owner-Occupied			
Philadelphia County	62.0%	59.3%	57.1%
Pennsylvania	70.6%	71.3%	71.4%
Median Value of Owner-Occupied Housing			
Philadelphia County	\$49,400	\$59,700	\$ 130,400
Pennsylvania	\$69,700	\$97,000	\$ 155,400
Number/Average Persons per Housing Unit			
Philadelphia County	2.56	2.65	2.63
Pennsylvania	2.72	2.62	2.59

Source: U.S. Department of Commerce, Bureau of the Census.

*2006-2008 American Community Survey 3 year estimates.

Promoting Economic Development

Mission

The goal of the City's economic development strategy is to create, maintain, and develop: (1) jobs by fostering an improved business environment; (2) increases in population; and (3) enhanced quality of life within the City of Philadelphia—all in order to grow the City's tax base.

Background

In 2009, the City of Philadelphia has launched several programs designed to improve economic development within the city and to designate ARRA funds to enhance Philadelphia's economic profile and improve its competitive position. By reorienting economic development services to provide transparency and better address customer service needs, Philadelphia will strive to become the business location of choice. This new business climate, coupled with recent cultural additions, neighborhood reinvestment and a renewed sense of civic pride, is designed to enhance Philadelphia's position as a world-class city.

Philadelphia's Competitive Advantages

Philadelphia's competitive advantages as a business location are based on size, strategic location, relative affordability, cultural and recreational amenities, and its growing strength in key knowledge industries. The City of Philadelphia, the fifth-largest city in the nation as of the last official census with the third largest downtown population, is at the center of the sixth largest metropolitan region. Our region includes the fourth largest retail sales market in the nation, as well as a diverse network of business suppliers and complementary industries.

Accessibility

Philadelphia is in a key position to access regional and international markets, due to the transportation infrastructure centered here, including Philadelphia International Airport, AMTRAK's

Northeast Corridor service, major interstate highway access, regional SEPTA service and the port. The capacity of Philadelphia's transportation infrastructure is demonstrated by its median commuting time, which is 19 percent lower than the national metropolitan average. Recent analysis has shown that employees also benefit: Commuters to suburban firms, nearly all of whom drive to work, spend over \$6,200 per year in vehicle expenses. By contrast, 70 percent of downtown office workers use public transit to get to work, and the annual cost of a SEPTA regional rail pass is just \$2,172. In addition, 37% of downtown residents walk to work, the highest percentage of any major American city. Another 1.6% of Philadelphia commuters use bicycles to get to work. This is the highest percentage of biking commuters in the U.S., which is nearly three times the national average.¹

Culture

As a major urban center with a rich historical legacy, Philadelphia is increasingly gaining national recognition for its cultural and recreational advantages, which include the many tourism assets concentrated within city limits. Landmarks such as Independence National Historical Park, the Philadelphia Art Museum, and the Kimmel Center for the Performing Arts, as well as recent developments, such as the construction of the Barnes Foundation Museum and the National Museum of American Jewish History, are increasingly drawing national attention. The development of new first-class sports facilities, as well as continued access and development along the City's Delaware and Schuylkill River waterfronts, adds to this array.

Affordability

Philadelphia remains affordable when compared to its peers, as noted in the chart below.

Cost of Living 2008 (Third Quarter)

Index	Philadelphia, PA	Washington-Arlington – Arlington, DC-VA	Boston, MA	New York (Manhattan), NY	National Average
Composite (100%)	124.1	137.7	133.7	220.3	100.0

Source: Council for Community and Economic Research ACCRA Cost of Living Index

The Council for Community and Economic Research determines "Cost of Living" by weighing various living expenses including: cost of groceries, housing, utilities, transportation and health. The national average cost for each index area is set at "100", and the indices for each place are then calculated based upon their relation to that average. With lower composite indices indicating lower cost of living, Philadelphia's composite index of 124.1 in the third quarter of 2008 is an indication of how our region matches up to other east coast peer metropolitan regions.

Educational Attainment

Philadelphia captures a significant portion of the region's educational employment and enrollment because of its major colleges and universities. The City houses 40 percent of all students during their studies, and the Philadelphia region retains a strong share of its graduates (55 percent) and an even greater share of graduates who are originally from the region (82 percent). The region retains 26 percent of non-native graduates, based on a survey of the class of 2005. On average, the region's workforce over age 25 is better educated (with four-year college degrees) than those in other metropolitan areas across the U.S. (32 percent, compared to 27 percent). At the same time, the City has one of the lowest educational attainment rates in the nation, with only 20.7 percent of its 25-years-or-older population possessing a bachelor's degree or higher in 2006.

¹ 2008 American Community Survey <http://blog.bicyclecoalition.org/2009/10/philadelphia-is-no-1-among-big-cities.html>

Real Estate Market

Despite challenges in the national economy, Philadelphia's central business district ("CBD"), encompassing 42.1 million rentable square feet, shows stable office market conditions. The strength of the market is driven by the continued expansion of the city's major healthcare and educational institutions, which are less likely to be impacted by the slowdown, and the growth of Comcast Corporation. Recent developments in the financial services market offer both retention risks and attraction opportunities for Philadelphia. Significant downsizing among law firms and other professional services businesses pose the greatest challenge to the office market.

The Center City office market has seen positive results in most recent years, with 1 million square feet of net absorption in 2006, 992,000 square feet in 2007 and approximately 876,000 square feet of positive net absorption in 2008. Unfortunately, the economic slowdown has begun to have an effect, dropping the Class A net absorption rate for 2009 to approximately -190,160. Likewise, while Philadelphia's CBD boasted a direct vacancy rate of under 9% for six quarters in a row as of the first quarter of 2009, this rate has risen to 10.5% by the end of 2009 - still well below the national average, which climbed to 15.8% as of December 2009. Despite these downturns, Philadelphia's CBD shows signs of economic recovery and confidence is returning to the market.

On the recovery side, Cushman & Wakefield's market forecast Winter 2009, names Boston, Philadelphia, Washington, DC and Seattle as places where markets "will be in a recovery-ready mode in 2010." The CBD experienced 636,146 square feet of leasing activity in 2009. As building owners make substantial capital investments and 'trophy' locations are in demand, Class A asking rental rates in the CBD have risen from \$25.85 in 2006 to \$26.19 per square foot of 2009. A concerted attraction and retention campaign involving the combined efforts of the City, PIDC, the Center City District, the Greater Philadelphia Chamber of Commerce, and the Commonwealth has sustained these positive market conditions.

Amidst the national slowdown in real estate, Philadelphia's single-family property market remains consistent but is showing some signs of strain due to threats of increased foreclosures and a stagnant buyers market. However, the rental real estate market continues to be positioned favorably. Unburdened by a glut of speculative multifamily projects outstripping tenant demand, Philadelphia has maintained a low apartment vacancy rate and has fared well when compared to other regions.

Major Industry Sectors

When compared to the average sector concentration in Pennsylvania counties, Philadelphia has a higher concentration of employment in six sectors, as noted in the chart below.

Philadelphia Industry Concentrations Compared to Pennsylvania

<u>Industry</u>	<u>Pennsylvania</u>	<u>Philadelphia County</u>
Education and Health Services	0.52	2.23
Financial Activities	0.80	1.24
Other Services	0.93	1.07
Professional and Business Services	0.75	1.33
Leisure and Hospitality	0.95	1.05
Information	0.94	1.06
Trade, Transportation, and Utilities	1.54	0.69
Manufacturing	2.54	0.39
Construction	2.35	0.43
Unclassified	0.50	0.02
Natural Resources and Mining	0.55	0.00

Source BLS: 2008 Location Quotient, Quarterly Census of Employment and Wages Data. Ratio of analysis-industry employment in the analysis area to base-industry employment in the analysis area divided by the ratio of analysis-industry employment in the base area to base-industry employment in the base area.

Philadelphia has maintained an above-average concentration of employment in Education and Health Services, Financial Activities, Other Services, Professional and Business Services, Leisure and Hospitality as well as Information Services. The employment base has undergone a gradual shift over the last decade, most notably marked by growth in leisure/hospitality and education/health services sector employment.

Despite a continued rise in unemployment over the past year, the overall gap between local and national unemployment has shrunk considerably due to deteriorating market conditions brought on by the nation's financial crisis.

As indicated in the chart below, until last year's economic downturn the City has consistently had an unemployment rate between 1.4 to 1.9 percent higher than the national average.

Year	U.S.	Pennsylvania	Philadelphia	% Difference between U.S. and Phila
1997	4.9%	5.1%	6.8%	1.9%
1998	4.5%	4.6%	6.2%	1.7%
1999	4.2%	4.4%	6.1%	1.9%
2000	4.0%	4.2%	5.6%	1.6%
2001	4.7%	4.8%	6.1%	1.4%
2002	5.8%	5.6%	7.3%	1.5%
2003	6.0%	5.7%	7.5%	1.5%
2004	5.5%	5.4%	7.3%	1.8%
2005	5.1%	5.0%	6.7%	1.6%
2006	4.6%	4.7%	6.3%	1.7%
2007	4.6%	4.4%	6.0%	1.4%
2008	5.8%	5.5%	7.2%	1.4%
2009	9.3%	8.1%	10.2%	0.9%

Source: Bureau of Labor Statistics (BLS).2009.

The jobs report is mixed. As shown in the chart below, the local economy has reflected a trend toward growth in particular sectors. Overall job growth in the City has decreased slightly in 2009 and continues to be sluggish.

Cluster Employment Data: City of Philadelphia
2003-2009
(in thousands)

Sector	2003	2004	2005	2006	2007	2008	2009	% Change from 2003-2009*	Average Annual % Change
Construction & Mining	12.3	11.4	12	12.6	11.8	12.2	10	-19%	-2.7%
Manufacturing	34	32.6	31.2	30	28.3	27.3	25.9	-24%	-3.4%
Trade, Transportation, & Utilities	95.8	90.9	90	88.6	88.0	87.5	85.2	-11%	-1.6%
Information	15.9	13.6	13.2	12.7	12.9	12.3	12.6	-21%	-3.0%
Financial Activities	50.7	49	48.2	47.6	47.1	46.3	45.3	-11%	-1.5%
Professional & Business Services	80.9	80.3	82.4	84.1	85.3	85.5	78.5	-3%	-0.4%
Education & Health Services	185.3	184.1	186.8	192	196.4	201.1	205.2	11%	1.5%
Leisure & Hospitality	52.9	54.6	56.6	57.6	58.4	57.8	56.6	7%	1.0%
Other Services	29	28.5	28.5	28.2	28.2	28.1	26.6	-8%	-1.2%
Government	114.7	113	111.4	108.4	105.9	104.5	105	-8%	-1.2%
Total	671.5	658	660.3	661.8	662.4	662.5	651	-3%	-0.4%

Source: Bureau of Labor Statistics.

While the ongoing economic crisis has dampened employment growth across virtually every sector of the economy, "Philadelphia has weathered the storm better than many other areas of the country," according to a recent economic report published by the Center City District. Much of this can be attributed to the City's diverse employment base and its avoidance of speculative real estate and high-risk financial activities that swept through the country following the "Technology Bust" of 2001.

The sector of Philadelphia's economy which has remained most insulated from the current recession has been Education and Health Services, capturing a 8% growth rate since 2003. The City, in its strategic plan for economic development and job growth, has identified the "Eds and Meds", along with Professional and Business Services, and Leisure and Hospitality, as targeted growth sectors that will drive the City's recovery process and position it for continued long-term growth.

The Education sector not only provides stable support to the local economy, but also generates a steady supply of potential "Knowledge Industry" workers. In the knowledge industry, which relies on the supply of new college graduates, companies apply emerging technologies to deliver high-quality, knowledge-based services. The knowledge industry includes sectors as diverse as financial services, engineering, health care, insurance, law, life sciences, printing, publishing, and academia. In a 2009 report published by the Milken Institute, the Greater Philadelphia region's life sciences industry earned the number one ranking of the study's "current impact" category by directly employing 94,400 workers and generating \$7.7 billion in direct revenue in 2008. These advantages equip Philadelphia and the region to continue to build its knowledge industries.

While Philadelphia has a strong core of knowledge-based industries, the City must capitalize on these advantages to ensure future growth and dynamism. Within the knowledge economy is another sector of great importance to Philadelphia and the region, the life sciences, which includes health care, research, biotechnology, and pharmaceuticals. Philadelphia is capitalizing on the region's opportunity to become an incubator for research generated by life sciences and educational institutions. Several sites now foster incubator opportunities, including the Philadelphia Navy Yard, the Science Center in West Philadelphia, and the west bank of the Schuylkill River bordered by the University of Pennsylvania, Children's Hospital of Pennsylvania and Drexel University.

Philadelphia's economy enjoys a large market share of for-profit creative industry companies which are technology-driven, known as businesses representing the "creative economy." A subset of the knowledge industry, the sector includes architecture, communications, design and merchandising, digital media, engineering, fashion design, graphic arts, information technology, interior and industrial design, marketing, music, film and video production, multimedia design, photography, planning product design and software development. Philadelphia supports several initiatives with the goal of increasing employment in this sector and fostering population growth in the City as a result. Philadelphia's population has increased 1.5% since 2000 according to a recently published challenge to the U.S. Census Bureau's 2008 estimate. The City's official population is now recorded as 1,540,351.

Philadelphia International Airport

Philadelphia International Airport served 31.8 million passengers, including 4.0 million international travelers, in calendar year 2008. In 2008, PHL ranked eighteenth in the nation in terms of total passengers and is presently the eleventh busiest in the world for aircraft operations, according to data reported by Airports Council International North America. The regional economic impact of the Airport is \$14 billion annually. PHL opened a new commuter terminal in 2001, a new international terminal in May 2003, and recently completed the extension of Runway 17-35 to increase airfield capacity.

In 2005, the Airport issued three series of Airport Revenue Bonds which included \$125 million in fixed-rate Series 2005A bonds, \$41 million in variable-rate Series 2005B bonds and \$189.5 million in variable-rate Series 2005C bonds. Proceeds of the 2005A and B bonds have enabled the Airport to undertake critical infrastructure projects, such as expansion of Terminals D and E, improvements to

Terminal A East, expansion of security checkpoints at Terminals B and C, and resurfacing of Runway 9R-27L. Proceeds of the 2005C bonds were used to refund the Airport's Series 1995A revenue bonds.

In August of 2007, the City issued the 2007A Bonds and the 2007B Bonds. Proceeds from the 2007A Bonds provide funding for several new capital projects including international terminal gate expansion, design work for the expansion of Terminal F, design of a new in-line baggage system for Terminal B/C, and an infrastructure improvement program. The 2007B Bonds refunded the Series 1997B Airport Revenue Bonds.

In April 2009, the City issued the fixed rate 2009A Bonds. Proceeds from the 2009A Bonds were used to refund the Airport's variable-rate Series 2005B, which are described above.

Philadelphia Industrial Development Corporation

Philadelphia Industrial Development Corporation (PIDC) is a private, not-for-profit Pennsylvania corporation, founded in 1958 by the City of Philadelphia and the Greater Philadelphia Chamber of Commerce to promote economic development throughout the City. The many programs provided by PIDC include (i) direct mortgage funding in a subordinate position at reduced interest rates for fixed asset improvement to companies who intend to build or expand in Philadelphia; (ii) tax-exempt bond financing to eligible borrowers through the Philadelphia Authority for Industrial Development (PAID); (iii) offering of fully improved parcels of land for sale in more than a dozen designated industrial parks and districts across the City; and (iv) offering of development assistance and project management to a range of Philadelphia's development and non-profit corporations.

Financing Programs

PIDC offers a variety of Financing Programs to assist economic development for all segments of the Philadelphia market. Primary categories include:

PIDC Loan Programs: Largely funded by federal, state, and local government sources, PIDC loan programs generally offer subordinated financing and below-market rates which encourage investment in Philadelphia. Specific terms and uses vary and may cover infrastructure costs, land acquisition, building construction, machinery/equipment purchase, or working capital. During 2009, PIDC settled 38 loan transactions and provided approximately \$159 million of funding to projects valued at \$1.18 billion.

PAID Bond Program: PIDC also manages the Philadelphia Authority for Industrial Development (PAID). PAID issues, as a conduit, tax-exempt bonds for qualified manufacturing and not-for-profit and other projects. PAID is also a conduit for taxable issues. During calendar year 2009, PAID settled 12 bond issues for \$153.7 million in financing and total project costs of \$157.8 million.

Real Estate Services

On behalf of the City of Philadelphia, PIDC is responsible for acquiring, improving and selling industrial and commercial land in strategic locations throughout the City. Over the years, PIDC has successfully leveraged economic development on more than 2,000 acres of such land.

- **Industrial Land:** PIDC parcels are competitively priced, zoned for immediate development, environmentally clean, and fully improved with roads and utilities. Many of these sites are located in established Northeast, West, and Southwest Philadelphia industrial park settings with excellent access to transportation and workforce. Others are situated in redeveloping commercial neighborhood corridors.
- Most of PIDC's properties are in designated incentive areas, which include specific entitlements to tax abatements, low interest loans and other benefits. Of particular note are the Keystone Opportunity Zones (KOZs), which abate business taxes for varying terms.

- **Public Property Sales:** In 2005, PIDC entered into an agreement with the City's Department of Public Property to market the City's surplus real estate throughout Philadelphia. Due to the poor economic climate in 2009, PIDC completed 1 transaction with a sale price of \$410,000. Since this effort began, PIDC has completed the sale of 28 properties resulting in approximately \$14.5 million for the City's General Fund.
- **Developer Selection:** When demand is present, PIDC also manages developer selection and sales of key real estate assets utilizing conventional RFQ/RFP methodology. Currently, PIDC is developing a handful of RFQ/RFP documents for sites that are likely to be in demand when the real estate market rebounds.
- In summary, PIDC closed 7 land sales, totaling 71.7 acres in 2009. This level of activity is consistent with 2008 and represents the impacts of the overall slowdown in the national and regional economy. In 2009, PIDC worked along with the City of Philadelphia's Commerce Department and the City Planning Commission to conduct a study of Philadelphia's industrial land inventory, characteristics, and projected demand to develop a new industrial land policy to serve as a guide for the nature, location and scale of industrial land acquisition and development for the foreseeable future. The study is anticipated to be completed in early 2010.
- Due to the weakness in the real estate market, PIDC is seeking opportunities to purchase distressed or underutilized industrially-zoned sites to replenish the City of Philadelphia's inventory of publicly controlled industrial land.

The Navy Yard

During the past decade, the United States Department of Defense has downsized significantly in the Philadelphia area, resulting in substantial excess real estate in the City. PIDC is responsible for converting these former military properties to civilian use, and many of the dispositions realized during 2003-2006 included development sites from this portfolio.

Located on the Delaware River at the south end of Broad Street, The Navy Yard is the largest former Defense Department asset, with 1,000 acres and 6.5 million square feet of existing industrial and office space. Since the ownership transfer in March 2000, PIDC has been responsible for planning, operations and development of this massive property.

Initial emphasis was on upgrading roads and utilities systems with over \$25 million of infrastructure investment. Development of the Aker Philadelphia Shipyard, a \$300 million state-of-the-art facility, was funded by federal, state, and local sources. Successful leasing and development efforts have resulted in more than 90 companies and three Navy operations occupying more than 4.5 million square feet of space and employing more than 7,000 people. In September 2004, PIDC and the City released an updated Navy Yard Master Plan, which focuses on mixed use development on 400 acres east of Broad Street and envisions over \$2 billion of private investment in office, research, retail, residential, and recreational projects. To date, major progress was achieved in implementation of the Master Plan:

- **Industrial Anchors:** The Navy Yard continues to be a vital industrial and manufacturing center, with the Aker Philadelphia Shipyard as a major anchor activity. Aker employs 1,300 in its commercial shipbuilding operation and is in the midst of \$2 billion worth of ship orders. This robust activity also supports a number of supplier and related industrial and manufacturing companies located at The Navy Yard. The US Navy also retains significant industrial facilities to support its foundry and propeller shop with nearly 800 employees. Building on the skilled workforce and range of industrial supplier companies located at The Navy Yard, an affiliate of Boston Ship repair leases a dry-dock, pier and related facilities to support commercial and military ship repair activity. Tasty Baking Company's new 350,000 SF bakery and distribution center at The Navy Yard became fully operational in 2010. This

facility, along with an additional 200,000 SF of speculative flex and industrial space, is being developed in the Navy Yard Commerce Center by Liberty Property Trust and Synterra Partners.

- **Navy Yard Corporate Center:** In 2003, PIDC selected a team led by Liberty Property Trust and Synterra Partners to develop 72 acres with 1.4 million square feet of Class A office space. Liberty/Synterra has developed three buildings, (i) a 77,000-square-foot, multi-tenant speculative building which is now 100 percent leased, (ii) a 47,000 square foot build-to-suit headquarters for Unique Industries and (iii) a 95,000 square foot office building completed in the second quarter of 2009 and is now 90% leased. PIDC and Liberty/Synterra are in the pre-development phase for a 125 room hotel and the next phase of speculative office construction, expected to commence in 2010.
- **Additional Corporate Office Activity:** The Navy Yard's shift from a federal, industrial property to a private sector business park with corporate/research future has defined itself in recent years with a combination of headquarters relocations by Vitetta Architects and Engineers, Unique Industries, and Barthco International. In 2006, Urban Outfitters, a major retailer of clothing, furnishings and accessories completed its \$115 million corporate campus, an award-winning historic conversion of approximately 300,000 SF of former industrial facilities. Urban Outfitters has grown their headquarters workforce to more than 1,000 employees since relocating to The Navy Yard and recently commenced work on an \$18 million, 50,000 SF expansion scheduled for completion in 2010.
- **Research and Development:** In addition to the development of general corporate office facilities, The Navy Yard has established an important market segment in technology and R&D activity. This activity is anchored by the Naval Ship Systems Engineering Station, an 1,800 person federal research lab that houses the Navy's premier research organization focusing on power, energy, fuel cells, propulsion, IT and systems integration. In order to complement and expand this research base, the Commonwealth designated the Navy Yard as a Keystone Innovation Zone (KIZ), providing access to variety of state incentives for technology development. The KIZ team led by PIDC includes the U.S. Navy, Penn State University, the Delaware Valley Industrial Resource Center (DVIRC), the City of Philadelphia and the Ben Franklin Technology Partners of Southeastern Pennsylvania.
- In 2009, PIDC established the Navy Yard Clean Energy Campus as the identity of Navy Yard R&D activity. Early initiatives of the Clean Energy Campus have resulted in Penn State establishing a Navy Yard location for its graduate level engineering program; the relocation of Ben Franklin Technology Partners' Corporate Office to The Navy Yard; the development of the Building 100 Innovation Center by Ben Franklin, DVIRC and PIDC to house early stage technology companies focused on power and energy related research; and a cadre of 12 related companies with offices at The Navy Yard.
- PIDC and its partners also continue to pursue significant federal funding for research, education and commercialization facilities. The Navy has commenced development on a new, \$20 million energy test center that will be the focus of their energy research activity. Penn State was recently awarded a \$2.5 million grant from the Department of Energy to establish the Mid Atlantic Clean Energy Applications Center at The Navy Yard. This Center will commence operations in 2010. PIDC and Penn State have also prepared initial plans for a \$43 million, 60,000 SF Energy Innovation Center that will provide The Navy Yard with a central energy research center at The Navy Yard to house research, education and technology commercialization activities with Penn State, Drexel University and other partners. Together, PIDC, Penn State and Drexel University have recently completed proposals for more than \$100 million in federal DOE funding for R&D activity at The Navy Yard.

- In 2009, two significant private investments in the Clean Energy Campus were announced. The first was the development of a 7-acre, 1.5 mega watt solar array to be developed by a partnership of Conergy and Exelon Power Generation. This facility is expected to be under construction in the second quarter of 2010. The second project is the development of a 350,000 SF, \$500 million thin film, solar panel manufacturing facility by Heliospehra USA. This facility is proposed for a start of construction at the end of 2010.
- The Navy Yard also supports a significant and growing life sciences community. In 2004, AppTec Laboratory Services, a Minneapolis based provider of contract testing and manufacturing services to the pharmaceutical sector, developed a new, 75,000 SF office and lab facility at The Navy Yard. Established with approximately 40 employees initially, AppTec now has more than 260 employees at The Navy Yard. In 2008, WuXi Pharmaceuticals acquired AppTec and now houses its North American contract testing operation and 200 employees at The Navy Yard. Phoenix IP Ventures, an intellectual property Merchant Bank focused in the life sciences area, established its corporate headquarters at The Navy Yard, where it also houses operations for its growing base of companies.

Additional Projects under Construction

The following table lists additional projects currently under construction in the City for the City/Public sector.

Table 25
Projects under Construction

Project	Estimated Cost
City Hall Exterior Renovation Project	\$90,000,000
Presidents House	\$8,400,000
Robin Hood Dell Restoration	\$5,500,000
Emergency Standby Generators	\$4,600,000
Philadelphia Industrial Correctional Center	
Security Upgrade Project	\$2,100,000
Fire Point Source Capture	\$11,000,000
Waterworks Esplanade Bulkhead Reconstruction	\$1,100,000
New Youth Study Center	\$93,000,000

Source: Office of Budget and Program Evaluation, December 2009

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APPENDIX C

Definitions of Certain Terms and Summary of Certain Provisions of the Indenture

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APPENDIX C
DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS
OF THE INDENTURE

The following sets forth the definitions of certain terms used in the Indenture and a brief summary of certain provisions of the Indenture. Certain other provisions of the Indenture relating to the 2010 Bonds are summarized in the Official Statement under the section captioned "THE 2010 BONDS." Reference should be made to the Indenture for a complete statement of all of these provisions and other provisions which are not summarized in the Official Statement. Copies of the Indenture may be obtained from the Trustee.

DEFINITIONS OF CERTAIN TERMS

"Additional Bonds" means bonds or notes, other than the 2009 Bonds and the 2010 Bonds, authorized to be issued under the Indenture.

"Authority" means the Pennsylvania Intergovernmental Cooperation Authority, a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth under and by virtue of the Constitution and laws of the Commonwealth.

"Authority Representative" means the person or persons at the time designated to act on behalf of the Authority by written certificate furnished to the Trustee containing the specimen signatures of such person or persons and signed on behalf of the Authority by its duly authorized agent. Such certificate may designate an alternate or alternates.

"Board" means the governing board of the Authority.

"Bond" or **"Bonds"** means all bonds authorized to be issued pursuant to authorizing resolutions previously adopted by the Authority and executed and delivered under and pursuant to such authorizing resolutions and the Indenture, as the same was amended and supplemented from time to time, including any bonds issued in substitution therefor, and any Additional Bonds issued pursuant to the Indenture.

"Bond Counsel" means any firm of nationally recognized bond counsel acceptable to the Authority.

"Bondholder" or **"Holder"** means the registered owner of any Bond.

"Bond Redemption Fund" means the separate fund of such name established under the Indenture.

"Bond Register" means the list of the names and addresses of Bondholders and the principal amounts and numbers of the Bonds held by them maintained by the Registrar on behalf of the Authority.

"Bond Year" for any Series of Bonds means each one-year period (or shorter period from the date of issue) that ends at the close of business on the date in the calendar year that is elected by the Authority as permitted under the Code.

"Business Day" means a day other than a Saturday, Sunday or holiday on which the Trustee or any applicable Credit Facility Issuer are authorized to be closed under applicable state or federal law.

"Capital Projects Fund" means the separate fund of such name established under the Indenture.

“City Account” means the account of such name created under the Act and the Disbursement Agreement.

“City Obligations” means any direct obligations of the City, including tax and revenue anticipation notes of the City, or any obligations guaranteed by the City, the investment in which shall have been approved by the Authority in accordance with Section 311(b) of the Act.

“Closing Date” means the date of delivery of the 2010 Bonds to the Underwriters against payment therefore.

“Code” means the Internal Revenue Code of 1986, as amended, or any successor legislation, and the regulations and published rulings promulgated thereunder or applicable thereto.

“Credit Facility” means the Municipal Bond Debt Service Reserve Fund Policy issued by the Credit Facility Issuer, and any other letter of credit, bond insurance policy, or other credit facility meeting the requirements of, and delivered to the Trustee in accordance with, the Indenture in connection with the issuance of Additional Bonds to satisfy the Debt Service Reserve Requirement for the Debt Service Reserve Fund.

“Credit Facility Issuer” means Financial Guaranty Insurance Company and each issuer of a Credit Facility then in effect, and its successors. Reference to the Credit Facility Issuer shall be read to mean each issuer of a Credit Facility.

“Debt Service Fund” means the separate fund of such name established under the Indenture.

“Debt Service Requirement” means for a specified period the principal of (whether at maturity or pursuant to mandatory redemption) and interest (other than capitalized interest) on Outstanding Bonds payable during the period. If any Series bears interest at a variable interest rate, the interest thereon shall be deemed to be an amount calculated using an interest rate equal to the maximum interest rate permitted for such Series under the authorizing Supplemental Indenture. If the repayment obligation of the Authority under a Credit Facility with respect to a particular Series is secured on a parity with the Bonds and provides for a different rate of interest or amortization period than such Series, the principal and interest during a period for such Series of Bonds for purposes of computing the Debt Service Requirement shall be based upon the maximum interest rate and amortization provisions of the Credit Facility if they result in a higher Debt Service Requirement. If an interest rate exchange agreement, interest rate cap and floor agreement or other similar agreement permitted by Section 304(10) of the Act is in effect with respect to a Series of Bonds and the unguaranteed debt of the obligated counterparty is rated in one of the two highest rating categories by S&P and Moody’s and no default exists under such agreement, the principal and interest payable during a period for such Series of Bonds for purposes of computing the Debt Service Requirement for such period shall be determined by reference to the net amount payable by the Authority under or after giving effect to such agreement.

“Debt Service Reserve Fund” means the separate fund of such name established under the Indenture.

“Debt Service Reserve Requirement” means an amount equal to the lesser of (i) the Maximum Annual Debt Service Requirement with respect to all Bonds outstanding under the Indenture, and (ii) the maximum amount permitted by the Code.

“Deficit Fund” means the separate Fund of such name established under the Indenture.

“Department” means the Department of Revenue of the Commonwealth.

“Depository” means U.S. Bank National Association, successor to First Union National Bank, a national banking association organized and existing under the laws of the United States, as Depository under the Disbursement Agreement, and its successors and assigns.

“Disbursement Agreement” means the City Account Deposit and Disbursement Agreement dated as of December 6, 1991 between the Authority and the Depository and acknowledge and agreed to by the City as the same may be amended, modified or supplemented and in effect from time to time.

“Event of Default” means any event specified as such in Section 8.01 of the Indenture.

“Fitch” means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns and if such corporation shall for any reason no longer perform the actions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

“Government Obligations” means any of the following which are noncallable and which at the time of investment are legal investments under the Act for the moneys proposed to be invested therein:

(a) direct general obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America (“Direct Obligations”);

(b) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (“FHLMCs”); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association (“FHMAs”); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association (“GNMAs”); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; and guaranteed Title XI financings of the U.S. Maritime Administration; or

(c) obligations issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (the “FIRRE Act”), (i) the principal of which obligations is payable when due from payments of the maturing principal of non-interest bearing direct obligations of the United States of America which are issued by the Secretary of the Treasury and deposited in the Funding Corporation Principal Fund established pursuant to the FIRRE Act, and (ii) the interest on which obligations, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to the FIRRE Act.

“Investment Earnings” means all interest and income received from the investment of funds held under the Indenture, losses suffered by reason of such investment, and any interest paid by the Trustee or any other depository of any fund established under the Indenture, and any net profits or losses resulting from the sale of securities.

“Investment Securities” means each of the following:

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank.

(2) Direct obligations of any of the following federal agencies whether or not such obligations are fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies.

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody's and “A-1” or “A-1+” by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody's and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P;

(6) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody's or S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraphs (1) or (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(7) Municipal Obligations rated “Aaa/AAA” or general obligations of States with a rating of “A2/A” or higher by both Moody’s and S&P;

(8) That certain “Debt Service Reserve Forward Delivery Agreement” dated as of June 6, 2000 by and between the Trustee, the Authority and Wachovia Bank, National Association (successor to First Union Securities, Inc.) and any securities which are “Eligible Securities” as defined therein;

(9) That certain “Debt Service Reserve Forward Delivery Agreement” dated as of June 6, 2000 by and between the Trustee, the Authority and JPMorgan Chase Bank, National Association, and any securities which are “Eligible Securities” as defined therein;

(10) Government Obligations; and

(11) Investment Securities, as defined in the Amended and Restated Indenture.

Notwithstanding the foregoing, no moneys of the Authority may be invested in obligations issued by or obligations guaranteed by the City, without the approval of a qualified majority of the board of the Authority, and, in any case, no moneys held in a debt service reserve fund may be invested in obligations issued by or obligations guaranteed by the City.

“Maximum Annual Debt Service Requirement” means the maximum Debt Service Requirement in any subsequent fiscal year of the Authority on Bonds expected to be Outstanding at the time of such calculation.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

“Municipal Obligations” means any obligations issued or guaranteed by any state or political subdivision of a state or by any public instrumentality of any of the foregoing.

“Outstanding,” “Bonds Outstanding” or “outstanding Bonds” means all Bonds which have been authenticated and delivered under the Indenture, except:

(a) Bonds cancelled after purchase in the open market or because of payment or redemption prior to their maturity;

(b) Bonds for the payment or redemption of which cash or Government Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity date or redemption date of any such Bonds) in accordance with Article VII of the Amended and Restated Indenture; provided that if such Bonds are to be redeemed prior to their stated maturity date, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated under Section 2.07 or Section 2.08 of the Amended and Restated Indenture.

"Person" means a corporation, association, partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

"PICA Tax Disbursement Agreement" means the letter agreement between the Authority and the State Treasurer pursuant to which the Authority has designated the Trustee as the Trustee for the funds required or permitted to be established pursuant to Chapter 3 of the Act for the security and payment of the 2009 Bonds, the 2010 Bonds and all other Series of Bonds issued under the Indenture and the State Treasurer has acknowledged and agreed to the terms of such letter agreement.

"PICA Tax Ordinance" means the ordinance (Bill No. 1437) of the City approved June 12, 1991 enacting the Income Tax.

"PICA Taxes" means the Income Tax and any other taxes which may be enacted hereafter by the City pursuant to the Act for the exclusive purposes of the Authority and which are pledged by the Authority to secure the Bonds in a Supplemental Indenture.

"Pledged Revenues" means all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes and all moneys and securities held by the Trustee under the Indenture, together with any earnings thereon, except moneys and securities, together with any earnings thereon, held in the Rebate Fund.

"Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the 2010 Bonds at the request of the Authority, which at the time of issuance of the 2010 Bonds includes S&P, Moody's and Fitch.

"Registrar" means the Registrar appointed in accordance with the provisions of the Indenture. "Principal Office" of the Registrar means the office thereof designated in writing to the Authority and the Trustee.

"Revenue Fund" means the separate fund of such name established under the Indenture.

"S&P" means Standard & Poor's Ratings Group, a Division of McGraw Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

"Series" or "Series of Bonds" means all of the Bonds designated as being of the same series at the time of issuance thereof in one transaction and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture, as the same shall be amended and supplemented from time to time.

"Special Payment Date" means with respect to Outstanding Bonds the date set for the payment of interest or principal that was not paid when due on any Interest Payment Date or on any date that principal is due, which date shall be fixed by the Trustee whenever moneys become available for the payment of such interest or principal.

"Special Record Date" means the date (whether or not a Business Day) fixed to determine the names and addresses of holders of any series of Bonds for purposes of paying principal or interest on a Special Payment Date.

“State Treasurer” means the State Treasurer of the Commonwealth.

“Supplemental Indenture” means any indenture of the Authority amending or supplementing the Indenture for any purpose, in accordance with the terms of the Indenture.

“Tax Collection Agency Agreement” means the agreement between the Department and the City, acting through its Revenue Department and its Law Department, which sets forth the manner in which the Revenue Department and the Law Department of the City shall collect income tax on behalf of the Department and in which amounts collected shall be transferred to the Commonwealth account designated by the Department.

“Trustee” means U.S. Bank National Association, as successor trustee, a national banking association organized and existing under the laws of the United States, as the Trustee under the Indenture, its successors in trust under the Indenture and its assigns.

Words importing singular number shall include the plural number, and vice versa, words importing persons shall include, firms and corporations and the masculine shall include the feminine, and vice versa, wherever the context requires.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Pledge and Assignment

Under the Indenture, the Authority assigns, pledges and grants to the Trustee a security interest in the following property (the “Trust Estate”): (i) all of the Authority’s right, title and interest in and to the Pledged Revenues; (ii) all right, title and interest of the Authority in and to all moneys and securities from time to time held by the Trustee under the terms of the Indenture, except for moneys and securities held in the Rebate Fund; and (iii) any and all other property rights and interests of every kind or nature as the Authority may from time to time assign, pledge and grant to the Trustee as additional security under the Indenture, in trust for the equal and proportionate benefit, security and protection of all present and future Holders of Bonds to secure the payment of the principal of, premium, if any, and interest on the Bonds, without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds, except in the case of funds held for the benefit of particular Bonds, to the extent provided in the Indenture, for the performance and observance of the covenants contained in the Indenture and in the Bond, and for the benefit of any Credit Facility Issuer to the extent provided in the Indenture.

Creation of Funds

The Trustee has established under the Indenture the following funds: Revenue Fund, Debt Service Fund, Debt Service Reserve Fund, Bond Redemption Fund, Capital Projects Fund, Deficit Fund, Rebate Fund and Settlement Fund. Each of these funds is to be held in trust by the Trustee under the Indenture and, except for the Rebate Fund, which shall not be subject to any security interest, pledge, assignment, lien or charge in favor of the Trustee, any Bondholder, any Credit Facility Issuer or any other Person; such funds are pledged to secure the obligations to Bondholders and each Credit Facility Issuer under the Indenture. The Trustee shall establish accounts in each fund (other than the Debt Service Reserve Fund) to identify the Series of Bonds providing the source of money in such account or in respect of which money in such account is available to pay debt service. Moneys in accounts in respect of a particular Series shall only be available to pay debt service or the redemption price of the Bonds of such Series, except as may otherwise be provided in the Indenture or in the Supplemental Indenture adopted at or prior to the time of issuance of such Series. References in the following discussion of the various funds to

transfers from certain funds to other funds are to be read to refer to transfers from the several accounts of the respective funds to the corresponding accounts of the other funds relating to the same Series of Bonds.

Deficit Fund

At the time of issuance of each Series of Bonds, there shall be deposited in the Deficit Fund such amount as shall be specified in the Indenture or the Supplemental Indenture authorizing the issuance of such Series of Bonds. Amounts in the Deficit Fund constituting proceeds of any Series of Bonds shall be applied as provided in the Indenture or the Supplemental Indenture authorizing such Series of Bonds. If there are insufficient amounts in the Debt Service Fund to make any payment of principal of or interest due on the Bonds and there are no available amounts in the Debt Service Reserve Fund or the Capital Projects Fund for such purpose, the Trustee shall transfer amounts from the Deficit Fund to the Debt Service Fund to the extent necessary to eliminate such deficiency. In addition, if any provision of Section 202 of the Act is held invalid by a court of competent jurisdiction, the Trustee shall not transfer any amounts from the Deficit Fund to the City unless it receives an Order from the Supreme Court of Pennsylvania permitting such transfer.

Capital Projects Fund

At the time of issuance of each Series of Bonds, there shall be deposited in the Capital Projects Fund such amount as shall be specified in the Indenture or in the Supplemental Indenture authorizing the issuance of such Series of Bonds. Amounts in the account in the Capital Projects Fund derived from proceeds of a Series of Bonds shall be disbursed only for costs of the capital projects identified in the Indenture or in the Supplemental Indenture authorizing the issuance of such Series of Bonds. The capital projects to be funded from the Capital Projects Fund may be revised by the Authority, with the consent of the City, upon delivery to the Trustee of, among other things, an opinion of Bond Counsel to the effect that such revision is permitted under the Act and will not adversely affect the excludability of interest on any Bonds from gross income for federal tax purposes. Such revision shall not require execution of a Supplemental Indenture and shall not be considered an amendment requiring consent of any Bond Insurer or Bondholders.

The Trustee shall transfer amounts in the applicable account in the Capital Projects Fund to the Encumbered Funds Account upon the receipt of a requisition signed by the Authority accompanied by a notice (in the form prescribed in the Indenture) from the City to the Authority to the effect that the City is prepared to award a contract for or commence work on an approved capital project or projects, which notice shall identify in reasonable detail: (i) the capital project or projects, (ii) the amount of the contract to be awarded or the cost of work to be encumbered, and (iii) the proposed date of award of such contract or the proposed date of commencement of the work. The Trustee shall not transfer amounts from the Capital Projects Fund to the Encumbered Funds Account at any time when a suspension of payment from the Commonwealth to the City is in effect as a result of the Authority certifying that the City is not in compliance with an approved financial plan pursuant to provisions of the Act and the Trustee has notice of such suspension. In addition, the Trustee shall not transfer amounts from the Capital Projects Fund to the Encumbered Funds Account if any provision of Section 202 of the Act is held invalid by a court of competent jurisdiction, unless the Trustee receives an order of the Supreme Court of Pennsylvania permitting such transfer. Upon completion, termination or abandonment of any capital project with respect to which moneys shall have been disbursed to the Encumbered Funds Account, any unspent moneys deposited therein for such capital project shall, to the extent not approved by the Authority for application to other capital projects being funded from the Encumbered Funds Account, be deposited, at the direction of the Authority and the City, in the Capital Projects Fund.

Amounts remaining in any account in the Capital Projects Fund after completion, termination or abandonment of the capital project or projects to be financed with the proceeds of the related Series of Bonds shall be transferred at the direction of the Authority to the Debt Service Fund for the payment of principal next becoming due on the applicable Series of Bonds or to the Bond Redemption Fund for redemption of Bonds of such Series at the earliest practicable date that Bonds of such Series can be redeemed without a premium unless the Trustee is directed by the Authority at the request of the City to apply such excess for a purpose permitted under the Act and receives an opinion of Bond Counsel that such use is permitted under the Act and will not adversely effect the excludability of interest on any Bonds from gross income for federal income tax purposes.

To the extent that amounts in the Debt Service Fund are insufficient to make any payment of principal of or interest due on the Bonds after all available amount in the Debt Service Reserve Fund have been used, the Trustee shall transfer amounts from the Capital Projects Fund to the Debt Service Fund to the extent necessary to eliminate such deficiency.

Revenue Fund

All payments of PICA Taxes made to the Trustee by the State Treasurer shall be received by the Trustee and deposited by the Trustee in the Revenue Fund. The Trustee shall transfer sums from the Revenue Fund to other funds as provided in the Indenture and as more particularly described in the Official Statement under "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS — Authority Tax." Any moneys remaining in the Revenue Fund after all such transfers have been made shall be transferred by the Trustee to the Depository for deposit to the City Account.

Debt Service Fund

On the date of settlement for each Series of Bonds, there shall be deposited in the Debt Service Fund an amount equal to the accrued interest, if any, on such Series of Bonds to the date of settlement therefor and any capitalized interest in respect of such Series. Amounts received by the Trustee pursuant to an interest rate exchange agreement or other agreement permitted by Section 304(10) of the Act in respect of a Series of Bonds shall be credited to the accounts in respect of such Series of Bonds.

Moneys in the Revenue Fund shall be transferred to the Debt Service Fund to the extent necessary to cause the aggregate amount deposited therein in each month to equal the sum of (i) the aggregate for all Series of Bonds paying interest semiannually of $1/6$ (such fraction to be increased or decreased, as appropriate, for a Series of Bonds to account for any initial or final interest period shorter or longer than six months) of the amount of interest that will be due and payable on each such Series of Bonds Outstanding on the next succeeding Interest Payment Date for the respective Series, (ii) the aggregate for all Series of Bonds paying interest at an interval other than semiannually of an amount equal to the interest that will be due and payable or otherwise accrue on each such Series of Bonds during such month (assuming that interest due on such Bonds will be payable at the maximum interest rate applicable to such Bonds, and taking into account (A) any amounts received from the counterparty to an interest rate exchange agreement, interest rate cap or floor agreement or other similar agreement deposited directly into the Debt Service Fund, and (B) any amounts remaining in the Debt Service Fund from prior months' transfers from the Revenue Fund in excess of the amount actually paid or accrued as interest on such Bonds for such prior months), (iii) the aggregate for all Series of Bonds of $1/12$ (such fraction to be increased, as appropriate, for a Series to account for any initial or final principal payment period shorter than 12 months), of the amount of principal that will become due and payable on each Series of Bonds (whether upon maturity or mandatory redemption) on the next succeeding principal payment date (whether upon maturity or mandatory redemption) for the respective Series occurring within the next year following the date of such transfer, (iv) any deficiency in deposits required to be made in prior months

under the preceding clauses (i), (ii) and (iii) which has not been eliminated and (v) any amount owed to any Credit Facility Issuer in respect of payments made for principal and interest on Bonds. The Trustee shall use the moneys in the Debt Service Fund to pay the principal of and mandatory sinking fund installments and interest on the Bonds as it becomes due and payable and to pay any amount owed to the Credit Facility Issuer in respect of payments made for principal and interest on Bonds.

Debt Service Reserve Fund

There shall be maintained in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement for the Bonds. In lieu of such deposit, at the time of issuance of a Series, subject to approval of the Bond Insurer, if any, there may be provided a Credit Facility in such amount issued by a Credit Facility Issuer whose credit facilities are such that bonds secured by such credit facilities are rated in one of the three highest rating categories by Moody's and S&P. To the extent that additional amounts are required to be deposited in the Debt Service Reserve Fund, such moneys shall come from sources other than the proceeds of the Bonds. Moneys in the Revenue Fund shall be transferred to the Debt Service Reserve Fund to the extent necessary to eliminate a deficiency therein. To the extent that there is an excess amount in the Debt Service Reserve Fund as of the date any valuation is required to be made as provided in the Indenture, unless otherwise provided in the Supplemental Indenture authorizing the issuance of such Series, the excess (other than any Investment Earnings) shall be transferred, at the written direction of the Authority, either to the Debt Service Fund or the Bond Redemption Fund as provided in the Indenture, or, subject to an approving opinion of Bond Counsel, as directed in writing by the Authority.

Investment Earnings from investments of amounts in the Debt Service Reserve Fund shall be applied by the Trustee as follows:

(a) the Trustee shall retain in the Debt Service Reserve Fund the amount necessary to eliminate deficiency therein;

(b) the Trustee shall transfer to the Rebate Fund in respect of each Bond Year such amount as is certified by the Authority to the Trustee pursuant to the applicable Tax Compliance Agreement as the Rebate Amount and Yield Reduction Amount, if any, for such Bond Year with respect to the 2009 Bonds and the 2010 Bonds and such additional amount for each other Series of Bonds as may be specified in the Supplemental Indenture authorizing the Series;

(c) the Trustee shall transfer to the Authority the amount necessary to cause the aggregate amount transferred to the Authority during the fiscal year of the Authority in which such transfer is made (together with transfers from the Revenue Fund), to equal the total operating expenses of the Authority for such fiscal year as set forth in the certificate of the Authority filed with the Trustee in respect of such fiscal year; and

(d) the Trustee shall transfer any remaining amount to the Revenue Fund.

If there are insufficient moneys to pay the Debt Service Requirement on any Series of Bonds on any Interest Payment Date or maturity date of such Series of Bonds, the Trustee shall transfer from the Debt Service Reserve Fund to the Debt Service Fund amounts necessary to make such payments from the Debt Service Fund.

In the event any application of funds in the Debt Service Reserve Fund in accordance, with the preceding paragraph causes the amount in the Debt Service Reserve Fund to be less than the Debt Service Reserve Requirement, the Trustee shall promptly notify the Authority.

The Trustee shall value the Investment Securities, if any, held in the Debt Service Reserve Fund at the end of each Bond Year for such Series and six months after the end of each such Bond Year. Investments in the Debt Service Reserve Fund, other than guaranteed investment contracts, shall be valued at fair market value. Guaranteed investment contracts shall be valued at the amortized cost thereof plus accrued interest. If the value of such Investment Securities plus any moneys in the Debt Service Reserve Fund (other than Investment Earnings which have not yet been transferred as described above) falls below the Debt Service Reserve Requirement, the Trustee shall promptly notify the Authority. Such deficiency shall be eliminated as indicated above and if necessary by the transfer from the Revenue Fund described in the Indenture.

Upon a redemption or final maturity of all of the Bonds of a Series, moneys in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement shall be applied as discussed above.

Bond Redemption Fund

The Trustee shall deposit in the Bond Redemption Fund amounts received from any source for redemption of Bonds other than mandatory sinking fund payments.

Moneys deposited into the Bond Redemption Fund shall be used to redeem Bonds or, at the request of the Authority in writing, to purchase Bonds in the open market at a price not in excess of the principal amount thereof plus accrued interest thereon. Upon such deposit, to the extent such moneys are to be used to redeem Bonds, the Trustee shall promptly select and call Bonds for redemption.

Rebate Fund

Amounts shall be deposited in the Rebate Fund in order to comply with rebate requirements of Section 148 of the Code and shall not be subject to any security interest, pledge, assignment, lien or charge in favor of the Trustee, any Bondholder, any Credit Facility Issuer or any other Person. The provisions of the Indenture regarding the Rebate Fund may be amended upon receipt by the Trustee and the Authority of an opinion of Bond Counsel that such amendment will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any moneys released from the Rebate Fund as a result of any such amendment shall be applied by the Trustee as required or permitted (in which case such application shall be at the written direction of the Authority) by such opinion of Bond Counsel.

The Authority is required to determine the Rebate Amount and Yield Reduction Amount, if any, in respect of each Series of Bonds or cause the same to be determined within 30 days after the end of each Bond Year and upon the retirement of the last Bond of a particular Series and to give written notification of such amounts to the Trustee. Following receipt of such notification, the Trustee is required to transfer first from Investment Earnings on the Debt Service Reserve Fund and then from the Revenue Fund to the Rebate Fund such amount as may be necessary so that the amount in the Rebate Fund shall be equal to the Rebate Amount and Yield Reduction Amount, if any, as of the computation date. In the event that as of the first day of any Bond Year in respect of each Series of Bonds, the amount on deposit in the Rebate Fund exceeds the Rebate Amount and Yield Reduction Amount, if any, the Trustee, at the direction of the Authority, shall transfer such excess amount into the Revenue Fund. If any amount shall remain in the Rebate Fund after the Trustee has made the final payment to the United States in respect of each Series of Bonds pursuant to the Indenture, such amount shall be transferred to the Revenue Fund.

Settlement Fund

The Trustee has established a Settlement Fund under the Indenture to hold funds to be applied to the costs of issuance of the 2010 Bonds. Upon the payment of the costs of issuance, moneys in the Settlement Fund with respect to the 2010 Bonds are to be transferred to the Debt Service Fund.

Pledged Revenues

The Pledged Revenues, which secure the payment of amounts due in respect of the Bonds, consist of all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes and all moneys and securities held by the Trustee under the Indenture, together with any earnings thereon, except moneys and securities held in the Rebate Fund.

Pledge of Pledged Revenues

The Pledged Revenues are trust funds and shall not be subject to lien (other than that of the Indenture or any lien thereon granted to secure the payment of any subordinated indebtedness of the Authority in accordance with the terms of the Indenture) or attachment by any creditor of the Authority.

Investment of Funds

Moneys in the funds established under the Indenture shall, to the extent permitted by law and at the written direction of the Authority, be invested and reinvested in Investment Securities or City Obligations, except that moneys in the Debt Service Fund, the Revenue Fund and the Rebate Fund shall only be invested only in Government Obligations with maturities which will assure the availability of money at the time when needed; and moneys in the Debt Service Reserve Fund shall only be invested in Investment Securities with a maturity of not more than five years; provided, however, that if moneys are invested in a guaranteed investment contract or a repurchase agreement which allows the full principal of and interest on the investment to be withdrawn at par on any principal or interest payment date for the Bonds, such guaranteed investment contract or repurchase agreement may have a maturity longer than five years but not longer than ten years. Investment Earnings shall be added or charged to the Revenue Fund when earned or realized, subject to the provisions of the Indenture in the case of defeasance, and provided that (i) Investment Earnings from investment of amounts in the Debt Service Reserve Fund shall be applied as described under "Debt Service Reserve Fund" above; (ii) Investment Earnings from investment of amounts in the Rebate Fund shall remain in the Rebate Fund and become a part thereof, to be disbursed as described under "Rebate Fund" above; and (iii) Investment Earnings from investment of amounts in the Capital Projects Fund shall remain in the Capital Projects Fund so long as costs of capital projects are to be paid therefrom.

Covenants of the Authority

The Authority covenants, among other things, that it will promptly pay or cause to be paid, but only from the Pledged Revenues, the principal of, premium, if any, and interest on all Bonds, and that it shall do and perform or cause to be done or performed all acts and things required to be done or performed by it under the Act and that it shall comply with all valid acts, rules, regulations, orders and directions applicable to the Indenture. The Authority has covenanted not to enter into any interest rate exchange agreement, interest rate cap and floor agreement or other similar agreement permitted by the Act if entering into such agreement would materially adversely affect any rating of the Bonds by Moody's, S&P or Fitch. The Authority also covenants at all times, to the extent permitted by law, to defend, preserve and protect the assignment and pledge of and security interest in, the Trust Estate under

the Indenture and all the rights of the Bondholders and all Credit Facility Issuers under the Indenture against all claims and demands of all persons whomsoever.

The Authority covenants with the Holders from time to time of the Bonds and the Authority shall cause the City to covenant with the Authority and Trustee that they will not make any investment or other use of the proceeds of the Bonds which would cause the Bonds the interest on which, when such Bonds were issued, was intended, to be excluded from gross income for federal income tax purposes to be "arbitrage bonds" (as that term is defined in Section 148 of the Code and all applicable regulations promulgated thereunder), and that they will comply with the requirements of such Code section and regulations throughout the term of all such Bonds.

The Authority shall deliver to the Trustee and to Moody's, S&P, Fitch and any Credit Facility Issuer within 120 days after the end of each fiscal year, on the basis of an audit conducted by independent certified public accountants, financial statements of the Authority at the end of such fiscal year together with notes and exhibits thereto (which shall include exhibits showing (i) all Bonds of the Authority then Outstanding, (ii) a summary of total annual debt service requirements and (iii) a statement of debt service coverage), which financial statements shall be audited by a firm of independent certified public accountants in accordance with generally accepted auditing standards. The Trustee is authorized to deliver copies of such financial statements to Bondholders and to any other Person who requests such financial statements.

Defaults and Remedies

Each of the following events constitutes an Event of Default under the Indenture:

- (a) Default in the due and punctual payment of interest on any Bond after such payment has become due and payable; or
- (b) Default in the due and punctual payment of the principal or mandatory sinking fund installment of any Bond, whether at the stated maturity thereof or upon proceedings for redemption thereof; or
- (c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Authority contained in the Indenture, any Supplemental Indenture or in the Bonds; or
- (d) Failure by the City to perform any of its covenants or agreements contained in the PICA Tax Ordinance or in any other ordinance of the City enacting PICA Taxes; or
- (e) Failure by the State Treasurer or the Department in the performance of any of their duties under the Act or covenants or agreements contained in the PICA Tax Disbursement Agreement or the Tax Collection Agency Agreement;

provided, however, that a default under (c) or (e) shall not constitute an Event of Default unless the Authority, the State Treasurer or the Department, as applicable, shall have had thirty (30) days after receipt of notice of such default from the Trustee or from the Bondholders of not less than twenty-five percent (25%) in aggregate principal amount of all Outstanding Bonds to correct said default or cause said default to be corrected and shall not have corrected said default or caused said default to be corrected within such period; provided that, if said default is such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Authority, the State Treasurer or the Department, as applicable, within the applicable period and diligently pursued until the

default is corrected; provided, further, that the period to cure any of such defaults shall be only seven (7) days in the case of a default in the payment of money and shall be such shorter period as may be specified in the notice of such default in the case of any default which would have a material adverse effect on the tax exempt status of the 2009 Bonds or the 2010 Bonds if not cured sooner than the period specified in the notice.

Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity, including, without limitation, enforcement of the rights of the Trustee and the Bondholders under the PICA Tax Ordinance or the Tax Compliance Agreement, the remedies provided in Section 305 of the Act and the rights of enforcement provided in Section 310 of the Act, to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, the performance by the Authority of its obligations under the Indenture and the performance by the Department and by the State Treasurer of their obligations under the Act. Notwithstanding the foregoing, there shall be no right to accelerate the time for payment of the Bonds. Without limiting the generality of the foregoing, if at any time the Trustee shall not receive the Pledged Revenues for transfer to the Debt Service Fund at the times and on the dates required by the Act and the Indenture, the Trustee shall promptly enforce the pledge of, security interest in and lien and charge on the Pledged Revenues against all government agencies (as defined in the Act) in possession of any of such Pledged Revenues at any time and shall send notice to the Department and the State Treasurer requesting that they take appropriate corrective actions.

If an Event of Default shall have occurred and be continuing and if directed in writing by the Bondholders of 25% in aggregate principal amount of Outstanding Bonds and upon being indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers specified in the preceding paragraph, as directed, provided such direction shall not be otherwise than in accordance with law and the provisions of the Indenture and the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would prejudice Bondholders not parties to such direction.

No waiver of any Event of Default under the Indenture, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Anything in the Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the term and conditions of the Indenture, provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture. The Trustee shall not be required to follow any direction from the Bondholders in the absence of indemnification of the Trustee, in accordance with the Indenture, in form and substance satisfactory to the Trustee.

Limitation on Actions by Bondholders

Under certain circumstances set forth in the Indenture, Bondholders may direct proceedings with respect to an Event of Default; however, no Bondholder shall have the right to pursue any remedy under the Indenture unless (a) the Trustee has been notified of an Event of Default as provided in the Indenture, (b) the Bondholders of not less than 25% of the aggregate principal amount of Outstanding Bonds shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers with respect to remedies granted under the Indenture or to pursue such remedy in their name or names, (c) the Trustee shall have been offered security and indemnity satisfactory to it against costs, expenses and liabilities and (d) the Trustee shall have failed or refused to

comply with such request. Notwithstanding the foregoing, nothing in the Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on each of the Bonds to and for the equal benefit of all Bondholders at the time and place, from the source and in the manner expressed in the Bonds.

Waivers of Events of Default

The Trustee may at its discretion waive any Event of Default under the Indenture and its consequences, and shall do so upon the written request of the Bondholders of (1) not less than 66-2/3% in aggregate principal amount of all Outstanding Bonds in respect of which default in the payment of principal or interest, or both, exists or (2) not less than a majority in aggregate principal amount of all Outstanding Bonds in the case of any other Event of Default; provided, however, that there shall not be waived any Event of Default in the payment of the principal of or interest on any Outstanding Bonds unless, prior to such waiver or rescission, all arrears of principal and interest, and all expenses of the Trustee in connection with such Event of Default shall have been paid or provided for and, in the case of any Bonds to which a Credit Facility applies, any amount drawn under the Credit Facility shall have been reinstated (if applicable) or the Credit Facility Issuer shall have been reimbursed. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee, the Credit Facility Issuer and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon. The foregoing notwithstanding, so long as a Credit Facility applies to the affected Bonds and the Credit Facility Issuer has not wrongfully failed to honor a drawing thereunder, the consent of the Credit Facility Issuer must be obtained prior to any such waiver with respect to the Bonds. Also, notwithstanding the foregoing, the consent of the Bond Insurer of the Series of Bonds as to which such Event of Default exists must be obtained prior to any such waiver becoming effective.

Modifications of Indenture Not Requiring Consent of Bondholders

The Authority and the Trustee may enter into Supplemental Indentures, without the consent of or notice to, the Bondholders, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Bondholders or the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee;
- (c) To subject to the Indenture additional revenues or collateral;
- (d) To modify, amend or supplement, the Indenture or any indenture supplemental thereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States;
- (e) To provide for the adoption of a book-entry registration of any Series of Bonds;
- (f) To evidence the appointment of a separate or co-Trustee or the succession of a new Trustee;

(g) To authorize the issuance and establish the terms of Additional Bonds and to effect an interest rate swap agreement, an interest rate cap or floor agreement or other similar agreement permitted under the Act;

(h) To make any other change in the Indenture, including changes in connection with the Authority's issuance of subordinated debt, which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Bondholders;

(i) To secure or maintain the rating for the Bonds from S&P and/or Moody's and/or Fitch

(j) To cure any defects in the Indenture which would, if not cured, cause the interest on Bonds which at the time of issuance was intended to be excluded from gross income for federal income tax purposes not to be so excluded;

(k) To make any change permitted under Section 5.09 of the Indenture (relating to the Rebate Fund); or

(l) To make any other change in the Indenture which is approved by the Credit Facility Issuer if at the time of such change a Credit Facility is in effect and there has been no failure by the Credit Facility Issuer to make any payment under the Credit Facility or, if a new Credit Facility is being obtained, which is requested by the new Credit Facility Issuer and is to be effective only at the time the new Credit Facility becomes effective, except a change specified in the Indenture as requiring the consent of the Holders of all Outstanding Bonds or a change which would affect the rights of the Authority unless the Authority approves of such change.

In exercising its discretion, the Trustee shall not unreasonably withhold its consent to any Supplemental Indenture for any of the foregoing purposes. The Trustee shall have the right to require an opinion of counsel that such Supplemental Indenture is authorized and permitted under the Indenture.

Modifications of Indenture Requiring Consent of Bondholders

Except for the foregoing Supplemental Indentures and subject to the provisions of the Indenture, the Bondholders of not less than a majority in aggregate principal amount of the Outstanding Bonds which would be adversely affected thereby shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Trustee of such other Supplemental Indentures as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in the Indenture shall permit, or be construed as permitting, without the consent of the Holders of all Bonds Outstanding which would be adversely effected thereby, (a) an extension of the maturity of the principal of or the interest on any Bond issued under the Indenture, (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or a change in the terms of redemption of the Bonds, (c) a privilege or priority of any Bond or Bonds over any Outstanding Bond or Bonds, (d) a reduction in the aggregate principal amount of the Bonds required for consent to Supplemental Indentures, (e) the creation of any lien ranking prior to or on a parity with the lien of the Indenture on the Trust Estate or any part thereof, except as expressly permitted in the Indenture, (f) the deprivation of the Bondholder of any Outstanding Bond of the lien created on the Trust Estate or (g) an adverse effect on the interest of the Bondholders in any Credit Facility; and further provided that no such amendment shall be permitted without the consent of the Credit Facility Issuer so long as the Credit Facility Issuer has not wrongfully failed to honor a drawing under the Credit Facility or otherwise defaulted thereunder.

Discharge of Indenture

If the Authority shall pay or cause to be paid, or there shall otherwise be paid or provision be made for payment, to the Holders of the Bonds the principal of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, and all fees, expenses and other amounts due to the Trustee, each Registrar and each Credit Facility Issuer, then the Trust Estate and the rights granted under the Indenture shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the Indenture, and execute and deliver to the Authority such instruments in writing as shall be requisite to release the Indenture, and reconvey, release, assign and deliver unto the Authority any and all of the Trust Estate and all right, title and interest in and to any and all rights conveyed, assigned or pledged to the Trustee or otherwise subject to the Indenture, except amounts held in or payable to the Rebate Fund for payment to the United States and amounts held by the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds. Notwithstanding the foregoing, Bonds paid with the proceeds of any Credit Facility shall be Outstanding until the Credit Facility Issuer has been reimbursed for the amount of the payment.

Any Bond shall be deemed paid as described above for all purposes under the Indenture when payment of the principal of, premium, if any, and interest on such Bond to the due date thereof either (i) shall have been made or caused to be made in accordance with the terms of the Indenture; or (ii) shall have been provided for by the irrevocable deposit with the Trustee of (A) moneys sufficient to make such payment and/or (B) Government Obligations of the types described in clause (a) of such definition, Refcorp interest strips, CATS, TIGRS, STRPS or defeased municipal bonds rated "AAA" by S&P or "Aaa" by Moody's, in each case non-callable and maturing as to principal and interest in such amount and such time as will insure the availability of sufficient moneys to make such payment. At such time as a Bond shall be deemed to be paid as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

Duties of the Trustee

The Indenture provides that, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the Trustee undertakes to perform only such duties as are set forth in the Indenture. In case an Event of Default has occurred which has not been cured or waived, the Trustee is obligated to exercise such of the rights and powers vested in it by the Indenture and to the same degree of care and skill in the exercise of such rights and powers as a prudent man would exercise under the circumstances in the conduct of his own affairs. In general, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants or agreements on the part of the City, the Department or the State Treasurer, but the Trustee may require of the Authority full information and advice as to the performance of such covenants and agreements. Notwithstanding the foregoing, if there is a deficit in the amount deposited in the Debt Service Fund in excess of one month's required deposit, the Trustee shall make inquiry to determine whether there has been an Event of Default by reason of the failure of the City to perform its covenants and agreements in the PICA Tax Ordinance or other ordinance of the City enacting PICA Taxes or of the State Treasurer or the Department to perform their duties under the Act or covenants or agreements contained in the PICA Tax Disbursement Agreement or the Tax Collection Agency Agreement. The Trustee may act upon the opinion or advice of any attorney approved by the Trustee in the exercise of reasonable care and shall not be responsible for any loss or damage resulting from any action or inaction in good faith in reliance upon such opinion or advice received in writing. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with the provisions of the Indenture or for any loss resulting from any such investment or the sale or disposition of any such investment in accordance with the provisions of the Indenture. The Trustee is not required under the Indenture to give any bond or surety to the performance of its obligations as Trustee.

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APPENDIX D

Proposed Form of Opinion of Bond Counsel

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May ___, 2010

Pennsylvania Intergovernmental Cooperation Authority
Philadelphia, Pennsylvania

Goldman, Sachs & Co.
New York, New York

Re: \$206,960,000 Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program), Series of 2010

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the authorization, issuance and sale by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of its \$206,960,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the "Bonds"). The Bonds are being issued pursuant to (i) the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L.9, No. 6), as amended (the "Act"), and (ii) an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "Amended and Restated Indenture"), between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended and supplemented pursuant to the First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996, the Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999, the Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003, the Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006, the Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008, the Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 and the Seventh Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2010 (the "Seventh Supplement"), each between the Authority and the Trustee. The Amended and Restated Indenture, as amended and supplemented from time to time, including by the Seventh Supplement, shall hereinafter be referred to as the "Indenture". All capitalized terms used, but not otherwise defined, herein shall have the meanings set forth in the Indenture.

The Bonds are being issued for the purpose of providing funds which, together with other available moneys of the Authority, will be used to: (i) currently refund the Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008 (the "2008 Bonds"), (ii) pay the costs of terminating an interest rate swap transaction which relates to the 2008 Bonds, and (iii) pay the costs of issuing the Bonds (collectively, the "Refunding Project").

The Authority, in the Arbitrage Certificate dated the date hereof (the "Tax Certificate"), has covenanted that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority, or take or omit to take any action, that would cause the Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code. The Authority has further covenanted that it will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds, including the requirements of Section 148(f) of the Code which provides for the rebate of certain arbitrage profits to the United States. An officer of the Authority responsible for issuing the Bonds has executed the Tax Certificate, stating the reasonable expectations of the Authority on the date of issue as to future events that are material for purposes of Section 148 of the Code pertaining to arbitrage. Also, the Authority has caused or will cause to be filed with the Internal Revenue Service a report of the issuance of the Bonds as required by Section 149(e) of the Code as a condition of the exclusion from gross income of the interest on the Bonds.

In our capacity as Bond Counsel, we have examined such documents, records of the Authority and other instruments as we deem necessary to enable us to express the opinions set forth below, including original counterparts or certified copies of the Amended and Restated Indenture, the Seventh Supplement, the other documents listed on the closing document list in respect of the Bonds filed with the Trustee, and an executed Bond, as authenticated by the Trustee. We have also relied, in the opinions set forth below, upon the opinion of Authority's counsel as to the due authorization, execution and delivery by the Authority of certain operative documents.

Based upon the foregoing, we are of the opinion that:

1. The Authority is a body corporate and politic, organized and validly existing under the laws of the Commonwealth of Pennsylvania, with full power and authority under the Act to undertake the Refunding Project, to execute, deliver and perform its obligations under the Seventh Supplement and to issue and sell the Bonds.
2. The Seventh Supplement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other party thereto, constitutes the legal, valid and binding obligation of the Authority, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights.
3. The Authority has duly assigned, transferred and pledged to the Trustee, for the benefit of the holders of the Bonds, to the extent provided in the Indenture, all of its right, title and interest in and to the Pledged Revenues.

4. The issuance and sale of the Bonds have been duly authorized by the Authority; the Bonds have been duly executed and delivered by the Authority; and, on the assumption that all Bonds have been authenticated by the Trustee, such Bonds are entitled to the benefit and security of the Indenture and the trust created thereby and are legal, valid and binding obligations of the Authority enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights.

5. Assuming the accuracy of the certifications of the Authority and its continued compliance with its covenants in the Tax Certificate, interest on the Bonds is excludable from gross income of the owners of the Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals and corporations and interest on a Bond held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) will not indirectly be subject to alternative minimum tax because of its inclusion in the earnings and profits of the corporate holder. Interest on Bonds held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

6. Under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, the Bonds are exempt from personal property taxes in Pennsylvania and interest on the Bonds is exempt from Pennsylvania personal income tax and corporate net income tax.

Except as expressly stated in paragraphs 5 and 6 of this opinion, we express no opinion as to any federal or state tax consequences of the ownership of, receipt of interest on, or disposition of, the Bonds. In giving the opinions set forth in such paragraphs, we have assumed the accuracy of certain representations made by the Authority, which we have not independently verified, and compliance by the Authority with covenants set forth in the Tax Certificate that must be satisfied subsequent to the issuance of the Bonds. We call your attention to the fact that interest on the Bonds may become subject to federal income taxation retroactively to the date hereof if such representations are determined to have been inaccurate or if the Authority fails to comply with such covenants. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in law or events that may take place after the date hereof that may affect the tax status of interest on the Bonds.

We do not express any opinion herein with respect to title to any property, the perfection or priority of any lien or security interest, the adequacy of the security for the Bonds or the sources of payment for the Bonds or the adequacy or accuracy of the preliminary official statement, official statement or other information pertaining to the offering for sale of the Bonds.

Pennsylvania Intergovernmental Cooperation Authority
Goldman, Sachs & Co.
May __, 2010
Page 4

We call your attention to the fact that the Bonds are limited obligations of the Authority payable only out of Pledged Revenues and certain other moneys available therefor held under the Indenture, and that the Bonds do not pledge the credit or taxing power of the Commonwealth or any political subdivision thereof. The Authority has no taxing power.

Very truly yours,

GREENBERG TRAURIG, LLP

APPENDIX E

Proposed Form of Continuing Disclosure Agreement

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement ("Disclosure Agreement") is executed and delivered this ____ day of May, 2010, by The Pennsylvania Intergovernmental Cooperation Authority (the "Issuer") in connection with the Issuer's issuance of its \$206,960,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2010 (the "Bonds"). The Issuer, hereby, agrees as follows:

Section 1. Purpose. This Agreement is being executed and delivered by the Issuer solely for the benefit of the holders and the beneficial owners of the Bonds and in order to assist the underwriter purchasing the Bonds to comply with the provisions of Rule 15c2-12(b)(5)(i) (the "Rule") promulgated by the Securities and Exchange Commission by undertaking to provide certain annual financial information and material event notices required by the Rule (collectively, "Continuing Disclosure"), and shall create no rights in any other person or entity.

Section 2. Annual Disclosure. (a) So long as any Bonds are outstanding, the Issuer shall provide annually its audited annual financial statements in accordance with the provisions of Section (b)(5)(i) of the Rule.

If the audited financial statements to be filed pursuant to this Section 2(a) are not available by the date of the required filing, the Issuer may instead file unaudited statements by such date and file audited statements when available.

(b) The Issuer shall provide annually the financial information described in subsection (a) above (collectively, the "Annual Disclosure") within 180 days after the end of the Issuer's fiscal year, commencing with the Issuer's fiscal year ending June 30, 2010, to the Municipal Securities Rulemaking Board (the "MSRB").

(c) The Annual Disclosure may be included by specific reference to other documents available to the public on the MSRB internet website or filed with the SEC.

(d) The Issuer shall provide in writing in a timely manner to the MSRB notice specifying any failure of the Issuer to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure.

So long as any Bonds are outstanding, the Issuer shall provide in writing in a timely manner to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if material within the meaning of the Rule:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;

- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of holders of the Bonds;
- (h) Bond calls;
- (i) defeasance of all or any portion of the Bonds;
- (j) release, substitution, or sale of property securing repayment of the Bonds; and
- (k) rating changes.

Section 4. Termination. The obligations of the Issuer hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Bonds.

Section 5. Amendment. The Issuer may modify its obligations hereunder without the consent of the Bondholders, provided that this Agreement as so modified complies with the Rule as it exists at the time of modification. The Issuer shall within a reasonable time thereafter send in writing to the MSRB a description of such modifications.

Section 6. Default. (a) If the Issuer fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Agreement, any holder (within the meaning of the Rule) of Bonds then outstanding may, by notice to the Issuer, proceed to protect and enforce its rights and the rights of the holders of the Bonds by an action for specific performance of such covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the Issuer to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Agreement (i) shall not be deemed to constitute an event of default under the Bonds or the Indenture or other documents providing for the issuance of the Bonds and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

Section 7. Additional Disclosure. The Issuer may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the Issuer shall not incur any obligation to continue to provide, or to update, such additional information or data.

Section 8. General Provisions Regarding Filings. All filings with the MSRB pursuant to this Agreement: (a) shall be made in an electronic format as prescribed by the MSRB and (b) shall be accompanied by identifying information as prescribed by the MSRB. Unless otherwise prescribed by the MSRB, such submission to the MSRB shall be made via its Electronic Municipal Market Access ("EMMA") system.

Section 9. Governing Law.

This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY** has executed this Agreement as of the day and year first above written.

**THE PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

By:_____

Name:

Title:

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement ("Disclosure Agreement") is executed and delivered this 14th day of May, 2010, by The Pennsylvania Intergovernmental Cooperation Authority (the "Issuer") in connection with the Issuer's issuance of its \$206,960,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2010 (the "Bonds"). The Issuer, hereby, agrees as follows:

Section 1. Purpose. This Agreement is being executed and delivered by the Issuer solely for the benefit of the holders and the beneficial owners of the Bonds and in order to assist the underwriter purchasing the Bonds to comply with the provisions of Rule 15c2-12(b)(5)(i) (the "Rule") promulgated by the Securities and Exchange Commission by undertaking to provide certain annual financial information and material event notices required by the Rule (collectively, "Continuing Disclosure"), and shall create no rights in any other person or entity.

Section 2. Annual Disclosure. (a) So long as any Bonds are outstanding, the Issuer shall provide annually its audited annual financial statements in accordance with the provisions of Section (b)(5)(i) of the Rule.

If the audited financial statements to be filed pursuant to this Section 2(a) are not available by the date of the required filing, the Issuer may instead file unaudited statements by such date and file audited statements when available.

(b) The Issuer shall provide annually the financial information described in subsection (a) above (collectively, the "Annual Disclosure") within 180 days after the end of the Issuer's fiscal year, commencing with the Issuer's fiscal year ending June 30, 2010, to the Municipal Securities Rulemaking Board (the "MSRB").

(c) The Annual Disclosure may be included by specific reference to other documents available to the public on the MSRB internet website or filed with the SEC.

(d) The Issuer shall provide in writing in a timely manner to the MSRB notice specifying any failure of the Issuer to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure.

So long as any Bonds are outstanding, the Issuer shall provide in writing in a timely manner to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if material within the meaning of the Rule:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;

- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of holders of the Bonds;
- (h) Bond calls;
- (i) defeasance of all or any portion of the Bonds;
- (j) release, substitution, or sale of property securing repayment of the Bonds; and
- (k) rating changes.

Section 4. Termination. The obligations of the Issuer hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Bonds.

Section 5. Amendment. The Issuer may modify its obligations hereunder without the consent of the Bondholders, provided that this Agreement as so modified complies with the Rule as it exists at the time of modification. The Issuer shall within a reasonable time thereafter send in writing to the MSRB a description of such modifications.

Section 6. Default. (a) If the Issuer fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Agreement, any holder (within the meaning of the Rule) of Bonds then outstanding may, by notice to the Issuer, proceed to protect and enforce its rights and the rights of the holders of the Bonds by an action for specific performance of such covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the Issuer to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Agreement (i) shall not be deemed to constitute an event of default under the Bonds or the Indenture or other documents providing for the issuance of the Bonds and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

Section 7. Additional Disclosure. The Issuer may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the Issuer shall not incur any obligation to continue to provide, or to update, such additional information or data.

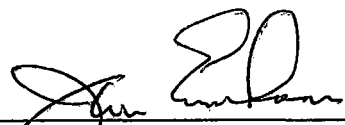
Section 8. General Provisions Regarding Filings. All filings with the MSRB pursuant to this Agreement: (a) shall be made in an electronic format as prescribed by the MSRB and (b) shall be accompanied by identifying information as prescribed by the MSRB. Unless otherwise prescribed by the MSRB, such submission to the MSRB shall be made via its Electronic Municipal Market Access ("EMMA") system.

Section 9. Governing Law.

This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY has executed this Agreement as of the day and year first above written.

**THE PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

By: 
Name: James Eisenhower
Title: Chairperson

\$206,960,000
PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 2010

ARBITRAGE CERTIFICATE

I certify, on the 14th day of May, 2010, the following with respect to the \$206,960,000 Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the "2010 Bonds") issued today by the Pennsylvania Intergovernmental Cooperation Authority (the "Issuer"). The Issuer is issuing the Bonds under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), its Amended and Restated Indenture of Trust, dated December 1, 1994, between the Issuer and U.S. Bank National Association, as successor trustee, as the same has been amended and supplemented from time to time, including by that certain Seventh Supplement to Amended and Restated Indenture of Trust dated as of May 1, 2010 (the "Indenture"). I am an officer of the Issuer charged with others with the responsibility for issuing the 2010 Bonds. Terms not otherwise defined in this certificate shall have the meanings given to them in the Indenture.

1. **Purpose of the Bonds.** The Issuer is issuing the 2010 Bonds and using the proceeds thereof, together with revenues of the Issuer ("Revenues") held under the Indenture, (i) to currently refund all of the Issuer's outstanding Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2008A (the "2008A Bonds") and Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2008B (the "2008B Bonds" and together with the 2008A Bonds, the "Refunded Bonds"), (ii) to pay a termination payment on two swaps related to the Refunded Bonds (the "Termination Payment"), and (iii) to pay costs of issuance of the 2010 Bonds. The purpose of the 2010 Bonds is to save costs of debt service including payments that would have had to be made on the Swap and reduce financing risk.

2. **Proceeds of the Bonds.** I reasonably expect the following with respect to the use of the proceeds of the 2010 Bonds:

(a) The net proceeds received by the Issuer from the sale of the 2010 Bonds is \$230,630,404.90 (the "Net Proceeds"), representing the \$206,960,000.00 face amount, plus net original issue premium of \$24,252,706.10, less underwriters' discount of \$582,301.20.

(b) The Net Proceeds together with the \$12,370,796.69 of the Revenues on hand under the Indenture will be used to refinance and redeem all of the outstanding Refunded Bonds and pay costs of issuance of the Bonds. Notwithstanding differences in the actual cash flow at closing, for federal tax purposes the Net Proceeds are allocated as follows:

(i) \$202,910,115.28 to currently refund all of the outstanding Refunded Bonds on the date hereof.

(ii) \$27,307,203.31 (together with a \$12,370,796.69 of Revenues on hand under the Indenture) to make the Termination Payment to JPMorgan Chase Bank, N.A. (the "Counterparty").

(iii) \$413,086.31 to pay costs of issuance of the 2010 Bonds (other than the Underwriter's discount).

3. Refunded Bonds.

(a) The proceeds of the Refunded Bonds, together with other available funds of the Issuer, were used to provide funds to finance all or a portion of the costs of: (i) the current refunding of the Issuer's Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2003 (the "2003 Bonds") in the aggregate principal amount of \$142,085,000 (ii) the current refunding of the Issuer's Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2006 (the "2006 Bonds") in the aggregate principal amount of \$85,500,000, and (iii) paying the costs of issuing the Refunded Bonds and of obtaining bond insurance for the Refunded Bonds.

(b) The 2003 Bonds were issued in the original aggregate principal amount of \$165,550,000 to be used to provide funds to finance all or a portion of the costs of: (i) the current refunding of the Issuer's Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 1993A (the "1993A Bonds"), and (ii) paying the costs of issuing the 2003 Bonds and of obtaining credit enhancement for the 2003 Bonds.

(c) The 1993A Bonds were issued in the original aggregate principal amount of \$178,675,000 to (i) provide for the refunding of the Issuer's Special Tax Revenue Bonds (City of Philadelphia Refunding Program) Series of 1992 (the "1992 Bonds") maturing on June 15 of the years 2006, 2012 and 2022 in the aggregate principal amount of \$136,670,000, (ii) make the required deposit to the Debt Service Reserve Fund in respect of the 1993A Bonds, and (iii) pay the costs of issuing the 1993A Bonds.

(d) The 1992 Bonds were issued in the original aggregate principal amount of \$474,555,000 to (i) make grants to the City, in the amount of \$256,200,000, to fund the Fiscal Year 1991 general Fund cumulative deficit, the projected Fiscal Year 1992 general Fund deficit and the projected Fiscal Year 1993 general Fund deficit of the City; (ii) make grants to the City in the amount of \$120,000,000 to pay the costs of certain capital projects to be undertaken by the City; (iii) make a grant to the City in the amount of \$20,000,000 to provide other financial assistance to the City to enhance productivity in the operation of City government; (iv) make the required deposit to the Debt Service Reserve Fund; (v) pay capitalize interest on a portion of the 1992 Bonds, in the amount of \$20,000,000 through June 15, 1993; (vi) repay \$150,000 previously advanced to the Issuer by the Commonwealth of Pennsylvania to pay initial operating expenses of the Issuer; (vii) fund a portion of the Issuer's first fiscal year operating budget in the amount of \$500,000 which was used to pay a portion of the expenses of the Issuer related to the issuance of the 1992 Bonds; and (viii) pay the costs of issuing the 1992 Bonds.

(e) Together with the other available funds of the Issuer, the 2006 Bonds were used to provide funds to finance all or a portion of the costs of: (i) the current refunding of the

Issuer's Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 1996 (the "1996 Bonds"), and (ii) paying the costs of issuing the 2006 Bonds and of obtaining bond insurance for the 2006 Bonds.

(f) Together with other available funds of the Issuer, the 1996 Bonds were issued in the original aggregate principal amount of \$343,030,000 to (i) provide for the advance refunding of the 1992 Bonds maturing on or prior to June 15, 2002 in the aggregate principal amount of \$304,160,000, (ii) provide for the refunding of the Issuer's Special Tax Revenue Bonds (City of Philadelphia Refunding Program) Series of 1994 maturing on or prior to June 15, 2005 (the "1994 Bonds") in the aggregate principal amount of \$120,180,000 and pay the redemption price of all outstanding 1994 Bonds, all of which were called for redemption on June 15, 2005, (iii) pay the premium for a debt service reserve fund insurance policy to satisfy the Debt Service Reserve Fund Requirement in respect of the 1996 Bonds, and (iv) pay the costs of issuing the 1996 Bonds.

(g) The Issuer previously allocated the portion of the 1996 Bonds that were issued to refund the 1992 Bonds to 1996 Bonds maturing on or prior to June 15, 2002, pursuant to that certain Tax Compliance Agreement dated May 30, 1996 and executed by the Issuer in connection with the issuance of the 1996 Bonds. Accordingly, the 2006 Bonds were issued solely to refund a portion of the 1996 Bonds that were issued to refund the 1994 Bonds.

(h) The 1994 Bonds were issued in the original aggregate principal amount of \$122,020,000 to (i) make grants to the City in the amount of \$106,773,000 to pay the costs of certain capital projects to be undertaken by the City; (ii) make the required deposit to the Debt Service Reserve Fund in respect of the 1994 Bonds; and (iii) pay the costs of issuing the 1994 Bonds.

4. Payment of the Bonds; Funds.

(a) Revenue Fund. The Issuer's revenues are deposited initially in a Revenue Fund under the Indenture. Amounts are transferred from the Revenue fund to the Debt Service fund in monthly installments to provide for payment of principal and interest on the Bonds. These amounts are treated as part of the Debt Service Fund pending the monthly transfers. Remaining amounts in the Revenue Fund are transferred in the following order: (i) to the Debt Service Reserve Fund to cure any deficiencies, (ii) to the counterparties of interest rate swaps and other derivative financial products related to the Bonds, (iii) to the trustee of any subordinated debt for payment of debt service, (iv) to the Issuer for operating expenses, (v) to the Rebate Fund, and (vi) to the City. The amounts transferred to the Debt Service Fund are reasonably expected to be sufficient to pay the principal and interest on the Bonds, and the remaining amounts in the Revenue Fund are not reasonably expected to be used or available for this purpose. The amounts in the Revenue Fund therefore are not treated as gross proceeds of the Bonds and accordingly, are not subject to investment yield restriction or arbitrage rebate.

(b) Debt Service Fund. Principal and interest on the Bonds are payable from the Debt Service Fund under the Indenture. The Debt Service Fund will be used primarily to achieve a proper matching of revenues with debt service payments within each bond year and will be depleted at least once each bond year except for reasonable carryover amount not to

exceed the greater of the earnings on the fund for the immediately preceding bond year or 1/12th of debt service payments for such year. The Debt Service Fund therefore is a bona fide debt service fund with a 13-month temporary period for unrestricted investment and accordingly is not subject to investment yield restriction or arbitrage rebate.

(c) Debt Service Reserve Fund.

(i) All bonds issued under the Indenture, including the 2010 Bonds, are secured by a Debt Service Reserve Fund that is reasonably required to market the Bonds. Amounts in the Debt Service Reserve Fund at any time in excess of the Debt Service Reserve Fund Requirement can be withdrawn and are not reasonably expected to be available to pay principal or interest on the Bonds. The Debt Service Reserve Fund is a reasonably required reserve fund and may be invested without yield restriction but is subject to arbitrage rebate.

(ii) The Debt Service Reserve Fund includes investments purchased with proceeds of various series of Bonds, including the 1993 Bonds, in compliance with the size limitations for a reasonably required reserve fund at the time of the issuance of the respective Bonds. The Debt Service Reserve Fund also includes a Municipal Bond Debt Service Reserve Fund Policy issued by Financial Guaranty Insurance Company and purchased with proceeds of the 1999 Bonds. No proceeds of the Bonds will be deposited in the Debt Service Reserve Fund.

(iii) The investments in the Debt Service Reserve Fund allocable to the proceeds of each series of Bonds will be subject to arbitrage rebate with respect to that series.

5. Bond Yield. The yield on the 2010 Bonds (determined as the semiannual discount rate at which the present value of payments of principal and interest equals the purchase price of the 2010 Bonds) is 5.4549 percent (the "Bond Yield"). For purposes of this calculation, the purchase price of the Bonds is \$231,212,706.10, as certified to by Goldman, Sachs & Co., the underwriter of the 2010 Bonds, on Exhibit A hereto representing the \$206,960,000.00 face amount, plus net original issue premium of \$24,252,706.10. An adjustment to the Bond Yield has been made for the bond premium on the 2010 Bonds maturing on June 15, 2021 and 2022, because in each case the stated redemption price at maturity exceeds its issue price by more than ¼ percent multiplied by the product of the stated redemption price at maturity and the number of years to the first optional redemption date. Such premium 2010 Bonds were treated as redeemed on June 15, 2020 at 100 percent of their par amount which is the optional call date that produces the lowest yield on the 2010 Bonds. The On-Market Swap Termination Fee in the amount of \$29,418,123.28 (as defined in Section 7 hereof) paid on the date hereof is treated as a payment in respect of the 2010 Bonds in calculating the yield thereon.

6. Other Tax Representations.

(a) The Issuer reasonably expects that the 2010 Bonds will meet neither the private business tests of section 141(b) of the Code, nor the private loan financing test of section 141(c) of the Code for the entire term of the 2010 Bonds. The City has provided a certificate

concerning its use of the proceeds of the 1992 Bonds, the 1994 Bonds and the Refunded Bonds, which certificate is attached hereto as Exhibit B.

(b) The 2010 Bonds will not be federally guaranteed. The proceeds of the 2010 Bonds, or amounts treated as proceeds of the 2010 Bonds, will not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds may be so invested (i) for an initial temporary period until needed for the purpose for which the Bonds are being issued, (ii) in a bona fide debt service fund or (iii) in obligations issued by the United States Treasury.

(c) The 2010 Bonds are not “hedge bonds” within the meaning of section 149(g) of the Code and Treasury Regulation §1.149(g)-1 because:

(i) the Issuer reasonably expects that (i) not less than 85% of the “spendable proceeds,” as defined in Treasury Regulations Section 1.149(g)-1(a), of the 2010 Bonds will be spent for governmental purposes of the 2010 Bonds within the three-year period beginning on the date of issuance of the 2010 Bonds, and (ii) not more than 50% of the proceeds of the 2010 Bonds will be invested in nonpurpose investments having a substantially guaranteed yield for a period of four years or more; and

(ii) At the time of issuance of the Refunded Bonds, the 2006 Bonds, the 2003 Bonds, the 1992 Bonds and the 1994 Bonds, the Issuer reasonably expects that (i) not less than 85% of the “spendable proceeds,” as defined in Treasury Regulations Section 1.149(g)-1(a), of the Refunded Bonds, the 2006 Bonds, the 2003 Bonds, the 1992 Bonds and the 1994 Bonds would be spent for the respective governmental purposes of such series within the three-year period beginning on the date of issuance of such bonds, and (ii) not more than 50% of the proceeds of the Refunded Bonds, the 2006 Bonds, the 2003 Bonds, the 1992 Bonds and the 1994 Bonds, respectively, would be invested in nonpurpose investments having a substantially guaranteed yield for a period of four years or more.

7. **Qualified Hedge.** The Issuer and the Counterparty (or its predecessors) originally entered into a floating-to-fixed interest rate swap transaction dated December 6, 2001, as amended and restated as of June 15, 2006, which resulted in the Issuer’s entering into an interest rate swap (the “2006 Swap”) for the purpose of hedging the Issuer’s interest rate exposure in connection with its 2006 Bonds. When the 2006 Bonds were refunded with the Refunded Bonds, the 2006 Swap was deemed terminated for purposes of Section 148 of the Code and was re-identified to the 2008A Bonds as described below.

The Issuer and the Counterparty (or its predecessors) originally entered into a floating-to-fixed interest rate swap transaction dated December 6, 2001, which resulted in the Issuer’s entering into an interest rate swap (the “2003 Swap”) for the purpose of hedging the Issuer’s interest rate exposure in connection with its 2003 Bonds. When the 2003 Bonds were refunded with the Refunded Bonds, the 2003 Swap was re-identified to the 2008B Bonds as described below.

The Issuer has consistently treated the 2006 Swap and the 2003 Swap as qualified hedges

of the Refunded Bonds in that (a) the Issuer reidentified the 2006 Swap and 2003 Swap to the Refunded Bonds within 3 days of the deemed termination of such Swaps (for purposes of Section 148 of the Code) upon the redemption of the hedged bonds (i.e., the 2003 Bonds and the 2006 Bonds) (See Exhibit C-1 and C-2) and noted the existence of the 2006 Swap and 2003 Swap on the Form 8038-G filed in connection with the issuance of the Refunded Bonds as a hedge of the Refunded Bonds, (b) the floating rate payments under the 2006 Swap and 2003 Swap were determined on the basis of monthly reset dates with monthly payments on or about the fifteenth day of each calendar month, the fixed rate payments under the 2006 Swap and 2003 Swap were made semi-annually, and the interest rates on the applicable series of Refunded Bonds were expected to be made semi-annually, and the interest rates on the applicable series of Refunded Bonds were expected to be substantially the same as the floating rate payments under the 2006 Swap and 2003 Swap, respectively, (c) the notional principal amount and amortization schedule of the 2006 Swap and 2003 Swap corresponded to the principal amount and amortization schedule of the 2008A Bonds and 2008B Bonds, respectively, (d) the Issuer's deemed payments in excess of those that it would make if the contract bore rates equal to the on market rates for the 2006 Swap and 2003 Swap (determined as of the deemed termination date) are separately identified by an independent swap advisor in its certificate dated May 15, 2008, attached hereto as Exhibit C-3 and were not treated as payment on the 2006 Swap or 2003 Swap with respect to the Refunded Bonds, (e) the Issuer's payments to the provider of the 2006 Swap and 2003 Swap were made from the same source of funds that, absent the 2006 Swap and 2003 Swap, would have been used to pay principal and interest on the 2008A Bonds and the 2008B Bonds and (f) the Issuer has no current expectation upon the issuance of the Refunded Bonds that it will change the interest mode of the 2008A Bonds or 2008B Bonds to some other mode or terminate the 2006 Swap and 2003 Swap. Given the foregoing, payments to be made and received under the 2006 Swap and 2003 Swap other than the off-market components, as indicated in Exhibit C-3 were taken into account as payments made or received under a qualified hedge in calculating the yield on the Refunded Bonds during each yield computation period.

Pursuant to Treasury Regulations Section 1.148-4(h)(3)(iv), when the 2003 Bonds and 2006 Bonds were redeemed with proceeds of the Refunded Bonds, the 2003 Swap and the 2006 Swap were deemed terminated and the fair market value of these qualified hedges on the redemption date was treated as a termination payment made or received on that date. The swap advisor to the Issuer determined the deemed termination payments by the Issuer to be \$21,609,000 in connection with the 2003 Swap and \$14,775,000 in connection with the 2006 Swap. In accordance with Treasury Regulations Section 1.148-4(h)(3)(iv), in computing the yield on the Refunded Bonds, such deemed termination amounts were taken into account in the manner required thereby.

In connection with the issuance of the 2010 Bonds, the 2003 Swap and the 2006 Swap are being terminated and respective termination payments in the amount of \$24,318,000 and \$15,360,000 are being paid by the Issuer to the Counterparty (collectively, \$39,678,000.00 the "Swap Termination Fee"). The Counterparty paid a fee of \$10,720,000 to the Issuer on December 6, 2001 and paid \$0.00 in costs associated with the 2003 Swap and 2003 Bonds. The Counterparty paid fees of \$5,815,000 to the Issuer on December 6, 2001 and paid \$0.00 in costs associated with the 2006 Swap and the 2006 Bonds. All such upfront payments are referred to herein collectively as the "Off-Market Payment." That portion of the Swap Termination Fee, equal to \$10,259,876.72, which is equal to the present value on the date hereof of the

unamortized amounts paid to or on behalf of the Issuer by the Counterparty (the "Unamortized Off-Market Payment") is being treated as repaying such Unamortized Off-Market Payment. The \$29,418,123.28 remaining of the Swap Termination Fee relates to the portion (the "On-Market Portion") of the 2003 Swap and the 2006 Swap that was "on-market," in that it does not relate to the Off-Market Payment by the Counterparty but is a termination payment relating to identified hedges of the Refunded Bonds. The Unamortized Off-Market Payment was calculated by Deloitte Tax LLP, the rebate consultant to the Issuer, based on reasonable amortization assumptions and accounting methods. A certificate concerning such calculation is attached hereto as Exhibit D.

The On-Market Portion of the Swap Termination Fee is, therefore, being financed as a permitted working capital exception under Treas. Reg. Section 1.148-6(d)(3)(ii) and is being taken into account in the yield on the 2010 Bonds as described in Section 5 hereof. The portion of the Swap Termination Fee repaying the Off-Market Payment (the "Off-Market Portion of the Swap Termination Fee") is being treated for federal income tax purposes as being paid from Revenues.

8. Arbitrage Rebate. The Issuer hereby agrees to comply with the arbitrage rebate covenants set forth in the Indenture.

9. General Tax Covenants. The Issuer covenants that it will take no action or make any omission that will cause the Bonds to be private activity bonds as defined in section 141 of the Code or arbitrage bonds as defined in section 148 of the Code.

10. Final Certification. To the best of the knowledge, information and belief of the undersigned, the above expectations are reasonable and there are no other facts, estimates or circumstances known to the Issuer which would materially change the expectations of the Issuer set forth herein with respect to the application of the proceeds of the Bonds.

To the best of my knowledge and belief, the expectations stated in this Certificate are reasonable.

IN WITNESS WHEREOF, I have executed this Certificate on the date and year first
above written.

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

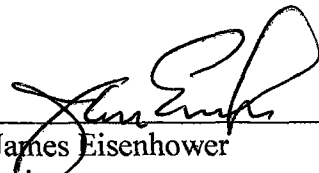
By: 
Name: James Eisenhower
Title: Chairperson

EXHIBIT A

CERTIFICATION OF ISSUE PRICE BY UNDERWRITER

The undersigned, as underwriter (the "Underwriter"), in connection with the issuance of the above-captioned bonds (the "2010 Bonds"), hereby certifies that:

1. The Underwriter has made a bona fide offering of all the 2010 Bonds to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the prices equal to or less than (or yields equal to or greater than) the prices (or yields) shown on the inside front cover of the Official Statement dated May 4, 2010 (the "Official Statement").

2. Based on information known to us on the date of execution of the Bond Purchase Agreement for the 2010 Bonds, the issue price of the 2010 Bonds equaled the fair market value of the 2010 Bonds on the sale date.

3. Based on actual facts as of the sale date, we reasonably expected to sell at least 10% of the aggregate face amount of each maturity of the 2010 Bonds to the public (excluding bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices equal to or less than (or yields equal to or greater than) the offering prices (or yields) shown on the inside front cover of the Official Statement.

GOLDMAN, SACHS & CO.

Dated: May 14, 2010

By: *Goldman, Sachs & Co.*
Name:
Title:

EXHIBIT B

Tax Compliance Certificate

CERTIFICATIONS OF THE CITY

This certificate, including the covenants set forth herein, deals with the use of the proceeds of the above-captioned issue of tax-exempt bonds (the "2010 Bonds") and related matters for purposes of the Internal Revenue Code of 1986 (the "Code").

1. **The Grants.**

- (a) The grants by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") from the proceeds of the 1992 Bonds and the 1994 Bonds (as defined in the Arbitrage and Tax Certificate) (the "Grants") have been fully applied in accordance with the terms of the Grants.
- (b) The property attributable to the Grants is owned by the City of Philadelphia, Pennsylvania (the "City") without any security interest or other special legal interest in the Authority.
- (c) The City has not and will not provide any consideration for the Grants, and the City has no obligation (and is not subject to any condition) to directly or indirectly repay any amount to the Authority on account of the Grants.
- (d) Neither the Authority nor the City is under the control of the other, either directly or indirectly or through any third party, and in accepting the Grants the City acted and is acting in its own behalf and not as agent of the Authority.
- (e) The City is not liable, either directly or indirectly, for the payment of debt service on the Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2010 and is not liable, either directly or indirectly, for payment of debt service on any other obligations of the Authority. The Authority was not liable, either directly or indirectly, for payment of debt service on the general obligation bonds of the City which the City retired with certain of the Grants.
- (f) The property attributable to the Grants has not and will not be used in any private business use within the meaning of section 141 of the Code, and no portion of the Grants has been used to make a private loan within the meaning of section 141 of the Code.

2. **Compliance with Code.** The City hereby covenants with the Authority that it shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the 2010 Bonds shall be excludable from the gross income of the recipients thereof for purposes of federal income taxation and


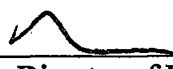
that it will refrain from doing or performing any act or thing that will cause such interest not to be so excludable. The City hereby covenants with the Authority that it will not make any investment or other use of the proceeds (as that term is defined in section 148 of the Code and all applicable Treasury Regulations) of the 2010 Bonds in its custody or control (including investment control) which would cause the 2010 Bonds to be "arbitrage bonds" (as that term is defined in section 148 of the Code and all applicable regulations promulgated thereunder), and it will comply with the requirements of such Code section and applicable Treasury Regulations throughout the term of the 2010 Bonds.

3. Recordkeeping Obligation. The City shall retain and provide to the Authority upon reasonable demand records of the investments made with respect to proceeds of the 1992 Bonds, the 1994 Bonds, the Refunded Bonds and the 2010 Bonds, if any, held in the City Capital Account or other accounts controlled by the City.
4. Private Loan Limitation. The City hereby covenants that not more than the lesser of \$5,000,000 or 5% of the net proceeds of the 1992 Bonds, the 1994 Bonds, the Refunded Bonds or the 2010 Bonds under the custody or control of the City have been or will be used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

[Signature appears on the following page.]

IN WITNESS WHEREOF, and intending to be legally bound, the undersigned duly authorized officer of the City of Philadelphia, Pennsylvania, has caused this Tax Compliance Certificate to be executed this 14th day of May, 2010, in connection with the issuance by the Pennsylvania Intergovernmental Cooperation Authority of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010.

CITY OF PHILADELPHIA, PENNSYLVANIA

By:  
Director of Finance

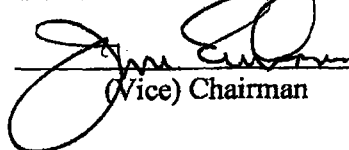
IDENTIFICATION OF HEDGE FOR TAX-EXEMPT BOND ISSUE

The following hedge ("Contract") is hereby identified on the records of the issuer of the Hedged Bonds:

1. Issuer. Pennsylvania Intergovernmental Cooperation Authority.
2. Hedge Provider. JPMorgan Chase Bank, National Association.
3. Bond Issue. Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008A in the aggregate principal amount of \$133,740,000. The Hedge Bonds are to be issued May 15, 2008 and their final maturity is June 15, 2022. In its current mode, interest on the Hedged Bonds is computed by the remarketing rate for tender option bonds at weekly or other short-term tender periods.
4. The Contract. The Contract is an Option on Interest Rates Swap Transaction dated December 6, 2001 between the Hedge Provider and the Issuer. The Contract had been previously identified with a series of bonds of the Issuer which are being refunded by the Hedged Bonds on May 15, 2008. The Contract will function to modify the Issuer's risk with respect to the variable rate on the Hedged Bonds by providing for the Issuer to make fixed-rate payments to the Hedge Provider in exchange for variable rate payments by the Hedge Provider that will closely correspond to (and offset the issuer's risk on) the interest rate payments on the variable rate Hedge Bonds. Payments under the Contract will continue until the maturity of the Hedge Bonds. A copy of the Contract containing its specific terms is attached hereto.
5. The source of payments by the Issuer will be special tax revenues, similar to the source of payments for debt service on the Hedged Bonds.
6. The Issuer and the Hedge Provider are unrelated parties.
7. This identification will be maintained in the permanent records for the Hedged Bonds. The existence of the Contract as it relates to the Hedged Bonds will be noted on Form 8038-G relating to the Hedged Bonds.

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By:


(Vice) Chairman

Dated: May 15, 2008



Option On Interest Rate Swap Transaction

Date: 6 December 2001

The purpose of this document is to confirm the terms and conditions of the Option on an Interest Rate Swap Transaction entered into between:

JPMORGAN CHASE BANK - NEW YORK

and

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ("Counterparty")

on the Trade Date and identified by the JPMorgan Chase Deal Number specified below (the "Swap Transaction"). This agreement constitutes a "Confirmation" as referred to in the agreement specified below. It is our intention to have this confirmation serve as final documentation for this transaction and accordingly, no other confirmation will follow.

The definitions and provisions contained in the 2000 ISDA Definitions, incorporating the June 2000 version of the Annex as amended and supplemented through the date of this Confirmation, and the 1992 ISDA U.S. Municipal Counterparty Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation (the "Swap Definitions"). In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

References in this Confirmation to "Transaction" shall be deemed to be references to "Swap Transaction" for the purposes of interpreting the Swap Definitions, and references in the Swap Definitions to "Swap Transaction" shall be deemed to be references to "Transaction" for the purposes of interpreting this Confirmation.

If JPMorgan Chase and the Counterparty are not yet parties to a Swap Agreement, the parties agree that this Transaction will be documented under a master agreement to be entered on the basis of the printed form of Master Agreement (Multicurrency-Cross Border) published by the International Swap Dealers Association, Inc., together with changes as shall be agreed between the parties (the "Master Agreement"). Upon execution and delivery by the parties of a Master Agreement, this Confirmation shall supplement, form a part of, and be subject to such Master Agreement. Until the parties execute and deliver a Master Agreement, this Confirmation shall supplement, form a part of, and be subject to the printed form of Master Agreement published by ISDA, as if the parties had executed that agreement (but without any Schedule thereto) on the Trade Date of this Confirmation.

JPMorgan Chase Deal Number: 507760

Type Of Transaction: Call - Buyer has the right to receive fixed rate and pay floating rate, as referred to in the underlying swap transaction

Trade Date: 16 November 2001

Buyer: JPMorgan Chase Bank

Seller: Counterparty



Premium:	10,720,000.00 USD
Premium Settlement Date:	6 December 2001, subject to adjustment in accordance with the Modified Following Business Day Convention, based on Business Days in London, New York
Procedures For Exercise:	
Procedure for Exercise:	JPMorgan Chase has the right to exercise this option by notifying Counterparty by phone (immediately followed by written notification) on the date and during the time of day specified below.
Option Style:	American
Notification Date:	Notice of Exercise must be given between the hours of 9:00 AM and 11:00 AM New York time at least 90 New York Calendar Days prior to each Exercise Date.
Exercise Date	On any local Business Day after 15 June 2003 up to and including 15 December, 2021.
Physical Settlement:	Applicable
1. The terms of the particular Swap Transaction to which this Option relates are as follows:	
Effective Date:	Exercise Date.
Termination Date:	15 June 2022
Fixed Amounts:	
Fixed Rate Payer:	Counterparty
Notional Amount:	See Outstanding Principal Balance Schedule
Fixed Rate Payer Payment Dates:	Each 15 December, 15 June starting with 15 December, June immediately following the Effective Date up to, and including, the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Fixed Rate:	See Fixed Rate Schedule
Fixed Rate Day Count Fraction:	30/360
Calculation Period:	Each period from, and including, one Payment Date to, but excluding the next following Payment Date and there will be no adjustment to the Calculation Period.



Floating Amounts:

Floating Rate Payer:

Notional Amount:

Floating Rate Payer Payment Dates:

Floating Rate Option:

Designated Maturity:

Floating Rate Amount:

Spread:

Floating Rate Day Count Fraction:

Calculation Period:

Reset Day:

Averaging

Method of Averaging:

Compounding:

Payment Business Day Locations for Counterparty:

Payment Business Day Locations for JPMorgan Chase:

JPMorgan Chase Bank

See Outstanding Principal Balance Schedule

Monthly on the 15th day of each calendar month starting with the calendar month immediately following the Effective Date up to, and including, the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

USD-LIBOR-BBA

1 Month

The Floating Rate used to calculate the Floating Amount payable by JPMorgan Chase on each Payment Date will be equal to the rate determined in accordance with the specified Floating Rate Option and Designated Maturity, multiplied by 67 percent. For the avoidance of doubt, the Floating Amount payable by Morgan shall be calculated as follows.

$$\text{Floating Amount} = \text{Notional Amount} \times (\text{Floating Rate} \times 67 \text{ percent}) \times \text{Day Count Fraction}$$

None

Actual/Actual

Each period from, and including, one Payment Date to, but excluding, the next following Payment Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

Each Thursday in the Calculation Period, there will be no adjustments to the Reset Date.

Applicable

Weighted.

Inapplicable

London, New York

London, New York



Calculation Agent:

JPMorgan Chase Bank, or as defined in the Master Agreement.

Payments will be:

Net

Outstanding Principal Balance Schedule:

Accrual Start Date:	JPMorgan Chase pays on Outstanding Notional:		Counterparty pays on Outstanding Notional:	
15-Jun-2003	163,185,000.00	USD	163,185,000.00	USD
15-Jun-2004	157,850,000.00	USD	157,850,000.00	USD
15-Jun-2005	152,255,000.00	USD	152,255,000.00	USD
15-Jun-2006	146,385,000.00	USD	146,385,000.00	USD
15-Jun-2007	140,220,000.00	USD	140,220,000.00	USD
15-Jun-2008	133,740,000.00	USD	133,740,000.00	USD
15-Jun-2009	126,915,000.00	USD	126,915,000.00	USD
15-Jun-2010	119,750,000.00	USD	119,750,000.00	USD
15-Jun-2011	112,225,000.00	USD	112,225,000.00	USD
15-Jun-2012	104,325,000.00	USD	104,325,000.00	USD
15-Jun-2013	96,030,000.00	USD	96,030,000.00	USD
15-Jun-2014	87,320,000.00	USD	87,320,000.00	USD
15-Jun-2015	78,175,000.00	USD	78,175,000.00	USD
15-Jun-2016	68,575,000.00	USD	68,575,000.00	USD
15-Jun-2017	58,495,000.00	USD	58,495,000.00	USD
15-Jun-2018	47,910,000.00	USD	47,910,000.00	USD
15-Jun-2019	36,790,000.00	USD	36,790,000.00	USD
15-Jun-2020	25,120,000.00	USD	25,120,000.00	USD
15-Jun-2021	12,865,000.00	USD	12,865,000.00	USD

Fixed Rate Schedule:

Beginning On:	Counterparty Fixed Rate Accrues At:
15-Jun-2003	5.01077 percent
15-Jun-2004	5.01621 percent
15-Jun-2005	5.01864 percent
15-Jun-2006	5.01738 percent
15-Jun-2007	5.01155 percent
15-Jun-2008	5.00000 percent

This transaction may not be assigned by either party without the prior written consent of the other party.

2. Termination Option

As provided in paragraph (b)(i) of Part 1 of the Schedule dated the date hereof between JP Morgan Chase Bank and the Counterparty, it is the intention of the parties that the Counterparty shall have the right to terminate the Transaction described in this Confirmation whether or not JP Morgan Chase Bank has exercised the option described in this Confirmation and whether or not the Effective Date with respect to such Transaction has occurred. In the event the Counterparty terminates the Transaction, the Termination payment shall be determined pursuant to Part 1(g) of the Schedule to Master Agreement.



3. Account Details

Payments to JPMorgan Chase:

Account for payments in USD: JPMorgan Chase Bank

Favour: MGT New York
ABA/Bank No.: 021000238
Account No.: 999-97-979
Reference: Ref: Interest Rate Protection Payment

If in the event this Transaction is physically exercised into a swap, the office of JPMorgan Chase Bank will change from New York to London

Swap Payment Instructions: JPMorgan Chase Bank

Favour: JPMorgan London
ABA/Bank No.: ABA #: 021000238
Account No.: 670-07-054
Reference: Further credit to swap group account

Payments to Counterparty:

Account for payments in USD: JPMorgan Chase Bank

Favour: PENNSYLVANIA INTERGOVERNMENTAL
COOPERATIVE AUTHORITY
C/o First Union National Bank
ABA/Bank No.: 053000219
Account No.: 1556597839
Reference: Trust Operations DDA 500000006439
Attention: Howard Parker 215-670-4541

4. Offices

- (a) The Office of JPMorgan Chase for the Swap Transaction is NEW YORK; and
- (b) The Office of the Counterparty for the Swap Transaction is PHILADELPHIA.

All inquiries regarding confirmations should be sent to:

JPMorgan Chase Bank
4 Metrotech Center
17th Floor
Brooklyn, New York 11245

JPMORGAN SECURITIES INCORPORATED is acting solely as agent for JPMorgan Chase Bank and will have no obligations under this Transaction.

5. Representations

Each party hereto represents to the other as follows:

- (a) Non-Reliance. It is acting for its own account, and it has made its own independent decisions to enter into this Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgement and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms



and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction.

(b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, the conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

(c) **Status of Parties.** The other party is not acting as a fiduciary for or an advisor to it in respect of that Transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us or by sending to us a letter, telex or facsimile substantially similar to this letter, which letter, telex or facsimile sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms. When referring to this Confirmation, please indicate: JPMorgan Chase Deal Number: 507760.

Yours sincerely,

JPMORGAN CHASE BANK

By: 
Name:
Title:

Deborah Hooper
Vice President
JPMorgan Chase Bank

Confirmed as of the
date first above written:

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

By: _____
Name:
Title:

Your Ref No.



and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction.

(b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, the conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

(c) **Status of Parties.** The other party is not acting as a fiduciary for or an advisor to it in respect of that Transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us or by sending to us a letter, telex or facsimile substantially similar to this letter, which letter, telex or facsimile sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms. When referring to this Confirmation, please indicate: JPMorgan Chase Deal Number: 507760.

Yours sincerely,

JPMORGAN CHASE BANK

By:
Name:
Title:

Confirmed as of the
date first above written:

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

By: 
Name: Joseph C. Vignola
Title: Executive Director/CEO

Your Ref No.

Exhibit C-2

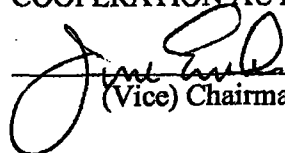
IDENTIFICATION OF HEDGE FOR TAX-EXEMPT BOND ISSUE

The following hedge ("Contract") is hereby identified on the records of the issuer of the Hedged Bonds:

1. Issuer. Pennsylvania Intergovernmental Cooperation Authority.
2. Hedge Provider. JPMorgan Chase Bank, National Association.
3. Bond Issue. Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008B in the aggregate principal amount of \$80,825,000. The Hedge Bonds are to be issued May 15, 2008 and their final maturity is June 15, 2020. In its current mode, interest on the Hedged Bonds is computed by the remarketing rate for tender option bonds at weekly or other short-term tender periods.
4. The Contract. The Contract is an Option on Interest Rates Swap Transaction dated December 6, 2001, amended and restated as of June 15, 2006, between the Hedge Provider and the Issuer. The Contract had been previously identified with a series of bonds of the Issuer which are being refunded by the Hedged Bonds on May 15, 2008. The Contract will function to modify the Issuer's risk with respect to the variable rate on the Hedged Bonds by providing for the Issuer to make fixed-rate payments to the Hedge Provider in exchange for variable rate payments by the Hedge Provider that will closely correspond to (and offset the issuer's risk on) the interest rate payments on the variable rate Hedge Bonds. Payments under the Contract will continue until the maturity of the Hedge Bonds. A copy of the Contract containing its specific terms is attached hereto.
5. The source of payments by the Issuer will be special tax revenues, similar to the source of payments for debt service on the Hedged Bonds.
6. The Issuer and the Hedge Provider are unrelated parties.
7. This identification will be maintained in the permanent records for the Hedged Bonds. The existence of the Contract as it relates to the Hedged Bonds will be noted on Form 8038-G relating to the Hedged Bonds.

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By:


(Vice) Chairman

Dated: May 15, 2008

Option On Interest Rate Swap Transaction**Amended and Restated as of 15 June 2006**

Date: 6 December 2001

The purpose of this document is to confirm the terms and conditions of the Option on an Interest Rate Swap Transaction entered into between:

JPMORGAN CHASE BANK, N.A.
and

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ("Counterparty")

on the Trade Date and identified by the JPMorgan Chase Bank, N.A. Deal Number specified below (the "Swap Transaction"). This agreement constitutes a "Confirmation" as referred to in the agreement specified below. It is our intention to have this confirmation serve as final documentation for this transaction and accordingly, no other confirmation will follow.

The definitions and provisions contained in the 2000 ISDA Definitions, incorporating the June 2000 version of the Annex as amended and supplemented through the date of this Confirmation, and the 1992 ISDA U.S. Municipal Counterparty Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation (the "Swap Definitions"). In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

References in this Confirmation to "Transaction" shall be deemed to be references to "Swap Transaction" for the purposes of interpreting the Swap Definitions, and references in the Swap Definitions to "Swap Transaction" shall be deemed to be references to "Transaction" for the purposes of interpreting this Confirmation.

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement, including the Schedule thereto, dated as of 6 December 2001, as amended and supplemented from time to time (the "Agreement") between JPMorgan Chase Bank, N.A. ("JPMorgan") and the Counterparty. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

JPMorgan Chase Deal Number:	0500000507759
Type of Transaction:	Call – Buyer has the right to received fixed rate and pay floating rate, as referred to in the underlying swap transaction
Trade Date:	16 November 2001
Buyer:	JPMorgan
Seller:	Counterparty
Premium:	5,815,000.00 USD
Premium Settlement Date:	6 December 2001, subject to adjustment in accordance with the Modified Following Business Day Convention, based on Business Days in London, New York

Procedures For Exercise:

Procedure For Exercise:	JPMorgan has the right to exercise this option by notifying Counterparty by phone (immediately followed by written notification) on the date and during the time of day specified below.
Option Style:	American
Notification Date:	Notice of Exercise must be given between the hours of 9:00 AM and 11:00 am New York time at least 90 New York Calendar Days prior to each Exercise Date.
Exercise Date:	On any local Business Day after 15 June 2006 up to and including 15 December 2019.
Physical Settlement:	Applicable
1. The terms of the particular Swap Transaction to which this Option relates are as follows:	
Effective Date:	Exercise Date
Termination Date:	15 June 2020
Fixed Amounts:	
Fixed Rate Payer:	Counterparty
Notional Amount:	See Outstanding Principal Balance Schedule
Fixed Rate Payer Payment Dates:	Each 15 December, 15 June starting with 15 December, June immediately following the Effective Date up to, and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Fixed Rate:	See Fixed Rate Schedule
Fixed Rate Day County Fraction:	30/360
Calculation Period:	Each period from, and including, one Payment Date to, but excluding, the next following Payment Date and there will be no adjustment to the Calculation Period.
Floating Amounts:	
Floating Rate Payer:	JPMorgan
Notional Amount:	See Outstanding Principal Balance Schedule
Floating Rate Payer Payment Dates:	Monthly on the 15th day of each calendar month starting with the calendar month immediately following the Effective Date up to, and including, the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Floating Rate Option:	USD-LIBOR-BBA

Designated Maturity: 1 Month

Floating Amount: The Floating Rate used to calculate the Floating Amount payable to Morgan on each Payment Date will be equal to the rate determined in accordance with the specified Floating Rate Option and Designated Maturity, multiplied by 67 percent. For the avoidance of doubt, the Floating Amount payable by Morgan shall be calculated as follows:

$$\text{Floating Amount} = \text{Notional Amount} \times (\text{Floating Rate} \times 67 \text{ percent}) \times \text{Day Count Fraction}$$

Spread: None

Floating Rate Day Count Fraction: Actual/Actual

Calculation Period: Each period from, and including, one Payment Date to, but excluding, the next following Payment Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

Reset Day: Each Thursday in the Calculation Period, there be no adjustments to the Reset Date.

Averaging: Applicable

Method of Averaging: Weighted

Compounding: Inapplicable

Payment Business Day Locations for Counterparty: London, New York

Payment Business Day Locations for JPMorgan Chase: London, New York

Calculation Agent: JPMorgan

Payments Will Be: Net

Outstanding Principal Balance Schedule:

<u>Accrual Start Date</u>	<u>JPM Pays On Notional Outstanding</u>	<u>Counterparty Pays On Notional Outstanding</u>
6/15/2006	89,950,000	89,950,000
6/15/2007	85,500,000	85,500,000
6/15/2008	80,825,000	80,825,000
6/15/2009	75,900,000	75,900,000
6/15/2010	70,700,000	70,700,000
6/15/2011	65,225,000	65,225,000
6/15/2012	59,425,000	59,425,000
6/15/2013	53,325,000	53,325,000

6/15/2014	46,875,000	46,875,000
6/15/2015	40,075,000	40,075,000
6/15/2016	32,900,000	32,900,000
6/15/2017	25,325,000	25,325,000
6/15/2018	17,325,000	17,325,000
6/15/2019	8,900,000	8,900,000

Fixed Rate Schedule:

Beginning On: Counterparty Fixed Rate Accrues At:

15-Jun-2006	5.48419 percent
15-Jun-2007	5.49898 percent
15-Jun-2008	5.51050 percent
15-Jun-2009	5.51768 percent
15-Jun-2010	5.51898 percent
15-Jun-2011	5.52057 percent
15-Jun-2012	5.51284 percent
15-Jun-2013	5.50000 percent

This transaction may not be assigned by either party without the prior written consent of the other party.

2. Termination Option

As provided in paragraph (h)(i) of Part 1 of the Schedule dated the date hereof between JPMorgan and the Counterparty, it is the intention of the parties that the Counterparty shall have the right to terminate the Transaction described in this Confirmation whether or not JPMorgan has exercised the option described in this Confirmation and whether or not the Effective Date with respect to such Transaction has occurred. In the event the Counterparty terminates the Transaction, the Termination payment shall be determined pursuant to Part 1(g) of the Schedule to Master Agreement.

3. Account Details

Payments to JPMorgan Chase Bank, N.A.:

Payments to JPMorgan in USD: JPMORGAN CHASE NEW YORK
JPMORGAN CHASE BANK N.A.
BIC: CHASUS33XXX
ABA#: 021000021
AC No: 099997979

If in the event this Transaction is physically exercised into a swap, the office of JPMorgan Chase Bank, N.A. will change from New York to London.

Swap Payment Instructions: JPMorgan Chase Bank, N.A.

Favour: JPMorgan London
ABA/Bank No: ABA#: 021000238
Account No: 670-07-054
Reference: Further credit to swap group account

Payments to Counterparty:

Accounts for payments in USD: Wachovia Bank, National Association
Favour: PENNSYLVANIA INTERGOVERNMENT
COOPERATION AUTHORITY

ABA/Bank No: c/o Wachovia Bank, National Association
Account No: 053000219
Reference: DDA5000000016439
PICA 06
Attention: Alice Amoro, CT 1870

4. Offices

- (a) The Office of JPMorgan for the Swap Transaction is NEW YORK; and
- (b) The Office of the Counterparty for the Swap Transaction is PHILADELPHIA

All inquiries regarding confirmations should be sent to:

JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road, Ops 2, Floor 2
Newark, DE 19713-2107

Attention: Documentation Control

Telephone: 1-302-634-4960
Facsimile: 1-888-803-3606

Please quote the JPMorgan Chase Deal Number indicated above.

JPMORGAN SECURITIES INCORPORATED is acting solely as agent for JPMorgan and will have no obligations under this Transaction.

5. Representations

Each party hereto represents to the other as follows:

- (a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgement and upon advise from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advise or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advise or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction.
- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advise), and understands and accepts, the terms, the conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.
- (c) **Status of Parties.** The other party is not acting as a fiduciary for or an advisor to it in respect of that Transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us or by sending to us a letter, telex or facsimile substantially similar to this letter, which letter, telex or facsimile sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms. When referring to this Confirmation, please indicate: JPMorgan Deal Number: 0500000507759

JPMorgan Chase Bank, N.A.

Carmine Pilla

Name: Carmine Pilla

Title: Vice President

Accepted and confirmed as of the date first written:
PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

Name: _____

Title: _____

Your reference number: _____

JUN 12 2006 16:55 2138606131

Mon Jun 12 16:18:37 2006 J P Morgan

NCS PH106

#0212 2.008 /009

pg:7 of 8



Please confirm that the foregoing accurately sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us or by sending to us a letter, cable or facsimile substantially similar to this letter, which letter, cable or facsimile sets forth the essential terms of the Transaction to which this Confirmation relates and indicates agreement in those terms. When returning to this Confirmation, please indicate: JPMorgan Doc Number: 050000007759

JPMorgan Chase Bank, N.A.

*Carmine Pilla*Name: Carmine PillaTitle: Vice President

Accepted and confirmed as of the date first written:
PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

*Rob DeLuca*Name: Rob DeLucaTitle: Executive Director

Your reference number: _____

Client Service Group

All queries regarding confirmations should be sent to:

JPMorgan Chase Bank, N.A.

Contacts

JPMorgan Contact	Telephone Number
-------------------------	-------------------------

Client Service Group	(001) 3026344960
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Group E-mail address:

Facsimile: (001) 888 803 3606

Telex:

Cable:

Please quote the JPMorgan deal number(s): 0500000507759.

Exhibit C-3

EXHIBIT

CERTIFICATE OF SWAP ADVISOR

In conjunction with the Pennsylvania Intergovernmental Cooperation Authority's (the "*Authority*") deemed termination of a floating-to-fixed interest rate swap transaction originally executed on November 16, 2001 with JPMorgan Chase Bank N.A. (the "*2006 Swap*"), Echo Financial Products LLC served as swap advisor to the Authority. The 2006 Swap was executed for the purpose of hedging the Authority's interest rate exposure in relation to the Authority's Special Tax Revenue Refunding Bonds, Series 2006 (the "*2006 Bonds*"). The 2006 Bonds are being refunded on May 15, 2008 and as a result of the refunding the 2006 Bonds, the 2006 Swap is deemed to be terminated as of that date for tax-related purposes (the "*Deemed Termination*"). The 2006 Swap will not be terminated in actuality but transferred and relate to the Authority's Special Tax Revenue Refunding Bonds, Series 2008B (as defined below) going forward as of the date hereof (as so designated with the 2008B Bonds, it is hereafter referred to as the "*2008B Swap*").

The undersigned, as an officer of Echo Financial Products LLC (the "*Swap Advisor*") hereby certifies as follows:

1. The Swap Advisor has acted as an independent third party in advising the Authority with respect to the 2008B Swap entered into by the Authority and JPMorgan Chase Bank, N.A. (the "*Swap Provider*") relating to the \$80,825,000 Pennsylvania Intergovernmental Cooperation Authority, Special Tax Revenue Refunding Bonds, (City of Philadelphia Funding Program) Series 2008B (the "*2008B Bonds*").

2. The Swap Advisor is familiar with interest rate swap transactions similar to the 2008B Swap and the pricing of such interest rate swap transactions and hereby certifies that the determination of the value of the 2008B Swap is at fair market value and that the fixed rate payable by the Authority under the 2008B Swap as stated in 2008B Swap Confirmation represents an off-market fixed swap rate given the variable rate interest formula used to determine the variable rate payments to be made by the Swap Provider under the 2008B Swap. The off-market component of the 2008B Swap was determined on May 15, 2008 by the Swap Advisor in an amount equal to \$14,775,000, with the value determined as the arithmetic mean between the bid and ask values for a swap reflecting the same terms as detailed in the Confirmation relating to the 2008B Swap.

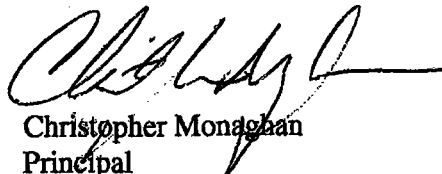
3. Based on our past experience, and the historical data available to us, we believe that, as of the date hereof, the interest rate on the 2008B Bonds and the variable interest rate payable by the Swap Provider under the 2008B Swap are reasonably expected to be substantially the same throughout the term of the 2008B Swap. This certificate is not a guarantee that the interest rate on the 2008B Bonds and the variable rate payable by the Swap Provider will remain the same or substantially the same throughout the term of the Swap and

should not be relied upon as such. We based our opinion on historical data available and our past experience, however, past performance is not indicative of future results.

4. The Swap Advisor acknowledges that this Certificate is given as a basis for certain opinions of the law firm of WolfBlock LLP with regard to the exclusion of interest on the 2008B Bonds and such firm is hereby authorized to rely on this Certificate.

DATED: May 15, 2008

ECHO FINANCIAL PRODUCTS LLC



Christopher Monaghan
Principal

May 15, 2008

Mr. Uri Z. Monson
Acting Executive Director
Pennsylvania Intergovernmental Cooperation Authority
1429 Walnut Street
14th Floor
Philadelphia, Pennsylvania 19102

Re: Market Pricing Letter - Deemed Termination of Floating-to-Fixed Interest Rate Swap relating to the Authority's 2006 Bonds

Dear Mr. Monson:

In conjunction with the Pennsylvania Intergovernmental Cooperation Authority's ("PICA") deemed termination of a floating-to-fixed interest rate swap transaction originally executed on November 16, 2001 (the "2006 Swap") with JPMorgan Chase Bank N.A. ("JPMorgan"), Echo Financial Products LLC ("Echo") served as swap advisor to PICA. The 2006 Swap was executed for the purpose of hedging PICA's interest rate exposure in relation to PICA's Special Tax Revenue Refunding Bonds, Series 2003 (the "2006 Bonds"). The 2006 Bonds are being refunded on May 15, 2008 and as a result of the refunding the 2006 Bonds, the 2006 Swap is deemed to be terminated as of that date for tax-related purposes (the "Deemed Termination"). The 2006 Swap will not be terminated in actuality but transferred and relate to the Authority's Special Tax Revenue Refunding Bonds, Series 2008B (the "2008B Bonds") going forward as of the date hereof.

Echo is experienced in the financial aspects and risks of interest rate management agreements and was retained by PICA to advise with respect to the Deemed Termination of the 2006 Swap. Echo has performed a market-based valuation of the 2006 Swap which took into account the structure, credit, cash flow payments, and the date and time of the 2006 Swap Deemed Termination with JPMorgan.

Our pricing valuation was conducted as follows:

- (1) JPMorgan and the PICA furnished Echo with the final 2006 Swap Confirmation, which outlined the 2006 Swap's terms and conditions. Echo confirmed with JPMorgan each of the principal terms to assure that the assumptions it utilized in modeling the transaction conformed to the actual terms that the 2006 Swap employed.

- (2) Using the terms contained within the 2006 Swap Confirmation, Echo evaluated swap market rates and termination values for transactions comparable to the size and structure of the 2006 Swap, assuming that (i) the receipts from JPMorgan on the floating leg of the 2006 Swap are calculated based upon 67% of the London Interbank Offered Rate with a stated maturity of one month ("1-Month LIBOR") and (ii) the payments to JPMorgan on the fixed leg of the 2006 Swap (the "Fixed Rate") are equal to various fixed rates (ranging from 5.51050% in 2008 to 5.51284% in 2012) and 5.500% through termination all as detailed in the 2006 Swap Confirmation. All payment and reset dates and other details are all as set forth in the executed 2006 Swap Confirmation. The cashflows on both the fixed and variable legs of the 2006 Swap are computed based on a notional amortization schedule as detailed in the executed 2006 Swap Confirmation.
- (3) The Deemed Termination value as of May 15, 2008 was (\$14,775,000) representing a negative value to PICA, or the amount PICA would pay JPMorgan upon an actual termination. The value was determined as the arithmetic mean between the bid and ask values for a swap reflecting the same terms as detailed in the 2006 Swap Confirmation. No actual payments were made by PICA or JPMorgan on the date of the Deemed Termination as the 2006 Swap was transferred to and relates to PICA's 2008B Bonds as of the date hereof. We are unaware of any other payments from or to PICA or JPMorgan or any third parties as a result of the Deemed Termination.
- (4) To establish the basis for a market termination value, we contacted several national broker/dealers who have an established industry reputation as competitive providers of the type of swap terminated herein. We also used specific market data derived from interest rate curves found on Bloomberg and other reliable market sources and structured the 2006 Swap Deemed Termination using financial modeling software.

Based upon and in consideration of the above circumstances, the terms and conditions of the 2006 Swap Deemed Termination reflect a fair and reasonable value to PICA as of the date of the Deemed Termination.

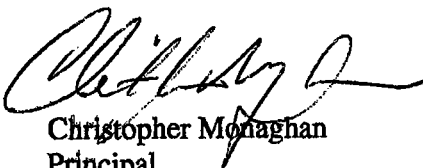
PICA made the decision to originally enter and to affect the Deemed Termination of the 2006 Swap with JPMorgan prior to our involvement and Echo had no role in selecting JPMorgan as PICA's counterparty. Our termination analysis is therefore based solely on the documentation made available to us, that is, the 2006 Swap Confirmation. We have performed no due diligence on either PICA's or JPMorgan's financial condition. We make no representation as to either counterparty's financial soundness. Echo acted solely as an independent swap pricing agent and not as a financial advisor generally to PICA and Echo is not an agent or affiliate of JPMorgan.

Echo is an established bidding agent and arranger of swaps within the industry for municipal-indexed interest rate swaps, options, and derivatives and is professionally knowledgeable and experienced in the financial aspects and risks of such transactions. Echo obtains information which serves as the basis for all valuation calculations from sources it believes to be reliable and consistent with prevailing market conditions at the time and date of such calculation. All valuations represent Echo's estimate of a market based assessment of any derivative transaction. As an arranger of interest rate swaps, Echo continually conducts transactions among participants

in these markets, including both dealers and end-users, during our normal course of business operations. Notwithstanding the forgoing, Echo does not act as a financial advisor, investment advisor or broker dealer in any of the transactions in which it is involved.

Echo Financial Products LLC

By:

A handwritten signature in black ink, appearing to read "Christopher Monaghan", written over the printed name and title.

Christopher Monaghan
Principal

EXHIBIT

CERTIFICATE OF SWAP ADVISOR

In conjunction with the Pennsylvania Intergovernmental Cooperation Authority's (the "*Authority*") deemed termination of a floating-to-fixed interest rate swap transaction originally executed on November 16, 2001 with JPMorgan Chase Bank N.A. (the "*2003 Swap*"), Echo Financial Products LLC served as swap advisor to the Authority. The 2003 Swap was executed for the purpose of hedging the Authority's interest rate exposure in relation to the Authority's Special Tax Revenue Refunding Bonds, Series 2003 (the "*2003 Bonds*"). The 2003 Bonds are being refunded on May 15, 2008 and as a result of the refunding the 2003 Bonds, the 2003 Swap is deemed to be terminated as of that date for tax-related purposes (the "*Deemed Termination*"). The 2003 Swap will not be terminated in actuality but transferred and relate to the Authority's Special Tax Revenue Refunding Bonds, Series 2008A (as defined below) going forward as of the date hereof (as so designated with the 2008A Bonds, it is hereafter referred to as the "*2008A Swap*").

The undersigned, as an officer of Echo Financial Products LLC (the "*Swap Advisor*") hereby certifies as follows:

1. The Swap Advisor has acted as an independent third party in advising the Authority with respect to the 2008A Swap entered into by the Authority and JPMorgan Chase Bank, N.A. (the "*Swap Provider*") relating to the \$133,740,000 Pennsylvania Intergovernmental Cooperation Authority, Special Tax Revenue Refunding Bonds, (City of Philadelphia Funding Program) Series 2008A (the "*2008A Bonds*").

2. The Swap Advisor is familiar with interest rate swap transactions similar to the 2008A Swap and the pricing of such interest rate swap transactions and hereby certifies that the determination of the value of the 2008A Swap is at fair market value and that the fixed rate payable by the Authority under the 2008A Swap as stated in 2008A Swap Confirmation represents an off-market fixed swap rate given the variable rate interest formula used to determine the variable rate payments to be made by the Swap Provider under the 2008A Swap. The off-market component of the 2008A Swap was determined on May 15, 2008 by the Swap Advisor in an amount equal to \$21,609,000, with the value determined as the arithmetic mean between the bid and ask values for a swap reflecting the same terms as detailed in the Confirmation relating to the 2008A Swap.

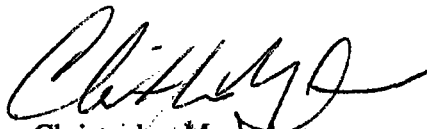
3. Based on our past experience, and the historical data available to us, we believe that, as of the date hereof, the interest rate on the 2008A Bonds and the variable interest rate payable by the Swap Provider under the 2008A Swap are reasonably expected to be substantially the same throughout the term of the 2008A Swap. This certificate is not a guarantee that the interest rate on the 2008A Bonds and the variable rate payable by the Swap Provider will remain the same or substantially the same throughout the term of the Swap and

should not be relied upon as such. We based our opinion on historical data available and our past experience, however, past performance is not indicative of future results.

4. The Swap Advisor acknowledges that this Certificate is given as a basis for certain opinions of the law firm of WolfBlock LLP with regard to the exclusion of interest on the 2008A Bonds and such firm is hereby authorized to rely on this Certificate.

DATED: May 15, 2008

ECHO FINANCIAL PRODUCTS LLC



Christopher Monaghan
Title: Principal

May 15, 2008

Mr. Uri Z. Monson
Acting Executive Director
Pennsylvania Intergovernmental Cooperation Authority
1429 Walnut Street
14th Floor
Philadelphia, Pennsylvania 19102

Re: Market Pricing Letter - Deemed Termination of Floating-to-Fixed Interest Rate Swap relating to the Authority's 2003 Bonds

Dear Mr. Monson:

In conjunction with the Pennsylvania Intergovernmental Cooperation Authority's ("PICA") deemed termination of a floating-to-fixed interest rate swap transaction originally executed on November 16, 2001 (the "2003 Swap") with JPMorgan Chase Bank N.A. ("JPMorgan"), Echo Financial Products LLC ("Echo") served as swap advisor to PICA. The 2003 Swap was executed for the purpose of hedging PICA's interest rate exposure in relation to PICA's Special Tax Revenue Refunding Bonds, Series 2003 (the "2003 Bonds"). The 2003 Bonds are being refunded on May 15, 2008 and as a result of the refunding the 2003 Bonds, the 2003 Swap is deemed to be terminated as of that date for tax-related purposes (the "Deemed Termination"). The 2003 Swap will not be terminated in actuality but transferred and relate to the Authority's Special Tax Revenue Refunding Bonds, Series 2008A (the "2008A Bonds") going forward as of the date hereof.

Echo is experienced in the financial aspects and risks of interest rate management agreements and was retained by PICA to advise with respect to the Deemed Termination of the 2003 Swap. Echo has performed a market-based valuation of the 2003 Swap which took into account the structure, credit, cash flow payments, and the date and time of the 2003 Swap Deemed Termination with JPMorgan.

Our pricing valuation was conducted as follows:

- (1) JPMorgan and the PICA furnished Echo with the final 2003 Swap Confirmation, which outlined the 2003 Swap's terms and conditions. Echo confirmed with JPMorgan each of the principal terms to assure that the assumptions it utilized in modeling the transaction conformed to the actual terms that the 2003 Swap employed.

- (2) Using the terms contained within the 2003 Swap Confirmation, Echo evaluated swap market rates and termination values for transactions comparable to the size and structure of the 2003 Swap, assuming that (i) the receipts from JPMorgan on the floating leg of the 2003 Swap are calculated based upon 67% of the London Interbank Offered Rate with a stated maturity of one month ("1-Month LIBOR") and (ii) the payments to JPMorgan on the fixed leg of the 2003 Swap (the "Fixed Rate") are equal to a fixed rate equal to 5.01155% through June 15, 2008 and 5.00% through termination all as detailed in the 2003 Swap Confirmation. All payment and reset dates and other details are all as set forth in the executed 2003 Swap Confirmation. The cashflows on both the fixed and variable legs of the 2003 Swap are computed based on a notional amortization schedule as detailed in the executed 2003 Swap Confirmation.
- (3) The Deemed Termination value as of May 15, 2008 was (\$21,609,000) representing a negative value to PICA, or the amount PICA would pay JPMorgan upon an actual termination. The value was determined as the arithmetic mean between the bid and ask values for a swap reflecting the same terms as detailed in the 2003 Swap Confirmation. No actual payments were made by PICA or JPMorgan on the date of the Deemed Termination as the 2003 Swap was transferred to and relates to PICA's 2008A Bonds as of the date hereof. We are unaware of any other payments from or to PICA or JPMorgan or any third parties as a result of the Deemed Termination.
- (4) To establish the basis for a market termination value, we contacted several national broker/dealers who have an established industry reputation as competitive providers of the type of swap terminated herein. We also used specific market data derived from interest rate curves found on Bloomberg and other reliable market sources and structured the 2003 Swap Deemed Termination using financial modeling software.

Based upon and in consideration of the above circumstances, the terms and conditions of the 2003 Swap Deemed Termination reflect a fair and reasonable value to PICA as of the date of the Deemed Termination.

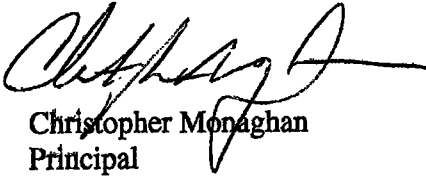
PICA made the decision to originally enter and to affect the Deemed Termination of the 2003 Swap with JPMorgan prior to our involvement and Echo had no role in selecting JPMorgan as PICA's counterparty. Our termination analysis is therefore based solely on the documentation made available to us, that is, the 2003 Swap Confirmation. We have performed no due diligence on either PICA's or JPMorgan's financial condition. We make no representation as to either counterparty's financial soundness. Echo acted solely as an independent swap pricing agent and not as a financial advisor generally to PICA and Echo is not an agent or affiliate of JPMorgan.

Echo is an established bidding agent and arranger of swaps within the industry for municipal-indexed interest rate swaps, options, and derivatives and is professionally knowledgeable and experienced in the financial aspects and risks of such transactions. Echo obtains information which serves as the basis for all valuation calculations from sources it believes to be reliable and consistent with prevailing market conditions at the time and date of such calculation. All valuations represent Echo's estimate of a market based assessment of any derivative transaction. As an arranger of interest rate swaps, Echo continually conducts transactions among participants

in these markets, including both dealers and end-users, during our normal course of business operations. Notwithstanding the forgoing, Echo does not act as a financial advisor, investment advisor or broker dealer in any of the transactions in which it is involved.

Echo Financial Products LLC

By:



Christopher Monaghan
Principal

Exhibit D



Deloitte Tax LLP
Suite 1501
201 Main Street
Fort Worth, TX 76102-3134
USA

Tel: 817 347 3300
Fax: 817 336 2013
www.deloitte.com

May 14, 2010

Pennsylvania Intergovernmental Cooperation Authority
1500 Walnut Street, 16th Floor
Philadelphia, Pennsylvania 19102

Re: Pennsylvania Intergovernmental Cooperation Authority
\$206,960,000 Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program), Series of 2010

Pennsylvania Intergovernmental Cooperation Authority ("PICA") has requested that we prepare certain computations related to transactions being undertaken in connection with the issuance of the above-described bonds ("Bonds"), as further described herein.

We understand that on December 6, 2001, PICA entered into certain "swaption" agreements with JPMorgan Chase Bank ("JPMorgan"), whereunder PICA received the amounts \$10,720,000 (the "2003 Swaption Payment") and \$5,815,000 (the "2006 Swaption Payment," and collectively with the 2003 Swaption Payment, the "Swaption Payments"), and JPMorgan received the option to require PICA to enter into certain swap agreements after June 15, 2003 (the "2003 Swap") and June 15, 2006 (the "2006 Swap," and collectively with the 2003 Swap, the "Swaps"). We further understand that JPMorgan exercised its rights under both swaption agreements, and that the Swaps were therefore put in place in 2003 and 2006. We further understand that on May 14, 2010, in connection with the issuance of the Bonds, the Swaps are to be terminated.

Greenberg Traurig, LLP ("Greenberg") has advised PICA that the Swaption Payments should be treated, for certain federal income tax purposes relevant to the Bonds, as if they were loans made by JPMorgan to PICA (the 2003 Swaption Payment constituting the "2003 Loan," the 2006 Swaption Payment constituting the "2006 Loan," collectively the "Loans"), and that a portion of each payment made by PICA under the 2003 Swap and the 2006 Swap (as originally scheduled) should be treated as a payment on the 2003 Loan or 2006 Loan, respectively. Greenberg has also advised PICA that it is reasonable to determine the portion of each payment made on the Swaps that should be treated as a payment on the respective Loan as the difference between the contracted rate on the respective Swap and the "on-market" rate for each Swap. The estimated on-market rate for the 2003 Swap was certified by JPMorgan in its Pricing Certificate dated June 15, 2003, and the estimated on-market rate for the 2006 Swap was certified by JPMorgan in its Pricing Certificate dated June 15, 2006.

We have been asked to prepare, using the foregoing information, certain computations to determine (1) the portion of each scheduled payment on each of the Swaps that is reasonably treated as a loan payment, and (2) the unpaid loan balance with respect to each of the Loans as of May 14, 2010 (which can also be described as the unamortized amount of the respective Swaption Payment). The scope of our engagement is limited to the mathematical calculation matters described herein, and we do not express any tax opinions or make any other representations regarding legal interpretations.

For purposes of these computations, we determined an implicit interest rate on each Loan, based on the assumption that the series of loan payments should fully amortize the Loan as of the final payment

date, and treating interest as compounding semiannually. As reflected in the attached exhibits, we determined the following unpaid Loan balances as of May 14, 2010:

- Unpaid balance on the 2003 Loan (unamortized 2003 Swaption Payment) \$ 5,723,454.92
- Unpaid balance on the 2006 Loan (unamortized 2006 Swaption Payment) \$ 4,536,421.80

The scope of our engagement was limited to the matters described herein based on the information provided to us. This report is solely for PICA's information and use in connection with the issuance of the Bonds, and is not to be used for any other purpose. We have no obligation to update this report because of events occurring, or information coming to our attention, subsequent to the date of this report.

Yours truly,

Debita Tax LLP

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Pennsylvania Intergovernmental Cooperation Authority
Series 2003 Swap
Portion of Payments Deemed to be Loan Payments

Date	Balance	Contract Terms		On-Market Results		Payments on Loan
		Rate	Interest	Rate	Interest	
12/15/2003	163,185,000	5.01077%	4,088,412.51	4.34%	3,541,114.50	547,298.01
6/15/2004			4,088,412.51		3,541,114.50	547,298.01
12/15/2004	157,850,000	5.01621%	3,959,043.74	4.34%	3,425,345.00	533,698.74
6/15/2005			3,959,043.74		3,425,345.00	533,698.74
12/15/2005	152,255,000	5.01864%	3,820,565.17	4.34%	3,303,933.50	516,631.67
6/15/2006			3,820,565.17		3,303,933.50	516,631.67
12/15/2006	146,385,000	5.01738%	3,672,345.86	4.34%	3,176,554.50	495,791.36
6/15/2007			3,672,345.86		3,176,554.50	495,791.36
12/15/2007	140,220,000	5.01155%	3,513,597.71	4.34%	3,042,774.00	470,823.71
6/15/2008			3,513,597.71		3,042,774.00	470,823.71
12/15/2008	133,740,000	5.00000%	3,343,500.00	4.34%	2,902,158.00	441,342.00
6/15/2009			3,343,500.00		2,902,158.00	441,342.00
12/15/2009	126,915,000	5.00000%	3,172,875.00	4.34%	2,754,055.50	418,819.50
6/15/2010			3,172,875.00		2,754,055.50	418,819.50
12/15/2010	119,750,000	5.00000%	2,993,750.00	4.34%	2,598,575.00	395,175.00
6/15/2011			2,993,750.00		2,598,575.00	395,175.00
12/15/2011	112,225,000	5.00000%	2,805,625.00	4.34%	2,435,282.50	370,342.50
6/15/2012			2,805,625.00		2,435,282.50	370,342.50
12/15/2012	104,325,000	5.00000%	2,608,125.00	4.34%	2,263,852.50	344,272.50
6/15/2013			2,608,125.00		2,263,852.50	344,272.50
12/15/2013	96,030,000	5.00000%	2,400,750.00	4.34%	2,083,851.00	316,899.00
6/15/2014			2,400,750.00		2,083,851.00	316,899.00
12/15/2014	87,320,000	5.00000%	2,183,000.00	4.34%	1,894,844.00	288,156.00
6/15/2015			2,183,000.00		1,894,844.00	288,156.00
12/15/2015	78,175,000	5.00000%	1,954,375.00	4.34%	1,696,397.50	257,977.50
6/15/2016			1,954,375.00		1,696,397.50	257,977.50
12/15/2016	68,575,000	5.00000%	1,714,375.00	4.34%	1,488,077.50	226,297.50
6/15/2017			1,714,375.00		1,488,077.50	226,297.50
12/15/2017	58,495,000	5.00000%	1,462,375.00	4.34%	1,269,341.50	193,033.50
6/15/2018			1,462,375.00		1,269,341.50	193,033.50
12/15/2018	47,910,000	5.00000%	1,197,750.00	4.34%	1,039,647.00	158,103.00
6/15/2019			1,197,750.00		1,039,647.00	158,103.00
12/15/2019	36,790,000	5.00000%	919,750.00	4.34%	798,343.00	121,407.00
6/15/2020			919,750.00		798,343.00	121,407.00
12/15/2020	25,120,000	5.00000%	919,750.00	4.34%	798,343.00	121,407.00
6/15/2021			919,750.00		798,343.00	121,407.00
12/15/2021	12,865,000	5.00000%	919,750.00	4.34%	798,343.00	121,407.00
6/15/2022			919,750.00		798,343.00	121,407.00

Pennsylvania Intergovernmental Cooperation Authority
Series 2003 Swap
Schedule of Unpaid Loan Balances

Date	Payments on Loan	1.939175% Interest	Payment of:		Unpaid Balance
		Accruing	Interest	Principal	
12/6/2001					10,720,000.00
12/15/2001		5,196.99			10,725,196.99
6/15/2002		103,990.14			10,829,187.13
12/15/2002		104,998.42			10,934,185.55
6/15/2003		106,016.47			11,040,202.02
12/15/2003	547,298.01	107,044.39	427,246.41	120,051.60	10,599,948.40
6/15/2004	547,298.01	102,775.75	102,775.75	444,522.26	10,155,426.14
12/15/2004	533,698.74	98,465.72	98,465.72	435,233.02	9,720,193.12
6/15/2005	533,698.74	94,245.76	94,245.76	439,452.98	9,280,740.14
12/15/2005	516,631.67	89,984.87	89,984.87	426,646.80	8,854,093.34
6/15/2006	516,631.67	85,848.16	85,848.16	430,783.51	8,423,309.83
12/15/2006	495,791.36	81,671.34	81,671.34	414,120.02	8,009,189.81
6/15/2007	495,791.36	77,656.08	77,656.08	418,135.28	7,591,054.53
12/15/2007	470,823.71	73,601.90	73,601.90	397,221.81	7,193,832.72
6/15/2008	470,823.71	69,750.49	69,750.49	401,073.22	6,792,759.50
12/15/2008	441,342.00	65,861.73	65,861.73	375,480.27	6,417,279.23
6/15/2009	441,342.00	62,221.12	62,221.12	379,120.88	6,038,158.35
12/15/2009	418,819.50	58,545.21	58,545.21	360,274.29	5,677,884.06
6/15/2010	418,819.50	55,052.04	55,052.04	363,767.46	5,314,116.60
12/15/2010	395,175.00	51,525.00	51,525.00	343,650.00	4,970,466.60
6/15/2011	395,175.00	48,193.01	48,193.01	346,981.99	4,623,484.61
12/15/2011	370,342.50	44,828.72	44,828.72	325,513.78	4,297,970.83
6/15/2012	370,342.50	41,672.58	41,672.58	328,669.92	3,969,300.91
12/15/2012	344,272.50	38,485.84	38,485.84	305,786.66	3,663,514.25
6/15/2013	344,272.50	35,520.97	35,520.97	308,751.53	3,354,762.72
12/15/2013	316,899.00	32,527.35	32,527.35	284,371.65	3,070,391.07
6/15/2014	316,899.00	29,770.12	29,770.12	287,128.88	2,783,262.19
12/15/2014	288,156.00	26,986.16	26,986.16	261,169.84	2,522,092.35
6/15/2015	288,156.00	24,453.89	24,453.89	263,702.11	2,258,390.24
12/15/2015	257,977.50	21,897.06	21,897.06	236,080.44	2,022,309.80
6/15/2016	257,977.50	19,608.06	19,608.06	238,369.44	1,783,940.36
12/15/2016	226,297.50	17,296.86	17,296.86	209,000.64	1,574,939.72
6/15/2017	226,297.50	15,270.42	15,270.42	211,027.08	1,363,912.64
12/15/2017	193,033.50	13,224.32	13,224.32	179,809.18	1,184,103.46
6/15/2018	193,033.50	11,480.92	11,480.92	181,552.58	1,002,550.88
12/15/2018	158,103.00	9,720.61	9,720.61	148,382.39	854,168.49
6/15/2019	158,103.00	8,281.91	8,281.91	149,821.09	704,347.40
12/15/2019	121,407.00	6,829.26	6,829.26	114,577.74	589,769.66
6/15/2020	121,407.00	5,718.33	5,718.33	115,688.67	474,080.99
12/15/2020	121,407.00	4,596.63	4,596.63	116,810.37	357,270.62
6/15/2021	121,407.00	3,464.05	3,464.05	117,942.95	239,327.67
12/15/2021	121,407.00	2,320.49	2,320.49	119,086.51	120,241.16
6/15/2022	121,407.00	1,165.84	1,165.84	120,241.16	0.00

Pennsylvania Intergovernmental Cooperation Authority
Series 2006 Swap
Portion of Payments Deemed to be Loan Payments

Date	Balance	Contract Terms		On-Market Results		Payments on Loan
		Rate	Interest	Rate	Interest	
12/15/2006	89,960,000	5.48419%	2,466,788.66	4.37%	1,965,626.00	501,162.66
6/15/2007			2,466,788.66		1,965,626.00	501,162.66
12/15/2007	85,510,000	5.49898%	2,351,088.90	4.37%	1,868,393.50	482,695.40
6/15/2008			2,351,088.90		1,868,393.50	482,695.40
12/15/2008	80,830,000	5.51050%	2,227,068.58	4.37%	1,766,135.50	460,933.08
6/15/2009			2,227,068.58		1,766,135.50	460,933.08
12/15/2009	75,900,000	5.51768%	2,093,959.56	4.37%	1,658,415.00	435,544.56
6/15/2010			2,093,959.56		1,658,415.00	435,544.56
12/15/2010	70,700,000	5.51898%	1,950,959.43	4.37%	1,544,795.00	406,164.43
6/15/2011			1,950,959.43		1,544,795.00	406,164.43
12/15/2011	65,220,000	5.52057%	1,800,257.88	4.37%	1,425,057.00	375,200.88
6/15/2012			1,800,257.88		1,425,057.00	375,200.88
12/15/2012	59,435,000	5.51284%	1,638,278.23	4.37%	1,298,654.75	339,623.48
6/15/2013			1,638,278.23		1,298,654.75	339,623.48
12/15/2013	53,330,000	5.50000%	1,466,575.00	4.37%	1,165,260.50	301,314.50
6/15/2014			1,466,575.00		1,165,260.50	301,314.50
12/15/2014	46,880,000	5.50000%	1,289,200.00	4.37%	1,024,328.00	264,872.00
6/15/2015			1,289,200.00		1,024,328.00	264,872.00
12/15/2015	40,070,000	5.50000%	1,101,925.00	4.37%	875,529.50	226,395.50
6/15/2016			1,101,925.00		875,529.50	226,395.50
12/15/2016	32,890,000	5.50000%	904,475.00	4.37%	718,646.50	185,828.50
6/15/2017			904,475.00		718,646.50	185,828.50
12/15/2017	25,315,000	5.50000%	696,162.50	4.37%	553,132.75	143,029.75
6/15/2018			696,162.50		553,132.75	143,029.75
12/15/2018	17,325,000	5.50000%	476,437.50	4.37%	378,551.25	97,886.25
6/15/2019			476,437.50		378,551.25	97,886.25
12/15/2019	8,895,000	5.50000%	244,612.50	4.37%	194,355.75	50,256.75
6/15/2020			244,612.50		194,355.75	50,256.75

Pennsylvania Intergovernmental Cooperation Authority
Series 2006 Swap
Schedule of Unpaid Loan Balances

Date	Payments on Loan	4.016041% Interest	Payment of:		Unpaid Balance
		Accruing	Interest	Principal	
12/6/2001					5,815,000.00
12/15/2001		5,838.32			5,820,838.32
6/15/2002		116,883.63			5,937,721.95
12/15/2002		119,230.68			6,056,952.63
6/15/2003		121,624.85			6,178,577.48
12/15/2003		124,067.11			6,302,644.59
6/15/2004		126,558.40			6,429,202.99
12/15/2004		129,099.72			6,558,302.71
6/15/2005		131,692.07			6,689,994.78
12/15/2005		134,336.47			6,824,331.25
6/15/2006		137,033.97			6,961,365.22
12/15/2006	501,162.66	139,785.64	501,162.66	-	6,599,988.20
6/15/2007	501,162.66	132,529.12	501,162.66	-	6,231,354.66
12/15/2007	482,695.40	125,126.88	482,695.40	-	5,873,786.14
6/15/2008	482,695.40	117,946.83	176,732.97	305,962.43	5,509,037.57
12/15/2008	460,933.08	110,622.61	110,622.61	350,310.47	5,158,727.10
6/15/2009	460,933.08	103,588.30	103,588.30	357,344.78	4,801,382.32
12/15/2009	435,544.56	96,412.74	96,412.74	339,131.82	4,462,250.50
6/15/2010	435,544.56	89,602.91	89,602.91	345,941.65	4,116,308.85
12/15/2010	406,164.43	82,656.33	82,656.33	323,508.10	3,792,800.75
6/15/2011	406,164.43	76,160.22	76,160.22	330,004.21	3,462,796.54
12/15/2011	375,200.88	69,533.67	69,533.67	305,667.21	3,157,129.33
6/15/2012	375,200.88	63,395.81	63,395.81	311,805.07	2,845,324.26
12/15/2012	339,623.48	57,134.70	57,134.70	282,488.78	2,562,835.48
6/15/2013	339,623.48	51,462.26	51,462.26	288,161.22	2,274,674.26
12/15/2013	301,314.50	45,675.93	45,675.93	255,638.57	2,019,035.69
6/15/2014	301,314.50	40,542.65	40,542.65	260,771.85	1,758,263.84
12/15/2014	264,872.00	35,306.30	35,306.30	229,565.70	1,528,698.14
6/15/2015	264,872.00	30,696.57	30,696.57	234,175.43	1,294,522.71
12/15/2015	226,395.50	25,994.28	25,994.28	200,401.22	1,094,121.49
6/15/2016	226,395.50	21,970.18	21,970.18	204,425.32	889,696.17
12/15/2016	185,828.50	17,865.28	17,865.28	167,963.22	721,732.95
6/15/2017	185,828.50	14,492.55	14,492.55	171,335.95	550,397.00
12/15/2017	143,029.75	11,052.08	11,052.08	131,977.67	418,419.33
6/15/2018	143,029.75	8,401.95	8,401.95	134,627.80	283,791.53
12/15/2018	97,886.25	5,698.59	5,698.59	92,187.66	191,603.87
6/15/2019	97,886.25	3,847.45	3,847.45	94,038.80	97,565.07
12/15/2019	50,256.75	1,959.13	1,959.13	48,297.62	49,267.45
6/15/2020	50,256.75	989.30	989.30	49,267.45	(0.00)

Pennsylvania Intergovernmental Cooperation Authority
Schedule of Unpaid Loan Balances, May 14, 2010

Series 2003 Swap

Unpaid balance at:	12/15/2009	\$ 5,677,884.06
Plus: interest accruing to:	05/14/2010	<u>45,570.86</u>
Unpaid loan balance at:	05/14/2010	<u><u>\$ 5,723,454.92</u></u>

Series 2006 Swap

Unpaid balance at:	12/15/2009	\$ 4,462,250.50
Plus: interest accruing to:	05/14/2010	<u>74,171.30</u>
Unpaid loan balance at:	05/14/2010	<u><u>\$ 4,536,421.80</u></u>

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Pennsylvania Intergovernmental Cooperation Authority		2 Issuer's employer identification number 23 2655902	
3 Number and street (or P.O. box if mail is not delivered to street address) 1500 Walnut Street		Room/suite 1600	4 Report number 1
5 City, town, or post office, state, and ZIP code Philadelphia, Pennsylvania 19102		6 Date of issue May 14, 2010	
7 Name of issue Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2010		8 CUSIP number 708840 JR5	
9 Name and title of officer or legal representative whom the IRS may call for more information Uri Z. Monson, Executive Director		10 Telephone number of officer or legal representative (215) 561-9160	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule	
11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input checked="" type="checkbox"/> Other. Describe ► Miscellaneous Capital Projects	18 231,212,706.10
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	6/15/2022	\$ 231,212,706.10	\$ 206,960,000.00	6.6938 years	5.4549 %


Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)	
22 Proceeds used for accrued interest	22
23 Issue price of entire issue (enter amount from line 21, column (b))	23 231,212,706.10
24 Proceeds used for bond issuance costs (including underwriters' discount)	24 995,387.51
25 Proceeds used for credit enhancement	25 -0-
26 Proceeds allocated to reasonably required reserve or replacement fund	26 -0-
27 Proceeds used to currently refund prior issues	27 202,910,115.28
28 Proceeds used to advance refund prior issues	28 -0-
29 Total (add lines 24 through 28)	29 203,905,502.79
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30 27,307,203.31

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	6.3364 years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	0 years
33 Enter the last date on which the refunded bonds will be called	5/17/10
34 Enter the date(s) the refunded bonds were issued	5/15/08

Part VI Miscellaneous	
35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a
b Enter the final maturity date of the guaranteed investment contract	37a
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

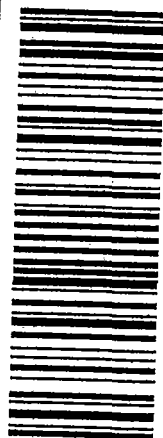
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

 **5/14/2010** **Uri Z. Monson, Executive Director**
Signature of issuer's authorized representative Date Type or print name and title

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 		A. Signature X <div style="text-align: right;"> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee </div>	
		B. Received by (Printed Name)	C. Date of Delivery
1. Article Addressed to: Internal Revenue Service Ogden, Utah 84201		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
7009 2250 0002 3711 2511			
PS Form 3811, February 2004		Domestic Return Receipt	
		102595-02-M-1540	

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE
CERTIFIED MAIL™



7009 2250 0002 3711 2511
7009 2250 0002 3711 2511

U.S. Postal Service TM	
CERTIFIED MAILTM RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage \$	Postmark Here
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	
Sent To Internal Revenue Service Center Street, Apt. No., or PO Box No. City, State, ZIP+4 Ogden, Utah 84201	
PS Form 3800, August 2005 <div style="text-align: right;">See Reverse for Instructions</div>	

\$206,960,000
Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

CLOSING RECEIPT

Receipt, executed this 14th day of May, 2010, by the Pennsylvania Intergovernmental Cooperation Authority (the “Issuer”), U.S. Bank National Association, as trustee (the “Trustee”), and Goldman, Sachs & Co. (the “Underwriter”).

WITNESSETH:

As used in this Closing Receipt, the following terms have the indicated meaning:

INDENTURE: means the Amended and Restated Indenture of Trust dated as of December 1, 1994, as amended and supplemented by the First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996, the Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999, the Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003, the Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006, the Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008, the Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009, and the Seventh Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2010, each between the Issuer and the Trustee, and as may be further amended or supplemented from time to time in accordance with the terms thereof.

2008 BONDS: means the Issuer’s \$202,815,000 aggregate outstanding principal amount of Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series A & B of 2008.

2008 SWAPS: means the interest rate swap agreements with respect to the 2008 Bonds.

2010 BONDS: means the Issuer’s \$206,960,000 aggregate principal amount of Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010.

PROJECT: means the financing of the costs, together with other available moneys of the Issuer, of (i) currently refunding the outstanding 2008 Bonds, (ii) terminating the 2008 Swaps, and (iii) issuing the 2010 Bonds.

SEVENTH SUPPLEMENT: means the Seventh Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2010, between the Issuer and the Trustee.

All other capitalized terms used in this Closing Receipt and not otherwise defined herein shall have the meanings set forth for such terms in the Indenture.

ISSUER hereby:

- (1) acknowledges delivery of the 2010 Bonds to the Trustee and requests the Trustee to authenticate the same in accordance with the Indenture and deliver the 2010 Bonds to the Underwriter, but only upon receipt of the amount of the Total Due From Underwriters set forth on Schedule I hereto; and
- (2) directs the Trustee to deposit the net proceeds from the sale of the 2010 Bonds into the Funds established under the Indenture and to make the transfers and pay the costs of the Project pursuant to Section 2.03 of the Seventh Supplement and as specified on Schedule I and Schedule II hereto.

TRUSTEE hereby:

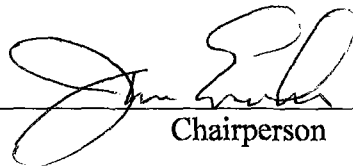
- (1) acknowledges receipt of the 2010 Bonds from the Issuer and confirms that it has authenticated the 2010 Bonds and has delivered them to the Underwriter in accordance with the foregoing instructions;
- (2) acknowledges receipt on the date hereof of the Total Due From Underwriters as set forth on Schedule I hereto;
- (3) confirms that the Total Due From Underwriters received at Closing has been deposited and applied as specified on Schedule I and Schedule II hereto; and
- (4) confirms that it has made the transfers set forth in Schedule I.

UNDERWRITER hereby:

- (1) acknowledges receipt from the Trustee of the executed, attested and authenticated 2010 Bonds;
- (2) acknowledge payment by them of the amount listed on Schedule I hereto as the Total Amount Due From Underwriters to the Trustee on behalf of the Issuer on the date hereof.

IN WITNESS WHEREOF, the authorized officers of the parties hereto have caused this Closing Receipt to be executed as of the date first written above.

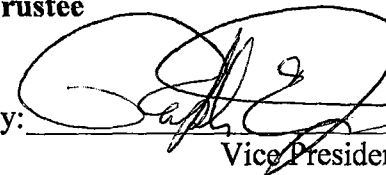
**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY, as Issuer**

By:  _____
Chairperson

GOLDMAN, SACHS & CO., as Underwriter

By: _____
Vice President

**U.S. BANK NATIONAL ASSOCIATION, as
Trustee**

By:  _____
Vice President

IN WITNESS WHEREOF, the authorized officers of the parties hereto have caused this Closing Receipt to be executed as of the date first written above.

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY, as Issuer**

By: _____
Chairperson

GOLDMAN, SACHS & CO., as Underwriter

By: Goldman Sachs & Co.
Vice President

**U.S. BANK NATIONAL ASSOCIATION, as
Trustee**

By: _____
Vice President

SCHEDULE 1
Total Amount Due From Underwriter

Principal Amount of 2010 Bonds	\$206,960,000.00
Plus Net Original Issue Premium	\$24,252,706.10
Less Underwriters' Discount	<u>(582,301.20)</u>
TOTAL DUE FROM UNDERWRITERS	<u>\$230,630,404.90</u>

Pursuant to Section 2.03 of the Seventh Supplement, net proceeds from the sale of the 2010 Bonds in an amount equal to \$230,630,404.90 have been received by the Trustee for deposit into the Settlement Fund established under the Indenture, and the Trustee shall deposit, disburse and transfer such proceeds from the Settlement Fund as follows:

- (1) deposit an amount equal to \$190,539,318.59 into the Bond Redemption Fund, to be applied, together with other available moneys transferred to the Bond Redemption Fund from the Debt Service Fund, to the redemption of all Outstanding 2008 Bonds on May 17, 2010;
- (2) pay to JPMorgan Chase Bank, N.A., as counterparty, an amount equal to \$39,678,000.00 representing the cost to terminate the 2008 Swaps; and
- (3) pay the costs of issuance of the 2010 Bonds in the amounts set forth on Schedule II, upon receipt of invoices.

SCHEDULE II
Costs of Issuance

COSTS OF ISSUANCE

Swap Advisor — Mohanty Gargiulo LLC	\$32,500
Bond Counsel — Greenberg Traurig, LLP	50,000
Special Counsel to the City — Kutak Rock, LLP	20,000
Authority Counsel — Reed Smith LLP	50,000
Trustee Counsel — Dilworth Paxson LLP	12,500
Trustee — US Bank National Association	13,000
Rating Agency — Moody's Investors Service, Inc.	68,500
Rating Agency — Standard & Poor's Ratings Services	47,000
Rating Agency — Fitch Ratings	51,000
Printer — McElwee & Quinn L.L.C.	8,500
Isdaner & Company, LLC	15,000
Underwriter's Counsel - Law Offices of Denise Joy Smyler	30,000
Deloitte	10,000
TOTAL	<u>\$408,000</u>



**Pennsylvania Intergovernmental
Cooperation Authority**

1500 Walnut Street, Suite 1600, Philadelphia, PA 19102
Telephone 215-561-9160 Fax 215-563-2570

May 06, 2010

The Honorable Rob McCord
Treasurer of the Commonwealth of Pennsylvania
Office of the State Treasurer
129 Finance Building
Harrisburg, PA 17120

Dear Mr. McCord:

On June 16, 1992, the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") issued \$474,555,000 aggregate principal amount of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992 (the "1992 Bonds") pursuant to the provisions of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act No. 6 of June 5, 1991) (as such act has been or may be amended from time to time, the "Act") and an Indenture of Trust dated as of June 1, 1992 (the "Original Indenture") between the Authority and CoreStates Bank, N.A., as trustee.

The Original Indenture was amended and supplemented by a First Supplemental Indenture of Trust dated as of June 22, 1992 and a Second Supplemental Indenture of Trust dated as of July 15, 1993 (the Original Indenture, as so amended and supplemented, is referred to herein as the "Amended Indenture").

On July 29, 1993, the Authority issued \$643,430,000 aggregate principal amount of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1993 (the "1993 Bonds") pursuant to the Act and the Amended Indenture. On September 14, 1993, the Authority issued \$178,675,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A (the "1993A Bonds") pursuant to the Act and the Amended Indenture, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 1993. On December 15, 1994, the Authority issued \$122,020,000 aggregate principal amount of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994 (the "1994 Bonds") pursuant to the Act and the Amended and Restated Indenture of Trust, dated as of December 1, 1994 (the "Amended and Restated Indenture"), between the Authority and

Meridian Bank (successor to CoreStates Bank, N.A.), as Trustee, which amended and restated the Original Indenture as theretofore amended.

On May 30, 1996, the Authority issued \$343,030,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996 (the "1996 Bonds") pursuant to the Amended and Restated Indenture, as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996 (the "First Supplement to the Amended and Restated Indenture") between the Authority and Meridian Bank, N.A., as Trustee. On April 15, 1999, the Authority issued \$610,005,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999 (the "1999 Bonds") pursuant to the Amended and Restated Indenture, as amended and supplemented by a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999 (the "Second Supplement to the Amended and Restated Indenture") between the Authority and First Union National Bank (successor to Meridian Bank), as Trustee. On June 16, 2003, the Authority issued \$165,895,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2003 (the "2003 Bonds") pursuant to the Amended and Restated Indenture, as amended and supplemented by a Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003 (the "Third Supplement to the Amended and Restated Indenture") between the Authority and Wachovia Bank, National Association (successor to First Union National Bank), as Trustee. On June 15, 2006, the Authority issued \$89,950,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2006 (Action Rate Securities) (the "2006 Bonds") pursuant to the Amended and Restated Indenture, as amended and supplemented by a Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006 (the "Fourth Supplement to the Amended and Restated Indenture") between the Authority and Wachovia Bank, National Association, as Trustee.

On May 15, 2008, the Authority issued \$214,565,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008 (the "2008 Bonds") pursuant to the Amended and Restated Indenture, as amended and supplemented by a Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 (the "Fifth Supplement to the Amended and Restated Indenture") between the Authority and U.S. Bank National Association (successor to Wachovia Bank, National Association), as Trustee (the "Trustee").

On June 15, 2009, the Authority issued \$354,925,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009 (the "2009 Bonds") pursuant to the Amended and Restated Indenture, as amended and supplemented by a Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 (the "Sixth Supplement to the Amended and Restated Indenture") between the Authority and the Trustee.

The Authority is now issuing \$206,960,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the "2010 Bonds") pursuant to the Amended and Restated Indenture, as amended and supplemented by a Seventh Supplement to the Amended and Restated Indenture of Trust

dated as of May 1, 2010 (the "Seventh Supplement to the Amended and Restated Indenture" and, collectively with the Amended and Restated Indenture, the First Supplement to the Amended and Restated Indenture, the Second Supplement to the Amended and Restated Indenture, the Third Supplement to the Amended and Restated Indenture, the Fourth Supplement to the Amended and Restated Indenture, the Fifth Supplement to the Amended and Restated Indenture, and the Sixth Supplement to the Amended and Restated Indenture, the "Indenture") between the Authority and the Trustee.

Pursuant to Section 601 of the Act, the City of Philadelphia (the "City"), by Ordinance (Bill No. 1437) approved June 12, 1991, enacted a tax of one and one-half percent (1-1/2%) on salaries, wages, commissions and other compensation earned by residents of the City and on the net profits earned in businesses, professions or other activities conducted by residents of the City (the "PICA Tax") to provide revenues for the purposes of the Authority. Pursuant to the Act, the PICA Tax is to be collected by the Department of Revenue of the Commonwealth of Pennsylvania (the "Department") and remitted by the Department to the Treasurer of the Commonwealth of Pennsylvania (the "Treasurer"), which is then to hold, invest and disburse such moneys as provided in the Act.

Pursuant to Section 603(a) of the Act, the Treasurer is custodian of the Pennsylvania Intergovernmental Cooperation Authority Tax Fund (the "PICA Tax Fund"), which shall be subject to the provisions of law applicable to funds listed in Section 302 of the Fiscal Code (Act of April 9, 1929, P.S. 343, No. 176). Pursuant to Section 603(a) of the Act, the PICA Tax collected by the Department and paid to the Treasurer is to be credited to the PICA Tax Fund not less frequently than every two weeks and, during any period prior to the credit of moneys to the PICA Tax Fund, interest earned on the PICA Tax paid to the Treasurer by the Department shall be deposited into the PICA Tax Fund. The Act also provides that moneys in the PICA Tax Fund shall not lapse or be transferred to any other fund, but shall remain in the PICA Tax Fund and shall at all times be the property of the Authority. Pending their disbursement to the Authority, moneys received by the Treasurer on behalf of or deposited into the PICA Tax Fund are to be invested or reinvested as are other funds in the custody of the Treasurer in the manner provided by law and all earnings received from the investment or deposit of such funds are to be credited to the PICA Tax Fund.

Pursuant to the Indenture, the Authority has assigned and pledged to the Trustee all of its right, title and interest in and to the PICA Tax for the equal and ratable benefit of the owners from time to time of the Authority's bonds, including the 2009 Bonds and the 2010 Bonds, outstanding under the Indenture. The Indenture provides for the disbursement of the PICA Tax received by the Trustee in accordance with the provisions of the Act. Section 603(b) of the Act requires the Treasurer to disburse the total amount of moneys which are, as of the close of business of the previous week, contained in the PICA Tax Fund as a result of the tax imposed pursuant to Section 601 of the Act to or upon the order of the Authority and as provided in Section 312 of the Act. The Authority hereby directs that the weekly disbursements to be made by the Treasurer pursuant to Section 603(b) of the Act shall be made to the Trustee so long as any 2009 Bonds or 2010 Bonds are outstanding under the Indenture. Such direction shall not be subject to modification by the Authority unless consented to by the Trustee so long as any 2009 Bonds or 2010 Bonds are outstanding under the Indenture. The Treasurer shall continue to make such disbursement to the Trustee until it receives written notice from the Authority and the Trustee that the 2009 Bonds or

2010 Bonds are no longer outstanding under the Indenture. The Treasurer is hereby notified that the 1992 Bonds, the 1993 Bonds, the 1993A Bonds, the 1994 Bonds, the 1996 Bonds, the 1999 Bonds, the 2003 Bonds the 2006 Bonds and the 2008 Bonds are no longer outstanding under the Indenture.

Please indicate your acknowledgement and agreement with the foregoing by signing and dating the enclosed copy of this letter and returning it to the Authority.

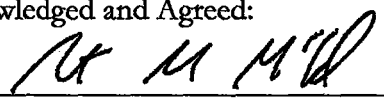
Very truly yours,

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____


Uri Z. Monson
Executive Director

Acknowledged and Agreed:



Treasurer of the Commonwealth of Pennsylvania

Dated: 5/10/10

**Proof of Publication in The Philadelphia Inquirer
Under Act. No 160, P.L. 877, July 9, 1976**

**STATE OF PENNSYLVANIA
COUNTY OF PHILADELPHIA**

Anna Dickerson being duly sworn, deposes and says that **The Philadelphia Inquirer** is a daily newspaper published at Broad and Callowhill Streets, Philadelphia County, Pennsylvania, which was established in the year 1829, since which date said daily newspaper has been regularly published and distributed in said County, and that a copy of the printed notice of publication is attached hereto exactly as the same was printed and published in the all editions and issues of said daily newspaper on the following dates:

April 23, 2010

Affiant further deposes and says that she is an employee of the publisher of said newspaper and has been authorized to verify the foregoing statement and that she is not interested in the subject matter of the aforesaid notice of publication, and that all allegations in the foregoing statement as to time, place and character of publication are true.



Sworn to and subscribed before me this 23rd day of
April, 2010


Notary Public

My Commission Expires:

NOTARIAL SEAL
Mary Anne Logan, Notary Public
City of Philadelphia, Phila. County
My Commission Expires March 30, 2013

Copy of Notice of Publication

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY
NOTICE OF ADOPTION OF BOND
RESOLUTION**

NOTICE IS HEREBY GIVEN that the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") adopted a Resolution on April 20, 2010 (the "Resolution") authorizing the issuance by the Authority of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program Series of 2010 (the "2010 Bonds")) for the purpose of refunding the Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program Series of 2009) and paying certain other costs and expenses (including potentially costs of terminating certain interest rate hedge agreements entered into by the Authority) relating to such refunding. Pursuant to Section 302(d) of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the Act of June 5, 1991 (P.L. 9, No. 8, as amended)), you are hereby notified that:

1. The Resolution was adopted by the Authority on April 20, 2010.
2. A copy of the Resolution has been filed for public inspection at the office of the Authority at 1600 Walnut Street, 18th Floor, Philadelphia, Pennsylvania 19102, and at the office of the Chief Clerk of the City Council of the City of Philadelphia (the "City") at Room 402, City Hall, Philadelphia, Pennsylvania 19107.
3. This notice is published on April 23, 2010.
4. Any action or proceeding of any kind or nature in any court questioning the validity or proper authorization of the 2010 Bonds provided for by the Resolution, or the validity of any covenants, agreements or contract provided for by the Resolution, shall be commenced within 10 days after the publication of this notice.

If no action or proceeding questioning the validity or proper authorization of the 2010 Bonds provided for by the Resolution, or the validity of any covenants, agreements or contract provided by the Resolution, shall be commenced within 10 days after the publication of this notice, then all residents, taxpayers and owners of property in the City and all other persons whatsoever shall be forever barred and foreclosed from instituting or commencing any action or proceeding in any court, or pleading any defense to any action or proceedings, questioning the validity or proper authorization of the 2010 Bonds, or the validity of any such covenants, agreements and contracts, and the 2010 Bonds and such covenants, agreements and contracts shall be conclusively deemed to be valid and binding obligations in accordance with their terms and tenor.

**BY ORDER OF THE
PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**
James Eisenhower, Esq., Chairman



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

December 2, 2008

James J. Eisenhower, III
The Phoenix
1600 Arch Street
Apt 1709
Philadelphia, PA 19103

Dear Mr. Eisenhower:

It is with pleasure that I reappoint you as a member of the Pennsylvania Intergovernmental Cooperation Authority.

Your commission and oath of office are being prepared by the Department of State and will be mailed to you promptly. The commission, issued under my signature under the Great Seal of the Commonwealth, memorializes your appointment. The oath of office is required by the Constitution of Pennsylvania to be taken by all civil officers. It is important that you act promptly to swear and subscribe to the written oath of office. You cannot perform any powers or duties of your public office until the oath has been taken.

As a member of the Pennsylvania Intergovernmental Cooperation Authority, you are subject to the Public Official and Employee Ethics Act (Ethics Act), 66 Pa. C.S. §§ 1101 et seq., and the Governor's Code of Conduct, Executive Order 1980-18 Amended. We have posted copies of both the Ethics Act and the Governor's Code of Conduct, as well as the Ethics form, on our Web site at www.publicintegrity.state.pa.us, under Boards and Commissions. It is important that you take the time to review both these documents, which provide ethical guidelines for your public position. If you do not have access to the internet or would like copies mailed to you, please contact my office at 717-787-5825. Please do not hesitate to contact us if you have questions or concerns about the materials you review.

Additionally, in your specific public position, you will be required to file by May 1st of each year a financial disclosure form under the Ethics Act. The Statement of Financial Interests form (State Ethics Commission Form) will be provided to you by your board or commission.

Please accept my best wishes for success in your continued responsibilities and appreciation for your dedicated service to the Commonwealth.

Sincerely,

Edward G. Rendell

Edward G. Rendell
Governor

SAMUEL H. SMITH
REPUBLICAN LEADER
ROOM 423 MAIN CAPITOL BUILDING
PO BOX 202086
HARRISBURG, PA 17120-2086
PHONE: (717) 787-3843
FAX: (717) 787-6564
www.samsmithphouse.com



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

DISTRICT OFFICES

527 E. MAHONING STREET
PUNXSUTAWNEY, PA 15767
PHONE: (814) 938-4226

125-A MAIN STREET
BROOKVILLE, PA 15825
PHONE: (814) 849-8008

January 27, 2009

Uri Z. Monson, Executive Director
Pennsylvania Intergovernmental Cooperation Authority
1500 Walnut Street, 16th Floor
Philadelphia, PA 19102

Dear Mr. Monson:

Please be advised that I am hereby reappointing Michael Karp to the Pennsylvania Intergovernmental Cooperation Authority (PICA) for the 2009-2010 Legislative Sessions of the General Assembly.

Please do not hesitate to contact me if you have any questions concerning this appointment.

Sincerely,

A handwritten signature in black ink, appearing to read "Sam Smith".

Samuel H. Smith
Republican Leader

SHS/lal

cc: Michael Karp
Honorable Keith McCall, Speaker of the House
Joint State Government Commission
Governor's Office of Boards and Commissions
Kathy Carl



KEITH R. McCALL
THE SPEAKER

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

February 11, 2009

Uri Z. Monson, Executive Director
PA Intergovernmental Cooperation Authority
1500 Walnut Street, 16th Floor
Philadelphia, PA 19102

Dear Mr. Monson:

Pursuant to the Act of June 5, 1991 (P.L. 9, No. 6, § 202), I hereby appoint William J. Leonard, Esquire to the Pennsylvania Intergovernmental Cooperation Authority (PICA) for the 2009-2010 Legislative Session of the General Assembly.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith R. McCall".

KEITH R. McCALL
The Speaker
122nd Legislative District

KRMc:gak

cc: Governor's Office of Boards and Commissions
Honorable Todd A. Eachus, Majority Leader
Honorable Samuel H. Smith, Minority Leader
Honorable Joseph B. Scarnati, III, Lieutenant Governor
Honorable Robert J. Mellow, Senate Minority Leader
Joint State Government Commission
Reizdan B. Moore, Parliamentarian
Kathy Carl, Office of the Chief Clerk

25TH DISTRICT
JOE SCARNATI

SENATE BOX 203025
HARRISBURG, PA 17120-9025
717-787-7084
FAX: 717-772-2755
www.senatioscarnati.com



Senate of Pennsylvania

March 2, 2009

DISTRICT OFFICES

WARREN OFFICE:
318 SECOND AVENUE, SUITE 203
WARREN, PA 16365
814-728-7201
FAX: 814-728-7012

BROCKWAY OFFICE:
410 MAIN STREET
BROCKWAY, PA 15824
814-268-2030
FAX: 814-268-2040

WELLSBORO OFFICE:
5 MAIN STREET
WELLSBORO, PA 16801
870-724-5231
FAX: 870-723-5119
TOLL FREE: 1-877-787-7084

Mr. Joseph A. DiAngelo, Jr.
5205 Bella Vista Road
Drexel Hill, PA 19026

Dear Dean DiAngelo:

Pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, as President Pro Tempore of the Senate and upon the recommendation of Senate Majority Leader Dominic Pileggi, I am pleased to appoint you as a member of the governing board of the Pennsylvania Intergovernmental Cooperation Authority. You will succeed Varsovia Fernandez whose term has expired.

Thank you for your willingness to represent the Senate in this capacity.

Sincerely,

JOSEPH B. SCARNATI, III
PRESIDENT PRO TEMPORE

JBS/bbk

cc: Senator Dominic Pileggi
Secretary of the Senate
Executive Director, PA Intergovernmental
Cooperation Authority
Governor's Office on Boards and Commissions
Varsovia Fernandez

22ND DISTRICT
ROBERT J. MELLOW
SENATE BOX 203022
THE STATE CAPITOL
HARRISBURG, PA 17120-3022
PHONE: (717) 787-6481
FAX: (717) 783-5198

824 MAIN STREET
P.O. BOX B
PECKVILLE, PA 16852
PHONE: (570) 489-0336
TOLL FREE: (877) 346-8721
FAX: (570) 863-3170

102 POCONO BLVD.
MOUNT POCONO, PA 18344
PHONE: (570) 839-4812
FAX: (570) 839-4818

The Democratic Leader



Senate of Pennsylvania

COMMITTEES

RULES AND EXECUTIVE NOMINATIONS
MINORITY CHAIRMAN
ETHICS, MINORITY CHAIRMAN
APPROPRIATIONS
1-800-354-1581 (TT)

June 3, 2009

Mr. Wadud Ahmed
1 South Broad Street
Suite 1810
Philadelphia, PA 19107

Dear Mr. Ahmed:

As the Democratic Leader of the Senate, it is my pleasure to appoint you to the Pennsylvania Intergovernmental Cooperation Authority (PICA).

I am sure you will make a positive contribution to the Authority. Thank you for your willingness to serve in this capacity.

Sincerely,

A handwritten signature in black ink that reads "Bob Mellow".

ROBERT J. MELLOW
The Democratic Leader

RJM:smk

cc: Uri Z. Monson, Executive Director
PICA

Honorable Joseph B. Scarnati
President Pro Tempore

Honorable Mark R. Corrigan
Secretary of the Senate

Dave Hostetter, Executive Director
Joint State Government Commission

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

\$354,925,000
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

GENERAL CERTIFICATE OF THE AUTHORITY

This certificate is made in connection with the issuance by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of the 2009 Bonds described below. As used herein the following terms have the indicated meanings:

"Act" means the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, F.L. 9, No. 6), as amended.

"Bond Resolution" means the resolution of the Authority adopted on May 5, 2009 authorizing and approving, among other things, the issuance and sale of the 2009 Bonds (defined below).

"Indenture" means the Amended and Restated Indenture of Trust dated as of December 1, 1994 between the Authority and the Trustee, as amended and supplemented by the First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996, the Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999, the Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003, the Fourth Supplemental Amended and Restated Indenture of Trust dated as of June 1, 2006, the Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 and the Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009, pursuant to which the 2009 Bonds are issued.

"2009 Bonds" means the \$354,925,000 aggregate principal amount Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009, authorized to be issued under the Indenture.

"Official Statement" means the Official Statement dated June 10, 2009 of the Authority relating to the 2009 Bonds.

"Preliminary Official Statement" means the Preliminary Official Statement dated June 1, 2009 relating to the 2009 Bonds.

"Purchase Contract" means the Bond Purchase Contract dated June 10, 2009, between the Authority and Goldman, Sachs & Co., as representative of the Underwriters.

"Underwriters" means Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated and RBC Capital Markets Corporation.

All capitalized terms not defined herein shall have the meanings set forth in the Indenture or the Act.

I, THE UNDERSIGNED CHAIRPERSON AND ASSISTANT SECRETARY OF THE AUTHORITY, HEREBY CERTIFY THAT AT ALL PERTINENT TIMES:

1. The Authority is a body corporate and politic created by and validly existing under the Act, with full legal right, power and authority to execute and delivery the Indenture, to issue, sell and deliver the 2009 Bonds, and to carry out and consummate the transactions contemplated by the Indenture, the Purchase Contract and the Official Statement.

2. The voting members of the Board of the Authority and the office held by each such member are set forth below and, if a signature is set opposite the name of any such member, such signature is a genuine specimen of such member's signature:

<u>Name</u>	<u>Office</u>	<u>Specimen/Signature</u>
James Eisenhower, Esquire	Chairperson	
William J. Leonard, Esquire	Vice Chairperson	
Michael A. Karp	Asst. Treasurer/Asst. Secretary	
Joseph A. DiAngelo, Ed.D.	Member	_____
Wadud Ahmad	Member	_____
Uri Z. Monson*	Executive Director / Asst. Secretary	

3. The individuals named above constitute all of the voting members and officers of the Board of the Authority, each of such individuals is and was at all times pertinent hereto duly appointed or elected, qualified and acting as such member and officer.

* Mr. Monson is not a voting member of the Board of the Authority.

4. Attached hereto as Exhibit A is a true, correct and complete copy of the by-laws of the Authority, which by-laws are in full force and effect on the date hereof and were in full force and effect on all dates that action was taken with respect to the transactions contemplated by the Indenture, the Purchase Contract and the Official Statement.

5. Attached hereto as Exhibit B is a true, correct and complete copy of the Bond Resolution; the Bond Resolution was duly adopted by a Qualified Majority at a public meeting of the Authority after notice thereof had been duly given in accordance with all requirements of law and procedural rules of the Authority; and the Bond Resolution has not been repealed, amended, rescinded or modified since its adoption and is in full force and effect on the date hereof. At all times since the date of adoption of the Bond Resolution, a true and correct copy of the Bond Resolution has been on file for public inspection at the offices of the Authority at 1500 Walnut Street, Suite 1600, Philadelphia, Pennsylvania.

6. Attached hereto as Exhibit C is a true, correct and complete copy of the resolution of the Authority approving the Intergovernmental Cooperation Agreement; such resolution was duly adopted by a Qualified Majority at a public meeting of the Authority after notice thereof had been duly given in accordance with all requirements of law and procedural rules of the Authority, and said resolution has not been repealed, amended, rescinded or modified since its adoption and is in full force and effect on the date hereof.

7. Attached hereto as Exhibit D is a true, correct and complete copy of the resolution of the Authority approving the City's Seventeenth Five-Year Financial Plan prepared pursuant to the Act and submitted to the Authority for approval pursuant to the Act; such resolution was duly adopted by a Qualified Majority at a public meeting of the Authority after notice thereof had been duly given in accordance with all requirements of law and procedural rules of the Authority; and said resolution has not been repealed, amended, rescinded or modified since its adoption and is in full force and effect on the date hereof.

8. Attached hereto as Exhibit E are true, correct and complete specimens of the form of the Authority's 2009 Bonds. The signatures of the Chairperson or Vice Chairperson and the Assistant Secretary of the Authority signed on the Bonds are the manual signatures of the individuals who hold said offices on the date of this Certificate. The seal which was impressed or otherwise reproduced on said specimens is the legally adopted official corporate seal of the Authority.

9. Attached as Exhibit F is the Certificate of the Bond Committee of the Authority with respect to the 2009 Bonds.

10. Each of the 2009 Bonds delivered at the Closing held this day was duly executed on behalf of the Authority by the manual signatures of the Chairperson and the Assistant Secretary; the seal of the Authority impressed on each of the 2009 Bonds is the genuine and only corporate and common seal of the Authority; and attached hereto as Exhibit E is a true, correct and complete specimen of the 2009 Bonds so delivered this day and the 2009 Bonds are in substantially the form approved by the Bond Resolution.

11. The Sixth Supplement to the Amended and Restated Indenture delivered to the Trustee at the Closing held this day in respect of the 2009 Bonds was duly executed, acknowledged and delivered on behalf of the Authority by the Chairperson, and was duly sealed and attested on behalf of the Authority by the Assistant Secretary; the signatures of said officers thereon are their respective genuine signatures; the seal thereunto affixed is the genuine corporate and common seal of the Authority; and the Sixth Supplement to the Amended and Restated Indenture is in substantially the form approved by the Bond Resolution.

[Signature appears on the following page]

IN WITNESS WHEREOF, Pennsylvania Intergovernmental Cooperation Authority has caused this General Certificate to be executed on its behalf by its Chairperson and Assistant Secretary of the Authority and its seal to be affixed hereto this 15th day of June, 2009.

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

Attest:

By: 
Assistant Secretary

By: 
Chairperson

[SEAL]

EXHIBIT A

BY-LAWS

BYLAWS
OF THE
PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
(As Amended Through July 18, 1994)

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BYLAWS OF THE
PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

ARTICLE I

GENERAL POWERS: INTERPRETATION OF BYLAWS

1.01 General Powers. The general powers of the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") shall be as set forth in the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, Act of June 5, 1991, P.L. 9, No. 6 (the "Act"), as amended from time to time hereafter.

1.02 Interpretation of Bylaws. All words, terms and provisions of these bylaws of the Authority (the "Bylaws") shall be interpreted and defined by and in accordance with the Act, as amended from time to time hereafter. All references in these Bylaws to statutory provisions shall be deemed to incorporate amendments to such provisions and to corresponding provisions of any subsequent law.

ARTICLE II

OFFICES

2.01 Principal Office. The principal office of the Authority shall be located at such place as the governing board of the Authority (the "Board") may designate. The Board may establish such other office or offices as may be necessary for the purpose of performing the Authority's duties and functions.

2.02 Books and Records. Except as otherwise provided for by resolution or as the business of the Authority may require, the corporate seal and all books and records of the Authority shall be kept at the principal office designated in Section 2.01.

ARTICLE III

GOVERNING BODY

3.01 Membership. The powers of the Authority shall be exercised by the Board which shall be composed of five (5)

appointed members, who shall not be elected public officials, and two (2) ex officio members. The members of the Board shall be as follows:

(a) One member appointed by the Governor of the Commonwealth of Pennsylvania;

(b) One member appointed by the President pro tempore of the Senate of the Commonwealth of Pennsylvania;

(c) One member appointed by the Minority Leader of the Senate of the Commonwealth of Pennsylvania;

(d) One member appointed by the Speaker of the House of Representatives of the Commonwealth of Pennsylvania;

(e) One member appointed by the Minority Leader of the House of Representatives of the Commonwealth of Pennsylvania;

(f) The Secretary of the Budget of the Commonwealth of Pennsylvania as an ex officio member; and

(g) The Director of Finance of the City of Philadelphia as an ex officio member.

All members of the Board shall be residents of the Commonwealth of Pennsylvania and, except for the Secretary of the Budget, shall either be residents of the City of Philadelphia or have their primary places of business or employment in the City of Philadelphia.

3.02 Terms. The term of a Board member shall begin on the date of appointment. A member's term shall extend not more than sixty (60) days beyond the current term of office of the appointing authorities from the House of Representatives or until his or her successor is appointed, whichever shall first occur. (amended on 7/18/94)

3.03 Vacancies. A vacancy shall occur upon the death, resignation, disqualification, removal or expiration of the term of a member. Whenever such a vacancy occurs on the Board, whether prior to or on the expiration of a term, the appointing authority designated in Section 3.01 which originally appointed the Board member whose seat has become vacant is required, pursuant to Section 202(b) of the Act, to appoint a successor member within thirty (30) days of the occurrence of the vacancy. A member appointed to fill a vacancy occurring prior to the expiration of a term shall serve the unexpired term. (amended on 7/18/94)

3.04 Removal. A member shall serve at the pleasure of his or her appointing authority.

3.05 Ex Officio Members. The ex officio members of the Board may not vote and shall not be counted for purposes of establishing a quorum. The ex officio members may designate in writing a representative of their respective offices to attend meetings of the Board on their behalf and such representatives shall retain such authority until the authority is expressly revoked by the appropriate ex officio member.

3.06 Qualified Majority. All actions of the Board shall be taken by a majority of the Board unless specific provisions of the Act, as may be amended from time to time hereafter, require that such action be taken by a "Qualified Majority", which shall be defined as a majority of the Board which includes four (4) of the five (5) members appointed pursuant to Sections 3.01(a), (b), (c), (d) and (e).

3.07 Compensation. The members of the Board shall serve without compensation or remuneration for their services but shall be entitled to reimbursement of all reasonable and necessary actual expenses.

3.08 Liability. The rights of creditors of the Authority shall be solely against the Authority and no member of the Board shall be liable personally on any obligations of the Authority, including, without limitation, bonds of the Authority. Any and all rights granted pursuant to this Section 3.08 shall be in addition to any rights granted to members of the Board pursuant to the sovereign immunity provisions of Section 9.01.

3.09 Committees. The Board shall initially have a Finance Committee, a Legal Affairs Committee, and a Personnel Committee. The Board may designate by resolution one or more additional standing or special committees, each committee to consist of three (3) or more members appointed by the Chairperson of the Board (the "Chairperson"). The respective committees shall supervise and monitor the execution of various aspects of the Authority's activities and policies as determined by the Board and, at the request of the Board, shall gather facts in their respective areas of concern, present alternatives to the Board for deliberation and decision by the Board, and implement Board decisions as directed by the Board. No committee is authorized to take any official action on behalf of the Board or the Authority.

ARTICLE IV

MEETINGS

4.01 Place of Meetings. The Board may hold its publicly advertised meetings at the principal office of the Authority or at such other place as may be determined by the Board, provided that all meetings shall be held at a location accessible to the public.

4.02 Regular Meetings. The Board shall meet as frequently as it deems appropriate, but at least once during each quarter of the Authority's fiscal year.

4.03 Annual Meeting. The annual meeting of the Authority shall be the first regular meeting of each fiscal year of the Authority.

4.04 Special Meetings. Special meetings of the Board shall be held if a request for such a meeting is submitted to the Chairperson by at least two (2) members of the Board. Such a request shall state the general nature of the business to be transacted at such special meeting.

4.05 Notice of Meetings. At its first regular meeting of each fiscal year, the Board shall establish a schedule of its remaining regular meetings for the fiscal year. No further notice of such regularly scheduled meetings need be given to any member of the Board, except that any member not in attendance at the meeting at which the schedule was adopted shall be notified in writing of such schedule at least three (3) days prior to the next regular meeting. Written notice of any special meeting shall be given to each member of the Board at least twenty-four (24) hours prior to the day named for the special meeting.

4.06 Participation in Meetings by Conference Telephone. To the extent permitted by law, any member may participate in any meetings of the Board or of any committee, may be counted for the purpose of determining a quorum thereof, and may exercise all rights and privileges to which he or she might be entitled were he or she personally in attendance (including the right to vote) by means of conference telephone or similar communications equipment by means of which all persons attending the meeting can hear each other.

4.07 Public Notice of Meetings. All meetings of the

Board shall be open to the public. As soon as practical following the first regular meeting of each fiscal year, but in no event later than three (3) days prior to the next regularly scheduled meeting, the Secretary of the Board (the "Secretary") shall give public notice, in the manner hereinafter provided, of the remaining regularly scheduled meetings of the Board for the fiscal year. The Secretary shall also give public notice of each special meeting and rescheduled regular or special meeting at least twenty-four (24) hours prior to the time thereof, showing the date, time and place thereof. Public notice shall consist of the following: (a) publishing such notice in a newspaper of general circulation in the political subdivision where the meeting will be held, and (b) posting a copy of such notice prominently at the principal office of the Authority, or, if a meeting is to be held other than at such principal office, at the public building in which the meeting is to be held, provided that such posting may be given at both the principal office and at the actual place of meeting. The Secretary shall provide a copy of all public notices to any newspaper, radio station and/or television station which may request the same. Nothing herein, however, shall prevent the Board from holding executive sessions to which the public is not admitted, but no official action shall be taken nor official policy adopted at any such executive session, except as otherwise permitted by law.

4.08 Quorum. A majority of the Board shall constitute a quorum for the purpose of conducting business of the Board and for all other purposes. The ex officio members of the Board shall not be counted for purposes of establishing a quorum. All actions of the Board shall be taken by a majority of the Board unless specific provisions of the Act require that action be taken by a Qualified Majority.

4.09 Computing Time Periods. In computing the number of days during any period for purposes of these Bylaws, such period shall be computed so as to exclude the first and include the last day of such period. All days shall be counted, including Saturdays, Sundays, or any day made a legal holiday by the laws of the Commonwealth of Pennsylvania or of the United States (a "Holiday"); provided, however, that if the final day of any time period falls on a Saturday, Sunday or Holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or Holiday. In computing the number of days for the purpose of giving notice of any meeting, the date upon which the notice is given shall not be counted but the day set for the meeting shall be counted. Notice given twenty-four (24) hours before the time set for a meeting shall be deemed one day's

notice.

ARTICLE V

OFFICERS

5.01 Officers. The officers of the Authority shall be the Chairperson, the Vice Chairperson, the Secretary, the Treasurer, the Executive Director, one or more Assistant Secretaries, and such other officers as the Board may determine. The members of the Board shall elect from among themselves a Chairperson, Vice Chairperson, Secretary, Treasurer, and such other officers as they may determine. A Qualified Majority of the Board shall appoint and may remove the Executive Director. The Board may elect or appoint such other officers, assistant officers, agents, and employees as the needs of the Authority may require, who need not be members of the Board. A member of the Board may hold more than one office of the Board at any time.

5.02 Tenure of Office. Except for the Executive Director, all officers who are members of the Board shall be elected at the annual meeting and shall hold office for one year and until their respective successors shall have been duly elected or until they have ceased to be members of the Board. Except for the Executive Director, officers who are not members of the Board may be elected or appointed at any meeting of the Board and shall serve at the pleasure of the Board. The Executive Director shall serve at the pleasure of a Qualified Majority of the Board for a term ending sixty (60) days beyond the current term of office of the appointing authorities from the House of Representatives or until his or her successor is retained pursuant to the Act, whichever shall first occur. A person named to fill a vacancy occurring in the office of Executive Director occurring prior to the expiration of the Executive Director's term shall serve the unexpired term.

(amended
on
7/18/94)

5.03 Chairperson. The Chairperson shall have a general management role over the affairs of the Authority, shall conduct all meetings of the Board, and shall, in general, perform all duties incident to the office of the Chairperson and such other duties as may be assigned by the Board.

5.04 Vice Chairperson. The Vice Chairperson shall have all powers and duties of the Chairperson in the absence of the Chairperson and shall perform such other duties as may be assigned by the Board. Should both the Chairperson and Vice Chairperson be absent from any meeting of the Board, the members

present shall appoint a Chairperson pro tempore.

5.05 Secretary. The Secretary shall act as clerk of all meetings of the Board, shall record all the proceedings of such meetings in a book for that purpose, shall give such notice as may be required of all meetings, shall record all votes and shall have custody of all books and records of the Authority, except those kept by the Treasurer, and shall, in general, perform all duties incident to the office of the Secretary and such other duties as may be assigned by the Board.

5.06 Treasurer. The Treasurer shall keep the financial records of the Authority, provide for the custody of the funds and other properties of the Authority, and shall perform all other duties incident to the office of the Treasurer and such other duties as may be assigned by the Board.

5.07 Executive Director. The Executive Director, who shall be appointed by a Qualified Majority of the Board, shall be the full-time chief operating officer of the Authority and, subject to the supervision and control of the Board, shall have general supervision and direction of the business affairs of the Authority. He or she may execute on behalf of the Authority contracts entered into in the ordinary course of business and any other duly authorized contracts, and shall have such other powers and perform such other duties as may be delegated to him or her by a Qualified Majority of the Board.

5.08 Assistant Secretary. The Board may appoint one or more Assistant Secretaries who need not be members of the Board. The Assistant Secretary, or the Assistant Secretaries designated in the resolution by the Board if there is more than one, shall have all the powers and duties of the Secretary in the absence of the Secretary. Should the Secretary and the Assistant Secretary or Assistant Secretaries be absent from any meeting of the Board, the members present shall appoint a secretary of the meeting.

5.09 Other Officers. Such other officers as may from time to time be elected or appointed by the Board shall perform such duties as may be specifically assigned to them by the Board.

5.10 Removal of Officers. Except for the Executive Director, any officer of the Authority may be removed by a majority of the Board. If an officer who is a member of the Board loses his or her membership on the Board for any reason, such officer shall cease to hold his or her office; provided, however, that the Board shall not be precluded from reappointing

such officer provided that the office held is not one for which membership on the Board is a prerequisite.

5.11 Vacancies. A vacancy in any office shall occur upon the death, resignation, disqualification, removal or expiration of the term of an officer. A majority of the Board shall have the power to fill any vacancies occurring for whatever reason in any office, except for a vacancy in the Executive Director's office which shall require a Qualified Majority of the Board. All vacancies shall be filled as soon as practicable. (amended on 7/18/94)

ARTICLE VI

EMPLOYEES

6.01 Other Employees and Professional Services. The Board may employ such other agents, employees, technical experts, legal counsel and consultants as it may from time to time determine, to serve at the will of the Board and for such compensation as the Board may direct; provided that a Qualified Majority of the Board must approve any contract for professional services.

ARTICLE VII

AUDITS, FISCAL YEAR, MONIES OF THE AUTHORITY

7.01 Audit. The Authority shall file an annual report with the Chairperson and the Minority Chairperson of the Appropriations Committee of the Senate of the Commonwealth of Pennsylvania and the Chairperson and the Minority Chairperson of the Appropriations Committee of the House of Representatives of the Commonwealth of Pennsylvania, which annual report shall make provisions for the accounting of revenues and expenses of the Authority. The Authority shall have its books, accounts and records audited annually in accordance with generally accepted auditing standards by an independent auditor who shall be a certified public accountant, and a copy of the audit report shall be attached to and be made a part of the Authority's annual report. A concise financial statement shall be published annually in the *Pennsylvania Bulletin*. The Chairperson and Minority Chairperson of the Appropriations Committee of the Senate of the Commonwealth of Pennsylvania and the Chairperson and Minority Chairperson of the Appropriations Committee of the House of Representatives of the Commonwealth of Pennsylvania shall have the right to examine, from time to time and at any time, the books, accounts and records of the Authority.

7.02 Fiscal Year. The fiscal year of the Authority shall end on June 30 of each year.

7.03 Monies of the Authority. All monies of the Authority, from whatever source derived, shall be paid to the Treasurer of the Authority. The Board shall invest the funds of the Authority in a manner consistent with sound business practice, subject to the restrictions contained in the Act and any other applicable statute or regulation.

ARTICLE VIII

CORPORATE SEAL

8.01 Corporate Seal. A seal with the words "Pennsylvania Intergovernmental Cooperation Authority, Pennsylvania Corporate Seal - 1991" upon it shall be the common and corporate seal of the Authority. Such seal may be used by causing it to be impressed upon, affixed to, or reproduced in fact similarly or otherwise to any documents or other writing.

ARTICLE IX

SOVEREIGN IMMUNITY: INDEMNIFICATION

9.01 Sovereign Immunity. The Authority and its members, officers, officials and employees shall enjoy sovereign and official immunity, as provided in 1 Pa. Cons. Stat. Ann. § 2310 (relating to sovereign immunity reaffirmed; specific waiver), and shall remain immune from suit except as provided by and subject to the provisions of 42 Pa. Cons. Stat. Ann. § 8501 (relating to definitions) through § 8528 (relating to limitations on damages). Notwithstanding the provisions of 42 Pa. Cons. Stat. Ann. § 8525, the Authority, through its legal counsel, shall defend actions brought against the Authority or its members, officers, officials and employees when acting within the scope of their official duties.

9.02 Indemnity. The Authority shall indemnify any member or officer of the Authority who was or is an "Authorized Representative" of the Authority (which shall mean, for purposes of this Article IX, a member or officer of the Authority, including the Executive Director, or such person serving at the request of the Authority as a director, officer, partner, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise) and

who was or is a "party" (which shall include for purposes of this Article IX the giving of testimony or similar involvement) or is threatened to be made a party to any "proceeding" (which shall mean for purposes of this Article IX any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the Authority or otherwise) by reason of the fact that such person was or is an Authorized Representative of the Authority to the fullest extent permitted by law, including without limitation indemnification against expenses (which shall include for purposes of this Article IX attorneys' fees and disbursements), damages, punitive damages, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such proceeding, unless the act or failure to act giving rise to the claim is finally determined by a court to have constituted willful misconduct or recklessness. If an Authorized Representative is not entitled to indemnification in respect of a portion of any liabilities to which such person may be subject, the Authority shall nonetheless indemnify such person to the maximum extent permitted by law for the remaining portion of the liabilities.

9.03 Advancement of Expenses. The Authority shall pay the expenses (including attorneys' fees and disbursements) actually and reasonably incurred in defending a proceeding on behalf of any person entitled to indemnification under Section 9.02 in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Authority as authorized in this Article IX. The financial ability of such Authorized Representative to make such repayment shall not be a prerequisite to the making of an advance.

9.04 Employee Benefit Plans. For purposes of this Article IX, the Authority shall be deemed to have requested a member or officer to serve as fiduciary with respect to an employee benefit plan where the performance by such person of duties to the Authority also imposes duties on, or otherwise involves services by, such person as a fiduciary with respect to the plan; excise taxes assessed on an Authorized Representative with respect to any transaction with an employee benefit plan shall be deemed "fines"; and action taken or omitted by such person with respect to an employee benefit plan in the performance of duties for a purpose reasonably believed to be in the interest of the participants and beneficiaries of the plan

shall be deemed to be for a purpose which is not opposed to the best interests of the Authority.

9.05 Security for Indemnification Obligations. To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the Authority may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the Authority, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the Board shall deem appropriate.

9.06 Reliance Upon Provisions. Each person who shall act as an Authorized Representative of the Authority shall be deemed to be doing so in reliance upon the rights of indemnification provided in this Article IX.

9.07 Amendment or Repeal. All rights of indemnification under this Article IX shall be deemed a contract between the Authority and the person entitled to indemnification under this Article IX pursuant to which the Authority and each such person intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not limit, but may expand, any rights or obligations in respect of any proceeding whether commenced prior to or after such change to the extent such proceeding pertains to actions or failures to act occurring prior to such change.

9.08 Scope of Article. The indemnification, as authorized by this Article IX, shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any statute, agreement or otherwise, both as to action in an official capacity and as to action in any other capacity while holding such office. The indemnification and advancement of expenses may be provided under any statute, agreement or otherwise, both as to action in an official capacity and as to action in any other capacity while holding office. The indemnification and advancement of expenses provided in, or granted pursuant to, this Article IX shall continue as to a person who has ceased to be a member or an officer in respect of proceedings pertaining to actions or failures to act occurring while such person was serving as a member or an officer, and shall inure to the benefit of such person's heirs, executors and administrators.

ARTICLE X

CONFLICTS OF INTEREST

10.01 Conflicts of Interest. All members, officers and employees of the Authority shall be subject to the provisions of the Act of October 4, 1978, P.L. 883, No. 170, referred to as the Public Official and Employee Ethics Law, and the Act of July 19, 1957, P.L. 1017, No. 451, known as the State Adverse Interest Act. For the purposes of application of such acts, employees of the Authority (including, but without limitation, the Executive Director) shall be regarded as public employees of the Commonwealth of Pennsylvania, and members and officers of the Authority shall be regarded as public officials of the Commonwealth of Pennsylvania, whether or not they receive compensation.

ARTICLE XI

WAIVER OF NOTICE

11.01 Waiver of Notice. Any notice required to be given under these Bylaws may be effectively waived by the person entitled to such notice by written waiver signed before or after the meeting to which such notice related or by attendance at such meeting otherwise than for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE XII

AMENDMENT OF BYLAWS

12.01 Amendments. These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted, by a Qualified Majority of the Board, at any meeting after fifteen (15) days' prior written notice of such an intention has been provided by the Secretary to each member of the Board; provided further, that no amendment may be made in contravention of the Act or any other applicable statute or regulation.

EXHIBIT B

BOND RESOLUTION

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Resolution No. 2009 - 09

May 5, 2009

AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF REFUNDING BONDS (THE "BONDS") OF THE AUTHORITY TO REFUND ALL OR A PORTION OF THE OUTSTANDING SPECIAL TAX REVENUE REFUNDING BONDS (CITY OF PHILADELPHIA FUNDING PROGRAM), SERIES OF 1999 OF THE AUTHORITY (THE "1999 BONDS"); AUTHORIZING THE BONDS TO BE ISSUED AS FIXED RATE BONDS OR VARIABLE RATE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST PURSUANT TO WHICH THE 1999 BONDS WERE ISSUED AND ARE SECURED, A BOND PURCHASE CONTRACT AND OTHER AGREEMENTS AND DOCUMENTS NECESSARY OR APPROPRIATE IN CONNECTION WITH THE ISSUANCE OF THE BONDS AND THE REFUNDING TO BE EFFECTED THEREBY ("REFUNDING"); AUTHORIZING THE PREPARATION, DISTRIBUTION AND EXECUTION OF AN OFFICIAL STATEMENT RELATING TO THE BONDS; DETERMINING THAT A PRIVATE NEGOTIATED SALE OF THE BONDS IS IN THE BEST INTEREST OF THE AUTHORITY; AUTHORIZING AND APPROVING THE SALE OF THE BONDS; AUTHORIZING THE APPLICATION FOR MUNICIPAL BOND INSURANCE, ONE OR MORE LETTERS OF CREDIT OR OTHER LIQUIDITY FACILITIES WITH RESPECT TO THE BONDS; AUTHORIZING THE USE OF SURPLUS FUNDS IN THE DEBT SERVICE RESERVE FUND AND OTHER AVAILABLE FUNDS OF THE AUTHORITY IN CONNECTION WITH THE REFUNDING; AUTHORIZING ADDITIONAL INTEREST RATE HEDGING TRANSACTIONS OR AMENDMENTS (INCLUDING FULL OR PARTIAL TERMINATIONS) TO ONE OR MORE OF THE EXISTING INTEREST RATE HEDGING TRANSACTIONS AND THE EXECUTION AND DELIVERY AND/OR AMENDMENT OF RELATED DOCUMENTATION; AUTHORIZING THE APPOINTMENT OF A REMARKETING AGENT FOR THE BONDS; AUTHORIZING A CONDITIONAL NOTICE OF REDEMPTION OF THE 1999 BONDS; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS INCLUDING THE EXECUTION AND DELIVERY OF DOCUMENTS

NECESSARY OR APPROPRIATE FOR THE
CONSUMMATION OF THE TRANSACTIONS
CONTEMPLATED HEREBY.

BACKGROUND

WHEREAS, pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") is authorized to issue its bonds for the purpose of, among other things, refunding any outstanding indebtedness of the Authority; and

WHEREAS, on June 15, 2009 the Authority will have outstanding its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999 (the "1999 Bonds") in the aggregate principal amount of \$326,865,000; and

WHEREAS, on May 1, 2002, the Authority and JPMorgan Chase Bank (the "Swap Counterparty") entered into a \$326,865,000 notional amount interest rate swaption transaction (the "Swaption Transaction") relating to the 1999 Bonds; and

WHEREAS, the Authority has been notified that the Swap Counterparty has exercised its option to cause the interest rate swap that is the subject of the Swaption Transaction to become effective on or about June 15, 2009; and

WHEREAS, in light of the foregoing, the Authority desires to address the exercise by the Swap Counterparty of such option by (A) authorizing the issuance and sale of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009 (the "Bonds") to refund the entire outstanding aggregate principal amount of the 1999 Bonds, and, if determined by the Bond Committee to be in the best interests of the Authority, to pay any required termination fee in connection with the Swaption Transaction (the "Refunding") and/or (B) amending (including full or partial termination) of any existing interest rate swaps or entering any appropriate new interest rate hedging transactions; (collectively, the "Restructuring"); and

WHEREAS, the Authority has determined that the public interest will be best served and that the purpose of the Act can be most advantageously achieved by authorizing: (A) the Authority's issuance of the Bonds in order to obtain funds to be used for all or a portion of the Refunding and/or (B) all or a portion of the Restructuring; and

WHEREAS, the Authority has determined that, because of, in particular, the complexity of this financing, to the extent it determines to move forward with the Refunding, a private negotiated sale of the Bonds is in the best interest of the Authority; and

WHEREAS, the Authority deems it necessary, in connection with the Restructuring and/or the issuance, sale and delivery of the Bonds, to authorize and direct the execution and delivery of the Bonds and to authorize the execution and delivery of all such other agreements, instruments, certificates, documents and papers and the performance of all such

other acts as may be necessary or appropriate in connection with the issuance and sale of the Bonds and the implementation of this Resolution and the transactions contemplated hereby; and

WHEREAS, in order to be prepared in the event that the Bond Committee determines to carry out the Refunding, the Authority has determined to authorize the issuance of conditional notice of optional redemption of the 1999 Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY AS FOLLOWS:

Section 1. Definitions. In addition to the words and terms defined in the recitals above, the following words and terms used in this Resolution shall have the following respective meanings:

"Amended and Restated Indenture" means the Amended and Restated Indenture of Trust, dated as of December 1, 1994, as amended and supplemented by the First Supplement to the Amended and Restated Indenture of Trust, dated as of May 15, 1996, as further amended and supplemented by the Second Supplement to the Amended and Restated Indenture of Trust, dated as of April 1, 1999, and as further amended and supplemented by the Third Supplement to the Amended and Restated Indenture of Trust, dated as of June 1, 1999, and as further amended and supplemented by the Fourth Supplement to the Amended and Restated Indenture of Trust, dated as of June 1, 2006, and as further amended and supplemented by the Fifth Supplement to the Amended and Restated Indenture of Trust, dated as of May 1, 2008, each between the Authority and the Trustee (or a predecessor trustee).

"Board" means the governing board of the Authority.

"Bond Committee" means the Executive Director, and Board Members Mr. Michael A. Karp and Mr. William J. Leonard, acting unanimously.

"Bond Purchase Contract" means the Bond Purchase Contract or Bond Purchase Contracts to be entered into between the Authority and the Underwriters (or a representative of the Underwriters), providing for the sale and purchase of the Bonds.

"Chairperson" means the Chairperson of the Board, including any official authorized to carry out the duties of the Chairperson in the Chairperson's absence (including without limitation any acting Chairperson or temporary Chairperson).

"City" means the City of Philadelphia, Pennsylvania.

"Commonwealth" means the Commonwealth of Pennsylvania.

"Debt Service Reserve Fund" means the fund of that name held by the Trustee under the Indenture.

"Executive Director" means the Executive Director of the Authority, including any official authorized to carry out the duties of the Executive Director in the Executive

Director's absence (including without limitation any acting Executive Director or Deputy Executive Director).

"Indenture" means the Amended and Restated Indenture, as amended and supplemented.

"Official Statement" means the final official statement, offering memorandum or remarketing circular (or other appropriate form of securities disclosure document) of the Authority with respect to the Bonds.

"Resolution" means this Resolution.

"Secretary" or "Assistant Secretary" means the Secretary or Assistant Secretary of the Board or any official authorized to carry out the duties of the Secretary or the Assistant Secretary in the Secretary's or the Assistant Secretary's absence (including, without limitation, any acting Secretary or acting Assistant Secretary of the Authority).

"Supplement to the Amended and Restated Indenture" means the supplement or supplements to the Amended and Restated Indenture to be entered into between the Authority and the Trustee with respect to the issuance of the Bonds, amending and supplementing the Amended and Restated Indenture.

"Treasurer" means the Treasurer of the Authority, including any official authorized to carry out the duties of the Treasurer in the Treasurer's absence (including without limitation any acting Treasurer or Assistant Treasurer).

"Trustee" means U.S. Bank National Association (successor to Wachovia Bank, National Association), as trustee under the Indenture, and its successors and assigns as such trustee.

"Underwriters" means the underwriters party to, or named in, the Bond Purchase Contract, to be selected by the Authority.

"Vice Chairperson" means the Vice Chairperson of the Board, including any official authorized to carry out the duties of the Vice Chairperson in the Vice Chairperson's absence (including without limitation any acting Vice Chairperson or temporary Vice Chairperson).

Section 2. Authorization of the Refunding and/or the Restructuring. The Authority hereby finds and determines that the issuance and sale of the Bonds under the Indenture and the use of the proceeds of the Bonds for the Refunding and/or the carrying out of all or a portion of the Restructuring is in furtherance of the public purposes set forth in the Act and is in compliance with the provisions of the Act. The Authority hereby expressly grants and delegates to the Bond Committee the full power and authority, for and on behalf of the Board, to approve and determine whether and which elements of the Refunding and/or the Restructuring will be carried out.

Section 3. Negotiated Sale of Bonds. To the extent the Bond Committee determines that all or a portion of the Refunding is in the best interest of the Authority, the sale of the Bonds to the Underwriters at a private negotiated sale is hereby determined to be in the best interest of the Authority and the Commonwealth, to best fulfill the objectives of the Act and to be necessary and appropriate in light of the circumstances under which the financing for the Refunding is being arranged. A public or invited sale of the Bonds is hereby determined to be impracticable and inadvisable. The complexity of the Refunding and the Bonds, and the corresponding necessity of careful and thorough disclosure in the Official Statement in connection with the offering and the sale of the Bonds will necessitate the ongoing participation of the Underwriters and their counsel in the planning and structuring of the financing for the Refunding and in the preparation of the Official Statement and the other financing documents and in the marketing of the Bonds. Such participation cannot be obtained in the absence of a commitment by the Authority to sell the Bonds to the Underwriters at a private negotiated sale.

Section 4. Delegation to Bond Committee. To the extent the Bond Committee determines that all or a portion of the Refunding is in the best interest of the Authority, the Bond Committee is hereby expressly granted and delegated the full power and authority, for and on behalf of the Board, to review and approve the final terms, conditions and details of the Bonds and the issuance, sale and delivery thereof, pursuant to the Act and in accordance with and subject to the terms, conditions and limitations established in this Resolution, such approval to be conclusively evidenced by the execution and delivery of the Bonds at the closing therefor in the manner provided herein, provided, however, that the aggregate principal amount of the Bonds shall not exceed \$400,000,000 (which may include, potentially, the cost of termination payments with respect to the Swaption Transaction), the final maturity date for the Bonds shall not be later than June 15, 2023 (the final maturity date for the 1999 Bonds being refunded), the net interest rate on the fixed rate Bonds shall not exceed nine percent (9.00%) and the Underwriters' discount or fee in connection with the purchase of the Bonds shall not exceed three percent (3.00%) of the aggregate principal amount of the Bonds. The Bonds shall be designated generally as "Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009" and may be issued in one or more series or subseries and on one or more dates. The proceeds of the Bonds shall be used for the Refunding and to pay all or a portion of the costs and expenses incurred by the Authority in connection with the issuance of the Bonds, including without limitation costs of credit and liquidity enhancement and deposits to any required reserve funds.

Section 5. Form and Terms of Bonds. To the extent the Bond Committee determines that all or a portion of the Refunding is in the best interest of the Authority, the Bonds shall be issued in fully registered form. The Bonds shall be dated; shall mature in such principal amounts on such dates; shall bear interest at such floating, variable, adjustable or fixed rates of interest; shall be subject to redemption or mandatory or optional tender for purchase prior to maturity; and shall otherwise be subject to such additional terms, conditions and provisions, all as are approved by the Bond Committee and specified in the Bond Purchase Contract or the Supplement to the Amended and Restated Indenture. The form of the Bonds set forth in the Supplement to the Amended and Restated Indenture is hereby incorporated herein by this reference, subject to appropriate insertions and revisions in order to comply with the provisions of the Supplement to the Amended and Restated Indenture, and the provisions for the signatures, authentication, payment, place of payment, medium of payment, transfer, exchange, registration,

number, denominations and other provisions thereof, to the extent not provided herein, shall be as set forth in the Supplement to the Amended and Restated Indenture, as finally executed, and are hereby approved and incorporated herein by this reference. The Bonds, when the same shall be executed on behalf of the Authority in the manner contemplated by the Supplement to the Amended and Restated Indenture and this Resolution, shall represent the approved form of the Bonds.

Section 6. Execution and Authentication of Bonds. The Chairperson or Vice Chairperson is hereby authorized and, to the extent consistent with a Bond Committee determination, directed to execute the Bonds in the name and on behalf of the Authority by his or her manual or facsimile signature, and the Secretary or Assistant Secretary is hereby authorized and directed to affix the corporate seal of the Authority or a facsimile thereof to the Bonds when so executed and to attest the same by his or her manual or facsimile signature, and each such officer is hereby authorized and directed to deliver the Bonds to the Trustee for authentication pursuant to the Supplement to the Amended and Restated Indenture.

Section 7. Bonds as Limited Obligations. To the extent the Bond Committee determines that all or a portion of the Refunding is in the best interest of the Authority, the Bonds are and shall be limited obligations of the Authority payable by the Authority solely from the sources specified or described in the Supplement to the Amended and Restated Indenture. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER. NO MEMBER OF THE BOARD SHALL BE LIABLE PERSONALLY ON THE BONDS OR ON ANY DOCUMENT OR INSTRUMENT EXECUTED IN CONNECTION THEREWITH.

Section 8. Supplement to the Amended and Restated Indenture. The Authority is hereby authorized to enter into the Supplement to the Amended and Restated Indenture. The Chairperson or Vice Chairperson is hereby authorized and, to the extent consistent with a Bond Committee determination, directed to execute and deliver the Supplement to the Amended and Restated Indenture in the name and on behalf of the Authority, such document to be in such form and to contain such terms and conditions (not inconsistent with any of the other requirements of this Resolution) as shall be approved by either such officer with the advice of the Authority's legal counsel and financial advisors, such approval and the approval of the Board to be conclusively evidenced by the execution of the Supplement to the Amended and Restated Indenture by either such officer.

Section 9. Bond Purchase Contract. The Authority is hereby authorized to enter into the Bond Purchase Contract and to sell the Bonds by private negotiated sale to the Underwriters pursuant thereto. The Chairperson or Vice Chairperson is hereby authorized and, to the extent consistent with a Bond Committee determination, directed to execute and deliver the Bond Purchase Contract in the name and on behalf of the Authority, such document to be in such form and to contain such terms and conditions (not inconsistent with any of the other requirements or conditions of this Resolution) as shall be approved by the Chairperson or Vice Chairperson with the advice of the Authority's legal counsel and financial advisors, such approval and the approval of the Board to be conclusively evidenced by the execution of the Bond Purchase

Contract by either such officer. The Authority may enter into separate Bond Purchase Contracts with different Underwriters with respect to separate portions of the Bonds.

Section 10. Application of Bond Proceeds. By virtue of this Resolution and without further authorization from the Authority, the Trustee shall be authorized, directed and requested to apply the proceeds of the Bonds pursuant to the terms of the Indenture and to invest and reinvest, at the direction of the Authority, all moneys which by the terms of the Indenture may be invested, or to deposit and redeposit such moneys in such accounts as may be permitted by the Indenture, all subject to the terms and limitations contained in the Indenture.

Section 11. Credit and Liquidity Facilities. The members of the Bond Committee are hereby authorized to negotiate on behalf of the Authority and, if the Bond Committee determines that they will be beneficial to the Authority, to accept in the name and on behalf of the Authority, commitments for the issuance of a policy of municipal bond insurance with respect to the Bonds, an insurance policy, surety bond or other credit facility for all or a portion of any reserve fund for the Bonds, and/or a credit facility providing credit and/or liquidity support for the Bonds. The Chairperson, the Vice Chairperson or the Executive Director is hereby authorized to execute and deliver all such documents, instruments and agreements as any such officer may deem to be necessary or appropriate in connection with any such policy, surety bond or credit facility, such documents to be in such form and to contain such terms and conditions (not inconsistent with any of the other requirements of this Resolution) as shall be approved by any such officer with the advice of the Authority's legal counsel and financial advisors, such approval and the approval of the Board to be conclusively evidenced by the execution of such documents by any such officer.

Section 12. Official Statement. The preparation and distribution of the Official Statement is hereby authorized and approved in connection with the marketing, sale and delivery of the Bonds. The Chairperson or Vice Chairperson is hereby authorized and, to the extent consistent with a Bond Committee determination, directed to execute the Official Statement in such form and as shall be approved by the officer executing the same with the advice of the Authority's legal counsel and financial advisors, such approval and the approval of the Board to be conclusively evidenced by the execution of the Official Statement by either such officer. Any appropriate officer of the Authority is hereby authorized to represent and warrant that the Official Statement has been "deemed final" as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended.

Section 13. Transaction Documents. The Authority is hereby authorized to enter into such remarketing agreements, escrow deposit agreements, standby bond purchase agreements, continuing disclosure agreements, reimbursement agreements, tax compliance agreements, agreements with the Commonwealth or the State Treasurer or any other department or agency of the Commonwealth, agreements with the City or any department or agency of the City, agreements providing for the registration of the Bonds to be maintained in the name of a securities depository or its nominee pursuant to a book entry-only system, and all other agreements relating to or concerning the Bonds, the Refunding, the Restructuring and any liquidity support or credit enhancement for the Bonds, and/or the 1999 Bonds, all as may be required under the Bond Purchase Contract, the Bond Committee determination or as may

otherwise be necessary or appropriate for the proper, lawful and efficient consummation of the transactions contemplated by this Resolution. The Chairperson, the Vice Chairperson or the Executive Director is hereby authorized and, to the extent consistent with a Bond Committee determination, directed, in the name and on behalf of the Authority, to execute, deliver and file any and all such documents and other documents, instruments, agreements, certificates and other papers of any kind whatsoever, which documents shall be in form and substance as shall be approved by any such officer with the advice of the Authority's legal counsel and financial advisors, such approval and the approval of the Board to be conclusively evidenced by the execution of such documents by any such officer, and to do any and all other acts or things, that are necessary or appropriate in order to effect the issuance and sale of the Bonds, the Refunding, the Restructuring, the investment of the proceeds of the Bonds, the execution, delivery and performance by the Authority of the Bond Purchase Contract, the Sixth Supplement to the Amended and Restated Indenture and the other financing documents relating to the Bonds, and to carry out the intent and purposes of this Resolution and the transactions contemplated hereby, including but not limited to the amendment, modification, termination, restatement or the making of any other changes to any existing investment agreements or any documents relating to any Hedge Transactions (as hereinafter defined), that are necessary or appropriate to effectuate fully the issuance of the Bonds, the Refunding, the Restructuring and the other transactions contemplated hereby. The Secretary or the Assistant Secretary is hereby authorized and, to the extent consistent with a Bond Committee determination, directed, when requested, to affix the official corporate seal of the Authority to any and all documents, instruments, agreements and certificates executed on behalf of the Authority pursuant to this Resolution and to attest said seal. The Executive Director is hereby appointed as an Assistant Secretary of the Authority.

Section 14. Use of Moneys in Debt Service Reserve Fund and Other Available Moneys of the Authority. The Authority hereby authorizes, subject to the Indenture, the use of any surplus funds currently in the Debt Service Reserve Fund and any other unencumbered general funds of the Authority as an additional source of funds for the Refunding and the payment of the costs and expenses incurred by the Authority in connection with the issuance of the Bonds, or the Restructuring, including without limitation costs of credit and liquidity enhancement and termination payments with respect to the Swaption Transaction. Any appropriate officer of the Authority is hereby authorized to execute and deliver such documents, directions, certificates or other instruments, and to take such other action, as may be necessary or appropriate to transfer such funds and to apply such funds for these authorized purposes.

Section 15. Interest Rate Hedge Transactions. The Authority is hereby authorized to enter into one or more additional interest rate swap, cap, floor, collar, basis cap or similar interest rate hedging agreements or one or more amendments or supplements to, or full or partial terminations of, any existing such hedge agreements (collectively, "Hedge Transactions"), as the Bond Committee may determine to be necessary or appropriate in connection with the Restructuring or the Refunding and in the best financial interest of the Authority in managing the interest costs of the Authority. The Bond Committee is hereby authorized and directed to approve all terms and details relating to such Hedge Transactions, including without limitation identity of counterparty, interest rates, term, notional amount, amortization, collateral security and options as to commencement and termination of payments. The Chairperson, the Vice Chairperson or the Executive Director is hereby authorized, in the name and on behalf of the Authority, to execute and deliver all such documents, instruments and agreements as any such

officer may deem to be necessary or appropriate in connection with any such Hedge Transactions, such documents to be in such form and to contain such terms and conditions (not inconsistent with any of the other requirements of this Resolution) as shall be approved by any such officer with the advice of the Authority's legal counsel and financial advisors, such approval and the approval of the Board to be conclusively evidenced by the execution of such documents by any such officer.

Section 16. Filing of Resolution; Publication. The proper officers of the Authority are hereby directed to file a copy of this Resolution for public inspection in the office of the Authority and in the office of the Chief Clerk of the Council of the City and to publish in a newspaper of general circulation published or circulating in the City a notice containing the information specified in Section 303(b)(1) through (4) of the Act.

Section 17. Transaction Costs. To the extent not paid from the proceeds of the Bonds or from other sources of funds available under the Indenture, the Treasurer is hereby authorized to pay all costs and expenses relating to the issuance and sale of the Bonds, if issued, and/or the Refunding or the Restructuring, to the extent undertaken, including without limitation fees and costs for credit enhancement and liquidity support and deposits to funds under the Indenture, from the unencumbered general funds of the Authority, including without limitation moneys previously received by the Authority from the counterparty under any Hedge Transaction.

Section 18. Redemption of 1999 Bonds. The proper officers of the Authority are hereby authorized and, to the extent consistent with a Bond Committee determination, directed to take all action necessary or appropriate to cause a conditional notice of the optional redemption of the 1999 Bonds to be given to the holders of the 1999 Bonds, in accordance with all requirements of the 1999 Bonds, the Indenture, and the applicable requirements of any applicable securities depository holding any of the 1999 Bonds. The redemption date specified in such notice shall be such date as may be appropriate in light of the anticipated date of issuance of the Bonds. The notice shall specify, in substance, that such redemption of the 1999 Bonds is expressly conditioned upon the deposit of the redemption moneys with the Trustee before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

Section 19. Repeal and Ratification. All prior resolutions or parts of prior resolutions inconsistent with this Resolution are hereby repealed, rescinded, cancelled and annulled insofar as they conflict herewith. Subject to the foregoing sentence, the Authority hereby ratifies and confirms any and all prior actions taken by or on behalf of the Authority consistent with the intent of this Resolution.

Section 20. Effective Date. This Resolution shall take effect immediately.

MOVED: Mr. Karp
SECONDED: Dr. DiAngelo
APPROVED: 4-0

Qualified Majority Required: Yes X No

Vote:	<u>Yes</u>	<u>No</u>	<u>Abstain</u>	<u>Absent</u>
DiAngelo	<u>X</u>	<u> </u>	<u> </u>	<u> </u>
Eisenhower	<u>X</u>	<u> </u>	<u> </u>	<u> </u>
Karp	<u>X</u>	<u> </u>	<u> </u>	<u> </u>
Leonard	<u>X</u>	<u> </u>	<u> </u>	<u> </u>

EXHIBIT C

AUTHORITY RESOLUTION APPROVING
THE INTERGOVERNMENTAL COOPERATION AGREEMENT

**INTERGOVERNMENTAL
COOPERATION
AGREEMENT**

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Resolution No. 1992 - 02
January 8, 1992

WHEREAS, there has been submitted to this meeting a form of an Intergovernmental Cooperation Agreement (the "Intergovernmental Cooperation Agreement") between the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") and the City of Philadelphia (the "City"); and

WHEREAS, Section 203(d) of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6) provides that the Authority shall have the power and its duty shall be to enter into such intergovernmental cooperation agreements with cities of the first class as are approved by a qualified majority of the governing board of the Authority.

NOW THEREFORE, BE IT RESOLVED:

1. The Authority hereby authorizes and approves the execution, delivery and performance by the Authority of the Intergovernmental Cooperation Agreement substantially in the form submitted to this meeting and attached hereto as Exhibit "A". The Chairperson or Vice-Chairperson of the Authority is hereby authorized and directed to execute the Intergovernmental Cooperation Agreement in the name and on behalf of the Authority; the Secretary or the Assistant Secretary of the Authority is hereby authorized and directed to affix the seal of the Authority to the Intergovernmental Cooperation Agreement when so executed and to attest the same; and the said officers of the Authority are hereby authorized and directed to deliver the Intergovernmental Cooperation Agreement to the City.

2. The Authority hereby ratifies and confirms any and all prior actions taken by or on behalf of the Authority consistent with the intent of this Resolution.

3. All resolutions or parts of resolutions not in accordance with this Resolution are hereby repealed insofar as they conflict herewith.

MOVED: Carol G. Carroll

SECONDED: John J. Egan, Jr.

APPROVED: Yes

Qualified Majority Required: Y x N

Vote:	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>
Anderson	<u>x</u>	<u> </u>	<u> </u>
Andes	<u>x</u>	<u> </u>	<u> </u>
Carroll	<u>x</u>	<u> </u>	<u> </u>
Egan	<u>x</u>	<u> </u>	<u> </u>

EXHIBIT D

AUTHORITY RESOLUTION APPROVING
THE CITY'S SEVENTEENTH FIVE-YEAR FINANCIAL PLAN

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Resolution No. 2008 - 15
June 17, 2008

WHEREAS, as required under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the Act of June 5, 1991, P.L. 9, No. 6, as amended) (the "Act"), and under the Intergovernmental Cooperation Agreement, dated as of January 8, 1992 (the "Cooperation Agreement"), between the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") and The City of Philadelphia, Pennsylvania (the "City"), the City has submitted to the Authority a five-year financial plan for the City's fiscal years ending June 30, 2009 through June 30, 2013 (the "Plan"); and

WHEREAS, the staff of the Authority has reviewed the Plan and has recommended that the Board approve the Plan;

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Authority hereby finds and determines that the Plan meets the applicable requirements, criteria and standards of the Act and the Cooperation Agreement and hereby approves the Plan.

2. All prior resolutions or parts of prior resolutions not in accordance with this Resolution are hereby repealed insofar as they conflict herewith.

3. This Resolution shall take effect immediately.

MOVED: Mr. Archie

SECONDED: Ms. Fernandez

APPROVED: YES

Qualified Majority Required: Y x N _____

<u>Vote:</u>	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>
Archie	X		
Eisenhower	X		
Fernandez	X		
Karp	X		
Leonard	X		

EXHIBIT E

SPECIMEN BONDS

No. R-1

\$27,940,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

<u>Interest</u>			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
2.00%	June 15, 2010	June 15, 2009	708840HG1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY-SEVEN MILLION NINE HUNDRED FORTY THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-2

\$765,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
2.50%	June 15, 2011	June 15, 2009	708840HH9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVEN HUNDRED SIXTY-FIVE THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.00%	June 15, 2011	June 15, 2009	708840HJ5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY-FOUR MILLION SEVENTY-FIVE THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-4

\$925,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest

Rate

3.00%

Maturity Date

June 15, 2012

Dated Date

June 15, 2009

CUSIP

708840HK2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED TWENTY-FIVE THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-5

\$25,120,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.00%	June 15, 2012	June 15, 2009	708840HL0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY-FIVE MILLION ONE HUNDRED TWENTY THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-6

\$890,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
3.00%	June 15, 2013	June 15, 2009	708840HM8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED NINETY THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-7

\$26,430,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

<u>Interest</u> <u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.00%	June 15, 2013	June 15, 2009	708840HN6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY-SIX MILLION FOUR HUNDRED THIRTY THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-8

\$4,395,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

<u>Interest</u>			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
4.00%	June 15, 2014	June 15, 2009	708840HP1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR MILLION THREE HUNDRED NINETY-FIVE THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-9

\$24,250,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.00%	June 15, 2014	June 15, 2009	708840HQ9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY-FOUR MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-10

\$375,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
4.00%	June 15, 2015	June 15, 2009	708840HR7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-11

\$29,640,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

<u>Interest</u> <u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.00%	June 15, 2015	June 15, 2009	708840HS5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY-NINE MILLION SIX HUNDRED FORTY THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-12

\$31,485,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

<u>Interest</u>			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.00%	June 15, 2016	June 15, 2009	708840HT3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THIRTY-ONE MILLION FOUR HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-13

\$33,040,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.00%	June 15, 2017	June 15, 2009	708840HU0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THIRTY-THREE MILLION FORTY THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-14

\$900,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest

Rate

4.00%

Maturity Date

June 15, 2018

Dated Date

June 15, 2009

CUSIP

708840HV8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-15

\$24,665,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.00%	June 15, 2018	June 15, 2009	708840HW6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY-FOUR MILLION SIX HUNDRED SIXTY-FIVE THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-16

\$18,110,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.00%	June 15, 2019	June 15, 2009	708840HX4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHTEEN MILLION ONE HUNDRED TEN THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-17

\$19,020,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.00%	June 15, 2020	June 15, 2009	708840HY2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINETEEN MILLION TWENTY THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-18

\$1,965,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
4.00%	June 15, 2021	June 15, 2009	708840HZ9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION NINE HUNDRED SIXTY-FIVE THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-19

\$18,000,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest

Rate

5.00%

Maturity Date

June 15, 2021

Dated Date

June 15, 2009

CUSIP

708840JA2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHTEEN MILLION DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-20

\$20,945,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.00%	June 15, 2022	June 15, 2009	708840JB0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY MILLION NINE HUNDRED FORTY-FIVE THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-21

\$1,800,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest

Rate
4.25%

Maturity Date
June 15, 2023

Dated Date
June 15, 2009

CUSIP
708840JC8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close or business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

No. R-22

\$20,190,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009

Interest			
<u>Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.00%	June 15, 2023	June 15, 2009	708840JD6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY MILLION ONE HUNDRED NINETY THOUSAND DOLLARS

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from June 15, 2009, on June 15 and December 15 in each year (each, an "Interest Payment Date"), commencing December 15, 2009, until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the principal office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2009 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close or business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal or and interest on this Bond are payable in lawful money of the United States or America.

Interest on the Series 2009 Bonds shall be paid on each Interest Payment Date and shall be computed on the basis of a year of 360 days consisting of twelve 30-day months.

THIS BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, INCLUDING THE CITY, EXCEPT THE AUTHORITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE SERIES 2009 BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGEEES OF THE AUTHORITY, INCLUDING HOLDERS OF SERIES 2009 BONDS, SHALL HAVE NO RECOURSE, LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, EXCEPT THE AUTHORITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2009 BONDS.

This Bond is fully registered in the name of the owner on the Bond Register kept for that purpose at the Principal Office or the Registrar. No transfer shall be valid as against the Authority or the Trustee unless made by the registered owner in person or by his duly authorized attorney or legal representative and similarly noted upon the Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the order of the registered owner, a new registered Bond or Bonds, in authorized denominations aggregating the principal amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this Bond and registered in such names as shall be requested.

The Authority, the Trustee and the Registrar may treat the person in whose name this Bond is registered as the absolute owner of this Bond for all purposes whether or not this Bond shall be overdue, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All payments of the principal, interest or redemption price made to the registered owner hereof in the manner set forth herein and in the Indenture shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Indenture shall be conclusive and binding upon such

registered owner, his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the Commonwealth of Pennsylvania to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Bond, exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Authority in his individual capacity, and neither the members of the Board of the Authority nor any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Indenture or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the execution of the Sixth Supplement to the Amended and Restated Indenture (hereinafter defined) and the issuance of this Bond.

This Bond shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

This Bond is one of a duly authorized issue of Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2009 issued in the aggregate principal amount of \$354,925,000 (the "Series 2009 Bonds"). The Series 2009 Bonds are issued to enable the Authority to refund certain of its outstanding bonds and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The Series 2009 Bonds are issued under and pursuant to the Act and a resolution of the Authority duly adopted on May 5, 2009 (the "Resolution") and under an Amended and Restated Indenture of Trust dated as of December 1, 1994, as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996, a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999, a Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003, a Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006, a Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 and a Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 (collectively, the "Indenture"), between the Authority and the Trustee, and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the "Pledged Revenues").

Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Optional Redemption

The Series 2009 Bonds maturing on and after June 15, 2020 are redeemable by the Authority at its option, on or after June 15, 2019, in whole at any time, or in part at any time, and from time to time, in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount of Series 2009 Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of Redemption

When the Authority shall determine to redeem Series 2009 Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of Series 2009 Bonds to be redeemed, the Trustee, at the Authority's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall, among other things, state the redemption price and the date fixed for redemption, that on such date the Series 2009 Bonds called for redemption will be due and become payable at the Principal Office of the Trustee, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of all Series 2009 Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Series 2009 Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption, without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Trustee, such notice shall be conditioned upon the deposit of moneys with the Trustee before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days prior to the redemption date, addressed to the Holders of Series 2009 Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any Series 2009 Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Series 2009 Bonds.

Reference is made to the Act, the Resolution, the Indenture and the PICA Tax Ordinance, executed or certified counterparts of which are on file at the corporate trust office of the Trustee, for statements of the purposes for which the Series 2009 Bonds are issued, a description of the Pledged Revenues assigned and pledged for the security of the Series 2009 Bonds (including the PICA Tax) and the nature, extent and manner of enforcement of such security, certain covenants of the Authority and the City made for the benefit of Bondholders, the terms and conditions under which the Indenture may be amended or modified, the rights and duties of the Authority and the Trustee, and the extent of the rights of the registered owners of the Series 2009 Bonds issued under the Indenture.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this Bond to be executed with the manual or facsimile signature of its Chairperson or Vice Chairperson and its official seal or a facsimile thereof to be imprinted hereon and attested with the manual or facsimile signature of its Assistant Secretary, as of the date first above written.

ATTEST:

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____
Assistant Secretary

By: _____
Chairperson

[SEAL]

AUTHENTICATION CERTIFICATE

This Bond is one of the Series 2009 Bonds described in the within mentioned Indenture. The text of the opinion of Bond Counsel printed on or attached to this Bond is the complete text of the opinion of Ballard Spahr Andrews & Ingersoll, LLP, of Philadelphia, Pennsylvania, a signed original of which is on file with the undersigned, which was dated and delivered on the date of the original delivery of and payment for the Series 2009 Bonds.

U.S. BANK NATIONAL ASSOCIATION, Trustee

By: _____
Authorized Signature

Date of Authentication:

TEXT OF OPINION OF BOND COUNSEL

EXHIBIT F

CERTIFICATE OF THE BOND COMMITTEE

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ whose taxpayer identification number is _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books of the Registrar, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

SCHEDULE 1

MATURITIES, AMOUNTS AND INTEREST RATES

\$354,925,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 2009

<u>DUE</u> <u>JUNE 15</u>	<u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>
2010	\$27,940,000	2.000%
2011	765,000	2.500
2011	24,075,000	5.000
2012	925,000	3.000
2012	25,120,000	5.000
2013	890,000	3.000
2013	26,430,000	5.000
2014	4,395,000	4.000
2014	24,250,000	5.000
2015	375,000	4.000
2015	29,640,000	5.000
2016	31,485,000	5.000
2017	33,040,000	5.000
2018	900,000	4.000
2018	24,665,000	5.000
2019	18,110,000	5.000
2020	19,020,000	5.000
2021	1,965,000	4.000
2021	18,000,000	5.000
2022	20,945,000	5.000
2023	1,800,000	4.250
2023	20,190,000	5.000

**CERTIFICATION
OF
BOND COMMITTEE**

THE UNDERSIGNED, being the three members of the "Bond Committee" designated in Resolution No. 2009-09 adopted by the governing board of the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") on May 5, 2009 (the "Bond Resolution"), HEREBY CERTIFY AS FOLLOWS in connection with the issuance and sale by the Authority on or about the date hereof of \$354,925,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2009 (the "Series 2009 Bonds"):

1. Attached hereto as Exhibit "A" is a true, correct and complete copy of the Bond Resolution as duly adopted by the affirmative vote of not less than four voting members of the governing board of the Authority at a meeting thereof duly called and held on May 5, 2009, at which meeting a quorum was present and acting throughout. Notice of said meeting was given in accordance with the Bylaws of the Authority and public notice of said meeting was given in accordance with the requirements of the Pennsylvania Sunshine Law. The Bond Resolution has not been amended, modified, repealed or rescinded in whole or in part and remains in full force and effect on and as of the date hereof.

2. Pursuant to the Bond Resolution, the members of the Bond Committee have unanimously determined that the issuance and sale of the Series 2009 Bonds, the Refunding (as defined in the Bond Resolution) and the termination of the Swaption Transaction (as defined in the Bond Resolution) are in the best interest of the Authority and have unanimously approved all of the terms, conditions and details thereof, as reflected in the following documents, all of which are attached hereto as Exhibit "B" and are hereby approved:

(i) the Official Statement, dated June 10, 2009, of the Authority with respect to the Series 2009 Bonds;

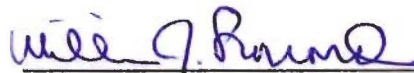
(ii) the Bond Purchase Contract, dated June 10, 2009, between the Authority and Goldman, Sachs & Co., as Representative of the several underwriters named therein;

(iii) the Sixth Supplement to the Amended and Restated Indenture of Trust, dated as of June 1, 2009, between the Authority and U.S. Bank National Association, as Trustee; and

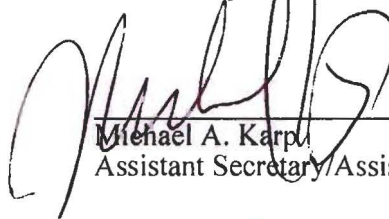
(iv) the confirmation of the termination of the Swaption Transaction, dated June 9, 2009, between the Authority and JP Morgan Chase Bank.

[Signatures appear on the following page]

WITNESS the due execution hereof this 15th day of June 2009.



William J. Leonard
Vice Chairperson



Michael A. Karp
Assistant Secretary/Assistant Treasurer



Uri Z. Monson
Executive Director

Signature Page to Certification of Bond Committee

\$206,960,000
Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

CERTIFICATE OF AUTHORITY AS TO FINANCIAL PLAN

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority") hereby certifies on May 14, 2010, in connection with the issuance and sale of the Pennsylvania Intergovernmental Cooperation Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 in the aggregate principal amount of \$206,960,000, that:

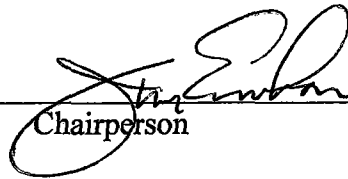
1. Attached hereto is a true, correct and complete copy of the current five-year financial plan of the City for fiscal years 2010 through 2014 (the "Plan"). The Plan was signed by the Mayor on May 27, 2009 and is in full force and effect as of the date of Closing.
2. The Plan has been approved by the Authority pursuant to due authority and is in full force and effect as of the date of Closing.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the Authority has executed this Certificate on the date and year first above written.

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____

A handwritten signature in black ink, appearing to read "John E. ...", is written over a horizontal line. The signature is stylized with a large initial "J" and a prominent "E".

Chairperson



CITY OF PHILADELPHIA

OFFICE OF THE MAYOR

September 1, 2009

Mr. James Eisenhower, Chairperson
Pennsylvania Intergovernmental Cooperation Authority
1500 Walnut Street, Suite 1600
Philadelphia, PA 19102

Dear Mr. Eisenhower:

On August 27, I transmitted to you a Revised Five Year Financial Plan detailing the actions the City would take to implement a budget and five-year plan without State approval of HB 1828. This was submitted pursuant to PICA's communication to me dated August 18.

As you know, HB 1828 was amended in the Senate and received final passage in the Senate on August 26. The Senate amendments were significant and greatly expanded the scope of the measure. The bill must now go back to the House for either a vote to concur in the amendments, or for further amendments. Leadership in the House of Representatives has indicated to me they will return to a voting session on September 8 and take up HB 1828 at that time.

It is my sincere hope that the House will concur, though I did not ask for or seek any amendments by the Senate. Time is truly of the essence, and HB 1828 continues to provide us with the critical authorizations we need from the Commonwealth – the increased sales tax for five years, changes to our pension amortization period and authorization for partial pension payment deferrals. Furthermore, passage of HB 1828 prior to your next scheduled meeting will forestall the need for PICA to consider Plan C – the components of which are detailed in my August 27 submission to you.

Mr. James Eisenhower, Chairperson
September 1, 2009
Page 2

However, even if the State acts timely and passes HB 1828 without further amendment, the delay in passage of the temporary sales tax increase has resulted in a shortfall of \$20 million. The City's adopted budget allowed for one month's implementation of the sales tax increase, and therefore assumed the revenue would increase as of August 1, 2009. Now, with quick passage in early September, we anticipate that the sales tax increase will begin to be collected and remitted to the City on or about October 1, 2009. I, therefore, am conveying to the Pennsylvania Intergovernmental Cooperation Authority an alternative Five Year Financial Plan for FY2010-2014 which assumes final adoption by the Commonwealth of HB 1828 in the very near future and provides for the loss of \$20 million in sales tax revenue. Please find for your review attached the details of this Five Year Plan (including financial schedules).

Sincerely,

A handwritten signature in black ink, appearing to read "Michael A. Kutter", with a long horizontal line extending to the right.

Michael A. Kutter
Mayor

cc: Members of the PICA Board
Uri Monson, Executive Director

CITY OF PHILADELPHIA		SUMMARY OF OPERATIONS						
FY2009-2014 Five Year Financial Plan		FISCAL YEARS 2008 TO 2014						
		(Amounts in Thousands)						
FUND								
General								
NO.	ITEM	F.Y. 2008	F.Y. 2009	F.Y. 2010	F.Y. 2011	F.Y. 2012	F.Y. 2013	F.Y. 2014
		Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	OPERATIONS OF FISCAL YEAR							
	REVENUES							
1	Taxes	2,396,499	2,238,506	2,346,469	2,400,753	2,460,687	2,541,260	2,618,502
2	Locally Generated Non-Tax Revenues	265,764	264,104	258,728	270,605	301,900	311,369	313,613
3	Revenue from Other Governments	1,033,367	1,076,212	1,136,136	1,138,774	1,167,410	1,196,690	1,225,458
4	Sub-Total (1) + (2) + (3)	3,695,630	3,578,822	3,741,333	3,810,132	3,929,997	4,049,319	4,157,573
5	Revenue from Other Funds of City	27,212	135,927	28,134	28,777	29,788	30,698	31,268
6	Total - Revenue (4) + (5)	3,722,842	3,714,749	3,769,467	3,838,909	3,959,784	4,080,017	4,188,840
7	Revenues Forgone	0	0	0	0	0	0	0
8	Total Revenue and Other Sources (6)+(7)	3,722,842	3,714,749	3,769,467	3,838,909	3,959,784	4,080,017	4,188,840
	OBLIGATIONS/APPROPRIATIONS							
9	Personal Services	1,390,720	1,420,839	1,357,582	1,355,892	1,355,892	1,356,392	1,356,392
10	Personal Services-Pensions	430,764	461,065	350,081	476,671	558,976	681,782	678,180
11	Personal Services-Other Employee Benefits	552,275	504,123	480,600	485,409	493,602	501,879	506,118
12	Sub-Total Employee Compensation	2,373,759	2,386,027	2,188,263	2,317,972	2,408,470	2,540,053	2,540,690
13	Purchase of Services	1,188,737	1,188,843	1,140,697	1,160,759	1,171,791	1,190,457	1,201,572
14	Materials, Supplies and Equipment	92,097	87,226	74,285	83,901	84,241	84,741	84,741
15	Contributions, Indemnities, and Taxes	120,957	130,249	117,875	117,934	117,999	118,067	118,066
16	Debt Service	87,161	108,269	121,867	125,913	131,952	142,019	148,636
17	Capital Budget Financing	0	0	0	0	0	0	0
18	Advances and Miscellaneous Payments	32,310	22,653	25,000	15,000	15,000	15,000	15,000
19	Sub-Total (12 thru 18)	3,895,021	3,923,267	3,667,987	3,821,479	3,929,453	4,090,337	4,108,705
20	Payments to Other Funds	24,821	29,985	28,512	33,958	34,414	34,924	35,472
21	Total - Obligations (19+20)	3,919,842	3,953,252	3,696,499	3,855,437	3,963,867	4,125,261	4,144,177
22	Oper.Surplus (Deficit) for Fiscal Year (8-21)	(197,000)	(238,503)	72,968	(16,528)	(4,083)	(45,244)	44,663
23	Prior Year Adjustments:							
24	Revenue Adjustments	0	0	0	0	0	0	0
25	Other Adjustments	18,655	24,500	24,500	24,500	24,500	24,500	24,500
26	Obligation Spending Reserve	0	0	0	0	0	0	0
27	Total Prior Year Adjustments	18,655	24,500	24,500	24,500	24,500	24,500	24,500
28	Adjusted Oper. Surplus/ (Deficit) (22+27)	(178,345)	(214,003)	97,468	7,972	20,417	(20,744)	69,163
	OPERATIONS IN RESPECT TO							
	PRIOR FISCAL YEARS							
	Fund Balance Available for Appropriation							
29	June 30 of Prior Fiscal Year	297,869	119,524	(94,479)	2,988	10,960	31,377	10,633
30	Residual Equity Transfer	0	0	0	0	0	0	0
31	Fund Balance Available for Appropriation June 30 (28)+(29) + (30)	119,524	(94,479)	2,988	10,960	31,377	10,633	79,797

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Revenue from Other Governments

NO.	AGENCY AND REVENUE SOURCE	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>Managing Director</u>							
	Federal:							
1	Emergency Management/Disaster Asst.	359	100	100	100	100	100	100
2	Subtotal	359	100	100	100	100	100	100
	<u>Police</u>							
	State:							
3	Police on Patrol	4,929	14,910	14,910	10,000	0	0	0
4	State Highway Reimbursement	0	0	0	0	0	0	0
5	Police Training-Partial Reimbursement	4,600	3,250	2,350	2,350	2,350	2,350	2,350
	Subtotal	9,529	18,160	17,260	12,350	2,350	2,350	2,350
	<u>Streets</u>							
	Federal:							
6	Highways	715	650	650	650	650	650	650
7	Bridge Design	380	500	500	500	500	500	500
8	Delaware Valley Regional Planning Comm.	298	140	140	140	140	140	140
	State:							
9	Snow Removal	2,500	2,500	2,700	2,700	2,700	2,700	2,700
10	PennDot Bridge Design	71	200	200	200	200	200	200
11	PennDot Highways	0	10	10	10	10	10	10
12	Subtotal	3,964	4,000	4,200	4,200	4,200	4,200	4,200
	<u>Public Health</u>							
	Federal:							
13	Medicare-Outpatient	1,730	1,597	1,597	1,597	1,597	1,597	1,597
14	Medicare-Home Care (PNH)	1,206	1,300	1,700	1,700	1,700	1,700	1,700
15	Medical Assistance-Outpatient	2,721	2,078	3,042	3,042	3,042	3,042	3,042
16	Medical Assistance-PNH	17,948	17,523	17,523	17,523	17,523	17,523	17,523
17	Medical Assistance-Health Centers	221	30	30	30	30	30	30
18	Summer Food Inspection	60	49	49	49	49	49	49
	State:							
19	County Health	9,877	12,500	11,500	11,500	11,500	11,500	11,500
20	Medical Assistance-Outpatient	2,226	7,058	7,058	7,058	7,058	7,058	7,058
21	Medical Assistance-PNH	14,673	16,384	16,384	16,384	16,384	16,384	16,384
22	Medical Assistance-Health Centers	322	51	51	51	51	51	51
23	Subtotal	50,984	58,570	58,934	58,934	58,934	58,934	58,934

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Revenue from Other Governments

NO.	AGENCY AND REVENUE SOURCE	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Public Property							
	Other Governments:							
24	PGW Rental	18,000	18,000	18,000	18,000	18,000	18,000	18,000
	Human Services							
	Federal:							
25	T.A.N.F.	19,153	20,205	20,205	18,205	17,205	17,205	17,205
26	Title IV-B Reimbursement	2,051	0	0	0	0	0	0
27	Title IV-E Reimbursement	113,357	114,719	104,719	104,719	104,719	104,719	104,719
	State:							
28	Reimbursement-Act 148	404,244	422,400	406,868	406,868	406,868	406,868	406,868
29	T.A.N.F. Transition	17,321	0	0	0	0	0	0
30	State Support for Prevention	0	0	0	0	0	0	0
31	Subtotal	556,126	557,324	531,792	529,792	528,792	528,792	528,792
	Philadelphia Prisons							
	Federal:							
32	Reimb. for Prisoner Hospitalization	6	0	0	0	0	0	0
33	SSA Prisoner Incentive Payments	504	325	325	325	325	325	325
34	Subtotal	510	325	325	325	325	325	325
	Director of Finance							
	Federal:							
35	Medicare Part D-Retirees	165	200	200	200	200	200	200
	State:							
36	Pension Aid- State Act 205	59,609	59,609	60,000	60,000	60,000	60,000	60,000
37	Juror Fee Reimbursement	505	600	650	650	650	650	650
38	State Police Fines (Phila. County)	1,083	1,000	1,000	1,000	1,000	1,000	1,000
39	Wage Tax Relief Funding	0	0	86,725	87,307	112,253	123,352	135,555
	Other Governments:							
40	PATCO Community Impact Fund	75	84	84	94	94	94	94
41	Parking-Community College	159	120	120	120	120	120	120
42	Subtotal	61,596	61,613	148,779	149,371	174,317	185,416	197,619
	Revenue							
	Federal:							
43	Reim.-PILOT	17	0	0	0	0	0	0
44	Tinicum Wildlife Preserve	2	3	3	3	3	3	3
	Other Governments:							
45	Parking Authority(Violation Fines)	28,663	28,000	30,000	32,000	32,000	32,000	32,000
46	Burlington County Bridge Comm.	7	7	7	7	7	7	7
47	Subtotal	28,689	28,010	30,010	32,010	32,010	32,010	32,010

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Revenue from Other Governments

NO.	AGENCY AND REVENUE SOURCE	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>City Treasurer</u>							
	State:							
48	Retail Liquor License	1,140	1,200	1,200	1,200	1,200	1,200	1,200
49	Utility Tax Refund	4,016	4,016	4,275	4,275	4,275	4,275	4,275
50	Subtotal	5,156	5,216	5,475	5,475	5,475	5,475	5,475
	<u>City Representative/Commerce</u>							
	Other Governments:							
51	Convention Center Service Fee Offset	20,648	22,468	3,207	0	0	0	0
	<u>Commission on Human Relations</u>							
	Federal:							
52	Deferred Cases (EEOC Partial Reim.)	153	250	250	250	250	250	250
	<u>1st Judicial District</u>							
	Federal:							
53	Title IV-E	1,758	300	300	300	300	300	300
	State:							
54	Intensive Probation-Adult	4,674	4,750	4,750	4,750	4,750	4,750	4,750
55	Intensive Probation-Juvenile	984	1,425	1,425	1,425	1,425	1,425	1,425
56	Reimbursement-Court Costs	10,002	10,075	10,075	10,075	10,075	10,075	10,075
57	Reimbursement-Other	47	15	15	15	15	15	15
58	Subtotal	17,465	16,565	16,565	16,565	16,565	16,565	16,565
59	PICA City Account	261,237	281,611	297,239	307,402	322,092	340,273	356,838
	<u>Totals</u>							
60	Federal	162,804	159,969	151,333	149,333	148,333	148,333	148,333
61	State	542,823	561,953	632,146	627,818	642,764	653,863	666,066
62	Other Governments	67,552	68,679	51,418	50,221	50,221	50,221	50,221
63	PICA Funding	261,237	281,611	297,239	307,402	322,092	340,273	356,838
64	Other Authorized Adjustments	(1,049)	4,000	4,000	4,000	4,000	4,000	4,000
65	Total, Revenue From Other Govts.	1,033,367	1,076,212	1,136,136	1,138,774	1,167,410	1,196,690	1,225,458

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Locally Generated Non - Tax

No.	Agency and Revenue Source	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>D. O. T.</u>							
1	Cable Franchise Fees	14,023	15,050	15,800	16,600	17,400	18,300	19,200
2	Other	1,110	1,110	1,110	1,110	1,110	1,110	1,110
3	Subtotal	15,133	16,160	16,910	17,710	18,510	19,410	20,310
	<u>Mayor</u>							
4	Other	3	3	3	3	3	3	3
	<u>Managing Director</u>							
5	Strategic Marketing Fees	0	0	0	3,000	3,000	3,000	3,000
6	Other	71	100	100	100	100	100	100
7	Subtotal	71	100	100	3,100	3,100	3,100	3,100
	<u>Police</u>							
8	Prior Year Reimb.- Special Services	2,938	2,500	4,000	4,000	4,000	4,000	4,000
9	Carry Arms Fees	133	120	120	120	120	120	120
10	Towing of Recovered Stolen Vehicles	68	0	0	0	0	0	0
11	Other	1,189	650	650	650	650	650	650
12	Subtotal	4,328	3,270	4,770	4,770	4,770	4,770	4,770
	<u>Streets</u>							
13	Survey Charges	766	1,160	1,770	1,770	1,770	1,770	1,770
14	Streets Issued Permits	503	400	1,480	1,480	1,480	1,480	1,480
15	Prior Year Reimbursements	44	50	50	50	50	50	50
16	Collection Fee - Housing Authority	1,237	1,350	1,350	1,350	1,350	1,350	1,350
17	Disposal of Salvage (Recyclables)	1,817	2,500	3,000	3,000	3,000	3,000	3,000
18	Right of Way Fees	614	800	800	800	800	800	800
19	Commercial Property Collection Fee	0	0	4,000	4,000	4,000	4,000	4,000
21	Other	2,016	1,834	1,468	1,468	1,468	1,468	1,468
22	Subtotal	6,997	8,094	13,918	13,918	13,918	13,918	13,918
	<u>Fire</u>							
23	Emergency Medical Services	27,626	30,700	36,900	36,900	36,900	36,900	36,900
24	Other	176	300	300	300	300	300	300
25	Subtotal	27,802	31,000	37,200	37,200	37,200	37,200	37,200

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Locally Generated Non - Tax

No.	Agency and Revenue Source	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<u>Public Health</u>								
26	Payments for Patient Care (D.H.C.)	8,580	8,258	9,376	9,376	9,376	9,376	9,376
27	Pharmacy Fees	1,927	1,786	1,686	1,686	1,686	1,686	1,600
28	Other	615	850	1,520	1,520	1,520	1,520	1,520
29	Subtotal	11,122	10,894	12,582	12,582	12,582	12,582	12,496
<u>Recreation</u>								
30	Luxury Box Rental	0	3,000	0	0	0	0	0
31	Other	147	650	194	194	194	194	194
32	Subtotal	147	3,650	194	194	194	194	194
<u>Fairmount Park Commission</u>								
33	Other Leases	320	185	185	185	185	185	185
34	Rent from Real Estate	7	0	0	0	0	0	0
35	Other	218	320	200	200	200	200	200
36	Subtotal	545	505	385	385	385	385	385
<u>Camp William Penn</u>								
37	Other	31	0	0	0	0	0	0
<u>Public Property</u>								
38	Rent from Real Estate	396	600	600	600	600	600	600
39	PATCO Lease Payment	2,880	3,036	3,158	3,285	3,418	3,555	3,697
40	Sale/Lease of Capital Assets	2,960	6,000	2,500	2,500	2,500	7,500	7,500
41	Prior Year Reimbursements	604	1,100	1,100	1,100	1,100	1,100	1,100
42	Other	846	1,400	2,000	2,000	2,000	2,000	2,000
43	Subtotal	7,686	12,136	9,358	9,485	9,618	14,755	14,897
<u>Human Services</u>								
44	Payments for Child Care - S.S.I.	4,422	4,000	4,000	4,000	4,000	4,000	4,000
45	Other	141	500	500	500	500	500	500
46	Subtotal	4,563	4,500	4,500	4,500	4,500	4,500	4,500

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Locally Generated Non - Tax

No.	Agency and Revenue Source	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>Philadelphia Prisons</u>							
47	Telephone reimbursements	0	500	500	500	500	500	500
48	Work release board increase	0	300	300	300	300	300	300
49	Inmate account fee	0	258	258	258	258	258	258
50	Other	281	700	700	700	700	700	700
51	Subtotal	281	1,758	1,758	1,758	1,758	1,758	1,758
	<u>Office of the Homeless</u>							
52	Payments for Patient Care	1,274	1,300	1,300	1,300	1,300	1,300	1,300
53	Other	1	38	38	38	38	38	38
54	Subtotal	1,275	1,338	1,338	1,338	1,338	1,338	1,338
	<u>Fleet Management</u>							
55	Sale of Vehicles	602	700	700	700	700	700	700
56	Fuel and Warranty Reimbursements	2,633	2,200	2,000	2,000	2,000	2,000	2,000
57	Other	235	0	0	0	0	0	0
58	Subtotal	3,470	2,900	2,700	2,700	2,700	2,700	2,700
	<u>Licenses and Inspections</u>							
	License & Permit Fees:							
59	Amusement	26	50	50	50	50	50	50
60	Health and Sanitation	9,306	9,135	11,135	13,135	13,135	13,135	13,735
61	Police and Fire Protection	683	632	632	632	632	632	632
62	Street Use	1,607	1,880	1,880	1,880	1,880	1,880	1,880
63	Professional & Occupational	807	785	785	785	785	785	785
64	Building Structure & Equipment	20,916	18,100	19,900	19,900	20,900	21,900	22,700
65	Business	3,480	3,175	3,940	3,940	3,940	3,940	3,940
66	Other Licenses & Permits	925	1,052	1,052	1,052	1,052	1,052	1,052
67	Code Violation Fines	884	800	1,000	1,000	1,000	1,000	1,100
68	Other	7,125	5,019	5,019	5,019	5,019	5,019	5,019
69	Subtotal	45,759	40,628	45,393	47,393	48,393	49,393	50,893
	<u>Zoning Board of Adjustment</u>							
70	Accelerated Review Fees	284	300	300	300	300	300	300
71	Zoning Permits	316	375	375	375	375	375	375
72	Subtotal	600	675	675	675	675	675	675

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Locally Generated Non - Tax

No.	Agency and Revenue Source	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>Records</u>							
73	Recording of Legal Instrument Fees	9,515	9,000	10,000	11,400	12,400	12,400	12,400
74	Preparation of Records	434	350	350	350	350	350	350
75	Commission on Tax Stamps	627	620	620	620	620	620	620
76	Accident Investigation Reports	1,661	1,700	1,700	1,700	1,700	1,700	1,700
77	Document Technology Fee	3,188	4,420	4,420	4,420	4,420	4,420	4,420
78	Other	948	900	900	900	900	900	900
79	Subtotal	16,373	16,990	17,990	19,390	20,390	20,390	20,390
	<u>Director of Finance</u>							
80	Prior Year Refunds	32	200	200	200	200	200	200
81	SWEEP	2,564	2,710	2,870	2,870	2,870	2,870	2,870
82	Burglar Alarm Licenses	2,056	2,200	2,300	2,300	2,300	2,300	2,300
83	False Alarm Fees	1,119	1,677	2,277	2,277	2,277	2,277	2,277
84	Reimbursements	3,425	2,100	2,780	2,780	2,780	2,780	2,780
85	Productivity Bank distribution	0	0	0	0	0	0	0
86	PGW Loan Repayment	22,500	22,500	0	0	0	0	0
87	Health Benefit Charges	1,479	2,090	2,090	2,090	2,090	2,090	2,090
88	Subtotal	33,175	33,477	12,517	12,517	12,517	12,517	12,517
	<u>Revenue</u>							
89	Miscellaneous Fines	171	100	100	100	100	100	100
90	Search Costs	24	45	45	45	45	45	45
21	P.I.L.O.T.s	2,110	2,500	2,610	2,950	4,920	5,140	5,140
92	Gaming Fees	0	0	0	0	23,600	23,600	23,600
93	Other	490	305	305	305	305	305	305
94	Subtotal	2,795	2,950	3,060	3,400	28,970	29,190	29,190
	<u>Procurement</u>							
95	Performance Bonds	151	265	265	265	265	265	265
96	Master Performance Bonds	67	298	88	298	88	300	88
97	Bid Application Fees etc.	206	165	165	165	165	165	165
98	Other	286	350	350	350	350	350	350
99	Subtotal	710	1,078	868	1,078	868	1,080	868

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Locally Generated Non - Tax

No.	Agency and Revenue Source	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>City Treasurer</u>							
100	Interest Earnings	23,805	11,000	11,226	15,226	18,226	20,226	20,226
101	Other	397	600	600	600	600	600	600
102	Subtotal	24,202	11,600	11,826	15,826	18,826	20,826	20,826
	<u>City Representative</u>							
103	Other	218	250	250	250	250	250	250
	<u>Law</u>							
104	Other Fines	0	100	100	100	100	100	100
105	Legal Fees & Charges	162	250	250	250	250	250	250
106	Court Awarded damages	755	950	950	950	950	950	950
107	Other	130	50	50	50	50	50	50
108	Subtotal	1,047	1,350	1,350	1,350	1,350	1,350	1,350
	<u>City Planning Commission</u>							
109	Other	1	1	1	1	1	1	1
	<u>Free Library</u>							
110	Library Fees & Fines	276	277	277	277	277	277	277
111	Other	552	540	925	925	925	925	925
112	Subtotal	828	817	1,202	1,202	1,202	1,202	1,202
	<u>Personnel</u>							
113	Employment Application Fee	565	350	0	0	0	0	0
	<u>Auditing</u>							
114	Other	2	2	2	2	4	4	4
	<u>Board of Revision of Taxes</u>							
115	Other	1	4	4	4	4	4	4
	<u>Clerk of Quarter Sessions</u>							
116	Other Fines	537	600	600	600	600	600	600
117	Court Costs, Fees & Charges	1,425	1,500	1,500	1,500	1,500	1,500	1,500
118	Bail Forfeited	1,052	1,300	1,300	1,300	1,300	1,300	1,300
119	Cash Bail Fees	2,462	4,500	4,500	4,500	4,500	4,500	4,500
120	Other	4	125	125	125	125	125	125
121	Subtotal	5,480	8,025	8,025	8,025	8,025	8,025	8,025

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Locally Generated Non - Tax

No.	Agency and Revenue Source	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>Register of Wills</u>							
122	Court Costs, Fees & Charges	760	1,544	1,544	1,544	1,544	1,544	1,544
123	Recording Fees	2,152	2,000	2,000	2,000	2,000	2,000	2,000
124	Other	693	650	650	650	650	650	650
125	Subtotal	3,605	4,194	4,194	4,194	4,194	4,194	4,194
	<u>District Attorney</u>							
126	Other	1	25	25	25	25	25	25
	<u>Sheriff</u>							
127	Sheriff Fees	2,816	3,000	3,000	3,000	3,000	3,000	3,000
128	Commission Fees	5,450	6,300	6,300	6,300	6,300	6,300	6,300
129	Sheriff Mileage Fees	153	200	200	200	200	200	200
130	Interest Earnings	3,295	1,000	1,000	1,000	1,000	1,000	1,000
131	Other	61	50	50	50	50	50	50
132	Subtotal	11,775	10,550	10,550	10,550	10,550	10,550	10,550
	<u>City Commissioners</u>							
133	HAVA Reimbursement-Prior Year	0	0	0	0	0	0	0
134	Other	33	30	30	30	30	30	30
	Subtotal	33	30	30	30	30	30	30
	<u>1st Judicial District - Traffic Crt.</u>							
135	Traffic Court Fines	9,419	10,000	10,250	10,250	10,250	10,250	10,250
	<u>1st Judicial District - CP & MC</u>							
136	Court Costs, Fees & Charges	16,343	20,500	20,500	20,500	20,500	20,500	20,500
137	Other	1,069	1,050	1,050	1,050	1,050	1,050	1,050
138	Other Fines	2,945	3,250	3,250	3,250	3,250	3,250	3,250
139	Subtotal	20,357	24,800	24,800	24,800	24,800	24,800	24,800
140	Other Adjustments	5,364	0	0	0	0	0	0
141	Provision for Fee Increases	0	0	0	0	0	0	0
142	Total Locally Generated Non-Tax	265,764	264,104	258,728	270,605	301,900	311,369	313,613

**City of Philadelphia
General Fund
FY 2010 - 2014 Five Year Financial Plan
Summary by Class**

<u>Expenditure Class</u>	<u>Actual FY 08</u>	<u>Budgeted FY 09</u>	<u>Projected FY 09</u>	<u>Projected FY 10</u>	<u>Projected FY 11</u>	<u>Projected FY 12</u>	<u>Projected FY 13</u>	<u>Projected FY 14</u>
Class 100 - Wages	1,390,720,193	1,415,816,200	1,420,839,241	1,357,581,280	1,355,892,280	1,355,892,280	1,356,392,280	1,356,392,280
Class 100 - Benefits	983,038,761	1,004,844,233	955,187,833	830,681,344	982,080,316	1,052,578,275	1,183,661,336	1,184,297,991
Class 200 - Contracts / Leases	1,188,737,137	1,198,333,609	1,188,842,619	1,140,897,263	1,160,758,310	1,171,790,615	1,190,456,586	1,201,571,727
Class 300/400 - Supplies, Equipment	92,097,500	92,960,907	87,226,368	74,285,221	83,901,295	84,241,295	84,741,295	84,741,295
Class 500 - Indemnities / Contributions	120,956,593	123,842,594	130,248,594	117,874,359	117,934,358	117,999,358	118,066,358	118,066,358
Class 700 - Debt Service	87,180,770	111,148,240	108,268,380	121,867,172	125,913,411	131,951,709	142,019,294	148,635,444
Class 800 - Payments to Other Funds	24,821,149	44,713,595	29,985,329	28,512,362	33,957,362	34,413,362	34,923,927	35,471,456
Class 900 - Advances / Misc. Payments	32,310,293	39,954,822	22,652,622	25,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Total	3,919,842,396	4,031,712,000	3,953,251,886	3,896,499,000	3,855,437,333	3,963,886,894	4,125,261,076	4,144,176,552

City of Philadelphia
FY 2010 - 2014 Five Year Financial Plan
General Fund
Estimated Fringe Benefit Allocation

	Actual FY 08	Budgeted FY 09	Projected FY 09	Budgeted FY 10	Budgeted FY 11	Budgeted FY 12	Budgeted FY 13	Budgeted FY 14
Unemployment Compensation	2,794,789	2,547,968	2,547,968	2,547,968	2,547,968	2,547,968	2,547,968	2,547,968
Employee Disability	48,716,813	50,472,890	50,472,890	51,831,806	54,031,478	59,215,137	63,486,000	65,407,380
Pension	352,386,519	459,744,000	377,861,658	255,764,000	378,058,000	456,058,000	574,568,000	570,180,000
Pension Obligation Bonds	78,377,236	0	83,103,342	84,317,000	88,815,000	102,918,000	107,216,000	108,000,000
FICA	69,661,840	69,199,121	69,199,121	69,217,716	70,227,016	73,236,316	77,242,514	79,559,789
Health / Medical	421,031,060	385,827,854	388,777,854	388,777,854	370,477,854	370,477,854	370,477,854	370,477,854
Group Life	7,241,523	7,600,000	7,600,000	7,600,000	7,600,000	7,600,000	7,600,000	7,600,000
Group Legal	4,046,836	4,425,000	4,425,000	4,425,000	4,425,000	4,425,000	4,425,000	4,425,000
Tool Allowance	63,328	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Flex Cash Payments	728,710	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserve for Wage/Health Benefits Increases	0	24,027,400	0	0	0	0	0	0
Anticipated Workforce Savings	0	0	0	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)
TOTAL	983,038,761	1,004,944,233	985,187,633	830,681,344	962,080,316	1,052,578,275	1,183,661,336	1,184,297,991

City of Philadelphia

Five Year Financial Plan FY2009-2014

FUND

General

REVENUE

Tax

NO.	AGENCY AND REVENUE SOURCE	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	A. Real Property							
1	1. Current	366,459	370,780	370,742	386,338	398,811	411,964	425,678
2	2. Prior	36,330	34,000	42,000	35,000	40,000	38,500	37,000
4	Sub-total	402,789	404,780	412,742	421,338	438,811	450,464	462,678
	B. Wage and Earnings							
5	1. Current	1,176,556	1,115,331	1,133,993	1,153,772	1,175,471	1,221,086	1,260,761
6	2. Prior	8,267	12,000	24,000	12,000	12,000	12,000	12,000
7	Sub-total	1,184,823	1,127,331	1,157,993	1,165,772	1,187,471	1,233,086	1,272,761
	C. Business Taxes							
	1. Business Privilege							
8	a. Current	376,133	340,724	323,688	330,162	336,765	343,500	350,370
9	b. Prior	22,695	25,000	33,000	26,000	26,000	26,000	26,000
10	Sub-total	398,828	365,724	356,688	356,162	362,765	369,500	376,370
	2. Net Profits							
11	a. Current	9,109	8,276	8,381	8,667	8,685	8,861	9,056
12	b. Prior	3,393	3,500	6,000	4,000	4,000	4,000	4,000
13	Sub-total	12,502	11,776	14,381	12,667	12,685	12,861	13,056
14	Total, Business Taxes	411,330	377,500	371,069	368,829	375,450	382,361	389,426
	D. Other Taxes							
15	1. Sales	137,275	128,000	215,301	244,660	247,107	250,813	255,328
16	2. Amusement	17,983	18,433	20,894	21,366	21,850	22,346	22,855
17	3. Real Property Transfer	184,048	110,600	94,745	103,220	112,541	122,796	134,075
18	4. Parking	55,459	69,000	70,725	72,493	74,305	76,163	78,067
19	5. Other	2,792	2,862	3,000	3,075	3,152	3,231	3,311
20	Sub-total	397,557	328,895	404,665	444,814	458,955	475,349	493,637
21	TOTAL TAXES	2,396,499	2,238,506	2,346,469	2,400,753	2,460,687	2,541,260	2,618,502

City of Philadelphia
FY 2010 - 2014 Five Year Financial Plan
General Fund
Summary by Department

Department	Actual FY 08	Budgeted FY 09	Projected FY 09	Projected FY 10	Projected FY 11	Projected FY 12	Projected FY 13	Projected FY 14
Art Museum Subsidy	2,500,000	3,000,000	3,000,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
Atwater Kent Museum Subsidy	306,702	320,000	291,300	248,630	248,630	248,630	248,630	248,630
Auditing Department (City Controller's Office)	8,218,667	8,255,248	7,922,786	7,424,923	7,424,923	7,424,923	7,424,923	7,424,923
Board of Building Standards	95,694	112,792	113,892	71,601	71,601	71,601	71,601	71,601
Board of Ethics	542,111	1,000,000	950,000	810,000	810,000	810,000	810,000	810,000
Board of L & I Review	202,726	222,458	223,558	155,721	155,721	155,721	155,721	155,721
Board of Revision of Taxes	8,359,922	8,611,144	10,034,344	7,816,024	7,816,024	7,816,024	7,816,024	7,816,024
Camp William Penn	377,966	100,000	132,000	100,000	100,000	100,000	100,000	100,000
Capital Program Office	2,337,649	3,518,636	3,059,904	0	0	0	0	0
City Commissioners	9,285,945	8,995,597	9,325,587	8,794,177	8,794,177	8,794,177	8,794,177	8,794,177
City Council	14,578,420	17,832,493	16,940,883	16,048,973	16,048,973	16,048,973	16,048,973	16,048,973
City Planning Commission	3,348,132	3,328,054	3,367,654	2,427,649	2,377,649	2,377,649	2,377,649	2,377,649
City Representative	0	5,981,231	5,362,513	837,491	837,491	837,491	837,491	837,491
Commerce Department	9,629,152	1,574,923	1,985,318	1,838,276	1,701,276	1,701,276	1,701,276	1,701,276
Commerce Department-Economic Stimulus	4,000,000	2,000,000	1,777,500	1,462,386	1,462,386	1,462,386	1,462,386	1,462,386
City Treasurer	718,384	770,304	776,904	751,113	751,113	751,113	751,113	751,113
Civil Service Commission	148,624	169,209	170,309	170,309	170,309	170,309	170,309	170,309
Clark of Quarter Sessions	4,884,504	5,017,014	5,289,363	4,915,313	4,915,313	4,915,313	4,915,313	4,915,313
Community College Subsidy	24,467,924	28,467,924	26,467,924	26,467,924	26,467,924	26,467,924	26,467,924	26,467,924
Convention Center Subsidy	32,310,293	39,954,622	22,652,522	25,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Debt Service (Sinking Fund)	172,220,972	202,557,604	189,866,010	215,530,786	222,132,004	227,894,534	243,396,936	249,970,424
District Attorney	31,751,555	31,987,373	30,578,148	28,943,050	28,943,050	28,943,050	28,943,050	28,943,050
Division of Technology	34,036,883	38,147,598	37,680,898	21,744,368	21,744,368	21,744,368	21,744,368	21,744,368
Fairmount Park Commission	13,172,039	15,740,540	14,301,488	12,580,512	16,090,512	16,590,512	17,590,512	17,590,512
Finance Department	20,703,258	21,147,823	17,325,608	12,193,353	12,193,353	12,193,353	12,193,353	12,193,353
Finance - Cont'l. School Dist./Tax Cuts	37,000,000	38,490,000	38,490,000	38,540,000	38,500,000	38,685,000	38,732,000	38,732,000
Finance - Employee Benefits	983,038,761	1,004,944,233	965,187,833	830,681,344	952,080,316	1,052,578,275	1,183,681,336	1,184,297,991
Finance - PGW Rental Reimbursement	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
Fire Department	189,179,212	192,693,965	194,259,154	188,658,391	188,597,391	188,893,391	189,403,956	189,951,465
First Judicial District	120,016,368	114,552,203	108,824,593	99,096,983	99,096,983	99,096,983	99,096,983	99,096,983
Fleet Management Office	49,211,366	50,083,424	48,681,690	44,703,299	47,703,299	47,703,299	47,703,299	47,703,299
Fleet Mgmt. - Vehicle Purchase	17,348,572	13,100,000	6,275,828	2,750,826	11,575,000	11,575,000	11,575,000	11,575,000
Free Library	40,458,971	40,245,065	36,984,508	32,868,362	32,618,362	32,618,362	32,618,362	32,618,362
Hero Scholarship Awards	32,000	25,000	30,500	25,000	25,000	25,000	25,000	25,000
Historical Commission	404,836	407,820	413,120	413,120	413,120	413,120	413,120	413,120
Human Relations Commission	2,121,591	2,188,091	2,166,791	2,083,868	2,083,868	2,083,868	2,083,868	2,083,868
Human Services Department	614,778,975	616,308,936	605,419,669	590,878,063	597,738,063	597,738,063	597,738,063	597,738,063
Indemnities	29,786,468	25,613,915	35,618,915	24,500,000	24,500,000	24,500,000	24,500,000	24,500,000
Labor Relations, Mayor's Office of	524,096	549,350	544,350	485,415	485,415	485,415	485,415	485,415
Law Department	21,060,936	15,848,318	20,917,618	19,488,318	18,718,318	18,718,318	18,718,318	18,718,318
Legal Services (Incl. Defenders Assoc.)	37,259,093	37,606,660	37,338,074	35,941,188	35,034,463	35,034,463	35,034,463	35,034,463

City of Philadelphia
FY 2010 - 2014 Five Year Financial Plan
General Fund
Summary by Department

Department	Actual FY 08	Budgeted FY 09	Projected FY 09	Projected FY 10	Projected FY 11	Projected FY 12	Projected FY 13	Projected FY 14
Licenses and Inspections Department	30,264,639	27,635,668	27,307,561	23,962,601	23,962,601	23,962,601	23,962,601	23,962,601
Managing Director's Office	15,734,861	21,953,914	21,107,019	17,813,569	17,556,569	17,556,569	17,556,569	17,556,569
Mayor's Office	5,657,925	7,101,767	6,643,727	3,984,384	3,859,384	3,859,384	3,859,384	3,859,384
Mayor - Mural Arts Program	1,128,675	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Mayor's Office of Community Services	3,540,164	0	0	0	0	0	0	0
Mayor's Office of Transportation	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Mayor - Scholarships	169,880	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Off. of Arts and Culture and the Creative Economy	0	0	0	3,935,113	3,935,113	3,935,113	3,935,113	3,935,113
Off. of Behavioral Health/Mental Retardation Svcs.	14,136,399	14,261,952	14,276,252	14,271,572	14,271,572	14,271,572	14,271,572	14,271,572
Office of Housing & Community Development	5,200,000	5,000,000	4,000,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
Office of the Inspector General	0	0	0	1,309,677	1,309,677	1,309,677	1,309,677	1,309,677
Office of Supportive Housing	40,544,073	40,210,085	39,650,143	38,473,558	38,473,558	38,473,558	38,473,558	38,473,558
Personnel Department	4,684,931	4,732,808	4,761,408	4,229,301	4,229,301	4,229,301	4,229,301	4,229,301
Police Department	523,965,930	524,001,749	536,442,088	524,278,250	522,478,250	522,478,250	522,478,250	522,478,250
Prisons System	222,013,102	230,001,319	243,458,119	248,835,310	254,689,101	260,794,581	267,226,335	273,979,677
Procurement Department	4,983,669	5,222,603	4,762,424	3,775,000	3,775,000	3,775,000	3,775,000	3,775,000
Public Health Department	112,695,423	122,778,884	121,082,235	116,936,576	116,936,576	116,936,576	116,936,576	116,936,576
Public Property Department	53,054,886	61,742,541	58,716,330	53,859,878	53,859,878	53,859,878	53,859,878	53,859,878
Public Property - SEPTA Subsidy	61,339,000	63,077,000	63,077,000	64,164,000	65,787,000	67,456,000	69,160,000	70,928,000
Public Property - Space Rentals	15,546,843	16,543,000	15,788,554	15,083,108	15,083,108	15,083,108	16,083,108	15,083,108
Public Property - Utilities	33,127,561	32,490,000	32,490,000	32,520,000	32,890,000	35,010,000	38,670,000	39,830,000
Public Property - Telecommunications	2,551,431	3,000,000	2,741,000	9,584,598	9,584,598	9,584,598	9,584,598	9,584,598
Records	7,633,941	7,979,871	6,952,884	5,334,815	5,334,815	5,334,815	5,334,815	5,334,815
Recreation Department	38,769,657	40,395,732	38,714,870	33,819,244	32,044,244	32,044,244	32,044,244	32,044,244
Refunds	234,892	250,000	244,600	250,000	250,000	250,000	250,000	250,000
Register of Wills	3,522,395	3,776,976	3,586,127	3,399,278	3,399,278	3,399,278	3,399,278	3,399,278
Revenue Department	16,370,598	17,197,437	17,398,570	16,414,209	16,414,209	16,414,209	16,414,209	16,414,209
Sheriff's Office	15,218,436	15,271,619	15,220,138	13,066,657	13,066,657	13,066,657	13,066,657	13,066,657
Streets Department	33,583,751	42,520,085	32,355,385	26,759,385	31,783,385	31,783,385	31,783,385	31,783,385
Streets - Sanitation Division	95,005,450	102,572,395	100,832,895	87,364,673	88,517,975	89,911,267	91,348,687	92,825,129
Witness Fees	131,769	171,518	171,518	171,518	171,518	171,518	171,518	171,518
Youth Commission	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Zoning Board of Adjustment	342,536	445,810	449,110	377,871	377,871	377,871	377,871	377,871
Zoning Code Commission	239,444	500,000	500,000	500,000	0	0	0	0
Total	3,919,842,396	4,031,712,000	3,953,281,986	3,696,499,000	3,855,437,333	3,963,866,894	4,125,261,076	4,144,176,552

City of Philadelphia
Fiscal Year 2010 Operating Budget
FY 2010-2014 Five Year Plan
General Fund Full-Time Positions

Department	Filled Positions 6/30/08	FY 2009 Budget	FY 2010 Revised	FY 2011 Proposed	FY 2012 Proposed	FY 2013 Proposed	FY 2014 Proposed
Atwater Kent Museum	4	4	3	3	3	3	3
Auditing	121	135	127	127	127	127	127
Board of Building Standards	2	2	1	1	1	1	1
Board of L & I Review	3	3	2	2	2	2	2
Board of Ethics	6	11	9	9	9	9	9
Bd. of Revision of Taxes	139	139	125	125	125	125	125
Camp William Penn	1	1	0	0	0	0	0
Capital Program Office	21	0	0	0	0	0	0
City Commissioners	91	88	88	88	88	88	88
City Council	192	195	195	195	195	195	195
City Planning Commission	44	39	33	33	33	33	33
City Representative	0	11	5	5	5	5	5
City Treasurer	11	14	14	14	14	14	14
Civil Service Commission	2	2	2	2	2	2	2
Commerce	13	29	25	25	25	25	25
Clerk of Quarter Sessions	117	121	115	115	115	115	115
District Attorney - Total	437	449	449	449	449	449	449
<i>Civilian</i>	423	435	435	435	435	435	435
<i>Uniformed</i>	14	14	14	14	14	14	14
Division of Technology	141	152	140	140	140	140	140
Falmount Park	156	179	162	225	225	237	237
Finance	170	163	135	135	135	135	135
Fire	2,326	2,357	2,328	2,328	2,328	2,328	2,328
<i>Civilian</i>	101	110	111	111	111	111	111
<i>Uniformed</i>	2,225	2,247	2,217	2,217	2,217	2,217	2,217
First Judicial District	1,970	1,965	1,965	1,965	1,965	1,965	1,965
Fleet Management	307	329	309	309	309	309	309
Free Library	713	628	628	628	628	628	628
Historical Commission	6	6	6	6	6	6	6
Human Relations Commission	34	34	33	33	33	33	33
Human Services	1,784	1,858	1,858	1,858	1,858	1,858	1,858
Labor Relations	7	7	7	6	6	6	6
Law	192	201	192	192	192	192	192
Licenses & Inspections	356	309	330	330	330	330	330
Managing Director	117	167	140	140	140	140	140
Mayor	72	77	49	49	49	49	49
Mayor's Office of Transportation	0	6	6	6	6	6	6
Mural Arts Program	12	16	12	12	12	12	12
Office of Arts and Culture	0	0	2	2	2	2	2
Office of Behavioral Health	28	33	26	25	24	23	23
Office of Supportive Housing	126	132	132	132	132	132	132
Office of Inspector General	0		19	19	19	19	19
Office of Human Resources	68	78	67	67	67	67	67
Police	7,367	7,478	7,403	7,478	7,478	7,478	7,478
<i>Civilian</i>	837	854	854	854	854	854	854
<i>Uniformed</i>	6,530	6,624	6,549	6,624	6,624	6,624	6,624
Prisons	2,131	2,400	2,360	2,360	2,360	2,360	2,360
Procurement	58	62	50	50	50	50	50
Public Health	665	746	739	739	739	739	739
Public Property	165	172	172	172	172	172	172
Records	70	69	57	57	57	57	57
Recreation	464	517	478	478	478	478	478
Register of Wills	68	68	64	64	64	64	64
Revenue	252	277	263	263	263	263	263
Sheriff	238	263	263	263	263	263	263
Streets	1,839	1,888	1,797	1,797	1,797	1,797	1,797
Youth Commission	0	1	1	1	1	1	1
Zoning Code Commission	0	2	2	2	2	2	2
Zoning Board of Adjustment	5	5	5	5	5	5	5
TOTAL GENERAL FUND	23,111	23,888	23,393	23,529	23,528	23,539	23,539

Position estimates are preliminary and are subject to change with the preparation of the budget detail.

\$206,960,000
Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

**CERTIFICATE OF AUTHORITY PURSUANT TO THE BOND PURCHASE
CONTRACT AND SECTION 2.11(F) OF THE INDENTURE**

This certificate is made on May 14, 2010 in connection with the issuance by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of the above-referenced bonds (the "2010 Bonds") as required by Sections 9(e)(x) and 9(e)(xvii) of the Bond Purchase Contract dated May 4, 2010 (the "Purchase Contract") between the Authority and Goldman, Sachs & Co., as Underwriter and Section 2.11(f) of the Indenture. Terms used but not defined herein shall have the meanings set forth in the Purchase Contract or the Indenture.

WE, THE CHAIRPERSON AND SECRETARY OF THE AUTHORITY, HEREBY CERTIFY AS FOLLOWS:

1. Each of the Bond Documents to which the Authority is a party which has been executed and delivered prior to the date hereof is currently in full force and effect and no default on the part of the Authority, or event which with notice or upon lapse of time, or both, would constitute such a default, has occurred thereunder.

2. To the best of our knowledge and after reasonable investigation, the Resolution is in full force and effect as of the date hereof and has not been amended or supplemented since the date of its adoption.

3. To the best of our knowledge after reasonable investigation, the representations and warranties of the Authority contained in the Purchase Contract are true and correct as of the date hereof.

4. To the best of our knowledge after reasonable investigation, the Final Official Statement, except for information furnished by, or with respect to the City of Philadelphia, Pennsylvania (the "City") set forth in the sections of the Official Statement entitled "INTRODUCTION - Financial Condition of the City," "ANNUAL COLLECTION OF THE CITY TAX AND THE AUTHORITY TAX," "THE AUTHORITY — Operating History," and in Appendix B of the Official Statement, with respect to the Underwriter set forth in the section of the Official Statement entitled "UNDERWRITING," with respect to Financial Guaranty Insurance Company or any of its affiliates or any other bond insurance company set forth in the section of the Official Statement entitled "SOURCES OF PAYMENT AND SECURITY FOR THE 2009 BONDS — Debt Service Revenue Fund Policy" and with respect to The Depository Trust Company set forth in the sections of Official Statement entitled "THE 2009 BONDS — Book-Entry Only System" and "-Discontinuation of Book-Entry Only System," as to which no representation is made, does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. To the best of our knowledge after reasonable investigation, no litigation is pending against the Authority (i) to restrain or enjoin the issuance or delivery of any of the 2010 Bonds or the pledge or collection of revenues pledged under the Indenture, (ii) in any way contesting or affecting any authority for the issuance of the 2010 Bonds or the validity of the 2010 Bonds, the Bond Documents or the Purchase Contract, or the validity of the Resolution or (iii) in any way contesting the existence or powers of the Authority.

6. To the best of our knowledge after reasonable investigation, except as has been disclosed to the Underwriter, no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used, or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading.

7. To the best of our knowledge after reasonable investigation, the Authority has complied with all agreements and satisfied all conditions, on its part to be performed or satisfied at or prior to the issuance and sale of the 2010 Bonds.

8. As verified by the analysis attached hereto as Exhibit A prepared by Isdaner & Company, LLC, independent certified public accountants to the Authority:

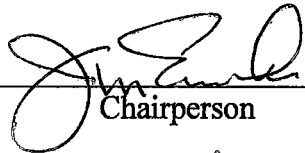
(a) the PICA Taxes collected with respect to the 12-month period commencing April, 2009 and ending March, 2010, after giving retroactive effect during each month of such period to any PICA Taxes that were not in effect (including any increase in the rate of an existing tax) during each such month but that have been imposed prior to the issuance of the 2010 Bonds, equaled at least 300% of the Maximum Annual Debt Service Requirement on Bonds to be Outstanding after the issuance of the 2010 Bonds (there are no obligations with respect to repayment of "Policy Costs" due and owing with respect to any credit facility issued in connection with the Debt Service Reserve Fund for any bonds under the Indenture and there are no amounts due to the provider of a credit or liquidity facility issued with respect to any bonds under the Indenture); and

(b) the PICA Taxes projected to be collected during the 12 months following the issuance of the 2010 Bonds, which projection may be based on the PICA Taxes projected for such period in the City's most recent Financial Plan (as defined in the Intergovernmental Cooperation Agreement) approved by the Authority, equal at least 300% of the Debt Service Requirement during such 12-month period on Bonds to be Outstanding after the issuance of the 2010 Bonds.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, we have executed this Certificate on the date and year first above written.

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____
Chairperson


By: _____
(Assistant) Secretary

EXHIBIT A

Analysis of Isdaner & Company, LLC

**ISDANER &
COMPANY, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

**REPORT ON APPLYING
AGREED-UPON PROCEDURES**

THREE BALA PLAZA • SUITE 501 WEST • BALA CYNWYD • PENNSYLVANIA • 19004-3484

(610) 668-4200 • Fax (215) ISDANER • Fax (610) 667-4329 • www.isdanerllc.com

Independent Accountants' Report on Applying Agreed-Upon Procedures

Board of Directors
Pennsylvania Intergovernmental
Cooperation Authority
Philadelphia, Pennsylvania

We have performed the procedures enumerated in the Appendix attached, which were agreed to by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), solely to assist you in evaluating compliance with the requirements of Section 2.11(f) of the Amended and Restated Indenture of Trust dated as of December 1, 1994, as amended and supplemented, between the Authority and U.S. Bank, National Association (the "Indenture"). The Authority's management is responsible for the Authority's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the Appendix either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are summarized in the Appendix to this report.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on compliance with the requirements of Section 2.11(f) of the Indenture. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Pennsylvania Intergovernmental Cooperation Authority's management and parties to the Indenture and should not be used by anyone other than those specified parties.

Isdaner & Company, LLC

May 14, 2010

APPENDIX

Our procedures and findings are summarized as follows:

1. We obtained the Certificate of Maximum Annual Debt Service in accordance with Section 2.11(f) of the Indenture of Trust (the "Certificate") attached as Exhibit 1, from the Authority's management. We compared the amounts shown on the Certificate as "PICA Taxes Collected" for the months from April 2009 through March 2010 to the monthly totals on a supporting schedule prepared by the Authority's management of individual PICA tax receipts received from the Treasurer of the Commonwealth of Pennsylvania and found such amounts to be in agreement. We recalculated such monthly totals and noted no exceptions.
2. We compared the individual PICA Tax receipts listed on the supporting schedule obtained in (1) to the Authority's monthly bank statements obtained from the Authority's management and noted no exceptions.
3. We confirmed the amounts shown on the Certificate as "PICA Taxes Projected to be Collected" for the four quarters from July 2010 through June 2011 directly with the Office of the Director of Finance for the City of Philadelphia and noted no exceptions.
4. We recalculated the amounts shown as "Total" on the Certificate and noted no exceptions.
5. We recalculated the amount shown on the Certificate as "Maximum Annual Debt Service Limit" and noted no exceptions.
6. We recalculated the amount shown on the Certificate as "Maximum Debt Service Limit for Corresponding Period" and noted no exceptions.
7. We compared the amounts shown on the Certificate under the heading "Total Debt Service" for each of the years shown to a schedule received directly from the Underwriters to the Authority with respect to the Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2010 and noted no exceptions.
8. We compared the amount shown on the Certificate as "Maximum Annual Debt Service Limit" to amounts shown on the Certificate under the heading "Total Debt Service" for each year and noted that each of the amounts shown under the heading "Total Debt Service" was less than the amount shown as "Maximum Annual Debt Service Limit."
9. We compared the amount shown as "Maximum Debt Service Limit for Corresponding Period" to the amount shown on the Certificate under the heading "Total Debt Service" for each year and noted that each of the amounts shown under the heading "Total Debt Service" was less than the amount shown as "Maximum Debt Service Limit for Corresponding Period."

EXHIBIT 1**Pennsylvania Intergovernmental Cooperation Authority
Certificate of Maximum Annual Debt Service
In Accordance with Section 2.11(f) of the Indenture Trust****PICA Taxes Collected:**

April 2009	\$ 21,042,038
May 2009	42,888,946
June 2009	25,505,933
July 2009	27,903,864
August 2009	30,988,504
September 2009	20,723,399
October 2009	28,883,182
November 2009	27,083,577
December 2009	27,502,177
January 2010	30,128,191
February 2010	32,453,485
March 2010	28,622,683

Total	<u>\$343,725,979</u>
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Maximum Annual Debt Service Limit (1)	<u>\$114,575,326</u>
---------------------------------------	----------------------

PICA Taxes projected to be collected (Fiscal Year 2010):

Quarter	
1	\$ 78,400,000
2	86,700,000
3	93,600,000
4	<u>103,200,000</u>

Total	<u>\$361,900,000</u>
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Maximum Debt Service Limit for Corresponding Period (2)	<u>\$120,633,333</u>
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- (1) As set forth in Section 2.11(f) of the Indenture, the total amount for "PICA Taxes Collected" must equal at least 300% of the Maximum Annual Debt Service Limit. The limit is calculated by dividing total PICA taxes collected by 3.
- (2) As set forth in Section 2.11(f) of the Indenture, the total amount for "PICA Taxes Projected to be Collected" must equal at least 300% of the Debt Service Limit for the corresponding 12-month period. The limit is calculated by dividing total PICA taxes projected to be collected by 3.

EXHIBIT 1 (Continued)

**Pennsylvania Intergovernmental Cooperation Authority
Certificate of Maximum Annual Debt Service
In Accordance with Section 2.11(f) of the Indenture Trust**

Annual Debt Service Requirements after Issuance of Special Tax Revenue Refunding Bonds, Series 2010

<u>Year Ended June 30</u>	<u>Total Debt Service</u>
2011	66,521,707
2012	66,384,350
2013	66,194,100
2014	66,014,150
2015	65,821,100
2016	65,615,600
2017	65,412,600
2018	56,095,100
2019	47,152,100
2020	46,944,100
2021	37,319,600
2022	37,179,750
2023	23,076,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

1500 Walnut Street, 16th Floor
Philadelphia, PA 19102

May 14, 2010

Mr. Rob Dubow
Director of Finance
City of Philadelphia
1401 JFK Boulevard
Municipal Services Building - Room 1330
Philadelphia, PA 19102-1693

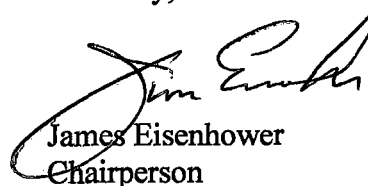
Re: Consent of the City of Philadelphia Regarding the
Seventh Supplement to the Amended and Restated Indenture of Trust

Dear Mr. Dubow:

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority") and U.S. Bank National Association, as successor Trustee ("Trustee"), intend to enter into a Seventh Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2010, in the form attached hereto as Exhibit A (the "Seventh Supplement to the Amended and Restated Indenture") in connection with the issuance by the Authority of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010, which will amend and supplement the Amended and Restated Indenture of Trust dated as of December 1, 1994 by and between the Authority and the Trustee (the "Amended and Restated Indenture") and in accordance with Section 10.03 of the Amended and Restated Indenture, the Authority hereby requests the consent of the City of Philadelphia, Pennsylvania (the "City") to the execution and delivery of the Seventh Supplement to the Amended and Restated Indenture.

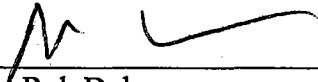
Please sign below and return this letter to the Authority at the above address (to the attention of the undersigned) as evidence of the City's consent to the execution and delivery of the Seventh Supplement to the Amended and Restated Indenture.

Sincerely,


James Eisenhower
Chairperson

CONSENTED TO BY THE CITY OF PHILADELPHIA,
PENNSYLVANIA

This 14th day of May, 2010

By: 

Rob Dubow
Director of Finance

EXHIBIT A

**SEVENTH SUPPLEMENT TO THE AMENDED AND
RESTATED INDENTURE OF TRUST**

between

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of May 1, 2010

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**SEVENTH SUPPLEMENT TO THE AMENDED AND RESTATED
INDENTURE OF TRUST**

THIS SEVENTH SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST, dated as of May 1, 2010, between the **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY** (the “**Authority**”), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania under and by virtue of the Constitution and laws of the Commonwealth of Pennsylvania (the “**Commonwealth**”), and **U.S. BANK NATIONAL ASSOCIATION** (the “**Trustee**”), a national banking association organized under the laws of the United States, as successor trustee under the Indenture,

W I T N E S S E T H :

WHEREAS, the Authority is authorized and empowered under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (as such Act may be further amended from time to time, the “**Act**”), to issue its bonds in accordance with the Act for various purposes, including, without limitation, providing financial assistance to a city of the first class in the Commonwealth to finance a deficit other than a cash flow deficit, to finance capital projects and to otherwise assist such a city and to refund outstanding indebtedness of the Authority; and

WHEREAS, the Authority and CoreStates Bank, N.A., as trustee, entered into an Indenture of Trust, dated as of June 1, 1992, as amended and supplemented by a First Supplemental Indenture of Trust, dated as of June 22, 1992, a Second Supplemental Indenture of Trust dated as of July 15, 1993, and a Third Supplemental Indenture of Trust, dated as of August 15, 1993 (collectively, the “**Original Indenture**”); and

WHEREAS, the Authority amended and restated the Original Indenture, pursuant to an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the “**Amended and Restated Indenture**”) between the Authority and Meridian Bank, as Trustee, in order to, inter alia, incorporate in one document all of the provisions thereof, and issue its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994; and

WHEREAS, pursuant to the First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996 (the “**First Supplement**”) between the Authority and Meridian Bank, as Trustee, the Authority issued \$343,030,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996; and

WHEREAS, pursuant to the Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999 (the “**Second Supplement**”) between the Authority and First Union National Bank (successor to Meridian Bank), as Trustee, the Authority issued \$610,005,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999; and

WHEREAS, pursuant to the Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003 (the **“Third Supplement”**) between the Authority and Wachovia Bank, National Association (successor to First Union National Bank), as Trustee, the Authority issued \$165,550,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2003; and

WHEREAS, pursuant to the Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006 (the **“Fourth Supplement”**) between the Authority and Wachovia Bank, National Association, as Trustee, the Authority issued \$89,950,000 of its Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2006 (Auction Rate Securities); and

WHEREAS, pursuant to the Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 (the **“Fifth Supplement”**) between the Authority and U.S. Bank National Association (successor to Wachovia Bank, National Association), as Trustee, the Authority issued \$133,740,000 of its Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2008A (the **“2008A Bonds”**) and \$80,825,000 of its Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2008B (the **“2008B Bonds”** and together with the 2008A Bonds, the **“2008 Bonds”**); and

WHEREAS, pursuant to the Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 (the **“Sixth Supplement”** and together with the Amended and Restated Indenture, First Supplement, Second Supplement, Third Supplement, Fourth Supplement and Fifth Supplement, the **“Existing Indenture”**) between the Authority and U.S. Bank National Association, as Trustee, the Authority issued \$354,925,000 of its Special Tax Revenue Refunding Bonds (City of Philadelphia Refunding Program) Series of 2009 (the **“2009 Bonds”**); and

WHEREAS, as a result of various refundings of bonds issued under the Existing Indenture, the 2008 Bonds and the 2009 Bonds are the only bonds currently outstanding under the Existing Indenture; and

WHEREAS, the Authority has previously entered into the 2008 Swap Agreements (hereinafter defined) and has determined to issue and sell Additional Bonds to (i) pay the costs of currently refunding the 2008 Bonds and (ii) pay the costs of issuing such Additional Bonds, including the costs of terminating the 2008 Swap Agreements (the **“2010 Refunding”**); and

WHEREAS, by a resolution adopted on April 20, 2010, the Authority has determined to issue and sell its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the **“2010 Bonds”**) for the purpose of financing, together with other available funds, the 2010 Refunding pursuant to the terms of this Seventh Supplement to the Amended and Restated Indenture (the **“Seventh Supplement”** and, together with the Existing Indenture, the **“Indenture”**); and

WHEREAS, the 2010 Bonds are to be substantially in the form attached hereto as Exhibit A; and

WHEREAS, in order to accomplish the current refunding of the outstanding 2008 Bonds, the Authority shall direct the Trustee: (i) to deposit into the Bond Redemption Fund a portion of the proceeds of the 2010 Bonds in an amount which, when added to certain funds held by the Trustee for the benefit of the 2008 Bonds and other available funds of the Authority, will be sufficient to pay on May 15, 2010, the redemption price of all outstanding 2008 Bonds, which have been called for redemption on May 15, 2010 and (ii) to pay the costs of terminating the 2008 Swap Agreements; and

WHEREAS, the execution and delivery of this Seventh Supplement and the 2010 Bonds have been duly authorized and all things necessary to make the 2010 Bonds, when executed by the Authority and authenticated by the Trustee, valid and binding legal obligations of the Authority and to make this Seventh Supplement a valid and binding agreement have been done; and

NOW, THEREFORE, THIS SEVENTH SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST WITNESSETH:

That, in order to secure the principal of and interest and premium, if any, on the 2010 Bonds issued hereunder according to their tenor and effect and to secure the performance and observance by the Authority of all the covenants and conditions contained herein and in the Existing Indenture and to declare the terms and conditions upon and subject to which the 2010 Bonds are issued and secured, and for and in consideration of the mutual covenants contained herein and in the Existing Indenture, the Authority and the Trustee are entering into this Seventh Supplement, which shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of the 2010 Bonds.

ARTICLE I

AUTHORITY AND DEFINITIONS

Section 1.01. Supplemental Indenture of Trust

This Seventh Supplement is supplemental to the Existing Indenture.

Section 1.02. Authority for the Seventh Supplement

This Seventh Supplement is adopted (i) pursuant to the provisions of the Act and (ii) in accordance with Article X of the Amended and Restated Indenture.

Section 1.03. Definitions

(a) Except as provided in this Seventh Supplement, all terms which are defined in Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement and the Sixth Supplement, shall have the same meanings, respectively, in this Seventh Supplement as are given to such terms in said Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement and the Sixth Supplement.

(b) Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement and the Sixth Supplement, is hereby amended and supplemented by amending certain definitions contained in the Existing Indenture (but only to the extent such definitions apply to the 2010 Bonds) and by adding the following definitions with respect to the 2010 Bonds:

“Authorized Denomination” means \$5,000 and integral multiples thereof.

“Closing Date” means May 14, 2010, the date of delivery of the 2010 Bonds to the Underwriter against payment therefor.

“Interest Payment Date” means each June 15 and December 15, commencing on December 15, 2010, for so long as any 2010 Bonds remain outstanding.

“Outstanding”, “Bonds outstanding” or “outstanding Bonds” means, with respect to the 2010 Bonds, as of any given date, all 2010 Bonds which have been duly authenticated and delivered under the Indenture, except:

(a) 2010 Bonds canceled after purchase in the open market or because of payment at, or redemption prior to, their maturity;

(b) 2010 Bonds for the payment or redemption of which cash or Government Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity date or redemption date of any such 2010 Bonds) in accordance with Article VII of the Amended and Restated Indenture; provided that if such Bonds are to be redeemed prior to their stated maturity date thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

(c) 2010 Bonds in lieu of which others have been authenticated under Section 2.07 or 2.08 of the Amended and Restated Indenture;

“Participant” means, with respect to DTC or another Securities Depository, a participant in or member of DTC or such other Securities Depository, respectively.

“Person” means a corporation, association, partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

“Principal Office” means, with respect to the 2010 Bonds, the corporate trust office of the Trustee responsible for the administration of this Seventh Supplement, as designated in Section 11.07 of the Amended and Restated Indenture.

“Record Date” means, with respect to the 2010 Bonds, the close of business on the last day of the calendar month next preceding an Interest Payment Date.

“Representation Letter” means that blanket letter from the Authority to DTC with respect to the issuance of bonds in book-entry form.

“Securities Depository” means DTC, or, if applicable, any successor securities depository appointed pursuant to the Indenture.

“Special Record Date” means a special date fixed to determine the names and addresses of holders of the 2010 Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in the Indenture.

“2008 Swap Agreements” means the two interest rate swap agreements evidenced by the Master Agreement and the Schedule thereto, each dated as of December 6, 2001, and each Confirmation relating thereto, each by and between the Authority and JPMorgan Chase Bank, N.A., in each case as amended, supplemented or otherwise modified and in effect from time to time, designated as JPMorgan Chase Deal Number 507760 and JPMorgan Chase Deal Number 507759, as each such interest rate swap agreement relates to the 2008A Bonds and the 2008B Bonds.

“Underwriter” means Goldman, Sachs & Co., as underwriter of the 2010 Bonds, and its successors and assigns.

ARTICLE II

THE 2010 BONDS

Section 2.01. Authorization and Description of the 2010 Bonds

(a) The 2010 Bonds are authorized to be issued in an aggregate principal amount of \$206,960,000. The 2010 Bonds shall be designated “Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010”. The 2010 Bonds shall be issued as fully registered bonds in Authorized Denominations. The 2010 Bonds shall be substantially in the form hereinafter set forth as Exhibit A with such appropriate variations, omissions and insertions as are permitted or required by the Indenture or deemed necessary by the Trustee and the Authority.

(b) Unless the Authority shall otherwise direct, the 2010 Bonds shall be numbered consecutively from R-1 upward. Interest on the 2010 Bonds shall be payable on each Interest Payment Date, until payment of the principal amount of such 2010 Bond, or provision therefor, shall have been made upon redemption, at maturity or otherwise. Each 2010 Bond shall be dated as of the most recent Interest Payment Date to which interest has been duly paid or provided for next preceding its date of issue, unless issued on an Interest Payment Date on which interest has been paid or provided for, in which event it shall be dated as of such Interest Payment Date or, if issued prior to the first Interest Payment Date on which interest is paid, it shall be dated the date of initial issuance of the 2010 Bonds.

(c) The 2010 Bonds shall mature on the dates and in the amounts and shall bear interest at the fixed interest rates set forth in Schedule 1 attached hereto.

(d) The principal of and premium, if any, on the 2010 Bonds shall be payable at the Principal Office of the Trustee, upon presentation and surrender. Payment of principal of any 2010 Bond shall be made to any owner of \$1,000,000 or more in aggregate principal amount of 2010 Bonds by wire transfer to such owner on the principal payment date for such 2010 Bonds upon written notice from such owner to the Trustee containing the wire transfer instructions within the continental United States to which such owner wishes to have such wire directed, which written notice is received not later than the tenth (10th) day next preceding the principal payment or maturity date applicable to such 2010 Bonds, provided that such wire transfer shall only be made upon presentation and surrender of such 2010 Bonds at the Principal Office of the Trustee on the principal payment date.

(e) Interest payments on a 2010 Bond (other than with respect to defaulted interest) shall be made to the registered owner thereof appearing on the Bond Register as of the close of business of the Registrar on the Record Date, or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment date by a holder of \$1,000,000 or more in aggregate principal amount of 2010 Bonds, by wire transfer to an account in a bank located in the United States designated by such Bondholder.

Section 2.02. Book Entry System

(a) It is intended that the 2010 Bonds be registered so as to participate in a securities depository system with DTC (the “**DTC System**”), as set forth herein. Except as provided in subparagraph (c) of this Section, the registered owner of all of the 2010 Bonds shall be DTC and the 2010 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on any 2010 Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of immediately available funds to the account of Cede & Co. on each Interest Payment Date at the address indicated on the Record Date or Special Record Date for Cede & Co. in the Bond Register kept by the Trustee.

(b) The 2010 Bonds shall be initially issued in the form of separate single fully registered bond for each maturity, authenticated by the Trustee in the amount of each separately stated maturity for the 2010 Bonds. Upon initial issuance, the ownership of such 2010 Bonds shall be registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the Authority shall treat DTC (or its nominee) as the sole and exclusive owner of the 2010 Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the 2010 Bonds, selecting the 2010 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Seventh Supplement, registering the transfer of 2010 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the Authority shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the 2010 Bonds under or through DTC or any Participant, or any other Person which is not shown on the registration books of the Trustee as being a Bondholder, with respect to: (i) the accuracy of any records maintained by DTC or any Participant; (ii) the payment of DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the

2010 Bonds; (iii) any notice which is permitted or required to be given to Bondholders under the Indenture; (iv) the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the 2010 Bonds; or (v) any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal of and premium, if any, and interest on the 2010 Bonds only to or “upon the order of” (as that phrase is used in the Uniform Commercial Code as adopted in the Commonwealth of Pennsylvania) DTC and all such payments shall be valid and effective to fully satisfy and discharge the Authority’s obligations with respect to the principal of and premium, if any, and interest on the 2010 Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated 2010 Bond. Upon delivery, by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word “Cede & Co.” in this Seventh Supplement shall be deemed to be changed to reflect such new nominee of DTC.

(c) In the event the Authority determines that it is in its best interest to discontinue the use of book entry system for the 2010 Bonds, the Authority may notify in writing DTC and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of bond certificates. In such event, the Trustee shall deliver, transfer and exchange Bond certificates as directed in writing by DTC in appropriate amounts. DTC may determine to discontinue providing its services with respect to the 2010 Bonds at any time by giving written notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Authority and the Trustee, at the sole cost of the Authority, shall be obligated to deliver Bond certificates as directed in writing by DTC. In the event Bond certificates are issued, the provisions of the Indenture shall apply to, among other things, the transfer and exchange of the 2010 Bonds and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the 2010 Bonds to any Participant having 2010 Bonds credited to its DTC account, or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the 2010 Bonds.

(d) Notwithstanding any other provision of this Seventh Supplement to the contrary, so long as any 2010 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such 2010 Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC as sole Bondholder notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole 2010 Bondholder.

Section 2.03. Delivery of the 2010 Bonds; Disposition of Proceeds and Transfer of Funds

Upon the execution and delivery of this Seventh Supplement, the Authority shall execute and deliver the 2010 Bonds to the Trustee and the Trustee shall authenticate the 2010 Bonds and deliver them to the initial purchaser or purchasers thereof as directed by the Authority in an order delivered by the Authority to the Trustee upon receipt of the proceeds of the 2010 Bonds. Proceeds from the sale of the 2010 Bonds, together with any other available funds deposited by the Authority with the Trustee for such purpose, shall be received by the Trustee and deposited in the Settlement Fund and shall then be disbursed and transferred from the Settlement Fund as follows:

(1) to or upon the order of the Authority, the amount specified by the Authority at or after the closing for the issuance of the 2010 Bonds as the costs of issuance of the 2010 Bonds;

(2) to the Trustee, to be deposited in the Bond Redemption Fund, an amount equal to \$190,539,318.59, which will be applied, together with other available funds of the Authority, to the current redemption of all Outstanding 2008 Bonds on May 17, 2010; and

(3) to JPMorgan Chase Bank, N.A. to pay the Authority's costs of terminating the 2008 Swap Agreements, an amount equal to \$39,678,000.00.

Any amount remaining in the Settlement Fund after the foregoing disbursements and transfers shall be disbursed or transferred by the Trustee to the Debt Service Fund in respect of the 2010 Bonds.

The Trustee shall transfer a portion of the funds currently held in the Debt Service Fund to the Redemption Fund, in an amount equal to the amount necessary to effect the current redemption of the 2008 Bonds, less the amount to be deposited therein pursuant to 2.03(2) hereof.

ARTICLE III

REDEMPTION OF THE 2010 BONDS

Section 3.01. Redemption Dates and Prices

As long as there is no continuing Event of Default under the Indenture, the 2010 Bonds shall be subject to redemption prior to maturity in the amounts, at the times and in the manner provided in this Section 3.01.

(a) Optional Redemption. The 2010 Bonds maturing on or after June 15, 2021 are subject to redemption at the option of the Authority on and after June 15, 2020, in whole at any time, or in part, from time to time, if in part in such order of maturity and in such principal amount within a maturity as specified by the Authority, and within a maturity as selected by the

Trustee by lot, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

(b) General Provisions Regarding Redemptions.

(i) No redemption of less than all of the 2010 Bonds outstanding shall be made unless in Authorized Denominations. Any redemption of less than all of the 2010 Bonds Outstanding shall be made in such a manner that all 2010 Bonds Outstanding after such redemption are in Authorized Denominations.

(ii) 2010 Bonds may be called for redemption by the Trustee pursuant to Section 3.01 hereof in accordance with the notice requirements of Section 3.02 hereof.

Section 3.02. Notice of Redemption

(a) Except as hereinafter provided, and upon direction of the Authority in the case of Section 3.01(a) above, a copy of the notice of the call for any redemption identifying the 2010 Bonds to be redeemed shall be given by the Trustee to the Bondholders by first class mail, postage prepaid, not less twenty (20) than nor more than sixty (60) days prior to the date fixed for redemption, to the registered owners of 2010 Bonds to be redeemed at their addresses as shown on the Bond Register. Such notice shall specify the redemption date, the redemption price, the place and manner of payment and that from the redemption date, interest will cease to accrue on the 2010 Bonds which are the subject of such notice and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. If at the time of mailing of any notice of optional redemption the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the 2010 Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited.

(b) Failure to give notice in the manner prescribed hereunder with respect to any 2010 Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any 2010 Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the 2010 Bonds to be redeemed and to pay interest due thereon and premium, if any, the 2010 Bonds thus called shall not after the applicable redemption date bear interest, be protected by the Indenture or be deemed to be Outstanding under the provisions of the Indenture.

(c) If any 2010 Bond is transferred or exchanged on the Bond Register by the Registrar after notice has been given calling such 2010 Bond for redemption, the Trustee will attach a copy of such notice to the 2010 Bond issued in connection with such transfer or exchange.

Section 3.03. Selection of Bonds To Be Redeemed

If less than all the 2010 Bonds shall be called for redemption under any provision of the Indenture permitting such partial redemption, the particular 2010 Bonds or portions thereof to be

redeemed shall be selected by the Authority, in the principal amount designated in writing to the Trustee by the Authority or otherwise as required by the Indenture, and the portion of any 2010 Bond to be redeemed shall be in a principal amount equal to an Authorized Denomination. In selecting 2010 Bonds for redemption, the Trustee shall treat each 2010 Bond as representing that number of 2010 Bonds which is obtained by dividing the principal amount of such 2010 Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any 2010 Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the owner of such 2010 Bond shall forthwith surrender such 2010 Bond to the Trustee for (a) payment to such owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption and (b) delivery to such owner a new 2010 Bond or 2010 Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such 2010 Bond. New 2010 Bonds representing the unredeemed balance of the principal amount of such 2010 Bond shall be issued to the registered owner thereof without charge therefor.

ARTICLE IV

TERMINATION OF THE 2008 SWAP AGREEMENTS

Section 4.01. Termination of the 2008 Swap Agreements

The Authority hereby confirms as follows in connection with the termination of the 2008 Swap Agreements: The Authority entered into the 2008 Swap Agreements in order to hedge its variable rate bond interest rate exposure in connection with the 2008 Bonds. The Authority has determined, after review and consultation with Mohanty Gargiulo LLC, its financial and swap advisor, to issue the 2010 Bonds as fixed rate bonds and to terminate the 2008 Swap Agreements and pay the current market swap termination fee. The swap termination fee will be paid by the Authority to JPMorgan Chase Bank, N.A. from the proceeds of the 2010 Bonds pursuant to Section 2.03(a)(3) hereof.

The Authority acknowledges that the Trustee has no knowledge of or information related to, and the Trustee disclaims all knowledge of, or information related to, the matters described in Section 5.01 hereof, except that the Trustee has transferred certain funds to JPMorgan Chase Bank, N.A. in accordance with Section 2.03(a)(3) hereof.

ARTICLE V

AMENDMENT OF INDENTURE

Section 5.01. Amendment of Section 8.01

Section 8.01 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement and the Sixth Supplement, is amended as follows:

In the fifth to last line of the paragraph following subsection 8.01 (e), delete the words “2008 Bonds” and add the words “or in the 2010 Bonds”.

ARTICLE VI

INDENTURE TO REMAIN IN EFFECT; MISCELLANEOUS

Section 6.01. Indenture to Remain in Effect

Except as amended and supplemented by this Seventh Supplement, the Existing Indenture shall remain in full force and effect and is in all respects ratified, approved and confirmed, and the Existing Indenture and this Seventh Supplement shall be read, taken and construed as one and the same instrument so that all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture shall apply and remain in full force and effect with respect to this Seventh Supplement and the 2010 Bonds, as appropriate. In case of any conflict between the provisions of the Existing Indenture and this Seventh Supplement, the provisions of this Seventh Supplement shall apply. Without limiting the foregoing, the Authority hereby assigns, pledges and grants to the Trustee and confirms its prior grant to the Trustee of a lien on and security interest in all right, title and interest of the Authority in and to the Pledged Revenues in order to secure (i) the payment of the principal of, premium, if any, and interest on the Bonds (including without limitation the 2010 Bonds) according to their tenor and effect, and (ii) the performance and observance by the Authority of all covenants and agreements of the Authority expressed herein and in the Bonds (including without limitation the 2010 Bonds).

Section 6.02. Counterparts

This Seventh Supplement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

Section 6.03. Governing Law

This Seventh Supplement shall be governed by and construed in accordance with the laws of the Commonwealth.

Section 6.04. Captions

The captions and headings in this Seventh Supplement are for reference purposes only and shall not control or affect the meaning or interpretation of any provisions of this Seventh Supplement.

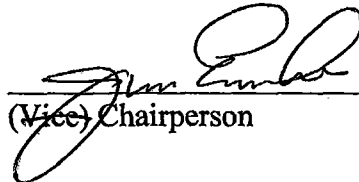
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IN WITNESS WHEREOF, the Authority has caused this Seventh Supplement to the Amended and Restated Indenture to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials and the Trustee has caused this Seventh Supplement to the Amended and Restated Indenture to be executed in its name, as of the date first above written.

ATTEST:

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

By: 
(Assistant) Secretary

By: 
(Vice) Chairperson

[SEAL]

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

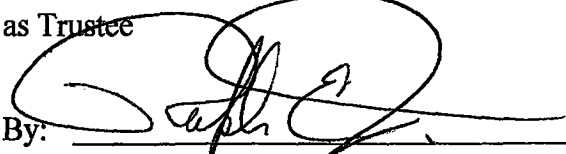
By: 
Authorized Signatory

EXHIBIT A
Form of 2010 Bonds

No. R - _____

\$ _____

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

Interest Rate
____%

Maturity Date
June 15, ____

Dated Date
May 14, 2010

CUSIP

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania, United States of America, duly existing under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), for value received, hereby promises to pay (but only out of Pledged Revenues (as hereinafter defined)) to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Revenues) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid, from May 14, 2010, on June 15 and December 15 in each year, commencing December 15, 2010 (each, an "Interest Payment Date"), until payment of said principal amount shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of U.S. Bank, National Association or its successor, as Trustee (the "Trustee"). Interest on this Bond will be paid by the Trustee on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Authority (the "Bond Register") maintained by U.S. Bank, National Association or its successor as Registrar and at the address appearing thereon on the last day of the month (whether or not a business day) preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Trustee not less than ten (10) days prior to the relevant Interest Payment Date by a holder of \$1,000,000 or more in aggregate principal amount of Series 2010 Bonds (as hereinafter defined), by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the

“Special Payment Date”). Such Special Payment Date shall be fixed by the Trustee in accordance with Section 2.03 of the Indenture (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States or America.

Interest on the Series 2010 Bonds shall be paid on each Interest Payment Date and shall be computed on the basis of a year of 360 days consisting of twelve 30-day months.

THIS BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, AND NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PHILADELPHIA, EXCEPT FOR THE AUTHORITY, IS OR SHALL BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

NOTWITHSTANDING ANY PROVISION OF THE ACT OR ANY OTHER LAW TO THE CONTRARY, OR OF ANY IMPLICATION THAT MAY BE DRAWN THEREFROM, THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER GOVERNMENT AGENCIES, INCLUDING THE CITY, EXCEPT THE AUTHORITY, SHALL HAVE NO LEGAL OR MORAL OBLIGATION FOR THE PAYMENT OF EXPENSES OR OBLIGATIONS OF THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, PRINCIPAL AND INTEREST ON THE SERIES 2010 BONDS, THE FUNDING OR REFUNDING OF ANY RESERVES AND ANY OPERATING OR ADMINISTRATIVE EXPENSES WHATSOEVER. OBLIGEEES OF THE AUTHORITY, INCLUDING HOLDERS OF SERIES 2010 BONDS, SHALL HAVE NO RECOURSE, LEGAL OR MORAL, TO THE COMMONWEALTH OF PENNSYLVANIA OR TO ANY GOVERNMENT AGENCY, EXCEPT THE AUTHORITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2010 BONDS.

This Bond is fully registered in the name of the owner on the Bond Register kept for that purpose at the Principal Office or the Registrar. No transfer shall be valid as against the Authority or the Trustee unless made by the registered owner in person or by his duly authorized attorney or legal representative and similarly noted upon the Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the order of the registered owner, a new registered Bond or Bonds, in authorized denominations aggregating the principal amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this Bond and registered in such names as shall be requested.

The Authority, the Trustee and the Registrar may treat the person in whose name this Bond is registered as the absolute owner of this Bond for all purposes whether or not this Bond

shall be overdue, and the Authority, the Trustee and the Registrar shall not be affected by any notice to the contrary. All payments of the principal, interest or redemption price made to the registered owner hereof in the manner set forth herein and in the Indenture shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Indenture shall be conclusive and binding upon such registered owner, his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the Commonwealth of Pennsylvania to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Bond, exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Authority in his individual capacity, and neither the members of the Board of the Authority nor any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Indenture or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the execution of the Seventh Supplement to the Amended and Restated Indenture, dated as of May 1, 2010, between the Authority and the Trustee (the "Seventh Supplement") and the issuance of this Bond.

This Bond shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

This Bond is one of a duly authorized issue of Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 issued in the aggregate principal amount of \$206,960,000 (the "Series 2010 Bonds"). The Series 2010 Bonds are issued to enable the Authority to refund certain of its outstanding bonds and for other purposes permitted by the Act and thereby to accomplish the public purposes set forth in the Act.

The Series 2010 Bonds are issued under and pursuant to the Act and a resolution of the Authority duly adopted on April 20, 2010 (the "Resolution") and under an Amended and Restated Indenture of Trust dated as of December 1, 1994, as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996, a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999, a Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003, a Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006, a Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008, a Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 and the Seventh Supplement (collectively, the "Indenture"), between the Authority and the Trustee,

and, together with other Outstanding Bonds, are equally and ratably secured under the Indenture, except as otherwise provided therein, by an assignment and pledge of, and grant of a security interest in, (i) all amounts received by or payable to or at the direction of the Authority constituting proceeds (including interest and penalties) of any PICA Taxes, and (ii) all moneys and securities held by the Trustee under the Indenture (except funds held in trust for the United States) (collectively, the “Pledged Revenues”).

Capitalized terms used herein which are not defined herein shall have the meanings set forth in the Indenture.

Optional Redemption

The Series 2010 Bonds maturing on and after June 15, 2021 are subject to redemption at the option of the Authority on and after June 15, 2020, in whole at any time, or in part, from time to time, if in part in such order of maturity and in such principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount of Series 2010 Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of Redemption

When the Authority shall determine to redeem Series 2010 Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of Series 2010 Bonds to be redeemed, the Trustee, at the Authority’s expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall, among other things, state the redemption price and the date fixed for redemption, that on such date the Series 2010 Bonds called for redemption will be due and become payable at the Principal Office of the Trustee, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of all Series 2010 Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Series 2010 Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption, without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Trustee, such notice shall be conditioned upon the deposit of moneys with the Trustee before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Trustee in the United States mail, first-class postage prepaid, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date, addressed to the Holders of Series 2010 Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any 2010 Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Series 2010 Bonds.

Reference is made to the Act, the Resolution, the Indenture and the PICA Tax Ordinance, executed or certified counterparts of which are on file at the corporate trust office of the Trustee,

for statements of the purposes for which the Series 2010 Bonds are issued, a description of the Pledged Revenues assigned and pledged for the security of the Series 2010 Bonds (including the PICA Tax) and the nature, extent and manner of enforcement of such security, certain covenants of the Authority and the City made for the benefit of Bondholders, the terms and conditions under which the Indenture may be amended or modified, the rights and duties of the Authority and the Trustee, and the extent of the rights of the registered owners of the Series 2010 Bonds issued under the Indenture.

IN WITNESS WHEREOF, the Pennsylvania Intergovernmental Cooperation Authority has caused this Bond to be executed with the manual or facsimile signature of its Chairperson or Vice Chairperson and its official seal or a facsimile thereof to be imprinted hereon and attested with the manual or facsimile signature of its Secretary or Assistant Secretary, as of the date first above written.

ATTEST:

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____
(Assistant) Secretary

By: _____
(Vice) Chairperson

[SEAL]

AUTHENTICATION CERTIFICATE

This Bond is one of the Series 2010 Bonds described in the within mentioned Indenture. The text of the opinion of Bond Counsel printed on or attached to this Bond is the complete text of the opinion of Greenberg Traurig, LLP, of Philadelphia, Pennsylvania, a signed original of which is on file with the undersigned, which was dated and delivered on the date of the original delivery of and payment for the Series 2010 Bonds.

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By: _____
Authorized Signature

Date of Authentication:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ whose taxpayer identification number is _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books of the Registrar, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

SCHEDULE 1

MATURITIES, AMOUNTS AND INTEREST RATES

\$206,960,000

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 2010

DUE JUNE 15	AMOUNT	INTEREST RATE
2011	\$14,395,000	4.00%
2012	15,730,000	5.00
2013	16,335,000	5.00
2014	16,995,000	5.00
2015	17,670,000	5.00
2016	18,375,000	5.00
2017	19,110,000	5.00
2018	19,875,000	5.00
2019	20,650,000	5.00
2020	21,470,000	5.00
2021	12,925,000	5.00
2022	13,430,000	5.00

**Pennsylvania Intergovernmental
Cooperation Authority**

1500 Walnut Street, Suite 1600, Philadelphia, PA 19102
Telephone 215-561-9160 Fax 215-563-2570

May 3, 2010

National Public Finance Guarantee
113 King Street
Armonk, New York 10504
Attn: Linda Ebrahim

Re: Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program), Series of 2010

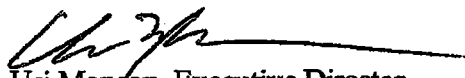
Ladies and Gentlemen:

Pursuant to Section 10.04 of the Amended and Restated Indenture of Trust dated as of December 1, 1994, between the Pennsylvania Intergovernmental Cooperation Authority and U.S. Bank National Association, as Successor Trustee, as supplemented (the "Existing Indenture"), we are hereby giving you notice that we intend to amend and supplement the Existing Indenture on May 14, 2010, and request that you consent to the proposed Seventh Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2010 (the "Seventh Supplement" and, together with the Existing Indenture, the "Indenture"). We have been informed by Financial Guaranty Insurance Company ("FGIC") that you are the reinsurer of FGIC's Debt Service Revenue Fund Policy, and that you will provide this consent.

The anticipated closing date for a new series of bonds, the \$207,000,000 (est.) Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the "2010 Bonds") is May 14, 2010. The proceeds of the 2010 Bonds will currently refund the Authority's Special Tax Revenue Refunding Bonds Series of 2008A and 2008B (the "2010 Refunding Project"). Accordingly, effective on such date, the Existing Indenture will be supplemented to provide for the issuance of the 2010 Bonds to effect the 2010 Refunding Project. The near final draft of the Seventh Supplement to the Amended and Restated Indenture of Trust is attached hereto, subject to the inclusion of pricing information.

Please acknowledge your consent to the Seventh Supplement by executing the consent form contained below and returning an executed copy to me on or before May 13, 2010. Thank you for your attention and consideration.

Very truly yours,


Uri Monson, Executive Director
Pennsylvania Intergovernmental
Cooperation Authority

**Consent of National Public Finance Guarantee,
as agent and reinsurer for MBIA and FGIC**

Execution below by the undersigned duly authorized officer of MBIA Insurance Corporation ("MBIA") evidences MBIA's consent to the amendments and supplements to the Existing Indenture contained in the Seventh Supplement to the Amended and Restated Indenture of Trust. MBIA is authorized to give this consent pursuant to MBIA's reinsurance agreement with FGIC as it relates to the Debt Service Reserve Fund Policy.

NATIONAL PUBLIC FINANCE
GUARANTEE, as agent and
reinsurer for MBIA and FGIC

By: Gerard Murray
Name: Gerard Murray
Title: Managing Director

Date: May 3, 2010

Consent of Independent Auditors

We consent to the inclusion in the Preliminary Official Statement dated April 28, 2010, relating to the Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 to be issued by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of the financial statements of the Authority as of June 30, 2009 and for the year then ended and our report appearing therein.

ISDANER & COMPANY, LLC

BY:

Name

Juan Hartman

Title

Member

May 4, 2010

Consent of Independent Auditors

We consent to the inclusion in the Official Statement dated May 4, 2010, relating to the Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 to be issued by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of the financial statements of the Authority as of June 30, 2009 and for the year then ended and our report appearing therein.

ISDANER & COMPANY, LLC

BY: 

Name

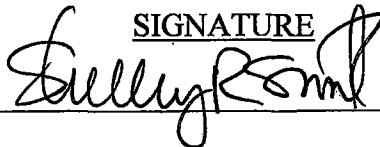
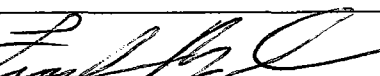
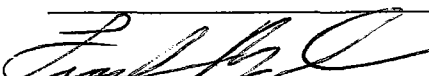

Title

May 4, 2010

\$206,960,000
Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

CERTIFICATE OF INCUMBENCY AND SIGNATURES OF CITY OFFICIALS

The undersigned, Divisional Deputy City Solicitor of the Law Department of the City of Philadelphia, Pennsylvania (the "City"), hereby certifies that the persons named below are duly appointed or elected, qualified and acting incumbents of the respective offices of the City set out to the left of their names, and that the signatures set out to the right of their names are the genuine signatures of said officers:

<u>OFFICE</u>	<u>NAME</u>	<u>SIGNATURE</u>
City Solicitor	Shelley R. Smith	
Director of Finance	Rob Dubow	
Deputy Revenue Commissioner	Frank Breslin	

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of May, 2010

CITY OF PHILADELPHIA, PENNSYLVANIA


By: 

FRANCOIS A. DUTCHIE
Divisional Deputy City Solicitor,
Law Department of the City of
Philadelphia, Pennsylvania

\$206,960,000
Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

CERTIFICATE OF INCUMBENCY AND SIGNATURES OF CITY OFFICIALS


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<u>OFFICE</u>	<u>NAME</u>	<u>SIGNATURE</u>
City Solicitor	Shelley R. Smith	_____
Director of Finance	Rob Dubow	 _____
Deputy Revenue Commissioner	Frank Breslin	_____

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of May, 2010

CITY OF PHILADELPHIA, PENNSYLVANIA

By: _____


FRANCOIS A. DUTCHIE
Divisional Deputy City Solicitor,
Law Department of the City of
Philadelphia, Pennsylvania

\$206,960,000
Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

CERTIFICATE OF THE DIRECTOR OF FINANCE
OF THE CITY OF PHILADELPHIA, PENNSYLVANIA


This Certificate is provided this 14th day of May, 2010 pursuant to Section 9(e)(viii) of the Bond Purchase Contract dated May 4, 2010 (the "Purchase Contract"), between the Pennsylvania Intergovernmental Cooperation Authority and Goldman, Sachs & Co., as underwriter. Terms used but not defined herein shall have the meanings set forth in the Purchase Contract. The undersigned Director of Finance of the City of Philadelphia, Pennsylvania (the "City"), hereby certifies as follows:

1. To the best of my knowledge, the representations and warranties of the City in the Letter of Representations are true and correct in all material respects.
2. The information concerning the City contained in the Final Official Statement, does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

[Signature page to follow]

3. There has been no material adverse change in the financial condition of the City since the date of the Final Official Statement which has not been disclosed in the Final Official Statement.

CITY OF PHILADELPHIA,
PENNSYLVANIA

By: 

ROB DUBOW
Director of Finance

\$206,960,000
Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

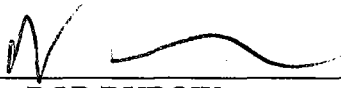
CERTIFICATE OF THE CITY AS TO FINANCIAL PLAN

The City of Philadelphia, Pennsylvania (the “City”) hereby certifies on May 14, 2010, in connection with the issuance and sale of the Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 in the aggregate principal amount of \$206,960,000, that attached hereto is a true, correct and complete copy of the current five-year financial plan of the City.

(Signature page to follow)

IN WITNESS WHEREOF, the City has executed this Certificate on the date and year first above written.

CITY OF PHILADELPHIA,
PENNSYLVANIA

By: 

ROB DUBOW
Director of Finance



CITY OF PHILADELPHIA

OFFICE OF THE MAYOR

September 1, 2009

Mr. James Eisenhower, Chairperson
Pennsylvania Intergovernmental Cooperation Authority
1500 Walnut Street, Suite 1600
Philadelphia, PA 19102

Dear Mr. Eisenhower:

On August 27, I transmitted to you a Revised Five Year Financial Plan detailing the actions the City would take to implement a budget and five-year plan without State approval of HB 1828. This was submitted pursuant to PICA's communication to me dated August 18.


As you know, HB 1828 was amended in the Senate and received final passage in the Senate on August 26. The Senate amendments were significant and greatly expanded the scope of the measure. The bill must now go back to the House for either a vote to concur in the amendments, or for further amendments. Leadership in the House of Representatives has indicated to me they will return to a voting session on September 8 and take up HB 1828 at that time.

It is my sincere hope that the House will concur, though I did not ask for or seek any amendments by the Senate. Time is truly of the essence, and HB 1828 continues to provide us with the critical authorizations we need from the Commonwealth – the increased sales tax for five years, changes to our pension amortization period and authorization for partial pension payment deferrals. Furthermore, passage of HB 1828 prior to your next scheduled meeting will forestall the need for PICA to consider Plan C – the components of which are detailed in my August 27 submission to you.

Mr. James Eisenhower, Chairperson
September 1, 2009
Page 2

However, even if the State acts timely and passes HB 1828 without further amendment, the delay in passage of the temporary sales tax increase has resulted in a shortfall of \$20 million. The City's adopted budget allowed for one month's implementation of the sales tax increase, and therefore assumed the revenue would increase as of August 1, 2009. Now, with quick passage in early September, we anticipate that the sales tax increase will begin to be collected and remitted to the City on or about October 1, 2009. I, therefore, am conveying to the Pennsylvania Intergovernmental Cooperation Authority an alternative Five Year Financial Plan for FY2010-2014 which assumes final adoption by the Commonwealth of HB 1828 in the very near future and provides for the loss of \$20 million in sales tax revenue. Please find for your review attached the details of this Five Year Plan (including financial schedules).

Sincerely,



Michael A. Nutter
Mayor

cc: Members of the PICA Board
Uri Monson, Executive Director

CITY OF PHILADELPHIA		SUMMARY OF OPERATIONS						
FY2009-2014 Five Year Financial Plan		FISCAL YEARS 2008 TO 2014						
		(Amounts in Thousands)						
FUND								
General								
NO.	ITEM	F.Y. 2008	F.Y. 2009	F.Y. 2010	F.Y. 2011	F.Y. 2012	F.Y. 2013	F.Y. 2014
		Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	OPERATIONS OF FISCAL YEAR							
	REVENUES							
1	Taxes	2,396,499	2,238,506	2,346,469	2,400,753	2,460,687	2,541,260	2,618,502
2	Locally Generated Non-Tax Revenues	265,764	264,104	258,728	270,605	301,900	311,369	313,613
3	Revenue from Other Governments	1,033,367	1,076,212	1,136,136	1,138,774	1,167,410	1,196,690	1,225,458
4	Sub-Total (1) + (2) + (3)	3,695,630	3,578,822	3,741,333	3,810,132	3,929,997	4,049,319	4,157,573
5	Revenue from Other Funds of City	27,212	135,927	28,134	28,777	29,788	30,698	31,268
6	Total - Revenue (4) + (5)	3,722,842	3,714,749	3,769,467	3,838,909	3,959,784	4,080,017	4,188,840
7	Revenues Forgone	0	0	0	0	0	0	0
8	Total Revenue and Other Sources (6)+(7)	3,722,842	3,714,749	3,769,467	3,838,909	3,959,784	4,080,017	4,188,840
	OBLIGATIONS/APPROPRIATIONS							
9	Personal Services	1,390,720	1,420,839	1,357,582	1,355,892	1,355,892	1,356,392	1,356,392
10	Personal Services-Pensions	430,764	461,065	350,081	476,671	558,976	681,782	678,180
11	Personal Services-Other Employee Benefits	552,275	504,123	480,600	485,409	493,602	501,879	506,118
12	Sub-Total Employee Compensation	2,373,759	2,386,027	2,188,263	2,317,972	2,408,470	2,540,053	2,540,690
13	Purchase of Services	1,188,737	1,188,843	1,140,697	1,160,759	1,171,791	1,190,457	1,201,572
14	Materials, Supplies and Equipment	92,097	87,226	74,285	83,901	84,241	84,741	84,741
15	Contributions, Indemnities, and Taxes	120,957	130,249	117,875	117,934	117,999	118,067	118,066
16	Debt Service	87,161	108,269	121,867	125,913	131,952	142,019	148,636
17	Capital Budget Financing	0	0	0	0	0	0	0
18	Advances and Miscellaneous Payments	32,310	22,653	25,000	15,000	15,000	15,000	15,000
19	Sub-Total (12 thru 18)	3,895,021	3,923,267	3,667,987	3,821,479	3,929,453	4,090,337	4,108,705
20	Payments to Other Funds	24,821	29,985	28,512	33,958	34,414	34,924	35,472
21	Total - Obligations (19+20)	3,919,842	3,953,252	3,696,499	3,855,437	3,963,867	4,125,261	4,144,177
22	Oper.Surplus (Deficit) for Fiscal Year (8-21)	(197,000)	(238,503)	72,968	(16,528)	(4,083)	(45,244)	44,663
23	Prior Year Adjustments:							
24	Revenue Adjustments	0	0	0	0	0	0	0
25	Other Adjustments	18,655	24,500	24,500	24,500	24,500	24,500	24,500
26	Obligation Spending Reserve	0	0	0	0	0	0	0
27	Total Prior Year Adjustments	18,655	24,500	24,500	24,500	24,500	24,500	24,500
28	Adjusted Oper. Surplus/ (Deficit) (22+27)	(178,345)	(214,003)	97,468	7,972	20,417	(20,744)	69,163
	OPERATIONS IN RESPECT TO							
	PRIOR FISCAL YEARS							
	Fund Balance Available for Appropriation							
29	June 30 of Prior Fiscal Year	297,869	119,524	(94,479)	2,988	10,960	31,377	10,633
30	Residual Equity Transfer	0	0	0	0	0	0	0
31	Fund Balance Available for Appropriation June 30 (28)+(29) + (30)	119,524	(94,479)	2,988	10,960	31,377	10,633	79,797

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Revenue from Other Governments

NO.	AGENCY AND REVENUE SOURCE	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>Managing Director</u>							
	Federal:							
1	Emergency Management/Disaster Asst.	359	100	100	100	100	100	100
2	Subtotal	359	100	100	100	100	100	100
	<u>Police</u>							
	State:							
3	Police on Patrol	4,929	14,910	14,910	10,000	0	0	0
4	State Highway Reimbursement	0	0	0	0	0	0	0
5	Police Training-Partial Reimbursement	4,600	3,250	2,350	2,350	2,350	2,350	2,350
	Subtotal	9,529	18,160	17,260	12,350	2,350	2,350	2,350
	<u>Streets</u>							
	Federal:							
6	Highways	715	650	650	650	650	650	650
7	Bridge Design	380	500	500	500	500	500	500
8	Delaware Valley Regional Planning Comm.	298	140	140	140	140	140	140
	State:							
9	Snow Removal	2,500	2,500	2,700	2,700	2,700	2,700	2,700
10	PennDot Bridge Design	71	200	200	200	200	200	200
11	PennDot Highways	0	10	10	10	10	10	10
12	Subtotal	3,964	4,000	4,200	4,200	4,200	4,200	4,200
	<u>Public Health</u>							
	Federal:							
13	Medicare-Outpatient	1,730	1,597	1,597	1,597	1,597	1,597	1,597
14	Medicare-Home Care (PNH)	1,206	1,300	1,700	1,700	1,700	1,700	1,700
15	Medical Assistance-Outpatient	2,721	2,078	3,042	3,042	3,042	3,042	3,042
16	Medical Assistance-PNH	17,948	17,523	17,523	17,523	17,523	17,523	17,523
17	Medical Assistance-Health Centers	221	30	30	30	30	30	30
18	Summer Food Inspection	60	49	49	49	49	49	49
	State:							
19	County Health	9,877	12,500	11,500	11,500	11,500	11,500	11,500
20	Medical Assistance-Outpatient	2,226	7,058	7,058	7,058	7,058	7,058	7,058
21	Medical Assistance-PNH	14,673	16,384	16,384	16,384	16,384	16,384	16,384
22	Medical Assistance-Health Centers	322	51	51	51	51	51	51
23	Subtotal	50,984	58,570	58,934	58,934	58,934	58,934	58,934

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Revenue from Other Governments

NO.	AGENCY AND REVENUE SOURCE	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Public Property							
	Other Governments:							
24	PGW Rental	18,000	18,000	18,000	18,000	18,000	18,000	18,000
	Human Services							
	Federal:							
25	T.A.N.F.	19,153	20,205	20,205	18,205	17,205	17,205	17,205
26	Title IV-B Reimbursement	2,051	0	0	0	0	0	0
27	Title IV-E Reimbursement	113,357	114,719	104,719	104,719	104,719	104,719	104,719
	State:							
28	Reimbursement-Act 148	404,244	422,400	406,868	406,868	406,868	406,868	406,868
29	T.A.N.F. Transition	17,321	0	0	0	0	0	0
30	State Support for Prevention	0	0	0	0	0	0	0
31	Subtotal	556,126	557,324	531,792	529,792	528,792	528,792	528,792
	Philadelphia Prisons							
	Federal:							
32	Reimb. for Prisoner Hospitalization	6	0	0	0	0	0	0
33	SSA Prisoner Incentive Payments	504	325	325	325	325	325	325
34	Subtotal	510	325	325	325	325	325	325
	Director of Finance							
	Federal:							
35	Medicare Part D-Retirees	165	200	200	200	200	200	200
	State:							
36	Pension Aid- State Act 205	59,609	59,609	60,000	60,000	60,000	60,000	60,000
37	Juror Fee Reimbursement	505	600	650	650	650	650	650
38	State Police Fines (Phila. County)	1,083	1,000	1,000	1,000	1,000	1,000	1,000
39	Wage Tax Relief Funding	0	0	86,725	87,307	112,253	123,352	135,555
	Other Governments:							
40	PATCO Community Impact Fund	75	84	84	94	94	94	94
41	Parking-Community College	159	120	120	120	120	120	120
42	Subtotal	61,596	61,613	148,779	149,371	174,317	185,416	197,619
	Revenue							
	Federal:							
43	Reim.-PILOT	17	0	0	0	0	0	0
44	Tinicum Wildlife Preserve	2	3	3	3	3	3	3
	Other Governments:							
45	Parking Authority(Violation Fines)	28,663	28,000	30,000	32,000	32,000	32,000	32,000
46	Burlington County Bridge Comm.	7	7	7	7	7	7	7
47	Subtotal	28,689	28,010	30,010	32,010	32,010	32,010	32,010

City of Philadelphia

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FUND

General

REVENUE

Revenue from Other Governments

NO.	AGENCY AND REVENUE SOURCE	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	City Treasurer							
	State:							
48	Retail Liquor License	1,140	1,200	1,200	1,200	1,200	1,200	1,200
49	Utility Tax Refund	4,016	4,016	4,275	4,275	4,275	4,275	4,275
50	Subtotal	5,156	5,216	5,475	5,475	5,475	5,475	5,475
	City Representative/Commerce							
	Other Governments:							
51	Convention Center Service Fee Offset	20,648	22,468	3,207	0	0	0	0
	Commission on Human Relations							
	Federal:							
52	Deferred Cases (EEOC Partial Reim.)	153	250	250	250	250	250	250
	1st Judicial District							
	Federal:							
53	Title IV-E	1,758	300	300	300	300	300	300
	State:							
54	Intensive Probation-Adult	4,674	4,750	4,750	4,750	4,750	4,750	4,750
55	Intensive Probation-Juvenile	984	1,425	1,425	1,425	1,425	1,425	1,425
56	Reimbursement-Court Costs	10,002	10,075	10,075	10,075	10,075	10,075	10,075
57	Reimbursement-Other	47	15	15	15	15	15	15
58	Subtotal	17,465	16,565	16,565	16,565	16,565	16,565	16,565
59	PICA City Account	261,237	281,611	297,239	307,402	322,092	340,273	356,838
	Totals							
60	Federal	162,804	159,969	151,333	149,333	148,333	148,333	148,333
61	State	542,823	561,953	632,146	627,818	642,764	653,863	666,066
62	Other Governments	67,552	68,679	51,418	50,221	50,221	50,221	50,221
63	PICA Funding	261,237	281,611	297,239	307,402	322,092	340,273	356,838
64	Other Authorized Adjustments	(1,049)	4,000	4,000	4,000	4,000	4,000	4,000
65	Total, Revenue From Other Govts.	1,033,367	1,076,212	1,136,136	1,138,774	1,167,410	1,196,690	1,225,458

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Locally Generated Non - Tax

No.	Agency and Revenue Source	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>D. O. T.</u>							
1	Cable Franchise Fees	14,023	15,050	15,800	16,600	17,400	18,300	19,200
2	Other	1,110	1,110	1,110	1,110	1,110	1,110	1,110
3	Subtotal	15,133	16,160	16,910	17,710	18,510	19,410	20,310
	<u>Mayor</u>							
4	Other	3	3	3	3	3	3	3
	<u>Managing Director</u>							
5	Strategic Marketing Fees	0	0	0	3,000	3,000	3,000	3,000
6	Other	71	100	100	100	100	100	100
7	Subtotal	71	100	100	3,100	3,100	3,100	3,100
	<u>Police</u>							
8	Prior Year Reimb.- Special Services	2,938	2,500	4,000	4,000	4,000	4,000	4,000
9	Carry Arms Fees	133	120	120	120	120	120	120
10	Towing of Recovered Stolen Vehicles	68	0	0	0	0	0	0
11	Other	1,189	650	650	650	650	650	650
12	Subtotal	4,328	3,270	4,770	4,770	4,770	4,770	4,770
	<u>Streets</u>							
13	Survey Charges	766	1,160	1,770	1,770	1,770	1,770	1,770
14	Streets Issued Permits	503	400	1,480	1,480	1,480	1,480	1,480
15	Prior Year Reimbursements	44	50	50	50	50	50	50
16	Collection Fee - Housing Authority	1,237	1,350	1,350	1,350	1,350	1,350	1,350
17	Disposal of Salvage (Recyclables)	1,817	2,500	3,000	3,000	3,000	3,000	3,000
18	Right of Way Fees	614	800	800	800	800	800	800
19	Commercial Property Collection Fee	0	0	4,000	4,000	4,000	4,000	4,000
21	Other	2,016	1,834	1,468	1,468	1,468	1,468	1,468
22	Subtotal	6,997	8,094	13,918	13,918	13,918	13,918	13,918
	<u>Fire</u>							
23	Emergency Medical Services	27,626	30,700	36,900	36,900	36,900	36,900	36,900
24	Other	176	300	300	300	300	300	300
25	Subtotal	27,802	31,000	37,200	37,200	37,200	37,200	37,200

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Locally Generated Non - Tax

No.	Agency and Revenue Source	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<u>Public Health</u>								
26	Payments for Patient Care (D.H.C.)	8,580	8,258	9,376	9,376	9,376	9,376	9,376
27	Pharmacy Fees	1,927	1,786	1,686	1,686	1,686	1,686	1,600
28	Other	615	850	1,520	1,520	1,520	1,520	1,520
29	Subtotal	11,122	10,894	12,582	12,582	12,582	12,582	12,496
<u>Recreation</u>								
30	Luxury Box Rental	0	3,000	0	0	0	0	0
31	Other	147	650	194	194	194	194	194
32	Subtotal	147	3,650	194	194	194	194	194
<u>Fairmount Park Commission</u>								
33	Other Leases	320	185	185	185	185	185	185
34	Rent from Real Estate	7	0	0	0	0	0	0
35	Other	218	320	200	200	200	200	200
36	Subtotal	545	505	385	385	385	385	385
<u>Camp William Penn</u>								
37	Other	31	0	0	0	0	0	0
<u>Public Property</u>								
38	Rent from Real Estate	396	600	600	600	600	600	600
39	PATCO Lease Payment	2,880	3,036	3,158	3,285	3,418	3,555	3,697
40	Sale/Lease of Capital Assets	2,960	6,000	2,500	2,500	2,500	7,500	7,500
41	Prior Year Reimbursements	604	1,100	1,100	1,100	1,100	1,100	1,100
42	Other	846	1,400	2,000	2,000	2,000	2,000	2,000
43	Subtotal	7,686	12,136	9,358	9,485	9,618	14,755	14,897
<u>Human Services</u>								
44	Payments for Child Care - S.S.I.	4,422	4,000	4,000	4,000	4,000	4,000	4,000
45	Other	141	500	500	500	500	500	500
46	Subtotal	4,563	4,500	4,500	4,500	4,500	4,500	4,500

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Locally Generated Non - Tax

No.	Agency and Revenue Source	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>Philadelphia Prisons</u>							
47	Telephone reimbursements	0	500	500	500	500	500	500
48	Work release board increase	0	300	300	300	300	300	300
49	Inmate account fee	0	258	258	258	258	258	258
50	Other	281	700	700	700	700	700	700
51	Subtotal	281	1,758	1,758	1,758	1,758	1,758	1,758
	<u>Office of the Homeless</u>							
52	Payments for Patient Care	1,274	1,300	1,300	1,300	1,300	1,300	1,300
53	Other	1	38	38	38	38	38	38
54	Subtotal	1,275	1,338	1,338	1,338	1,338	1,338	1,338
	<u>Fleet Management</u>							
55	Sale of Vehicles	602	700	700	700	700	700	700
56	Fuel and Warranty Reimbursements	2,633	2,200	2,000	2,000	2,000	2,000	2,000
57	Other	235	0	0	0	0	0	0
58	Subtotal	3,470	2,900	2,700	2,700	2,700	2,700	2,700
	<u>Licenses and Inspections</u>							
	License & Permit Fees:							
59	Amusement	26	50	50	50	50	50	50
60	Health and Sanitation	9,306	9,135	11,135	13,135	13,135	13,135	13,735
61	Police and Fire Protection	683	632	632	632	632	632	632
62	Street Use	1,607	1,880	1,880	1,880	1,880	1,880	1,880
63	Professional & Occupational	807	785	785	785	785	785	785
64	Building Structure & Equipment	20,916	18,100	19,900	19,900	20,900	21,900	22,700
65	Business	3,480	3,175	3,940	3,940	3,940	3,940	3,940
66	Other Licenses & Permits	925	1,052	1,052	1,052	1,052	1,052	1,052
67	Code Violation Fines	884	800	1,000	1,000	1,000	1,000	1,100
68	Other	7,125	5,019	5,019	5,019	5,019	5,019	5,019
69	Subtotal	45,759	40,628	45,393	47,393	48,393	49,393	50,893
	<u>Zoning Board of Adjustment</u>							
70	Accelerated Review Fees	284	300	300	300	300	300	300
71	Zoning Permits	316	375	375	375	375	375	375
72	Subtotal	600	675	675	675	675	675	675

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Locally Generated Non - Tax

No.	Agency and Revenue Source	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>Records</u>							
73	Recording of Legal Instrument Fees	9,515	9,000	10,000	11,400	12,400	12,400	12,400
74	Preparation of Records	434	350	350	350	350	350	350
75	Commission on Tax Stamps	627	620	620	620	620	620	620
76	Accident Investigation Reports	1,661	1,700	1,700	1,700	1,700	1,700	1,700
77	Document Technology Fee	3,188	4,420	4,420	4,420	4,420	4,420	4,420
78	Other	948	900	900	900	900	900	900
79	Subtotal	16,373	16,990	17,990	19,390	20,390	20,390	20,390
	<u>Director of Finance</u>							
80	Prior Year Refunds	32	200	200	200	200	200	200
81	SWEEP	2,564	2,710	2,870	2,870	2,870	2,870	2,870
82	Burglar Alarm Licenses	2,056	2,200	2,300	2,300	2,300	2,300	2,300
83	False Alarm Fees	1,119	1,677	2,277	2,277	2,277	2,277	2,277
84	Reimbursements	3,425	2,100	2,780	2,780	2,780	2,780	2,780
85	Productivity Bank distribution	0	0	0	0	0	0	0
86	PGW Loan Repayment	22,500	22,500	0	0	0	0	0
87	Health Benefit Charges	1,479	2,090	2,090	2,090	2,090	2,090	2,090
88	Subtotal	33,175	33,477	12,517	12,517	12,517	12,517	12,517
	<u>Revenue</u>							
89	Miscellaneous Fines	171	100	100	100	100	100	100
90	Search Costs	24	45	45	45	45	45	45
21	P.I.L.O.T.s	2,110	2,500	2,610	2,950	4,920	5,140	5,140
92	Gaming Fees	0	0	0	0	23,600	23,600	23,600
93	Other	490	305	305	305	305	305	305
94	Subtotal	2,795	2,950	3,060	3,400	28,970	29,190	29,190
	<u>Procurement</u>							
95	Performance Bonds	151	265	265	265	265	265	265
96	Master Performance Bonds	67	298	88	298	88	300	88
97	Bid Application Fees etc.	206	165	165	165	165	165	165
98	Other	286	350	350	350	350	350	350
99	Subtotal	710	1,078	868	1,078	868	1,080	868

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Locally Generated Non - Tax

No.	Agency and Revenue Source	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>City Treasurer</u>							
100	Interest Earnings	23,805	11,000	11,226	15,226	18,226	20,226	20,226
101	Other	397	600	600	600	600	600	600
102	Subtotal	24,202	11,600	11,826	15,826	18,826	20,826	20,826
	<u>City Representative</u>							
103	Other	218	250	250	250	250	250	250
	<u>Law</u>							
104	Other Fines	0	100	100	100	100	100	100
105	Legal Fees & Charges	162	250	250	250	250	250	250
106	Court Awarded damages	755	950	950	950	950	950	950
107	Other	130	50	50	50	50	50	50
108	Subtotal	1,047	1,350	1,350	1,350	1,350	1,350	1,350
	<u>City Planning Commission</u>							
109	Other	1	1	1	1	1	1	1
	<u>Free Library</u>							
110	Library Fees & Fines	276	277	277	277	277	277	277
111	Other	552	540	925	925	925	925	925
112	Subtotal	828	817	1,202	1,202	1,202	1,202	1,202
	<u>Personnel</u>							
113	Employment Application Fee	565	350	0	0	0	0	0
	<u>Auditing</u>							
114	Other	2	2	2	2	4	4	4
	<u>Board of Revision of Taxes</u>							
115	Other	1	4	4	4	4	4	4
	<u>Clerk of Quarter Sessions</u>							
116	Other Fines	537	600	600	600	600	600	600
117	Court Costs, Fees & Charges	1,425	1,500	1,500	1,500	1,500	1,500	1,500
118	Bail Forfeited	1,052	1,300	1,300	1,300	1,300	1,300	1,300
119	Cash Bail Fees	2,462	4,500	4,500	4,500	4,500	4,500	4,500
120	Other	4	125	125	125	125	125	125
121	Subtotal	5,480	8,025	8,025	8,025	8,025	8,025	8,025

City of Philadelphia

Five Year Financial Plan FY 2009-2014

FUND

General

REVENUE

Locally Generated Non - Tax

No.	Agency and Revenue Source	F.Y. 2008 Actual	F.Y. 2009 Estimate	F.Y. 2010 Estimate	F.Y. 2011 Estimate	F.Y. 2012 Estimate	F.Y. 2013 Estimate	F.Y. 2014 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>Register of Wills</u>							
122	Court Costs, Fees & Charges	760	1,544	1,544	1,544	1,544	1,544	1,544
123	Recording Fees	2,152	2,000	2,000	2,000	2,000	2,000	2,000
124	Other	693	650	650	650	650	650	650
125	Subtotal	3,605	4,194	4,194	4,194	4,194	4,194	4,194
	<u>District Attorney</u>							
126	Other	1	25	25	25	25	25	25
	<u>Sheriff</u>							
127	Sheriff Fees	2,816	3,000	3,000	3,000	3,000	3,000	3,000
128	Commission Fees	5,450	6,300	6,300	6,300	6,300	6,300	6,300
129	Sheriff Mileage Fees	153	200	200	200	200	200	200
130	Interest Earnings	3,295	1,000	1,000	1,000	1,000	1,000	1,000
131	Other	61	50	50	50	50	50	50
132	Subtotal	11,775	10,550	10,550	10,550	10,550	10,550	10,550
	<u>City Commissioners</u>							
133	HAVA Reimbursement-Prior Year	0	0	0	0	0	0	0
134	Other	33	30	30	30	30	30	30
	Subtotal	33	30	30	30	30	30	30
	<u>1st Judicial District - Traffic Crt.</u>							
135	Traffic Court Fines	9,419	10,000	10,250	10,250	10,250	10,250	10,250
	<u>1st Judicial District - CP & MC</u>							
136	Court Costs, Fees & Charges	16,343	20,500	20,500	20,500	20,500	20,500	20,500
137	Other	1,069	1,050	1,050	1,050	1,050	1,050	1,050
138	Other Fines	2,945	3,250	3,250	3,250	3,250	3,250	3,250
139	Subtotal	20,357	24,800	24,800	24,800	24,800	24,800	24,800
140	Other Adjustments	5,364	0	0	0	0	0	0
141	Provision for Fee Increases	0	0	0	0	0	0	0
142	Total Locally Generated Non-Tax	265,764	264,104	258,728	270,605	301,900	311,369	313,613

**City of Philadelphia
General Fund
FY 2010 - 2014 Five Year Financial Plan
Summary by Class**

<u>Expenditure Class</u>	<u>Actual FY 08</u>	<u>Budgeted FY 09</u>	<u>Projected FY 09</u>	<u>Projected FY 10</u>	<u>Projected FY 11</u>	<u>Projected FY 12</u>	<u>Projected FY 13</u>	<u>Projected FY 14</u>
Class 100 - Wages	1,390,720,193	1,415,816,200	1,420,839,241	1,357,581,280	1,355,892,280	1,355,892,280	1,356,392,280	1,356,392,280
Class 100 - Benefits	983,038,761	1,004,944,233	965,187,833	830,681,344	962,080,316	1,052,578,275	1,183,661,336	1,184,297,991
Class 200 - Contracts / Leases	1,188,737,137	1,198,333,609	1,188,842,819	1,140,697,283	1,160,758,310	1,171,790,615	1,190,456,586	1,201,571,727
Class 300/400 - Supplies, Equipment	92,097,500	92,960,907	87,226,368	74,285,221	83,901,295	84,241,295	84,741,295	84,741,295
Class 500 - Indemnities / Contributions	120,956,593	123,842,594	130,248,594	117,874,358	117,934,358	117,999,358	118,066,358	118,066,358
Class 700 - Debt Service	87,160,770	111,148,240	108,269,380	121,867,172	125,913,411	131,951,709	142,019,294	148,635,444
Class 800 - Payments to Other Funds	24,821,149	44,713,595	29,985,329	28,512,362	33,957,362	34,413,362	34,923,927	35,471,456
Class 900 - Advances / Misc. Payments	32,310,293	39,954,822	22,652,622	25,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Total	3,919,842,396	4,031,712,000	3,953,251,986	3,696,499,000	3,855,437,333	3,963,866,894	4,125,261,076	4,144,176,552

City of Philadelphia
FY 2010 - 2014 Five Year Financial Plan
General Fund
Estimated Fringe Benefit Allocation

	Actual FY 08	Budgeted FY 09	Projected FY09	Budgeted FY 10	Budgeted FY 11	Budgeted FY 12	Budgeted FY 13	Budgeted FY 14
Unemployment Compensation	2,794,799	2,547,968	2,547,968	2,547,968	2,547,968	2,547,968	2,547,968	2,547,968
Employee Disability	46,716,813	50,472,890	50,472,890	51,831,806	54,031,478	59,215,137	63,486,000	65,407,380
Pension	352,386,519	459,744,000	377,961,658	255,764,000	378,058,000	456,058,000	574,568,000	570,180,000
Pension Obligation Bonds	78,377,236	0	83,103,342	94,317,000	98,615,000	102,918,000	107,216,000	108,000,000
FICA	69,651,940	69,199,121	69,199,121	69,217,716	70,227,016	73,236,316	77,242,514	79,559,789
Health / Medical	421,031,060	385,827,854	388,777,854	368,777,854	370,477,854	370,477,854	370,477,854	370,477,854
Group Life	7,241,523	7,600,000	7,600,000	7,600,000	7,600,000	7,600,000	7,600,000	7,600,000
Group Legal	4,046,836	4,425,000	4,425,000	4,425,000	4,425,000	4,425,000	4,425,000	4,425,000
Tool Allowance	63,325	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Flex Cash Payments	728,710	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserve for Wage/Health Benefits Increases	0	24,027,400	0	0	0	0	0	0
Anticipated Workforce Savings	0	0	0	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)
TOTAL	983,038,761	1,004,944,233	965,187,833	830,681,344	982,080,316	1,052,578,275	1,183,661,336	1,184,297,991

City of Philadelphia

Five Year Financial Plan FY2009-2014

FUND

General

REVENUE

Tax

NO.	AGENCY AND REVENUE SOURCE	F.Y. 2008	F.Y. 2009	F.Y. 2010	F.Y. 2011	F.Y. 2012	F.Y. 2013	F.Y. 2014
(1)	(2)	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	A. Real Property							
1	1. Current	366,459	370,780	370,742	386,338	398,811	411,964	425,678
2	2. Prior	36,330	34,000	42,000	35,000	40,000	38,500	37,000
4	Sub-total	402,789	404,780	412,742	421,338	438,811	450,464	462,678
	B. Wage and Earnings							
5	1. Current	1,176,556	1,115,331	1,133,993	1,153,772	1,175,471	1,221,086	1,260,761
6	2. Prior	8,267	12,000	24,000	12,000	12,000	12,000	12,000
7	Sub-total	1,184,823	1,127,331	1,157,993	1,165,772	1,187,471	1,233,086	1,272,761
	C. Business Taxes							
	1. Business Privilege							
8	a. Current	376,133	340,724	323,688	330,162	336,765	343,500	350,370
9	b. Prior	22,695	25,000	33,000	26,000	26,000	26,000	26,000
10	Sub-total	398,828	365,724	356,688	356,162	362,765	369,500	376,370
	2. Net Profits							
11	a. Current	9,109	8,276	8,381	8,667	8,685	8,861	9,056
12	b. Prior	3,393	3,500	6,000	4,000	4,000	4,000	4,000
13	Sub-total	12,502	11,776	14,381	12,667	12,685	12,861	13,056
14	Total, Business Taxes	411,330	377,500	371,069	368,829	375,450	382,361	389,426
	D. Other Taxes							
15	1. Sales	137,275	128,000	215,301	244,660	247,107	250,813	255,328
16	2. Amusement	17,983	18,433	20,894	21,366	21,850	22,346	22,855
17	3. Real Property Transfer	184,048	110,600	94,745	103,220	112,541	122,796	134,075
18	4. Parking	55,459	69,000	70,725	72,493	74,305	76,163	78,067
19	5. Other	2,792	2,862	3,000	3,075	3,152	3,231	3,311
20	Sub-total	397,557	328,895	404,665	444,814	458,955	475,349	493,637
21	TOTAL TAXES	2,396,499	2,238,506	2,346,469	2,400,753	2,460,687	2,541,260	2,618,502

City of Philadelphia
FY 2010 - 2014 Five Year Financial Plan
General Fund
Summary by Department

Department	Actual FY 08	Budgeted FY 09	Projected FY 09	Projected FY 10	Projected FY 11	Projected FY 12	Projected FY 13	Projected FY 14
Art Museum Subsidy	2,500,000	3,000,000	3,000,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
Atwater Kent Museum Subsidy	308,702	320,000	291,300	248,630	248,630	248,630	248,630	248,630
Auditing Department (City Controller's Office)	8,218,657	8,255,248	7,922,786	7,424,923	7,424,923	7,424,923	7,424,923	7,424,923
Board of Building Standards	95,694	112,792	113,892	71,601	71,601	71,601	71,601	71,601
Board of Ethics	542,111	1,000,000	950,000	810,000	810,000	810,000	810,000	810,000
Board of L. & I Review	202,726	222,458	223,568	155,721	155,721	155,721	155,721	155,721
Board of Revision of Taxes	8,359,922	8,611,144	10,034,344	7,816,024	7,816,024	7,816,024	7,816,024	7,816,024
Camp William Penn	377,966	100,000	132,000	100,000	100,000	100,000	100,000	100,000
Capital Program Office	2,337,649	3,518,636	3,069,904	0	0	0	0	0
City Commissioners	9,285,945	8,995,597	9,325,567	8,794,177	8,794,177	8,794,177	8,794,177	8,794,177
City Council	14,578,420	17,832,493	16,940,883	16,048,973	16,048,973	16,048,973	16,048,973	16,048,973
City Planning Commission	3,348,132	3,328,054	3,367,654	2,427,649	2,377,649	2,377,649	2,377,649	2,377,649
City Representative	0	5,981,231	5,362,513	837,491	837,491	837,491	837,491	837,491
Commerce Department	9,629,152	1,574,923	1,985,318	1,838,276	1,701,276	1,701,276	1,701,276	1,701,276
Commerce Department-Economic Stimulus	4,000,000	2,000,000	1,777,500	1,452,386	1,452,386	1,452,386	1,452,386	1,452,386
City Treasurer	718,384	770,304	776,904	751,113	751,113	751,113	751,113	751,113
Civil Service Commission	146,624	169,209	170,309	170,309	170,309	170,309	170,309	170,309
Clerk of Quarter Sessions	4,884,504	5,017,014	5,289,363	4,915,313	4,915,313	4,915,313	4,915,313	4,915,313
Community College Subsidy	24,467,924	28,467,924	26,467,924	26,467,924	26,467,924	26,467,924	26,467,924	26,467,924
Convention Center Subsidy	32,310,293	39,864,622	22,652,522	25,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Debt Service (Sinking Fund)	172,220,972	202,567,604	199,866,010	216,530,786	222,132,004	227,894,534	243,398,936	249,970,424
District Attorney	31,751,555	31,987,373	30,578,148	28,943,050	28,943,050	28,943,050	28,943,050	28,943,050
Division of Technology	34,036,863	36,147,598	37,680,898	21,744,368	21,744,368	21,744,368	21,744,368	21,744,368
Fairmount Park Commission	13,172,039	15,740,540	14,301,486	12,560,512	16,090,512	16,590,512	17,590,512	17,590,512
Finance Department	20,703,258	21,147,823	17,325,608	12,193,353	12,193,353	12,193,353	12,193,353	12,193,353
Finance - Contrib. School Dist./Tax Cuts	37,000,000	38,490,000	38,490,000	38,540,000	38,600,000	38,665,000	38,732,000	38,732,000
Finance - Employee Benefits	983,038,761	1,004,944,233	965,187,833	830,681,344	962,080,316	1,052,578,275	1,183,661,336	1,184,297,991
Finance - PGW Rental Reimbursement	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
Fire Department	189,179,212	192,593,965	194,259,154	188,658,391	188,597,391	188,893,391	189,403,958	189,951,485
First Judicial District	120,016,366	114,552,203	108,824,593	99,096,983	99,096,983	99,096,983	99,096,983	99,096,983
Fleet Management Office	49,211,366	50,083,424	48,681,690	44,703,299	47,703,299	47,703,299	47,703,299	47,703,299
Fleet Mgmt. - Vehicle Purchase	17,348,572	13,100,000	6,275,926	2,750,926	11,575,000	11,575,000	11,575,000	11,575,000
Free Library	40,458,971	40,245,065	36,984,508	32,968,362	32,618,362	32,618,362	32,618,362	32,618,362
Hero Scholarship Awards	32,000	25,000	30,500	25,000	25,000	25,000	25,000	25,000
Historical Commission	404,836	407,620	413,120	413,120	413,120	413,120	413,120	413,120
Human Relations Commission	2,121,591	2,186,091	2,156,791	2,083,868	2,083,868	2,083,868	2,083,868	2,083,868
Human Services Department	614,779,975	616,309,936	605,419,669	590,878,063	597,738,063	597,738,063	597,738,063	597,738,063
Indemnities	29,788,468	25,613,915	35,619,915	24,500,000	24,500,000	24,500,000	24,500,000	24,500,000
Labor Relations, Mayor's Office of	524,095	549,350	544,350	485,415	485,415	485,415	485,415	485,415
Law Department	21,090,936	15,948,318	20,917,618	18,468,318	18,718,318	18,718,318	18,718,318	18,718,318
Legal Services (Incl. Defenders Assoc.)	37,259,093	37,606,660	37,338,074	35,941,188	36,034,463	36,034,463	36,034,463	36,034,463

City of Philadelphia
FY 2010 - 2014 Five Year Financial Plan
General Fund
Summary by Department

Department	Actual FY 08	Budgeted FY 09	Projected FY 09	Projected FY 10	Projected FY 11	Projected FY 12	Projected FY 13	Projected FY 14
Licenses and Inspections Department	30,254,839	27,635,668	27,307,561	23,962,601	23,962,601	23,962,601	23,962,601	23,962,601
Managing Director's Office	15,734,861	21,953,914	21,107,019	17,613,569	17,556,569	17,556,569	17,556,569	17,556,569
Mayor's Office	5,657,925	7,101,767	6,643,727	3,984,384	3,859,384	3,859,384	3,859,384	3,859,384
Mayor - Mural Arts Program	1,128,875	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Mayor's Office of Community Services	3,540,164	0	0	0	0	0	0	0
Mayor's Office of Transportation	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Mayor - Scholarships	199,860	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Off. of Arts and Culture and the Creative Economy	0	0	0	3,935,113	3,935,113	3,935,113	3,935,113	3,935,113
Off. of Behavioral Health/Mental Retardation Svcs.	14,136,399	14,261,952	14,276,252	14,271,572	14,271,572	14,271,572	14,271,572	14,271,572
Office of Housing & Community Development	5,200,000	5,000,000	4,000,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
Office of the Inspector General	0	0	0	1,309,677	1,309,677	1,309,677	1,309,677	1,309,677
Office of Supportive Housing	40,544,073	40,210,085	39,650,143	38,473,558	38,473,558	38,473,558	38,473,558	38,473,558
Personnel Department	4,684,931	4,732,808	4,761,408	4,229,301	4,229,301	4,229,301	4,229,301	4,229,301
Police Department	523,965,930	524,001,749	536,442,088	524,278,250	522,478,250	522,478,250	522,478,250	522,478,250
Prisons System	222,013,102	230,001,319	243,458,119	248,835,310	254,669,101	260,794,581	267,226,335	273,979,677
Procurement Department	4,983,699	5,222,603	4,762,424	3,775,000	3,775,000	3,775,000	3,775,000	3,775,000
Public Health Department	112,695,423	122,778,884	121,082,235	116,936,576	116,936,576	116,936,576	116,936,576	116,936,576
Public Property Department	53,054,886	61,742,541	58,716,330	53,859,878	53,859,878	53,859,878	53,859,878	53,859,878
Public Property - SEPTA Subsidy	61,339,000	63,077,000	63,077,000	64,164,000	65,787,000	67,456,000	69,160,000	70,926,000
Public Property - Space Rentals	15,546,843	16,543,000	15,788,554	15,083,108	15,083,108	15,083,108	15,083,108	15,083,108
Public Property - Utilities	33,127,551	32,480,000	32,490,000	32,520,000	32,890,000	35,010,000	38,670,000	39,830,000
Public Property - Telecommunications	2,551,431	3,000,000	2,741,000	9,584,598	9,584,598	9,584,598	9,584,598	9,584,598
Records	7,633,941	7,679,671	6,952,884	5,334,815	5,334,815	5,334,815	5,334,815	5,334,815
Recreation Department	38,769,657	40,395,732	38,714,870	33,819,244	32,044,244	32,044,244	32,044,244	32,044,244
Refunds	234,892	250,000	244,500	250,000	250,000	250,000	250,000	250,000
Register of Wills	3,522,395	3,776,976	3,588,127	3,399,278	3,399,278	3,399,278	3,399,278	3,399,278
Revenue Department	16,370,599	17,197,437	17,398,570	16,414,209	16,414,209	16,414,209	16,414,209	16,414,209
Sheriff's Office	15,218,436	15,271,619	15,220,138	13,066,657	13,066,657	13,066,657	13,066,657	13,066,657
Streets Department	33,583,751	42,520,085	32,355,385	26,759,385	31,783,385	31,783,385	31,783,385	31,783,385
Streets - Sanitation Division	95,005,450	102,572,395	100,832,895	87,364,673	88,517,676	89,911,267	91,346,667	92,625,129
Witness Fees	131,769	171,518	171,518	171,518	171,518	171,518	171,518	171,518
Youth Commission	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Zoning Board of Adjustment	342,536	445,810	449,110	377,871	377,871	377,871	377,871	377,871
Zoning Code Commission	239,444	500,000	500,000	500,000	0	0	0	0
Total	3,919,842,386	4,031,712,000	3,953,251,986	3,696,499,000	3,855,437,333	3,963,866,894	4,125,261,076	4,144,176,552

City of Philadelphia
Fiscal Year 2010 Operating Budget
FY 2010-2014 Five Year Plan
General Fund Full-Time Positions

Department	Filled Positions 6/30/08	FY 2009 Budget	FY 2010 Revised	FY 2011 Proposed	FY 2012 Proposed	FY 2013 Proposed	FY 2014 Proposed
Atwater Kent Museum	4	4	3	3	3	3	3
Auditing	121	135	127	127	127	127	127
Board of Building Standards	2	2	1	1	1	1	1
Board of L. & I. Review	3	3	2	2	2	2	2
Board of Ethics	6	11	9	9	9	9	9
Bd. of Revision of Taxes	139	139	125	125	125	125	125
Camp William Penn	1	1	0	0	0	0	0
Capital Program Office	21	0	0	0	0	0	0
City Commissioners	91	88	88	88	88	88	88
City Council	192	195	195	195	195	195	195
City Planning Commission	44	39	33	33	33	33	33
City Representative	0	11	5	5	5	5	5
City Treasurer	11	14	14	14	14	14	14
Civil Service Commission	2	2	2	2	2	2	2
Commerce	13	29	25	25	25	25	25
Clerk of Quarter Sessions	117	121	115	115	115	115	115
District Attorney - Total	437	449	449	449	449	449	449
<i>Civilian</i>	423	435	435	435	435	435	435
<i>Uniformed</i>	14	14	14	14	14	14	14
Division of Technology	141	152	140	140	140	140	140
Fairmount Park	156	179	162	225	225	237	237
Finance	170	163	135	135	135	135	135
Fire	2,326	2,357	2,328	2,328	2,328	2,328	2,328
<i>Civilian</i>	101	110	111	111	111	111	111
<i>Uniformed</i>	2,225	2,247	2,217	2,217	2,217	2,217	2,217
First Judicial District	1,970	1,965	1,965	1,965	1,965	1,965	1,965
Fleet Management	307	328	309	309	309	309	309
Free Library	713	628	628	628	628	628	628
Historical Commission	6	6	6	6	6	6	6
Human Relations Commission	34	34	33	33	33	33	33
Human Services	1,784	1,858	1,858	1,858	1,858	1,858	1,858
Labor Relations	7	7	7	6	6	6	6
Law	192	201	192	192	192	192	192
Licenses & Inspections	356	309	330	330	330	330	330
Managing Director	117	167	140	140	140	140	140
Mayor	72	77	49	49	49	49	49
Mayor's Office of Transportation	0	6	6	6	6	6	6
Mural Arts Program	12	16	12	12	12	12	12
Office of Arts and Culture	0	0	2	2	2	2	2
Office of Behavioral Health	28	33	26	25	24	23	23
Office of Supportive Housing	126	132	132	132	132	132	132
Office of Inspector General	0		19	19	19	19	19
Office of Human Resources	68	78	67	67	67	67	67
Police	7,367	7,478	7,403	7,478	7,478	7,478	7,478
<i>Civilian</i>	837	854	854	854	854	854	854
<i>Uniformed</i>	6,530	6,624	6,549	6,624	6,624	6,624	6,624
Prisons	2,131	2,400	2,360	2,360	2,360	2,360	2,360
Procurement	58	62	50	50	50	50	50
Public Health	665	746	739	739	739	739	739
Public Property	165	172	172	172	172	172	172
Records	70	69	57	57	57	57	57
Recreation	464	517	478	478	478	478	478
Register of Wills	68	68	64	64	64	64	64
Revenue	252	277	263	263	263	263	263
Sheriff	238	263	263	263	263	263	263
Streets	1,839	1,888	1,797	1,797	1,797	1,797	1,797
Youth Commission	0	1	1	1	1	1	1
Zoning Code Commission	0	2	2	2	2	2	2
Zoning Board of Adjustment	5	5	5	5	5	5	5
TOTAL GENERAL FUND	23,111	23,888	23,393	23,529	23,528	23,539	23,539

Position estimates are preliminary and are subject to change with the preparation of the budget detail.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

**\$354,925,000
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2009**

**Certificate of Chief Clerk
of the Council of the City of Philadelphia, Pennsylvania**

I, Patricia Rafferty, Chief Clerk of the Council (the "Council") of the City of Philadelphia (the "City"), do hereby certify that it appears from the records of said Council that:

1. (a) Public hearings were held on each of the Bills (the "Bills") listed below as required by Section 2-201(2) of the Philadelphia Home Rule Charter:

(i) Bill Number 1437 of 1991 imposing a 1.5% tax on salaries, wages, commissions and other compensation earned by residents of the City and on net profits earned in business, professions and other activities conducted by residents of the City exclusively for the purposes of the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") pursuant to Section 601 of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (hearing held May 23, 1991).

(ii) Bill Number 1563-A of 1992 approving the execution and delivery by the City of an Intergovernmental Cooperation Agreement between the City and the Authority (hearings held September 27 and September 28, 1991).

(b) Notices of public hearings on said Bills and of their report from committee were duly given by advertisement, each such Bill was duly enacted by the affirmative vote of a majority of all the members of the Council after the elapse of not less than five days from the printing and distribution of each Bill as reported from committee and the votes thereon have been recorded in the Journal of Council, all as required by Section 2-201 of the Philadelphia Home Rule Charter.

(c) The copies of the Bills attached hereto are true and correct copies of the originals thereof on file in the office of the Chief Clerk of the Council.

(d) Such Bills have not been amended or repealed and are in full force and effect on the date of this certificate.

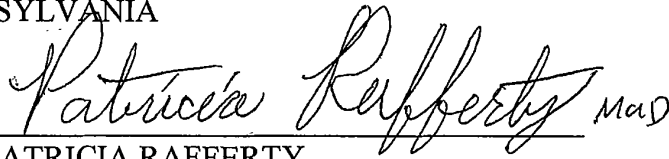
2. A Copy of Resolution No. 2009-09 of the Authority adopted May 5, 2009, as provided to me by the Authority, has been on file for public inspection at the office of the Chief Clerk of the City Council, Room 315, City Hall, Philadelphia, Pennsylvania, at all times since the delivery of such Resolution to me on May 6, 2009.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 15th day of June,
2009.

CITY OF PHILADELPHIA,
PENNSYLVANIA

[SEAL]

By:

A handwritten signature in cursive script, reading "Patricia Rafferty", followed by the initials "MAD". The signature is written in black ink over a horizontal line.

PATRICIA RAFFERTY,
Chief Clerk of the Council of the
City of Philadelphia, Pennsylvania

EXHIBIT A



(Bill No. 1437)
AN ORDINANCE

Explanation: *Italics* indicate new matter added.

Amending Title 19 of The Philadelphia Code, entitled "Finances, Taxes and Collections," by adding a new Chapter 19-2800, entitled "Pennsylvania Intergovernmental Cooperation Authority Tax on Wages and Net Profits," by imposing a tax of one and one-half percent on the salaries, wages, commissions and other compensation earned by residents of the City and on the net profits earned in businesses, professions or other activities conducted by residents of the City; providing that revenues from the tax are to be used for the purposes of the Pennsylvania Intergovernmental Cooperation Authority; pledging to obligees of the Authority that the City will neither repeal nor reduce the tax for so long as bonds of the Authority secured by the pledge of the tax remain outstanding; providing for the collection of the tax; and imposing penalties.

The Council of the City of Philadelphia hereby ordains:

SECTION 1. Title 19 of The Philadelphia Code, entitled "Finances, Taxes and Collections," is hereby amended by adding a new Chapter 19-2800, entitled "Pennsylvania Intergovernmental Cooperation Authority Tax on Wages and Net Profits," to read as follows:

**CHAPTER 19-2800. PENNSYLVANIA
INTERGOVERNMENTAL
COOPERATION AUTHORITY TAX
ON WAGES AND NET PROFITS.**

§19-2801. Legislative Acknowledgements.

(1) The General Assembly of the Commonwealth of Pennsylvania has enacted the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of _____, 1991, P.L. ____, No. ____).

(2) The Act declares it to be the public policy of the Commonwealth to exercise its retained sovereign powers with regard to taxation, debt issuance and matters of State-wide concern in a manner calculated to foster the fiscal integrity of cities of the first class to assure that these cities provide for the health, safety and welfare of their citizens; pay principal and interest owed on their debt

obligations when due; meet financial obligations to their employees, vendors and suppliers; and provide for proper financial planning procedures and budgeting practices. The inability of a city of the first class to provide essential services to its citizens as a result of a fiscal emergency has been determined to affect adversely the health, safety and welfare not only of the citizens of that municipality but also of other citizens in this Commonwealth.

(3) The stated intent of the General Assembly for enacting the Act is to:

(a) provide cities of the first class with the legal tools with which cities of the first class can eliminate deficits that render them unable to perform essential municipal services;

(b) create an authority that will enable cities of the first class to access capital markets for deficit elimination and seasonal borrowings to avoid default on existing obligations and chronic cash shortages that will disrupt the delivery of municipal services;

(c) foster sound financial planning and budgetary practices that will address the underlying problems which result in such deficits; and

(d) exercise its powers consistent with the rights of citizens to home rule and self government by maintaining a system pursuant to which the principal responsibility for conducting the governmental affairs of a municipality remains with its local elected officials;

(e) remedy the fiscal emergency confronting cities of the first class through the implementation of sovereign powers of the Commonwealth with respect to taxation, indebtedness and matters of State-wide concern. To safeguard the rights of the citizens to the electoral process and home rule, the General Assembly intends to exercise its power in a cooperative manner with the elected officers of cities of the first class as contemplated by the Constitution of Pennsylvania.

(f) authorize the imposition of a tax or taxes to provide a source of funding for an intergovernmental cooperation authority to enable it to assist cities of the first class and to incur debt of such authority for such purposes; however, the General Assembly intends that such debt shall not be

a debt or liability of the Commonwealth or a city of the first class nor shall debt of the authority payable from and secured by such source of funding create a charge directly or indirectly against revenues of the Commonwealth or a city of the first class.

(4) In enacting the Act the General Assembly of the Commonwealth inter alia found:

(a) That cities of the first class have encountered recurring financial difficulties which may affect the performance of necessary municipal services to the detriment of the health, safety and general welfare of residents of such cities.

(b) That the financial difficulties have caused cities of the first class to lose an investment-grade credit rating and direct access to capital markets.

(c) That it is critically important that cities of the first class achieve an investment-grade credit rating and thereafter maintain their credit-worthiness.

(d) *That, without the ability to enter the capital markets, cities of the first class may face a fiscal emergency that could render them unable to pay their obligations when due and deliver essential services to their citizens.*

(e) *That, due to the economic and social interrelationship among all citizens in our economy, the fiscal integrity of cities of the first class is a matter of concern to residents of the entire Commonwealth, and the financial problems of such cities have a direct and negative effect on the entire Commonwealth.*

(f) *That, because cities of the first class consume a substantial proportion of the products of Pennsylvania's farms, factories, manufacturing plants and service enterprises, economic difficulties confronting cities of the first class detrimentally affect the economy of the Commonwealth as a whole and become a matter of State-wide concern.*

(g) *That, because residents of cities of the first class contribute a substantial proportion of all Commonwealth tax revenues, a disruption of the economic and social life of such cities may have a significant detrimental effect upon Commonwealth revenues.*

(h) *That, cities of the first class and the Commonwealth have shown a willingness to cooperate in order to address important financial and budgetary concerns.*

(i) *That, the financial difficulties of cities of the first class can best be addressed and resolved by cooperation between governmental entities.*

(j) *That, the Constitution of Pennsylvania grants municipalities authority to cooperate with other governmental entities in the exercise of any function or responsibility.*

(k) *That, the Commonwealth retains certain sovereign powers with respect to cities of the first class, among them the powers to authorize and levy taxes, to authorize the incurring of indebtedness and to provide financial assistance that may be necessary to assist cities in solving their financial problems.*

(l) *That, the Commonwealth may attach conditions to grants of authority to incur indebtedness or assistance to*

cities of the first class in order to ensure that deficits are eliminated and access to capital markets is achieved and maintained.

(m) That, such conditions shall be incorporated into intergovernmental cooperation agreements between the Commonwealth or its instrumentalities and cities of the first class.

(n) That, cities of the first class and the Commonwealth will benefit from the creation of an independent authority composed of members experienced in finance and management which may advise such cities, the General Assembly and the Governor concerning solutions to fiscal problems cities of the first class may face.

(o) That, the creation of such an authority with the power to borrow money and issue bonds in order to assist cities of the first class will allow such cities to continue to provide the necessary municipal services for their residents and to contribute to the economy of the Commonwealth.

(p) That, in order for an authority to effectively assist cities of the first class in financing their cash flow needs and for cities of the first class to be able to cost-effectively

finance their cash flow needs during the term of any authority bonds and thereafter, the enactment of certain provisions of law in connection with the issuance of tax and revenue anticipation notes of cities of the first class is necessary and desirable.

(q) That, a dedicated source of funding for the authority is necessary in order to address the immediate financial difficulties of cities of the first class.

(r) That, the Commonwealth's action in authorizing cities of the first class to impose taxes for the authority will allow such cities to continue to provide necessary services for their residents and for those non-residents enjoying the benefits of such services.

(s) That, the levy of a tax within cities of the first class for the authority should be authorized by the Commonwealth for the benefit of cities of the first class, with the revenue produced as a result of such levy being Commonwealth-authorized revenues and revenues of a State authority, and not revenues of the city of the first class.

(t) *That, the authority to levy a tax only within cities of the first class or as a rate that is higher than that imposed outside cities of the first class is based upon a legitimate classification which the General Assembly deems to be reasonable and just, since the benefit received by taxpayers in cities of the first class as a result of such levy is determined to be in proportion to the tax burden imposed in such cities of the first class.*

(u) *That, a levy imposed only, or at a higher rate, in cities of the first class will be used to benefit citizens of cities of the first class by providing for their health, safety, convenience and welfare.*

(5) *City Council further acknowledges that the Act:*

(a) *Specifically authorizes the imposition and pledge of any combination of the following taxes:*

(i) *a sale and use and hotel occupancy tax;*

(ii) *a realty transfer tax such as is now or as may be hereafter enacted for general revenue purposes of the City pursuant to Section 1301(b) of the Act of December 13, 1988 (P.L. 1121, No. 45), known as the Local Tax Reform Act; and*

(iii) a tax on salaries, wages, commissions, compensation or other income received or to be received for work done by residents of the City, imposed pursuant to the provisions of the Sterling Act.

(b) Provides that the revenues generated by any such tax are to become the exclusive property of the Pennsylvania Intergovernmental Cooperation Authority (PICA) and shall not be subject to appropriation by City Council or the General Assembly of the Commonwealth.

(c) Provides that the Department of Revenue of the Commonwealth is charged with the administration, enforcement and collection of the tax imposed by this Chapter and if the tax imposed is pursuant to Subsections 601(a)(2) or (3) of the Act the administration, enforcement and collection procedures for the taxes and the fines, forfeitures, penalties and interest charges shall be as are specified in this Chapter.

(d) Provides that the Department of Revenue of the Commonwealth is authorized to appoint as its agents, tax officers, clerks, collectors and other assistants, including revenue and legal departments of cities imposing a tax under this chapter, to collect and enforce any tax, including

interest and penalties, imposed under authority of this chapter; provided, however, that any moneys collected by any such agent shall not be commingled with any other funds of such agent and must be segregated and paid over to the Department of Revenue of the Commonwealth at least monthly.

(e) Provides that the revenues collected by any of the Department of Revenue's agents, tax officers, clerks, collectors and other assistants are to be paid over to the Department of Revenue of the Commonwealth to be deposited by the Treasurer of the Commonwealth in the Pennsylvania Intergovernmental Cooperation Authority Tax Fund.

(f) Provides that the obligees of PICA shall have the right to enforce a pledge of or security interest in revenues of the authority securing payment of bonds of the authority against all government agencies in possession of any such revenues at any time, which revenues may be collected directly from such officials upon notice by such obligees or a trustee for such obligees for application to the payment of such bonds as and when due or for deposits in any sinking, bond or debt service fund established by the

Commonwealth or established by resolution of the authority with such trustee at the times and in the amounts specified in such bonds or the resolution or indenture or trust agreement securing such bonds. Any government agency in possession of any such revenues shall make payment against receipt and shall thereby be discharged from any further liability or responsibility for such revenues. If such payment shall be to a holder of bonds, it shall be made against surrender of such bonds to the payor for delivery to the authority in the case of payment in full, otherwise it shall be made against production of such bonds for notation thereon of the amount of the payment. The provisions of this section with respect to the enforceability and collection of revenues which secure bonds shall supersede any contrary or inconsistent statutory provision or rule of law. This section shall be construed and applied to fulfill the legislative purpose of clarifying and facilitating the financing of the authority of the costs of assisting a city by assuring to the obligees of the authority the full and immediate benefit of the security for

the bonds without delay, diminution or interference based on any statute, decision, ordinance, or administrative rule or practice.

§19-2802. Definitions.

(1) *"Authority." The Pennsylvania Intergovernmental Cooperation Authority established in the Act.*

(2) *"Bond." A note, bond, refunding note and bond, interim certificate, debenture and other evidence of indebtedness or obligation which an authority is authorized to issue pursuant to the Act.*

(3) *"Business." An enterprise, activity, profession or undertaking of any nature conducted for profit or ordinarily conducted for profit, whether by an individual, copartnership, association, governmental body or unit or agency, or any other entity.*

(4) *"Department." The Department of Revenue of the Commonwealth or its agents, tax officers, clerks, collectors and other assistants, including revenue and legal departments of the City of Philadelphia. For purpose of complying with the provisions of this Chapter, the Revenue*

Department of the City is the authorized agent of the Department of Revenue of the Commonwealth for the collection of taxes imposed hereunder.

(5) "Employee." Any person who renders services to another for a consideration or its equivalent, under an express or implied contract, and who is under the control and direction of the latter, including temporary, provisional, casual or part-time employment.

(6) "Employer." An individual, copartnership, association, corporation, governmental body or unit or agency, or any other entity, who or that employs one or more persons on a salary, wage, commission or other compensation basis.

(7) "Net Profits." The net gain from the operation of a business, profession or enterprise, after provision for all allowable costs and expenses incurred in the conduct thereof, either paid or accrued in accordance with the accounting system used, without deduction of taxes based on income.

(8) "Obligee of the Authority." Any holder or owner of any bond of the Pennsylvania Intergovernmental

Cooperation Authority or any trustee or other fiduciary for any such holder or any provider of a letter of credit, policy of municipal bond insurance or other credit enhancement or liquidity facility for bonds of the authority.

(9) *"Person."* Every individual, copartnership, fiduciary or association.

(10) *"Resident."* An individual, copartnership, association, corporation or any other entity domiciled in the City.

(11) *"Salaries, Wages, Commissions and Other Compensation."* All salaries, wages, commissions, bonuses, incentive payments, fees and tips that may accrue or be received by an individual, whether indirectly or through an agent and whether in cash or in property, for services rendered, but excluding:

(a) *periodical payments for sick or disability benefits and those commonly recognized as old age benefits;*

(b) *retirement pay, or pensions paid to persons retired from service after reaching a specific age or after a stated period of employment;*

(c) *any wages or commissions paid by the United States to any person for active service in the Army, Navy or Air Force of the United States;*

(d) *any bonus or additional compensation paid by the United States, this Commonwealth, or any other state for such service;*

(e) *any statutory per diem compensation paid any witness or juror, or member of the District Election Board.*

(12) *"Taxpayer." Any person required by this Chapter to file a return or to pay a tax.*

§19-2803. Imposition of Pennsylvania Intergovernmental Cooperation Authority Tax on Wages and Net Profits.

(1) *An annual tax to provide revenues for the purposes of the Pennsylvania Intergovernmental Cooperation Authority is imposed as follows:*

(a) *On salaries, wages, commissions, and other compensation earned by residents of Philadelphia on and after July 1, 1991 at the rate of one and one-half percent.*

(b) *On the net profits earned in business, professions or other activities conducted by residents after July 1, 1991 at the rate of one and one-half percent.*

(2) *The tax imposed under §19-2803(1)(a) shall relate to and be imposed upon salaries, wages, commissions, and other compensation paid by an employer or on his behalf to any person who is employed by or renders services to him.*

(3) *The tax levied under §19-2803(1)(b) shall relate to and be imposed on the net profits of any business, profession, or enterprise carried on by any person as owner or proprietor, either individually or in association with some other person or persons.*

§19-2804. City Pledge; Duration of Taxes.

(1) *The city pledges and agrees with each and every obligee of the authority acquiring bonds secured by an authority pledge of taxes imposed by this Chapter that the city will not repeal the tax or reduce the rate of the tax imposed for the authority until all bonds so secured by the pledge of the authority, together with the interest thereon, are fully paid or provided for. The revenues from the taxes imposed by this Chapter shall be revenues and property of*

the authority and shall not be revenues or property of the city. The taxes shall be collected by the Department of Revenue of the Commonwealth and shall not be subject to appropriation by the City Council or by the General Assembly.

(2) The taxes imposed under this chapter shall continue in effect until all bonds of the authority which are secured by the authority's pledge of such tax revenues are no longer outstanding. For as long as any such bonds remain outstanding, City Council pledges not to repeal this Chapter or reduce the rate of tax imposed for the authority under this Chapter.

§19-2805. Return and Payment of Tax.

(1) Each person whose net profits are subject to the tax imposed by this chapter shall, on or before April 15 of each year, make and file with the Department a return on a form furnished by or obtainable from the Department setting forth the amount of such net profits earned by him during the preceding year and subject to the said tax, together with such other pertinent information as the Department may require. Where a return is made for a fiscal year or for any

other period different from a calendar year, the said return shall be made within one hundred five (105) days from the end of the said fiscal year or other period.

(2) Each person who is employed on a salaried, wage, commission or other compensation basis, which is subject to a tax imposed by this Chapter and which tax is not withheld by his employer and paid to the Department as provided in §19-2806 shall make and file a tax return with the Department for the three (3) months ending December 31, on or before the 15th day of the following February, and shall make and file a tax return with the city on or before the last day of April, July and October for the last three (3) months ending on the last day of the month preceding the due date. The return shall be made on a form furnished by the Department, setting forth the aggregate amount of salaries, wages, commissions and other compensation subject to the said tax earned by such person for the three (3) months, together with such other pertinent information as the city may require.

(3) Whenever any person files a return required by this Section he shall at the time of filing pay to the Department the amount of tax due thereon.

§19-2806. Collection at Source.

(1) *Each employer within a city of the first class who employs one or more persons on a salary, wage, commission or other compensation basis shall deduct at the time of payment thereof, the tax imposed by this Chapter on the salaries, wages, commissions and other compensation due from the said employer to the said employee, except that due to employees engaged as domestic servants, and shall make a return and pay to the Department the amount of tax so deducted at such intervals as the Department shall established by regulations.*

(a) *The return shall be on a form or forms furnished by the Department and shall set forth the names and residences of each employee of said employer during all or any part of the period covered by the said return, the amounts of salaries, wages, commissions or other compensation earned during such period by each of such employees, together with such other information as the Department may require.*

(b) *The employer making the return shall, at the time of filing, pay to the Department the amount of tax due thereon.*

(c) The failure of any employer, residing either within or outside of a city of the first class to make such return and/or to pay such tax shall not relieve the employee from the responsibility for making the returns, paying the tax, and complying with the regulations with respect to making the returns and paying the tax.

(2) When an employer makes deductions or returns under §19-2806(1) he shall deposit such deduction with the Department or with any bank designated by the Department, which shall in all cases be a bank designated as a City depository bank.

(a) Each bank so designated shall issue official receipts to the employer for the money received from him, which money shall be credited to the authority's account. Such deposits shall be reported daily to the department.

(b) At the time of each deposit, the employer shall file with the department or designated bank a depository form to be furnished by the department which shall contain such information as the department may require.

§19-2807. Estimated Net Profits Tax.

(1) Returns and Payments of Estimated Tax.

(a) *Each person whose net profits are subject to the tax imposed by this Chapter shall be required to file returns and pay estimated tax on account of the net profits due for the current taxable year.*

(2) *For the purposes of this Chapter, the term "estimated tax" means the amount of net profits tax which a person calculated to be his tax due under this Chapter for the preceding taxable year, after giving effect to the tax credit provided in Section 19-2808.*

(3) *Calendar Year Taxpayers.*

(a) *Returns and payments of estimated tax for taxable years beginning after December 31, 1991 shall be due and payable as follows:*

(.1) *The first installment of one-fourth of the estimated tax shall be due and payable on or before April 15 of the taxable year.*

(.2) *The second installment of one-fourth of the estimated tax shall be due and payable on or before June 15 of the taxable year.*

(4) *Fiscal Year Taxpayers.*

(a) Persons who report net income for a fiscal year period other than a calendar year shall make returns and payments of estimated tax for taxable years beginning after December 31, 1991 as follows:

(.1) The first installment of one-fourth of the estimated tax shall be due and payable within three and one-half months after the beginning of the taxable fiscal year.

(.2) The second installment of one-fourth of the estimated tax shall be due and payable within five and one-half months after the beginning of the taxable fiscal year.

(5) Credits for Excessive Estimated Payments.

(a) Any estimated payments which exceed a person's tax liability for the taxable year shall be applied as a credit against the estimated tax for the following taxable year, to the extent of the estimated tax due for the following taxable year.

(b) The amount of any estimated payments which exceed the estimated tax for the following year shall be refunded to the taxpayer.

(6) Provisions not Applicable. The provisions of Section 19-2807 shall not be applicable to a person for a taxable year if:

(a) Such person was not engaged in business in the preceding taxable year; or

(b) Such person's net profits tax liability for the preceding taxable year does not exceed one hundred (\$100) dollars; or

(c) Such person terminated his business activity prior to the due date of the net profits tax return for the preceding taxable year.

(7) Any person who terminates his business activity prior to the due date of any estimated payment shall not be required to make any additional estimated payments for that taxable year.

§19-2808. Credit Against Tax.

(1) In the event that any person subject to a tax under §19-1502(1)(c) and who is entitled to a credit pursuant to §19-1506 does not totally exhaust such credit against tax

liability incurred pursuant to §19-1502(1)(c). The remaining credit may be applied against taxes owed pursuant to this chapter.

(2) The credit provided pursuant to this Section relates to the following tax year;

(a) When a return is made for a fiscal year corresponding to the calendar year, the same calendar year as that which is used as the measuring period for computing net income subject to the tax imposed under Chapter 19-2600 of this Title on which the credit is based.

(b) When a return is made for a fiscal year other than a calendar year, the fiscal year which ends within the calendar year for which the tax imposed under Chapter 19-2600 of this Title is paid, and on which the credit is based.

(3) Nothing in this Section shall permit credits to be charged against any given tax year in excess of the amount of tax due under §19-2803 for that tax year.

§19-2809. Penalties and Enforcement.

(1) Penalties.

(a) *For late deposits of withheld taxes due under this Chapter there shall be added, in addition to the penalties set forth herein, a penalty of ten percent (10%) of the underpayment.*

(2) *Extension for Payment.*

(a) *If the due date for the payment of any tax due falls on a Sunday or a holiday, or any day during which the agency collecting such tax is not open for a full business day, the Department may postpone such due date to the next following business day.*

(b) *The Department may, upon proper cause shown, grant a taxpayer an extension of not more than sixty (60) days for the payment of the tax. Application for such extension shall be made on or before the last day for the payment of the tax, in such form as the Department prescribes.*

(c) *If any Federal taxing authority grants to any taxpayer an extension for the payment of Federal income tax for a period in excess of sixty (60) days, the Department*

may grant an additional extension of time for the payment of any City tax affected thereby, not to exceed thirty (30) days after the termination of the Federal extension period.

(d) Where an extension for payment of any tax has been granted by the Department, the principal amount of such tax shall be subject to interest from the original due date at the rate of one-half of one percent per month, or part thereof, but shall not be subject to any penalty if paid within the extended period.

(3) Extension for Filing Returns.

(a) The Department may, upon proper cause shown, grant a taxpayer an extension of not more than sixty (60) days for the filing of any tax return. Application for such extension shall be made on or before the last day of the payment of the tax, in such form as the Department prescribes.

(b) If any Federal taxing authority grants to any taxpayer an extension for the filing of Federal income tax returns for a period in excess of sixty (60) days, the

Department may grant an additional extension of time for the filing of any tax returns affected thereby, not to exceed the date of termination of the Federal extension period.

(c) In order for an extension to be granted, the taxpayer must file a tentative return and pay one hundred percent (100%) of the tax estimated to be due, on or before the statutory due date. The extension will not relieve the taxpayer from the obligation to pay interest and penalty from the date such return was originally due upon the amount of tax due in excess of the estimated tax paid.

(4) Allocation of Delinquent Payments.

(a) Unless otherwise provided, when a partial payment is made on account of any delinquent tax, such payment shall be pro-rated between the principal sum of such tax and the penalties and interest accumulated on it.

(5) Records of Taxpayer.

(a) . Every person who has paid, or from whom there is due or alleged to be due, any moneys collectible by the Department, for or on behalf of the authority, including

any taxes, charges, or other sums, and any person upon whom there is imposed any other obligation to collect and remit to a city any such moneys shall:

(.1) preserve and retain his books, records, accounts, copies of tax returns filed with other taxing authorities, and other data relating thereto, for a period of six (6) years after such moneys become collectible or have been collected by the Department, whichever is later;

(.2) when requested by the Department produce his books, records, accounts, copies of tax returns filed with other taxing authorities, and other data relating thereto, and give to the Department the opportunity to make examination of such books, records, accounts, copies, data, and any property owned or controlled by such person in order to verify the accuracy of any report or return made, or if no report or return has been made, to ascertain the amount of tax, rent, charge, or other sum due.

(.3) Any information obtained by the Department in the conduct of any examination or investigation shall be treated as confidential, except in the course of departmental business, or in accordance with judicial order, or as otherwise provided by law.

(6) *Oaths.*

(a) *Whenever the Department shall hold hearings or conduct investigations, the Revenue Commissioner of the City, or any deputy designated by him, shall have the power to administer oaths to persons under examination.*

(7) *Interest, Penalties and Costs.*

(a) *If any tax authorized or imposed under this Chapter is not paid when due, there shall be added to the amount of the unpaid tax and collected therewith, interest at the rate of one-half of one percent of the amount of the unpaid tax, and a penalty at the rate of one percent of the amount of the unpaid tax shall be added for each month or fraction thereof during which said tax shall remain unpaid and shall be collected, together with the amount of the tax. This provision shall not apply to:*

(.1) *Taxes imposed by §19-2803 that are not, in fact, withheld pursuant to §19-2806; provided, however, when such tax is not paid when due interest at the rate of one-half percent of the amount of the unpaid tax and a penalty of one percent of the amount of the unpaid tax per month for*

the first year and one-half percent per month thereafter shall be added and collected together with the amount of the tax.

(b) Where suit is brought for the recovery of any such tax the person liable therefor shall, in addition, be liable for the costs of collection together with the interest and penalties herein imposed.

(c) If any tax imposed under this Chapter was not paid when due or is not paid when it becomes due, there shall be added to the amount of the unpaid tax, interest, and penalty and collected therewith:

(.1) interest at the rate of one-half of one percent of the amount of the unpaid tax each month or fraction thereof during which the tax remains unpaid; and

(.2) penalty calculated on the amount of the unpaid tax at the following rates for each month during which the tax remains unpaid:

(.a) in the first month or fraction thereof following the due date, one percent (1%);

(.b) in the second month or fraction thereof following the due date, an additional one percent (1%) for a total of two percent (2%);

(.c) in the third month or fraction thereof following the due date, an additional one percent (1%) for a total of three percent (3%);

(.d) in the fourth month or fraction thereof following the due date, an additional two percent (2%) for a total of five percent (5%);

(.e) in the fifth month or fraction thereof following the due date, an additional two percent (2%) for a total of seven percent (7%);

(.f) in the sixth month or fraction thereof following the due date, an additional two percent (2%) for a total of nine percent (9%);

(.g) in the seventh month or fraction thereof following the due date, an additional three percent (3%) for a total of twelve percent (12%);

(.h) in the eighth month or fraction thereof following the due date, an additional three percent (3%) for a total of fifteen percent (15%);

(.i) in the ninth month or fraction thereof following the due date, an additional three percent (3%) for a total of eighteen percent (18%);

(.j) in the tenth month or fraction thereof following the due date, an additional four percent (4%) for a total of twenty-two percent (22%);

(.k) in the eleventh month or fraction thereof following the due date, an additional four percent (4%) for a total of twenty-six percent (26%);

(.l) in the twelfth month or fraction thereof following the due date, an additional four percent (4%) for a total of thirty percent (30%);

(.m) thereafter, for each additional month or fraction thereof following the due date, one and one-quarter percent (1-1/4%) shall be added to the amount charged under subsection (.1).

(d) In addition to any other sanction or remedial procedure provided, any person who shall:

(.1) make any false or untrue statement on his report or return;

(.2) fail or refuse to file any report or return;

(.3) violate any condition of any license required hereunder;

(.4) fail to pay over to the Department any moneys which he may hold as agent for the Department;

(.5) violate any provision of this Chapter or any regulation adopted hereunder;

shall be subject to a fine of not more than three hundred (\$300) dollars, for each offense together with imprisonment for not more than ninety (90) days if the fine and costs are not paid within ten (10) days. A separate offense shall be deemed to occur on the first day of each month that conduct described in subsections (d)(.2) or (d)(.4) continues.

(e) *Any person who shall have paid, or from whom there is due or alleged to be due any moneys collectible by the Department, including any taxes, charges, or other sums, and who fails and refuses to produce or permit the examination of his books, records, accounts, and related data, or to afford to authorized representatives of the Department an opportunity for such examination, shall be subject to a fine of not more than three hundred (\$300) dollars for each such offense, with imprisonment for not more than ninety (90) days if the fine and costs are not paid within ten (10) days.*

(f) *When any person shall give or cause to be given to a city official or agency a check in payment of any obligation whether due to the department or others, including but not limited to any tax which is dishonored or unpaid by the bank upon which it is drawn, the sum of twenty (\$20) dollars shall be added to the obligation and interest and penalties provided by law or otherwise, to cover the additional cost to the Department.*

(8) Limitation of Actions.

(a) Any suit to recover any tax authorized or imposed by this chapter shall be begun within six (6) years after such tax is due or within six (6) years after a return or a report has been filed, whichever date is later; but this limitation shall not apply in the following cases:

(.1) where the taxpayer has failed to file the return or report required under the provisions of this chapter;

(.2) where an examination of a return or report filed by the taxpayer and of other evidence relating to such return or report in the possession of the Department reveals a fraudulent evasion of taxes, including, but not limited to, substantial understatement of gross income, or any other receipt of income, moneys or funds in any such return or report;

(.3) where the taxpayer has collected or withheld tax funds or moneys of any nature or description under this Chapter as agent of or trustee for the Department and has failed, neglected or refused to pay the amount so collected or so withheld to the Department.

(b) *All defenses to the collection of any tax authorized or imposed by this Chapter shall be raised by appropriate petition pursuant to provisions of local ordinance.*

(c) *Where a taxpayer has filed any petition pursuant to ordinance, the period of limitation set forth in §19-2809(a) shall be tolled until final determination of such petition has been made.*

(9) *Construction.*

(a) *Each tax authorized or imposed under this Chapter upon any person, transaction, occupation, privilege, subject or personal property shall be in addition to any other taxes imposed by a city of the first class upon such person, transaction, occupation, privilege, subject or personal property.*

(10) *Administration and Enforcement.*

(a) *The Commissioner of Revenue of the City of Philadelphia is hereby authorized to promulgate regulations governing the administration, enforcement and interpretation of the provisions of this chapter.*

APP. NO. 297-39

SECTION 2. Effective Date. This ordinance shall become effective upon the later of either July 1, 1991 or upon the effective date of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of _____, 1991, P.L. _____, No. _____).

Explanation:

Italics indicate new matter added.

APP. NO. 297-40

CERTIFICATION: This is a true and correct copy of the
original Ordinance approved by the Mayor on

JUNE 12, 1991

Marie B. Hansen

Deputy Chief Clerk of the Council

EXHIBIT B



(Bill No. 1563-A)

AN ORDINANCE

Explanation:

[Bold Brackets] indicate matter deleted on Final Passage.

Bold Italics indicate new matter added on Final Passage.

Setting forth and approving an intergovernmental cooperation agreement between the City of Philadelphia and the Pennsylvania Intergovernmental Cooperation Authority ("PICA"), and requiring that prior to the submission of certain documents to PICA the Mayor shall submit them for approval by resolution of City Council.

WHEREAS, The General Assembly of the Commonwealth of Pennsylvania has enacted the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. ____ No. 6) (the "Act"); and

WHEREAS, The Act declares it to be the public policy of the Commonwealth of Pennsylvania (the "Commonwealth") to exercise its retained sovereign powers with regard to taxation, debt issuance and matters of state-wide concern in a manner calculated to foster the fiscal integrity of cities of the first class to assure that these cities provide for the health, safety and welfare of their citizens; avoid interruption of essential city services; pay principal and interest owed on their debt obligations

when due; meet financial obligations to their employees, vendors and suppliers; and provide for proper financial planning procedures and budgeting practices; and

WHEREAS, In accordance with the Act the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") has been created, a governing board of the Authority has been duly appointed, and the Authority has initiated actions to provide the City with access to capital markets for deficit elimination and to foster sound financial planning and budgetary practices that will address the underlying problems which result in such deficits; and

WHEREAS, The City of Philadelphia is a city of the first class requiring the financial assistance of the Authority; and

WHEREAS, In order to foster cooperative action between the Authority and the City to reach common ends, it is necessary to further define and detail the undertakings of the Authority and the City in an Intergovernmental Cooperation Agreement (the "Agreement") as anticipated in the Act; and

WHEREAS, The City Council is the governing body of the City, and as such is responsible for approving all operating and capital budgets and amendments thereto and should, accordingly, participate fully in the interchanges of information and the development of City financial plans required by the Agreement and the Act; now therefore

The Council of the City of Philadelphia hereby ordains:

SECTION 1. The Intergovernmental Cooperation Agreement attached hereto as Exhibit "A," and incorporated herein, is hereby approved, and all

appropriate officers of the City are hereby authorized to execute such Agreement, and, consistent with the terms of this ordinance, implement its provisions.

SECTION 2. Prior to the submission to the Authority of the initial financial plan pursuant to Section 4.01(a) of the Agreement, and prior to the submission of a proposed revision to the plan pursuant to Section 4.07 or 4.08(b) of the Agreement or of proposed remedial action pursuant to Section 4.10(b)(ii) of the Agreement, if such proposed revision or remedial action will require the adoption of an ordinance of City Council for its implementation, the Mayor shall submit such financial plan, revisions thereto and proposals for remedial action (individually and collectively to be referred to hereinafter as a "filing") to City Council for preliminary approval by resolution. Without said approval no filing shall be deemed an official filing by the City. Provided, however, that in the event that City Council has no regularly scheduled meeting within ten (10) days of the time the administration has completed the preparation of a filing and is ready to submit said filing to the Authority, the administration may request the President of City Council to waive the requirement for Council approval by resolution, and if the President of City Council determines that time is of the essence and elects not to call a special meeting of City Council, the President of City Council may waive the requirement that City Council approve the filing by resolution, such waiver to be in writing and addressed to the Mayor, the Finance Director and each Councilmember. Further provided, that if City Council fails to approve or disapprove a request for approval of any of the filings within ten (10) days of the submission of the request, or if the President of City Council fails to approve or disapprove a waiver within ten

(10) days of the submission of the request, City Council's approval, and where appropriate, the President of City Council's waiver, shall be deemed to have been given.

SECTION 3. All written financial, contract-related, and other reports and written communications submitted to the Authority by the City pursuant to the Agreement or the Act shall simultaneously be submitted to the President of the Council for immediate distribution to all members of City Council, and all decisions, recommendations, and other written communications received from the Board shall be submitted to the President of the Council for immediate distribution to all members of City Council immediately upon receipt thereof by any City official.

SECTION 4. All proposed amendments to the Agreement shall be submitted to the President of City Council for immediate distribution to all members of City Council. If the President of City Council determines that the proposed amendments are substantial in nature, they shall be submitted to City Council for approval by ordinance. An amendment is substantial in nature if it changes the terms of the Agreement to materially alter the relationship of the parties to the Agreement, directly or indirectly increases the City's financial obligations under the Agreement, materially diminishes the obligations of the Authority to the City under the Agreement or otherwise adversely affects the rights of the City or any official of the City under said Agreement. If the President of City Council determines that proposed amendments are not substantial in nature, the appropriate officers of the City are authorized to execute such amendments, and, consistent with the terms of this ordinance, implement their provisions.

APP. NO. 678-5

**INTERGOVERNMENTAL COOPERATION
AGREEMENT
by and between
PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY
and
THE CITY OF PHILADELPHIA**

Dated as of _____, 1992

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**INTERGOVERNMENTAL COOPERATION
AGREEMENT**

THIS INTERGOVERNMENTAL COOPERATION AGREEMENT made and entered into as of the _____ day of _____, 1992, by and between the **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY**, a body corporate and politic constituting a public authority and instrumentality of the Commonwealth of Pennsylvania (the "Authority"), and the **CITY OF PHILADELPHIA**, a city of the first class of the Commonwealth of Pennsylvania (the "City");

W I T N E S S E T H :

WHEREAS, The General Assembly of the Commonwealth of Pennsylvania has enacted the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. _____, No. 6) (the "Act"); and

WHEREAS, The Act declares it to be the public policy of the Commonwealth of Pennsylvania (the "Commonwealth") to exercise its retained sovereign powers with regard to taxation, debt issuance and matters of state-wide concern in a manner calculated to foster the fiscal integrity of cities of the first class to assure that these cities provide for health, safety and welfare of their citizens; pay principal and interest owed on their debt obligations when due; meet financial obligations to their employees, vendors and suppliers; and provide for proper financial planning procedures and budgeting practices; and

WHEREAS, The Act further declares that the inability of a city of the first class to provide essential services to its citizens as a result of a fiscal emergency has been determined to affect adversely the health, safety and welfare not only of the citizens of that municipality but also of other citizens of the Commonwealth; and

WHEREAS, In accordance with the Act, a governing board of the Authority has been duly appointed and has initiated actions intended to provide the City with access to capital markets for deficit elimination and to foster sound financial planning and budgetary practices that will address the underlying problems which result in such deficits; and

WHEREAS, In order to implement such cooperative intergovernmental actions, it is necessary to further define and detail the undertakings of the Authority and the City in this Agreement as anticipated in the Act; and

WHEREAS, The Act declares that the Commonwealth may attach conditions to grants of authority to incur indebtedness or assistance to the City in order to ensure that deficits are eliminated and access to capital markets is achieved and maintained, and that such conditions shall be incorporated into one or more intergovernmental cooperation agreements between the Authority and the City; and

WHEREAS, The Authority and the City intend that this Agreement constitute such an intergovernmental cooperation agreement incorporating certain of such conditions in accordance with the Act; and

WHEREAS, By resolution approved by a qualified majority of its governing board, the Authority has authorized the execution and delivery of this Agreement by the Authority; and

WHEREAS, By ordinance of its City Council, approved by the Mayor, the City has authorized the execution and delivery of this Agreement by the City and has determined that this Agreement constitutes a service agreement as provided for in Section 8-200(3) of the City's Home Rule Charter; and

WHEREAS, In furtherance of the legislative intent of the Act and the actions to be undertaken by the Authority pursuant to the Act and this Agreement, the City, by Ordinance (Bill No. 1437) of its City Council, approved by the Mayor on June 12, 1991, has enacted exclusively for purposes of the Authority a one and one-half percent (1½%) tax on wages, salaries, commissions and other compensation earned by residents of the City and on the net profits earned in businesses, professions or other activities conducted by residents of the City (the "Authority Tax");

NOW, THEREFORE, for good and valuable consideration, and intending to be legally bound hereby, the Authority and the City agree as follows:

ARTICLE I DEFINITIONS

SECTION 1.01. Definitions.

In addition to any words and terms elsewhere defined in this Agreement, the following words and terms, when used in this Agreement, shall have the following respective meanings, unless the context clearly requires

otherwise. Any other words and terms used in this Agreement which are defined in the Act are used in this Agreement as so defined in the Act.

"Act" shall mean the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. _____, No. 6), as it may be amended, supplemented or otherwise modified and in effect from time to time.

"Additional City Documents" shall mean any and all additional documents, instruments, certificates and agreements delivered by or on behalf of the City pursuant to Section 2.01(d) or 2.03 hereof.

"Agreement" shall mean this Intergovernmental Cooperation Agreement, as it may be amended, supplemented or otherwise modified and in effect from time to time.

"Authority Tax" shall have the meaning given to that term in the recitals to this Agreement.

"City Account" shall mean the account so designated and established pursuant to Section 3.01 of this Agreement.

"City Account Depository" shall have the meaning given to that term in Section 3.01 hereof.

"City Controller" shall mean the City Controller of the City.

"City Council" shall mean the City Council of the City.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and all regulations promulgated from time to time thereunder.

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Corporate Entity" shall mean an authority or other corporate entity, *now existing or hereafter created*, of which one or more of the members of its governing board are appointed by the Mayor and which performs governmental functions for the City[.], *and currently including, without limitation, those authorities and corporate entities listed in Exhibit "C" attached hereto.*

"Covered Fund" or "Covered Funds" shall mean the principal operating fund or funds of the City, now existing or hereafter created, and shall include the General Fund, the General Capital Fund, and the Grants Revenue Fund and any other principal operating fund of the City which becomes a member of the City's Consolidated Cash Account.

"Days" shall mean, with respect to any period of time under consideration, the number of calendar days during such period excluding the first and including the last day of such period. Whenever the last day of any such period shall fall on a Saturday or Sunday, or on any day made a legal holiday by the laws of the City, the Commonwealth, or of the United States, such day shall be omitted from the computation.

"Deficit" shall mean as of any relevant date of determination or estimation thereof with respect to any Covered Fund or Funds, the amount of such negative fund balance as is reasonably estimated, projected or determined by the City to exist in any such Covered Fund or Funds as of the close of the relevant fiscal year, as

calculated pursuant to the modified accrual basis of accounting according to generally accepted standards and set forth in the relevant approved Financial Plan.

"Director of Finance" shall mean the Director of Finance of the City.

"Extraordinary Contract" shall mean any contract or agreement to which the City is a party or under or on account of which the City may be or become obligated, directly or indirectly, pursuant to which the City will (or upon the occurrence of certain events or circumstances or the satisfaction of certain conditions may) incur a financial obligation or confer a financial benefit upon another, in either case in excess of one million (\$1,000,000) dollars during any fiscal year of the City during the term of such contract or agreement or in excess of five million (\$5,000,000) dollars in the aggregate during the term of such contract or agreement. The City shall not divide individual contracts into separate contracts for purposes of avoiding such limits. Notwithstanding the foregoing, the term "Extraordinary Contract," (a) shall in all cases include, without limitation, any contract or agreement to which the City is a party and which relates to the borrowing of money by the City (regardless of the amount thereof and regardless of whether such borrowing would legally constitute indebtedness of the City), or the direct or indirect guaranty or incurrence of a liability by the City (through an agreement of guaranty or suretyship, a service agreement or lease with an authority, or otherwise) of or on account of all or any portion of any indebtedness for money borrowed by another person or entity, (b) shall not include any contracts or agreements entered into by the City in the ordinary and usual course

of business for the purchase of materials, equipment or supplies or for construction, alteration, repairs, maintenance or other services which are, in any such case, subject to the competitive bidding requirements of the Home Rule Charter or other relevant Pennsylvania law, and (c) shall not include any collective bargaining agreements entered into by the City with any labor union representing any employees of the City.

"Financial Plan" shall mean each financial plan of the City, including all amendments, supplements or revisions thereto from time to time, required to be prepared in accordance with the requirements of Article IV hereof.

"Governor" shall mean the Governor of the Commonwealth.

"Home Rule Charter" shall mean the Philadelphia Home Rule Charter as adopted by the electors of the City of Philadelphia on April 17, 1951, as it may be amended, supplemented or otherwise modified and in effect from time to time.

"Initial Bonds" shall have the meaning given to that term in Section 2.01 hereof.

"Initial Bond Request" shall have the meaning given to that term in Section 2.01 hereof.

"Mayor" shall mean the Mayor of the City.

"Net Proceeds" shall have the meaning given to that term in the Act.

"Outstanding" shall mean, with respect to any bonds of the Authority issued from time to time, all such bonds except, (a) bonds purchased by the Authority or the City for cancellation by the Authority or otherwise required to

be canceled by the Authority, and (b) bonds for the payment of the principal of and interest on which moneys or investments sufficient to make such payments timely have been irrevocably deposited with a fiduciary for obligees of the Authority owning such bonds, in each case subject to such limitations and such additional requirements with regard to the payment or provision for payment or cancellation of such bonds as may be set forth in any agreement between the Authority and any obligee of the Authority.

"School District" shall mean The School District of Philadelphia, Pennsylvania.

"Secretary of the Budget" shall mean the Secretary of the Budget of the Commonwealth.

"Special Fund" shall mean any fund (other than the General Fund), whether governmental, proprietary or fiduciary in nature, now existing or hereafter created on the books of account of the City to account for the receipt and use by the City of financial resources dedicated, earmarked or otherwise in any manner restricted for a particular purpose.

"Supplemental Funds" shall mean the Water Fund and the Aviation Fund of the City.

"Variance" shall have the meaning given to that term in Section 4.10 hereof.

SECTION 1.02. Rules of Construction.

Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, the singular the plural, and the part the whole. The words "hereof," "herein," "hereunder" and similar terms in this

Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The section and other headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified. References in this Agreement to any section or subsection of the Act are to such sections or subsections of the Act as originally in effect and to any successor sections or subsections.

ARTICLE II ISSUANCE OF BONDS BY THE AUTHORITY

SECTION 2.01. Initial Issuance of Bonds to Finance a Deficit.

(a) As soon as practicable after the receipt by the Authority of a request by the City therefor in accordance with Section 301(g) of the Act (the "Initial Bond Request") and the approval (or deemed approval) by the Authority of the Initial Financial Plan of the City pursuant to Sections 4.06 or 4.07 hereof, as the case may be, the Authority shall use its best efforts, subject to the provisions of the Act, to issue and sell bonds (the "Initial Bonds") for the purposes of:

(i) financing, as contemplated by Section 317 of the Act, the entire Deficit with respect to the General Fund of the City for its fiscal year ended June 30, 1991, in such amount as shall have been set forth as such in the initial Financial Plan of the City referred to above;

(ii) funding twelve (12) months' capitalized interest on the Initial Bonds;

(iii) funding a debt service reserve fund for the Initial Bonds, in an amount not to exceed ten percent (10%) of the aggregate principal amount of the Initial Bonds;

(iv) paying the costs of issuance and of credit enhancement, if any, for the Initial Bonds;

(v) funding the initial operating expenses of the Authority; and

(vi) any and all other purposes permitted by the Act, as determined by the Authority in its discretion.

(b) If so requested by the City in the Initial Bond Request, the Authority may, in its sole discretion, issue the Initial Bonds for the additional purpose of financing all or a portion of the Deficit with respect to the General Fund of the City for its fiscal year ending June 30, 1992.

(c) The initial Bonds shall be sold at such prices, rates of interest and in accordance with such other terms and conditions as may be determined by the Authority in its discretion, consistent with the requirements of the Act. As soon as practicable after the issuance of the Initial Bonds, the Authority shall furnish to the City a complete copy of the transcript of closing documents relating to the Initial Bonds.

(d) The City agrees to cooperate fully with the Authority with respect to the issuance and sale of the Initial Bonds, such cooperation to include, without limitation, (i) promptly furnishing to the Authority and to such other entities as the Authority may reasonably request all such information (accompanied by such

certifications of the City concerning the accuracy and completeness of such information as the Authority may reasonably request) concerning the City and its finances and operations as the Authority may reasonably request at any time and from time to time (before or after the issuance of the Initial Bonds) in order to enable the Authority timely to prepare or update and distribute to investors or potential investors in the Initial Bonds disclosure documents (and amendments or supplements thereto) concerning the Initial Bonds and the security therefor and in order to enable the Authority otherwise to comply with all relevant federal and state securities laws and regulations in respect of the offering and sale of the Initial Bonds, and (ii) the execution and delivery by or on behalf of the City of such additional documents, instruments, certificates, agreements and legal opinions as may be reasonably determined by the Authority, by bond counsel to the Authority or by the initial purchasers of the Initial Bonds to be necessary or desirable in connection with the issuance and sale of the Initial Bonds or to establish or maintain the exclusion from gross income for Federal income tax purposes of the interest on the Initial Bonds.

(e) The Authority shall use its best efforts to request the information, certifications, documents, instruments, certificates, agreements and legal opinions within a reasonable period of time prior to the dates needed for delivery of the foregoing in order to provide the City with a reasonable period for preparation of such information and documentation.

SECTION 2.02. Application of Net Proceeds of Initial Bonds.

Subject to the provisions of the Act (including, without limitation, Section 202(i) thereof), and subject to the provisions of any of the Additional City Documents or other financing documents executed and delivered by the Authority in connection with the issuance of the Initial Bonds which may require that all or any portion of such Net Proceeds be deposited into an escrow account or similar segregated account subject to special provisions as to the disbursement or application thereof in order to assure compliance with the requirements of the Code applicable to the Initial Bonds, the Authority shall, on the date of its custody and control thereof, or on the business day next succeeding the date of its custody and control thereof, disburse or cause to be disbursed the Net Proceeds of the issuance and sale of the Initial Bonds to the City by wire transfer of immediately available funds to such account of the City as is designated in writing to the Authority by the Director of Finance. Such disbursement of the Net Proceeds of the Initial Bonds shall constitute a grant of such funds by the Authority to the City without obligation on the part of the City to repay such funds to the Authority.

SECTION 2.03 Additional Bonds of the Authority.

(a) As and to the extent permitted by the Act, the Authority may from time to time in its discretion issue and sell one or more series of bonds in addition to the Initial Bonds, but only after receiving a proper request by the City therefor to the extent required by the Act. The City acknowledges that the Authority may, in the exercise of such discretion, refuse to issue any such additional bonds.

The City agrees to cooperate fully with the Authority in connection with the issuance and sale of any such additional bonds, such cooperation to include, without limitation, (i) promptly furnishing to the Authority, and to such other entities as the Authority may reasonably request, all such information (accompanied by such certifications of the City concerning the accuracy and completeness of such information as the Authority may reasonably request) concerning the City and its finances and operations as the Authority may reasonably request at any time and from time to time (before or after the issuance of such additional bonds) in order to enable the Authority timely to prepare or update and distribute to investors or potential investors in such additional bonds disclosure documents (and amendments or supplements thereto) concerning such additional bonds and the security therefor and in order to enable the Authority otherwise to comply with all relevant federal and state securities laws and regulations in respect to the offering and sale of such additional bonds, and (ii) the execution and delivery by or on behalf of the City of such additional documents, instruments, certificates, agreements and legal opinions as may be reasonably determined by the Authority, by bond counsel to the Authority or by the initial purchasers of any such additional bonds to be necessary or desirable in connection with the issuance and sale thereof or to establish or maintain the exclusion from gross income for Federal income tax purposes of the interest thereon.

(b) The Authority shall use its best efforts to request the information, certifications, documents, instruments, certificates, agreements and legal opinions within a reasonable period of time prior to the dates needed for

delivery of the foregoing in order to provide the City with a reasonable period for preparation of such information and documentation.

ARTICLE III THE CITY ACCOUNT

SECTION 3.01. Establishment of the City Account.

As contemplated by the Act, the Authority has heretofore established with CoreStates Bank, N.A., in trust for the exclusive benefit of the City, an account designated as the "City Account." The Authority shall maintain the City Account at all times with CoreStates Bank, N.A. or, upon prior written notice to the City, with any other bank with trust powers or a trust company with a place of business in the Commonwealth selected by the Authority in its discretion. CoreStates Bank, N.A. and any other such depository of the City Account are herein referred to as the "City Account Depository." The City Account and all funds and investments on deposit to the credit thereof shall at all times constitute trust funds for the exclusive benefit of the City and shall not, unless the City otherwise expressly agrees in writing, be subject to lien or attachment by or in favor of any creditor or obligee of the Authority.

SECTION 3.02 Deposits into the City Account.

(a) There shall be deposited to the credit of the City Account, weekly prior to the issuance of the Initial Bonds and thereafter no less often than monthly, the proceeds of the taxes or other revenues pledged by the Authority or the City, as the case may be, to secure any bonds of the Authority or to secure any payments due from the City to the Authority, but only if and to the extent such tax

proceeds or revenues are in excess of the following requirements, as reasonably determined by the Authority, and subject to any limitations as may be set forth in any agreements entered into between the Authority and any obligees of the Authority:

(i) the payment requirements for any bond payment account or accounts established by the Authority in respect of the bonds of the Authority secured by taxes or revenues so pledged;

(ii) any amount required to cure a deficiency in any debt service reserve fund or funds established by the Authority in respect of any bonds of the Authority secured by taxes or revenues so pledged;

(iii) any amount permitted or required to be paid to or retained by the Authority for or on account of the Authority's operating expenses consistent with its budget as enacted pursuant to the Act, after exhaustion for such operating expense purposes of the revenues derived from the investment income of the Authority to the extent such investment income is available to the Authority, and any other amounts representing costs or expenses incurred by the Authority at any time with respect to any bonds of the Authority or with respect to the Authority's compliance with any terms and conditions applicable to such bonds;

(iv) any amounts required to be paid or set aside for future payment by the Authority to the issuer or provider of any credit enhancement or liquidity facility issued in respect of any bonds of the Authority;

(v) any amounts required to be paid or set aside for future payment by the Authority under any interest rate exchange agreements, interest rate cap or floor

agreements or other similar agreements or arrangements entered into by the Authority in respect of any bonds of the Authority;

(vi) any amounts required to be paid or set aside for future payment to the Federal Government in respect of the arbitrage rebate requirements of the Code as applicable to any bonds of the Authority; and

(vii) any other amounts required to be paid or set aside for future payment under or in connection with any agreements entered into between the Authority and any obligees of the Authority or between the Authority and the City.

(b) Notwithstanding the foregoing, the City expressly acknowledges and agrees that, until such time as the Authority shall have issued and sold the Initial Bonds, the Authority may deduct from time to time from such tax proceeds or revenues before they are deposited to the credit of the City Account, (i) an initial amount [not to exceed] of five hundred fifty thousand (\$550,000) dollars on account of operating expenses of the Authority *for the months of August and September, 1991, and to establish an initial operating reserve for the Authority [and to repay] in [full] the [one hundred fifty thousand (\$150,000) dollars advanced to] amount of one hundred fifty-six thousand three hundred thirty-nine (\$156,339) dollars, which five hundred fifty thousand (\$550,000) dollars amount the Authority and the City acknowledge has been received by the [Commonwealth pursuant to Section 701 of the Act, and] Authority, (ii) additional amounts each month thereafter on account of operating expenses budgeted to be incurred by the Authority during the next following month and*

(iii) an additional amount sufficient to repay in full the one hundred fifty thousand (\$150,000) dollars advanced to the Authority by the Commonwealth pursuant to Section 701 of the Act. The Authority agrees, to the extent permitted by the Act, to issue the Initial Bonds in such aggregate principal amount as to fund, inter alia, five hundred thousand (\$500,000) dollars of Authority operating expenses and to repay such one hundred fifty thousand (\$150,000) dollars advance from the Commonwealth, and to the extent the Authority has previously deducted amounts from tax proceeds or revenues pursuant to the immediately preceding sentence on account of operating expenses (up to five hundred thousand (\$500,000) dollars), or on account of issuance costs of bonds of the Authority (to the extent such amounts are reimbursed from bond proceeds), or on account of such advance from the Commonwealth, the Authority agrees to pay over to the City, as part of the Net Proceeds of the Initial Bonds, to be paid immediately to the City, the amounts so deducted.

SECTION 3.03. Investment of the City Account.

(a) Amounts on deposit to the credit of the City Account shall be invested at the direction of the City only in investments permitted by the Act.

(b) The directions of the City as to the investment of the City Account shall be provided in writing to the City Account Depositary (with a copy sent concurrently to the Authority) by the Director of Finance or his or her designee, and the Authority shall not be liable or responsible for any loss suffered on account of any investment made upon such directions.

(c) The Authority shall direct the City Account Depository to provide to the City and the Authority at least monthly an accounting in reasonable detail of all investments, interest earnings, and fees, costs, expenses and charges in connection with the City Account. All fees, charges, costs and expenses associated with the City Account and the investment thereof shall be the responsibility of the City and not the Authority.

SECTION 3.04. Disbursement of Funds from the City Account.

Subject to any suspension of disbursements permitted pursuant to Section 4.12 of this Agreement and Section 210(e) of the Act, the Authority shall cause the disbursement to the City of all amounts on deposit to the credit of the City Account on a weekly basis, on or before the last business day of each calendar week, prior to the issuance of the Initial Bonds and thereafter on a monthly basis on the last business day of each calendar month so long as any bonds are Outstanding. Disbursements from the City Account may be made on a more frequent basis as may be requested by the City at any time and agreed to by the Authority in its discretion. Such amounts shall be disbursed by wire transfer of immediately available funds to such account of the City's General Fund as is designated in writing to the Authority by the Director of Finance, to be applied by the City to the general expenses of government of the City.

**ARTICLE IV
PREPARATION, APPROVAL AND
EFFECT OF THE CITY'S FINANCIAL PLAN**

SECTION 4.01. Submission of the Financial Plan.

(a) [On or before October 10, 1991, t]The City shall, *as soon as practicable*, submit to the Authority an initial Financial Plan prepared in accordance with the requirements of this Article IV and the Act. The initial Financial Plan shall include projected revenues and expenditures of the Covered Funds for five (5) fiscal years of the City consisting of the *then-current* fiscal year of the City [ending June 30, 1992] and the next four (4) fiscal years thereafter.

(b) In addition, at least one hundred (100) [d]Days (or on or before such other date as the Authority may approve at the request of the City) prior to the beginning of each fiscal year of the City so long as any bonds of the Authority are Outstanding, [commencing with the fiscal year of the City ending June 30, 1993, the City] *the Mayor* shall submit to the Authority a revised Financial Plan prepared in accordance with the requirements of this Article IV and the Act. Each such revised Financial Plan shall include projected revenues and expenditures of the Covered Funds for five (5) fiscal years of the City consisting of the fiscal year of the City beginning on the July 1 next following the date such Financial Plan is required to be submitted to the Authority pursuant to the immediately preceding sentence and the next four (4) fiscal years thereafter.

(c) Each Financial Plan shall include, without limitation, components that will:

(i) eliminate any Deficit for the current fiscal year and for subsequent fiscal years;

(ii) restore to Special Fund accounts money from those accounts used for purposes other than those specifically authorized;

(iii) balance the current fiscal year budget and subsequent budgets in the Financial Plan through sound budgetary practices, including, but not limited to, reductions in expenditures, improvements in productivity, increases in revenues, or a combination of these steps;

(iv) provide procedures to avoid a fiscal emergency condition in the future; and

(v) enhance the ability of the City to regain access to the short-term and long-term credit markets.

(d) Each Financial Plan shall demonstrate the City's responsibility to exercise efficient and accountable fiscal practices, such as, but without limitation:

(i) increased managerial accountability;

(ii) consolidation or elimination of inefficient City programs;

(iii) recertification of tax-exempt properties;

(iv) increased collection of existing tax revenues;

(v) privatization of appropriate City services;

(vi) sale of City assets as appropriate;

(vii) improvement of procurement practices, including competitive bidding procedures;

(viii) review of compensation and benefits of City employees; and

(ix) identification of and requests for appropriate funding from other governments for services delivered by the City.

SECTION 4.02. Standards for the Financial Plan.

(a) Each Financial Plan shall reflect balanced budgets for each fiscal year of the City. All projection of revenues and expenditures in the Financial Plan shall be based on assumptions and methods of estimation determined to be reasonable and appropriate by the Authority, all such assumptions and methods to be consistently applied. All revenue and appropriation estimates shall be on a modified accrual basis in accordance with generally accepted standards. Estimates of revenues shall recognize revenues in the accounting period in which they become both measurable and available. Estimates of City-generated revenues shall be based on current or proposed tax rates, historical collection patterns and generally recognized econometric models reasonably acceptable to the Authority.

(b) Estimates of revenues to be received from the Commonwealth shall be based on historical patterns, currently available levels, or on levels proposed in a budget by the Governor. Estimates of revenues to be received from the Federal Government shall be based on historical patterns, currently available levels, or on levels proposed in a budget by the President of the United States or in a Congressional budget resolution. Non-tax revenues shall be based on current or proposed rates, charges or fees, historical patterns and generally recognized econometric models reasonably acceptable to the Authority. Appropriation estimates shall include, at a minimum, all obligations incurred during the fiscal year

and estimated to be payable during the fiscal year or in the twenty-four (24) month period following the close of the current fiscal year, and all obligations of prior fiscal years not covered by encumbered funds from prior fiscal years.

(c) All cash flow projections for the Financial Plan shall be based upon assumptions as to sources and uses of cash determined to be reasonable and appropriate by the Authority, including, but not limited to, assumptions as to the timing of receipt and expenditure of such cash and the issuance of tax or revenue anticipation notes of the City pursuant to Chapter 4 of the Act, and shall provide for operations of the City to be conducted within the resources so projected. All estimates shall take into account the past and anticipated collection, expenditure and service demand experience of the City and current and projected economic conditions.

(d) Any deviations from the standards set forth in this Section 4.02 which the City proposes to use in the preparation of any Financial Plan shall be specifically disclosed by the City to the Authority not later than the submission to the Authority of such Financial Plan and shall be subject to approval by a qualified majority of the board of the Authority.

SECTION 4.03. Form of the Financial Plan.

(a) Each Financial Plan shall, consistent with the Home Rule Charter, be in such form as may be prescribed by the Authority and shall contain the following:

(i) for each of the first two (2) fiscal years of the City covered by the Financial Plan, with respect to the Covered Funds, such information as shall reflect the City's total expenditures by fund and by lump sum amount for each board, commission, department or office of the City; and

(ii) for each of the three (3) remaining fiscal years of the City covered by the Financial Plan, with respect to the Covered Funds, such information as shall reflect the City's total expenditures by fund and by lump sum amount for major object classification.

(b) Each Financial Plan shall include projections of all revenues and expenditures for five (5) fiscal years, including, but not limited to, projected capital expenditures and short-term and long-term debt incurrence and cash flow forecasts by Covered Fund for the first year of the Financial Plan. Each Financial Plan shall include a schedule of projected capital commitments of the City and proposed sources of funding for such commitments; shall specifically explain the estimated or projected impact, if any, of such capital commitments on the Covered Funds; and shall with respect to the Supplemental Funds and Special Funds provide such information as is necessary to explain the estimated or projected impact, if any, of those Supplemental Funds and Special Funds on the Covered Funds.

SECTION 4.04. Supporting Information, Opinions, and Statements for the Financial Plan.

Each Financial Plan submitted by the City to the Authority shall be accompanied by the following supporting information:

(a) a schedule of debt service payments due or projected to become due in respect of all indebtedness of the City and all indebtedness of others supported in any manner by the City (by guaranty, lease, service agreement or otherwise) during each fiscal year of the City until the final scheduled maturity of such indebtedness, such schedule to set forth such debt service payments separately according to the general categories of direct general obligation debt, direct revenue debt, lease obligations, service agreement obligations and guaranty obligations;

(b) a schedule of payments for legally mandated services included in the Financial Plan and due or projected to be due during the fiscal years of the City covered by the Financial Plan;

(c) a statement describing, in reasonable detail, the significant assumptions and methods of estimation used in arriving at the projections contained in the Financial Plan;

(d) the Mayor's proposed operating budget and capital budget for each of the Covered Funds for the next (or in the case of the initial Financial Plan, the current) fiscal year of the City, which budgets shall be consistent with the first year of the Financial Plan and which budgets shall be prepared in accordance with the Home Rule Charter;

(e) a statement by the Mayor that the budgets described in Section 4.04(d) hereof;

(i) are consistent with the Financial Plan;

(ii) contain funding adequate for debt service payments, legally mandated services and lease payments securing bonds of other government agencies or of any other entities; and

(iii) are based on reasonable and appropriate assumptions and methods of estimation.

(f) a cash flow forecast for the City's consolidated cash account for the first fiscal year of the City covered by the Financial Plan;

(g) an opinion or certification of the City Controller, prepared in accordance with generally accepted auditing standards, with respect to the reasonableness of the assumptions and estimates in the Financial Plan; and

(h) a schedule setting forth the number of authorized employee positions (filled and unfilled) for the first year covered by such Financial Plan for each board, commission, department or office of the City[.], *and an estimate of this information for the later years covered by the Financial Plan. The schedule required under this paragraph (h) shall be accompanied by a report setting forth the City's estimates of wage and benefit levels for various groups of employees, such information to be presented in a manner which will allow the Authority to understand and effectively review the portions of the Financial Plan which reflect the results of the City's labor agreements with its employees and an analysis of the financial effect on the City and its employees of changes in compensation and benefits, in collective bargaining agreements, and in other terms and conditions of*

employment, which changes may be appropriate in light of the City's current and forecast financial condition. The parties agree to cooperate such that the form of the report required under this paragraph (h), and the subjects covered, are reasonably satisfactory to the Authority.

SECTION 4.05. Authority Consultation with the City in Preparation of the Financial Plan.

The Authority shall consult with the City as it prepares its Financial Plan and may offer such assistance and advice as the Authority deems appropriate.

SECTION 4.06. Authority Review and Approval of the Financial Plan.

(a) The Authority shall promptly review each Financial Plan, proposed operating budget and capital budget submitted by the City. Not more than thirty (30) [d]Days after submission by the City of a Financial Plan and proposed operating and capital budgets, the Authority shall determine the following:

(i) whether the Financial Plan projects balanced budgets for the Covered Funds, based on reasonable assumptions, as described in this Agreement, for each year of the Financial Plan; and

(ii) whether the proposed operating budget and capital budget are consistent with the proposed Financial Plan.

(b) If the Authority determines that these criteria are satisfied, the Authority shall approve such Financial Plan by vote of a qualified majority of its board. The Authority shall not be bound by any opinions or certifications of the

City Controller issued pursuant to the Act or this Agreement. If the Authority fails to take any action within thirty (30) Days of the submission of a proposed Financial Plan, the proposed Financial Plan as submitted shall be deemed approved by the Authority. However, if during such 30-Day period a written request by two (2) members of the Authority board for a meeting and vote on the question of approval of the proposed Financial Plan has been submitted to the chairperson and a meeting and vote does not take place, the proposed Financial Plan shall be deemed disapproved.

SECTION 4.07. Authority Disapproval of the Financial Plan.

If a proposed Financial Plan is disapproved by the Authority, the Authority shall notify the City thereof and shall state in writing in reasonable detail the reasons for such disapproval, including the amount of any estimated budget imbalance in a Covered Fund. The City shall submit a revised Financial Plan to the Authority within fifteen (15) Days of such disapproval, which revised Financial Plan eliminates the Budget imbalance. Not more than fifteen (15) Days after the submission of such revised Financial Plan, the Authority shall determine whether the revised Financial Plan satisfies the criteria set forth in Section 4.06 of this Agreement. If the Authority determines that these criteria are satisfied, the Authority shall approve the revised Financial Plan by vote of a qualified majority of its board. If the Authority shall not so approve the revised Financial Plan, then the Authority shall, subject to the occurrence of the events described in

Section 4.12 of this Agreement, certify the City's non-compliance with the Financial Plan to the Secretary of the Budget.

SECTION 4.08. Revisions to the Financial Plan.

(a) While any bonds of the Authority remain Outstanding, each Financial Plan shall be revised on an annual basis to include, among other things, the operating and capital budgets of the City for its next fiscal year and any additional funds which pursuant to the definition of the term "Covered Funds" become new Covered Funds at any time during the prior fiscal year, and to extend the Financial Plan for an additional fiscal year. Such annual Financial Plans shall be submitted by the City in accordance with Section 4.01 of this Agreement and shall be reviewed by the Authority in accordance with Section 4.06 of this Agreement.

(b) Each Mayor shall, within ninety (90) Days of assuming office, propose to the Authority revisions to the Financial Plan, or certify to the Authority that he or she adopts the then-existing Financial Plan. If the Mayor fails, within said 90-Day period, to propose revisions to the Financial Plan or to certify that he or she adopts the then-existing Financial Plan, the then-existing Financial Plan shall nevertheless remain in full force and effect. In addition, the City may, during the course of a fiscal year, submit proposed revisions to the then-existing Financial Plan, and the City shall submit a proposed revision to the then-existing Financial Plan for any amendment to the City's operating or capital budget within fifteen (15) Days after such amendment becomes effective and for any additional fund which, pursuant to the definition of the term "Covered Funds," becomes a new Covered Fund,

within fifteen (15) Days after such fund becomes a Covered Fund. The Authority shall review each such proposed revision within twenty (20) Days of its submission. The Authority shall approve the revision if it will not, based on assumptions deemed reasonable by the Authority, cause the Financial Plan to become imbalanced. Proposed revisions shall become part of the Financial Plan upon the approval of a qualified majority of the board of the Authority, unless some other method of approval is permitted by Authority rules and regulations approved by a qualified majority of the board of the Authority. If the Authority fails to take action within twenty (20) Days on a proposed revision, such submission shall be deemed approved unless a written request for a meeting and vote of the Authority has been made in accordance with Section 4.06 of this Agreement, in which event if a meeting and vote does not take place, the proposed revision shall be deemed to have been disapproved. If the City Council adopts a budget inconsistent with an approved Financial Plan, the City shall submit the enacted budget to the Authority as a proposed revision to such Financial Plan within twenty (20) Days after such budget has been so enacted. In this event, the Authority shall review the proposed revision within thirty (30) Days of its submission, in accordance with the criteria set forth in Section 4.06 of this Agreement and this Section 4.08(b).

SECTION 4.09. Supplemental Reports.

(a) After a Financial Plan has been approved by the Authority, the City shall prepare and submit to the Authority and the Authority shall review the periodic reports required by this Section 4.09.

(b) Within forty-five (45) Days of the end of each fiscal quarter of the City, and also monthly (within thirty (30) Days after the end of the previous month) if a Variance from the Financial Plan has been determined to have occurred in accordance with Section 4.10 of this Agreement, the Mayor shall provide to the Authority a report describing actual, or current estimates of, revenues, expenditures and cash flows by Covered Fund (excepting the Grants Revenue Fund) compared to budgeted revenues, expenditures and cash flows by Covered Funds (excepting the Grants Revenue Fund) for such previous quarterly or monthly period (as the case may be) and for the year-to-date period from the beginning of the then-current fiscal year of the City to the last day of the fiscal quarter or month (as the case may be) just ended. Each report shall explain any Variance existing as of the last day of such fiscal quarter or month, as the case may be.

(c) Any reports after the original Financial Plan for the Grants Revenue Fund financial projections will assume the fiscal year 1992 funding level throughout the five (5) year period. The City will include a Contingency Account appropriation which will be utilized to fund any increases in existing grants or new grants to the City. The City will provide to the Authority within twenty (20) Days after the close of each of its fiscal quarters a report by department of the disbursements from the Contingency Account.

(d) At least sixty (60) Days prior to the beginning of each fiscal quarter of the City, the Mayor shall provide to the Authority a report certified by the City Controller describing for the following quarter the debt service requirements on all bonds and notes of the City and all

lease payments of the City securing the bonds of other government agencies. The reports shall be in such form and contain such information as may be specified by the Authority, and shall be updated to reflect any change in debt service immediately upon each issuance of bonds or notes by the City or upon execution of a lease by the City which secures bonds of another government agency.

(e) The Director of Finance shall provide within forty-five (45) Days of the end of each fiscal quarter a report of financial operations of each of the Supplemental Funds for such fiscal quarter.

SECTION 4.10. Determination of Adherence to or Variance from the Financial Plan.

(a) Based upon the reports described in [Section 4.09] *Sections 4.09 and 5.03(e)* of this Agreement or upon such independent audits, examinations or studies of the City's finances as may be conducted by or on behalf of the Authority, the Authority shall determine if the City has adhered to or varied from its Financial Plan. For the purposes of this Agreement, a "Variance" shall be deemed to have occurred as of the end of a reporting period as reflected on a report submitted pursuant to Section 4.09 hereof if (i) a net adverse change in the fund balance of a Covered Fund of more than one percent (1%) of the revenues budgeted for such Covered Fund for that fiscal year is reasonably projected to occur, such projection to be calculated from the beginning of the fiscal year for the entire fiscal year, or (ii) the actual net cash flows of the City for a Covered Fund are reasonably projected to be less than ninety-five percent (95%) of the net cash flows of the City for such Covered Fund for that fiscal year originally forecast at the time of adoption of the budget, such

projection to be calculated from the beginning of the fiscal year for the entire fiscal year. If the Authority determines that a Variance exists it shall notify the City in writing. The City shall, within ten (10) Days after request by the Authority, provide to the Authority such additional information as the Authority deems necessary to explain the Variance.

(b) The Authority shall take no action with respect to the City for Variances from the Financial Plan in any fiscal quarter if:

(i) the City, within thirty (30) Days after receipt of notification from the Authority pursuant to Section 4.10(a) hereof, provides a written explanation for the Variance that the Authority deems reasonable;

(ii) the City, within forty-five (45) Days after receipt of notification from the Authority pursuant to Section 4.10(a) hereof, proposes remedial action which the Authority believes will restore the City's overall compliance with the Financial Plan;

(iii) information provided by the City to the Authority in the immediately succeeding quarterly financial report pursuant to Section 4.09(b) hereof demonstrates, to the reasonable satisfaction of the Authority, that the City is taking such remedial action and is otherwise complying with the Financial Plan; and

(iv) the City submits monthly supplemental reports in accordance with Section 4.09(b) of this Agreement until it regains compliance with the Financial Plan.

SECTION 4.11. Authority Recommendations.

The Authority may at any time issue recommendations as to how the City may achieve compliance with the Financial Plan, and shall provide copies of such recommendations to the Mayor, the City Controller, the City Council, the Governor, the presiding officers of the Senate and the House of Representatives of the Commonwealth, and the Chairpersons of the Appropriations Committees of the Senate and the House of Representatives of the Commonwealth.

SECTION 4.12. Withholding of Funds.

(a) The Authority shall certify to the Secretary of the Budget the City's non-compliance with any Financial Plan during any period when the Authority has determined by the vote of a qualified majority of its board that the City has not adhered to such Financial Plan and has not taken acceptable remedial action during the next fiscal quarter following such departure from the Financial Plan. In addition, the Authority shall certify to the Secretary of the Budget that the City is not in compliance with its Financial Plan if the City:

(i) has no Financial Plan approved by the Authority at any time, or has failed to file any Financial Plan with the Authority as required hereunder or under the Act; or

(ii) has failed to file with the Authority mandatory revisions to any Financial Plan required by the Act or Sections 4.08, 5.06(b), 5.07(b) and 5.08(e) of this Agreement or reports as required by the Act or Section 4.09 of this Agreement; and

(iii) has not been compelled to file a Financial Plan, a mandatory revision to a Financial Plan, or a report through a mandamus action authorized under Section 5.10 of this Agreement and Section 210(j) of the Act.

(b) The City and the Authority acknowledge that the Act provides that if the Authority certifies that the City is not in compliance with any Financial Plan in accordance with this Section 4.12, the Secretary of the Budget shall notify the City that such certification has been made and that each grant, loan, entitlement or payment to the City by the Commonwealth, or any of its agencies, of Commonwealth funds and payment to the City from the City Account, shall be suspended pending compliance with such Financial Plan. Funds withheld shall be held in escrow by the Commonwealth or, in the case of the City Account, shall be retained in the City Account until compliance with the Financial Plan is restored as set forth below. The Act provides that funds held in escrow pursuant to this Section 4.12(b) shall not lapse pursuant to section 621 of the act of April 9, 1929 (P.L. 177, No. 175), known as The Administrative Code of 1929, or any other law.

(c) The Authority shall, by a qualified majority of its board, determine when the conditions which caused the City to be certified as not in compliance with a Financial Plan have ceased to exist, and shall promptly notify the Secretary of the Budget of such determination. The City and the Authority acknowledge that the Act provides that the Secretary of the Budget shall thereupon release all funds held in escrow, together with all interest and income earned thereon during the period held in escrow, and the disbursements to the City of amounts in the City Account

shall resume as provided in Section 3.04 of this Agreement (with all amounts then on deposit to the credit of the City Account which would have been, but for the suspension of disbursements referred to in this Section 4.12, previously distributed to the City to be disbursed to the City within one (1) business day following such release).

SECTION 4.13. Exemptions to Withholding by the Commonwealth.

Notwithstanding the provisions of Section 4.12 of this Agreement, the Authority and the City acknowledge that the Act provides that the following shall not be withheld from the City by the Commonwealth:

- (a) funds for capital projects under contract in progress;
- (b) funds granted or allocated to the City directly from an agency of the Commonwealth, or from the Federal Government for distribution by the Commonwealth after the declaration of a disaster resulting from a catastrophe;
- (c) pension fund payments required by law;
- (d) funds administered by the City's Department of Human Services or Department of Health that provide benefits or services to recipients;
- (e) funds that the City has pledged to repay bonds or notes issued under the act of October 18, 1972 (P.L. 955, No. 234), known as The First Class City Revenue Bond Act; and
- (f) funds appropriated by the Commonwealth for the court system or correctional programs of the City.

Except as otherwise permitted by law, the City agrees that it shall apply any such funds it receives on account of any of the foregoing obligations or purposes solely to such obligations and purposes (or, to the extent permitted by law and by the terms of any relevant contract or agreement, to reimburse itself for prior payments it has made from other sources on account of such obligations and purposes in anticipation of receipt of such funds) and for no other obligations or purposes. The City shall promptly furnish to the Authority such information in such detail as the Authority may reasonably request from time to time to evidence the City's compliance with the immediately preceding sentence.

SECTION 4.14 Commonwealth's Failure to Disburse Funds.

The withholding provisions set forth in Section 4.12 of this Agreement shall not apply, and the City shall not be found to have departed from any Financial Plan, due to the Commonwealth's failure to pay any money, including payment of Federal funds distributed by or through the Commonwealth, due to the City from moneys appropriated by the General Assembly of the Commonwealth, provided that any such failure by the Commonwealth to pay any such money shall not be as a result of any fault of the City.

**ARTICLE V
ADDITIONAL AGREEMENTS OF THE CITY AND
THE AUTHORITY**

SECTION 5.01. Authority Budgets.

As, when and to the extent required by the Act, the Authority shall submit to the Governor and the General

Assembly of the Commonwealth a copy of the Authority's budget for each fiscal year of the Authority. The Authority shall deliver an additional copy of each such budget to the Director of Finance concurrently with the submission thereof by the Authority to the Governor and the General Assembly as aforesaid, it being expressly understood that, notwithstanding such delivery, the Act does not provide the City with any rights of approval regarding the budgets of the Authority, and the City acknowledges that it has no such rights. The City acknowledges that it has received a copy of the initial operating budget of the Authority for the period ending June 30, 1992.

SECTION 5.02. Authority Taxes.

(a) The City and the Authority acknowledge that the City has heretofore enacted and imposed the Authority Tax exclusively for the purposes of the Authority pursuant to Section 601 of the Act and that the City may hereafter, in its discretion, enact and impose additional taxes for the Authority pursuant to said Section 601 of the Act.

(b) Pursuant to Sections 307(c), 308 and 602 of the Act and the Ordinance (Bill No. 1437) of City Council approved June 12, 1991, the City hereby pledges to and agrees with the Authority and each and every obligee of the Authority secured by an Authority pledge of the Authority Tax (which obligees are expressly intended to be third-party beneficiaries of this Section 5.02(b)) that the City will not reduce the rate of or repeal in whole or in part the Authority Tax until the principal amount of all bonds of the Authority secured by a pledge of the Authority Tax, together with interest thereon, is fully paid or provision for such payment is made in accordance with the terms of any agreement between the Authority and any obligee of

the Authority. The City acknowledges and agrees that, as provided in the Act, all revenues from the Authority Tax shall be revenues and property of the Authority and not revenues or property of the City, and accordingly may be freely pledged by the Authority to secure bonds of the Authority and other obligations of the Authority to obligees of the Authority and shall not be subject to appropriation by the City Council. The Authority may assign its rights to enforce the provisions of this Section 5.02(b) to any obligees of the Authority secured by a pledge of any Authority Tax.

(c) To the extent the City or any department or agency of the City has been duly appointed to act as the agent of the Department of Revenue of the Commonwealth to collect and enforce any Authority Tax pursuant to the Act, the City agrees to so collect and enforce such Authority Tax, including interest and penalties, in a lawful and diligent manner at the direction of the Commonwealth's Department of Revenue; provided, however, that any moneys so collected by the City or any department or agency thereof as such agent shall not be commingled with any other funds of the City and shall be segregated and paid over to the Department of Revenue of the Commonwealth at least every two (2) weeks.

SECTION 5.03. Additional Reporting Requirements of the City.

(a) The City hereby agrees to deliver or cause to be delivered to the Authority, as soon as they become available, copies of all reports, documents, budgetary and financial planning data and any other information prepared by or on behalf of the City regarding the

revenues, expenditures, budgets, costs, plans, operations, estimates and any other financial or budgetary matters of the City.

(b) In addition, the City hereby agrees, promptly upon request of the Authority from time to time, to prepare and furnish to the Authority, or cause to be prepared and furnished to the Authority, at the expense of the City, such additional reports concerning the matters described in Section 5.03(a) hereof or otherwise described herein or in the Act as the Authority may deem necessary to accomplish the purposes of the Act. The City acknowledges that the Authority may, in its sole discretion, at any time and from time to time accept and rely upon any reports prepared and furnished to the Authority by the City Controller in lieu of engaging private consultants to prepare reports of the City pursuant to this Section 5.03(b); provided, however, that nothing in this sentence shall be deemed to expand or vary the powers of the City Controller pursuant to the Home Rule Charter.

(c) The City hereby agrees to deliver to the Authority, within sixty (60) Days after the effective date of this Agreement, a schedule setting forth in reasonable detail the nature and amount of all funds which as of such date may not be withheld from the City by the Commonwealth pursuant to Section 210(f) of the Act and as described in Section 4.13 hereof; the dates on or as of which the City reasonably anticipates receipt of such funds; and the nature and amount of all other funds payable by or through the Commonwealth to the City and the date or dates on or as of which the City reasonably anticipates receipt of such other funds. The City shall periodically update such schedule at least once during each fiscal

quarter of the City thereafter. Each such schedule shall be accompanied by a certificate of the Director of Finance setting forth the specific uses of all such funds so exempt from withholding and demonstrating that such uses fall within one or more of the exemptions from withholding described in Section 4.13 hereof.

(d) The City hereby agrees to deliver to the Authority, promptly upon receipt thereof by the City, copies of all reports, documents, budgetary and financial planning data and any other information prepared by or on behalf of the School District or any Corporate Entity regarding the revenues, expenditures, budgets, costs, plans, operations, estimates and any other financial or budgetary matters of the School District or any such Corporate Entity. To the extent permitted by law, the City agrees to cooperate with the Authority in connection with any request by the Authority to the School District or any such Corporate Entity for any such information by exercising any available rights and remedies to this [and] *end* under any contracts or agreements between the City and the School District or such Corporate Entity to cause the School District and such Corporate Entity to deliver to the Authority all such information to which the Authority may be entitled under the Act. The Authority agrees to comply with the applicable laws and regulations with respect to the confidentiality of personnel, patient care, and other records maintained or received by the City.

(e) The Director of Finance shall as promptly as practicable provide to the Authority additional informational reports from time to time concerning changed conditions or unexpected events which may affect the City's adherence to its then-current Financial Plan.

SECTION 5.04. Inspection Rights.

Upon reasonable notice from the Authority, the City agrees to permit such persons as the Authority may designate from time to time to visit, inspect and observe the operations of the City; to examine, inspect and copy any and all books, records and other information of or pertaining to the City; and to discuss the affairs of the City with any or all of the officials, employees and independent accountants of the City, as the case may be, all to the extent deemed necessary by the Authority to accomplish the purposes of the Act and at such times and as often as the Authority may reasonably request. The City agrees to cooperate fully in connection with any such undertaking by the Authority. As to the School District or any Corporate Entity, the City agrees to cooperate with the Authority in connection with any request by the Authority to the School District or any such Corporate Entity for any such information by exercising any available rights and remedies to this end under any contracts or agreements between the City and the School District or such Corporate Entity to cause the School District and such Corporate Entity to deliver to the Authority all such information to which the Authority may be entitled under the Act. The Authority agrees to comply with applicable laws and regulations with respect to the confidentiality of personnel, patient care, and other records maintained by the City.

SECTION 5.05. Independent Audits.

As provided under the Act, the City agrees that the Authority may in its reasonable discretion conduct or cause to be conducted such independent audits, examinations or studies of the City as the Authority deems

appropriate. As to the School District or any Corporate Entity, the City agrees to cooperate with the Authority in connection with any request by the Authority to the School District or any such Corporate Entity for any such information by exercising any available rights and remedies to this end under any contracts or agreements between the City and the School District or such Corporate Entity to cause the School District and such Corporate Entity to deliver to the Authority all such information to which the Authority may be entitled under the Act. The Authority agrees to comply with applicable laws and regulations with respect to the confidentiality of personnel, patient care, and other records maintained by the City.

SECTION 5.06: Contracts of the City.

(a) A contract in existence in the City prior to the approval by the Authority of a Financial Plan submitted pursuant to the Act and this Agreement shall remain effective after approval of such Financial Plan until such contract expires, but the City shall provide to the Authority in writing, promptly upon the request of the Authority from time to time, such explanations and analyses regarding any aspects of any such contracts as the Authority may so request at any time.

(b) After the approval by the Authority of a Financial Plan submitted pursuant to the Act and this Agreement, the City shall execute contracts the financial terms of which are in compliance with such Financial Plan. If the City executes a contract which is not in compliance with the Financial Plan, the contract shall not be void or voidable solely by reason of such noncompliance, but the City shall as soon as practicable (but in no event later than

fifteen (15) Days after the execution by the City of such contract) submit to the Authority a proposed revision to the Financial Plan which demonstrates to the reasonable satisfaction of the Authority that revenues sufficient to pay the costs of the contract will be available in the affected fiscal years of the Financial Plan.

(c) The City agrees that it shall, as soon as practicable but in no event later than seven (7) Days prior to entering into any Extraordinary Contract, deliver to the Authority:

(i) a summary of the terms of such Extraordinary Contract, said summary shall be substantially in the form of Exhibit "A" attached hereto; and

(ii) a written statement of the Director of Finance setting forth whether or not, in the opinion of the Director of Finance, the performance by the City of such Extraordinary Contract will be consistent with the Financial Plan of the City as then in effect pursuant to the Act and this Agreement.

The Authority may, within seven (7) Days after receipt by the Authority of said summary of the Extraordinary Contract and such statement of the Director of Finance, make comments or recommendations in writing with respect to such Extraordinary Contract, which comments and recommendations the City agrees to consider. Within four (4) Days after receipt of the summary and written statement, the Authority may request a full and complete copy of the Extraordinary Contract. The Authority may within three (3) Days after receipt by the Authority of the full and complete Extraordinary Contract make comments and recommendations with respect to such Extraordinary

Contract, which comments and recommendations the City agrees to consider prior to its execution of such Extraordinary Contract.

Notwithstanding the foregoing provisions of this Section 5.06(c), to the extent that, due to a *bona fide* emergency involving an imminent threat to the health or safety of any persons, the City is effectively unable to comply with the requirements of this Section 5.06(c) before entering into an Extraordinary Contract in respect of such an emergency, the City shall be deemed to have complied with this Section 5.06(c) if it delivers a summary of such Extraordinary Contract, in a form substantially similar to the form on Exhibit "A" hereto, to the Authority as soon as practicable before, and in no event later than five (5) Days after, the City enters into such Extraordinary Contract and no later than ten (10) Days after so delivering such summary delivers the statement of the Director of Finance required above and an additional statement of the Director of Finance explaining the full circumstances of such emergency and certifying that solely due to such emergency the City was unable to comply with the requirements of this Section 5.06(c) that would otherwise be applicable. For Extraordinary Contracts of the City in circumstances other than those posing an imminent threat to the health or safety of any persons but requiring the immediate attention of the City including, but not limited to, circumstances involving a bond or note purchase agreement or settlement agreement, the City will be deemed to have complied with this Section 5.06(c) if it delivers to the Authority: (i) a summary of such Extraordinary Contract (other than for a bond or note purchase agreement or settlement agreement) in a form substantially similar to the form on

Exhibit "A," hereto, (ii) in the case of a settlement agreement, a description of the impact of such agreement on the Financial Plan, or (iii) in the case of a bond or note purchase agreement, a summary in a form substantially similar to the form on Exhibit "B" hereto, (such delivery of the summary of a bond or note purchase agreement to be as soon as practicable before but no less than three (3) Days prior to execution thereof and with respect to a settlement agreement or other Extraordinary Contract, such delivery of required information to be as soon as practicable before, and in no event later than five (5) Days after, the City enters into such Extraordinary Contract), and in any such case no later than ten (10) Days after so delivering such information delivers the statement of the Director of Finance required above and an additional statement of the Director of Finance explaining the full circumstances of such contract.

Prior to the execution of any Extraordinary Contract, the Authority shall keep confidential all information relating to such contract and shall make all recommendations and communications with respect thereto exclusively to the City.

SECTION 5.07. Collective Bargaining Agreements of the City.

(a) A collective bargaining agreement in existence in the City prior to the approval by the Authority of a Financial Plan submitted pursuant to the Act and this Agreement shall remain effective after approval of such Financial Plan until such collective bargaining agreement expires by its terms or is otherwise terminated, but the City shall provide to the Authority in writing, promptly upon the request of the Authority from time to time, such

explanations and analyses regarding any aspects of any such collective bargaining agreements as the Authority may so request at any time.

(b) After the approval by the Authority of a Financial Plan submitted pursuant to the Act and this Agreement, the City shall execute collective bargaining agreements in compliance with such Financial Plan. If the City executes a collective bargaining agreement, *or receives an arbitration award (other than an arbitration award covered by Section 5.08 hereof, as to which the provisions of Section 5.08 shall apply)*, which is not in compliance with such Financial Plan, [the] *neither such* collective bargaining agreement *nor such arbitration award* shall [not] be void or voidable solely by reason of such noncompliance, but the City shall as soon as practicable (but in no event later than fifteen (15) Days after the execution by the City of such collective bargaining agreement *or receipt by the City of such arbitration award*) submit to the Authority a proposed revision to the Financial Plan which demonstrates to the reasonable satisfaction of [the] *such* Authority that revenues sufficient to pay the costs of the collective bargaining agreement *or such arbitration award, as the case may be*, will be available in the affected fiscal years of the Financial Plan.

(c) [Prior to the execution of any collective bargaining agreement, the Authority shall keep confidential all information relating to such collective bargaining process and shall make all recommendations and communications with respect thereto exclusively to the City.] *In negotiating collective bargaining agreements in accordance with Section 5.07(b) hereof, the City*

shall consider any Authority views concerning the financial impact on the City. The City will provide to the Authority any information requested by the Authority to assist the Authority in anticipating the manner in which proposed labor agreements will comply with the Financial Plan then in effect. Without limiting the requirements of Section 5.07(b) hereof, the City shall, within fifteen (15) Days after execution of a collective bargaining agreement or receipt of an arbitration award, provide to the Authority a report in writing on the effect of such agreement or award on the Financial Plan.

(d) To enable it to be fully informed with regard to the manner in which collective bargaining agreements will be reconciled with the approved Financial Plan, the Authority will review all information concerning such agreements provided to it by the City, including but not limited to the information concerning such agreements provided to it by the City, including but not limited to the information required pursuant to Section 4.04(h) hereof. If it determines that additional information is required to allow it to accomplish its objectives in accordance with the Act, the Authority may prepare or cause to be prepared reports or studies of the financial implications of the City's relationships with its work force.

(e) Prior to the execution of any collective bargaining agreement, the Authority shall not disclose any confidential information received from the City with respect to the negotiations by the City of such collective bargaining agreement so long as

the City specifically requests that such information be maintained confidential and represents to the Authority that the disclosure of such information would adversely affect such negotiations.

[(d)](f) Nothing in this Agreement is intended to impair in any manner the relationships between the City and its employees or the collective bargaining representatives of such employees or to adversely affect the collective bargaining process in any manner.

SECTION 5.08. Arbitration Awards.

(a) The City and the Authority acknowledge that the Act provides that after the approval by the Authority of a Financial Plan submitted pursuant to this Agreement and the Act, any determination of a board of arbitration established pursuant to the provisions of the act of June 24, 1968 (P.L. 237, No. 111), referred to as the Policemen and Firemen Collective Bargaining Act, providing for an increase in wages or fringe benefits of any employee of the City under the Financial Plan, in addition to considering any standard or factor required to be considered by applicable law, shall take into consideration and accord substantial weight to:

- (i) the approved Financial Plan; and
- (ii) the financial ability of the City to pay the cost of such increase in wages or fringe benefits without adversely affecting levels of service.

(b) The Act further provides that such a determination of a board of arbitration shall be in writing and a copy thereof shall be forwarded to each party to the dispute and the Authority, and that any determination of the board of arbitration which provides for an increase in wages or

fringe benefits of any employee of the City shall state with specificity in writing all factors which the board of arbitration took into account in considering and giving substantial weight to:

(i) the approved Financial Plan of the City; and

(ii) the City's financial ability to pay the cost of such increase.

(c) The Act further provides that any party to a proceeding before a board of arbitration may appeal to the court of common pleas to review:

(i) the consideration of the City's Financial Plan;

(ii) the determination as to the City's financial ability to pay; or

(iii) the failure of the board of arbitration to issue a determination including a detailed writing of all factors which the board of arbitration took into account in considering and giving substantial weight to the City's financial ability to pay and the City's Financial Plan.

(d) The Act further provides that the decision of the board of arbitration shall be vacated and remanded to the board of arbitration if the court finds:

(i) that the board of arbitration failed to take into consideration and accord substantial weight to the approved Financial Plan;

(ii) that the board of arbitration's determination as to the City's financial ability to pay is not supported by substantial evidence as produced by the parties to the proceedings before the board of arbitration; or

(iii) that the board of arbitration has failed to state with specificity in writing the factors which it took into account in considering and giving substantial weight to the City's financial ability to pay or the City's approved Financial Plan.

(e) The Act further provides that such appeal shall be commenced not later than thirty (30) Days after the issuance of a final determination by the board of arbitration, and that if, after the exhaustion of all appeals, the final arbitration award is not in compliance with the approved Financial Plan, the award shall not be void or voidable solely by reason of such noncompliance, but the City shall submit (and the City hereby agrees with the Authority that it shall submit no later than twenty (20) Days after the date of such final arbitration award) to the Authority a proposed revision to its Financial Plan which demonstrates that revenues sufficient to pay the costs of the award will be available in the affected fiscal years of the Financial Plan.

(f) The City expressly acknowledges and consents to all of the provisions of Section 209(k) of the Act and of this Section 5.08; agrees to take or cause to be taken all such action requisite to carry out fully or give effect to the intent of such provisions[.]; *and agrees to keep the Authority fully informed with respect to any arbitration proceeding or appeal described in this Section 5.08, including without limitation all scheduled hearing dates and other similar dates relating to such proceeding or appeal.*

SECTION 5.09. City Expenditure of Available Funds.

Nothing in this Agreement shall be construed to limit the power of the City to determine, from time to time, within available funds of the City, the purposes for which expenditures are to be made by the City and the amounts of such expenditures then permitted under a Financial Plan of the City.

SECTION 5.10. Additional Remedies of Authority for Failure to File Financial Plans and Reports.

In the event that the City shall fail to file with the Authority any Financial Plan, revision to the Financial Plan, report or other information required to be filed with the Authority pursuant to the Act or this Agreement, the Authority, in addition to all other rights which the Authority may have at law or in equity, shall have the right by mandamus to compel the City and the officers, employees and agents thereof to file with the Authority the Financial Plan, revision to a Financial Plan, report or other information which the City has failed to file. The Authority shall give the City written notice of the failure of the City to file and of the Authority's intention to initiate an action under this Section 5.10, and the Authority shall not initiate such an action earlier than ten (10) days after the giving of such notice.

**ARTICLE VI
MISCELLANEOUS**

SECTION 6.01. Term.

(a) This Agreement shall take effect upon such date as this Agreement shall have been duly executed by each of the parties hereto and shall extend for so long as any bonds of the Authority are Outstanding.

(b) The City represents and warrants that this Agreement constitutes a service contract between the City and an authority pursuant to Section 8-200(3) of the Home Rule Charter, and as such, the City does not have the right to terminate this Agreement without liability after the expiration of four (4) years.

SECTION 6.02. General Rights and Prohibitions.

Nothing in this Agreement shall limit the rights or impair the obligations of the City to comply with the provisions of any contract in effect on the effective date of the Act (June 5, 1991), or shall in any way impair the rights of the obligees of the City with respect to any such contract.

SECTION 6.03. Compliance with the Act; Severability.

(a) The City and the Authority intend that this Agreement shall constitute an intergovernmental cooperation agreement within the meaning of the Act and hereby declare that this Agreement is entered into to accomplish the public purposes of the Act. This Agreement shall be read, taken and construed to the maximum extent possible in a manner consistent with the Act, but to the extent of any conflict between any of the provisions of this Agreement and any of the provisions of the Act, the provisions of the Act shall control. The City and the Authority each acknowledges that it is subject to the provisions of the Act and each agrees to observe and perform all provisions thereof applicable to it, whether or not such provisions are expressly referred to in this Agreement.

(b) The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held

invalid or unenforceable in whole or in part, such provision shall be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability of the remaining provisions of this Agreement.

SECTION 6.04. Notices.

All notices, demands, requests, consents, approvals, certificates, waivers or other communications with respect to this Agreement (collectively, "notices") shall be in writing (including telecopied communication) and shall be effective if sent by certified or registered United States mail, postage prepaid, return receipt requested, or by overnight courier with signed receipt evidencing such delivery, or by same day delivery service with signed receipt evidencing such delivery, or by telecopier (with confirmation in writing mailed by first-class mail, postage prepaid), to the following parties:

For the Authority:

**[2500 One Liberty Place
Philadelphia, Pennsylvania 19103
Telecopier No. 215-851-1420]**

**1429 Walnut Street
Fourteenth Floor
Philadelphia, Pennsylvania 19102
Telecopier No.:**

For the City:

**Mayor
City Hall, Room 215
Philadelphia, Pennsylvania 19107
Telecopier No.:**

With a copy to:

City Solicitor
1520 Municipal Services Building
Philadelphia, Pennsylvania 19107
Telecopier No.:

Finance Director
1420 Municipal Services Building
Philadelphia, Pennsylvania 19107
Telecopier No.:

President, City Council
City Hall, Room 490
Philadelphia, Pennsylvania 19107
Telecopier No.:

City Controller
1230 Municipal Services Building
Philadelphia, Pennsylvania 19107
Telecopier No.:

or to such other address or telecopier number as the party to receive notice may from time to time designate by written notice to the other party in the manner above described. Any such properly given notice shall be effective on the earliest to occur of receipt, the third business day after mailing in the manner set forth herein, on the first business day after deposit with an overnight courier service, on the day of deposit with a same day delivery service or upon telephone confirmation of receipt of telecopy communication.

SECTION 6.05. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

SECTION 6.06. No Third Party Rights.

Except as otherwise expressly provided in Section 5.02(b) hereof, nothing in this Agreement shall be construed to constitute or create rights in any person not a party to this Agreement (as third party beneficiary or otherwise), or to create obligations or responsibilities of the parties to such persons, or to permit any person other than the parties hereto and their respective successors and assigns to rely upon the covenants, conditions and agreements contained in this Agreement.

SECTION 6.07. Amendments and Waivers.

This Agreement shall be amended only by written instrument duly executed by the City and the Authority. The Authority may in its discretion, to the extent consistent with the Act, waive compliance by the City with any provision of this Agreement or extend the time specified for performance by the City of any covenant or agreement on its part set forth herein, and such waiver or extension shall be effective only to the extent specifically set forth in writing and shall not, unless so specified, apply to any subsequent failure on the part of the City to observe or perform any such provision. Notwithstanding the foregoing, the provisions of Section 5.02(b) hereof may not be amended without the express written consent of the requisite percentage of the obligees of the Authority entitled to the benefits thereof as set forth in any agreement between the Authority and such obligees.

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

APP. NO. 878-64

ATTEST

:

Name:

Title:

[AUTHORITY SEAL]

ATTEST:

Name:

Title:

[CITY SEAL]

PENNSYLVANIA
INTERGOVERNMENTAL
COOPERATION
AUTHORITY

By _____

Name:

Title:

CITY OF PHILADELPHIA

By _____

Name:

Title:

EXHIBIT "A"

**PRINCIPAL TERMS OF PROPOSED
EXTRAORDINARY CONTRACTS**

**SERVICE/COMMODITY
TO BE PROVIDED:**

**AMOUNT
(by fiscal year):**

**FUND(S) OR
ACCOUNT(S)
FROM WHICH
PAYMENTS MADE
(by fiscal year):**

**PAYMENT
SCHEDULE
(by fiscal year):**

**SCHEDULE OF REVENUE
TO BE PRODUCED (IF ANY)
(by fiscal year):**

TERM:

**DATE OF EXPECTED
COMPLETION OF
PERFORMANCE:**

EXPIRATION DATE:

**HOW AGREEMENT
MAY BE TERMINATED:**

**RENEWAL
PROVISIONS/OPTIONS:**

**IMPACT ON FINANCIAL
PLAN (by fiscal year):**

APP. NO. 678-68

EXHIBIT "B"

**PRINCIPAL TERMS OF PROPOSED BOND
PURCHASE AGREEMENTS
(ESTIMATED)**

TERM:

PRINCIPAL AMOUNT:

DEBT SERVICE:

INTEREST RATES (BY YEAR)

PRINCIPAL (BY YEAR)

INTEREST (BY YEAR)

ISSUANCE COSTS:

DISCOUNT/FEE

OTHER

EXHIBIT "C"

CORPORATE ENTITIES

1. *Community College of Philadelphia*
2. *Penn's Landing Corporation*
3. *Philadelphia Housing Development Corporation*
4. *Philadelphia Municipal Authority*
5. *Philadelphia Parking Authority*
6. *Redevelopment Authority of the City of Philadelphia*
7. *Philadelphia Industrial Development Corporation*
8. *Philadelphia Authority for Industrial Development*
9. *Hospitals and Higher Education Facilities Authority*
10. *Philadelphia Housing Authority*
11. *Pennsylvania Convention Center Authority*
12. *Philadelphia Facilities Management Corporation*
13. *Southeastern Pennsylvania Transportation Authority*
14. *Philadelphia Commercial Development Corporation*

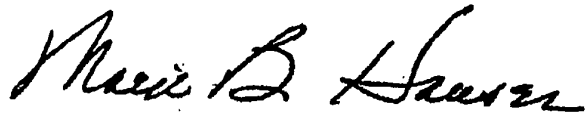
Explanation:

[Bold Brackets] indicate matter deleted on Final Passage.
Bold Italics indicate new matter added on Final Passage.

APP. NO. 678-68

CERTIFICATION: This is a true and correct copy of the
original Ordinance approved by the Mayor on

JANUARY 3, 1992

A handwritten signature in cursive script, appearing to read "Sheri B. Hansen".

Deputy Chief Clerk of the Council

\$206,960,000
Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2010

Certificate of the City of Philadelphia, Pennsylvania as to
Pennsylvania Intergovernmental Cooperation Authority
Income Tax Collection Agency Agreement

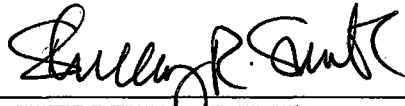
The undersigned, the City Solicitor and the Deputy Revenue Commissioner of the City of Philadelphia, Pennsylvania (the "City"), hereby certify on this 14th day of May, 2010, in connection with the issuance and sale of the Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010, in the aggregate principal amount of \$206,960,000 that:

1. Attached hereto is a true, correct and complete copy of the Pennsylvania Intergovernmental Cooperation Authority Income Tax Collection Agency Agreement dated as of June 1, 1992 (the "Agreement"), between the City and the Commonwealth of Pennsylvania.
2. The Agreement has not been changed, amended or modified since its date and is in full force and effect on the date hereof.
3. No default on the part of the City has occurred and is continuing under the Agreement, and no event has occurred and is continuing which, with notice or upon lapse of time, or both, would constitute such a default.

[Signature page to follow]

IN WITNESS WHEREOF, we have hereunto set our hands on the date and year first written above.

CITY OF PHILADELPHIA,
PENNSYLVANIA

By: 
SHELLEY R. SMITH
City Solicitor

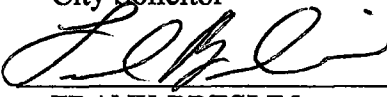
By: 
FRANK BRESLIN
Deputy Revenue Commissioner

EXHIBIT A

**Pennsylvania Intergovernmental Cooperation Authority
Income Tax Collection Agency Agreement**

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY INCOME TAX
COLLECTION AGENCY AGREEMENT**

This Agreement is made and entered into as of the 1st day of June, 1992, by and between the Commonwealth of Pennsylvania ("Commonwealth"), Department of Revenue (hereinafter referred to as the "Department"), with its office at Strawberry Square, Harrisburg, Pennsylvania 17128, and the City of Philadelphia ("City"), acting by and through its Revenue Department ("Collection Agent") and its Law Department (hereinafter collectively referred to as the "Agent"), with offices at the Municipal Services Building, John F. Kennedy Boulevard at 15th Street, Philadelphia, PA 19102.

WHEREAS, pursuant to Section 601(a) of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, Act of June 5, 1991 (P.L. 9, No. 6) (hereinafter referred to as the "Act") the governing body of any city of the first class is authorized to impose certain taxes exclusively for purposes of the Pennsylvania Intergovernmental Cooperation Authority ("Authority"); and

WHEREAS, pursuant to authority granted pursuant to Section 601(a)(3) of the Act, the City Council of the City, by ordinance (Bill No. 1437), approved June 12, 1991 ("Income Tax Ordinance"), attached hereto as Appendix A, has amended Title 19 of the Philadelphia Code by adding a new Chapter 19-2800 imposing a tax of 1.5% exclusively for the Authority, on the salaries, wages, commissions and other compensation earned by residents of the City and on the net profits earned in businesses, professions or other activities conducted by residents of the City ("Authority Income Tax"); and

WHEREAS, pursuant to Section 604 of the Act, the Department is charged with the administration, enforcement and collection of any tax imposed pursuant to Section 601 of the Act, including the Authority Income Tax, and pursuant to Section 604(c) of the Act, the Department is authorized to appoint as its agents tax officers, clerks, collectors and assistants, including revenue and legal departments of cities imposing a tax under Chapter 6 of the Act, to collect any tax, including interest and penalties, imposed under the authority of Chapter 6 of the Act, including the Authority Income Tax; and

WHEREAS, by letter dated June 28, 1991, attached hereto as Appendix B, the Department, through its Secretary, the Honorable Eileen Healy McNulty (the "Secretary"), appointed the Agent as the agent of the Department for administering, collecting and enforcing the Authority Income Tax; and

WHEREAS, the Commonwealth and the City deem it in their common best interest to set forth the method of implementation of the collection, enforcement and administration of the Authority Income Tax pursuant to the Act and the performance by the Department and the Collection Agent of their respective powers and duties with respect thereto.

NOW, THEREFORE, in consideration of the foregoing recitals, the Commonwealth of Pennsylvania, Department of Revenue, and the City of Philadelphia, Revenue Department and Law Department, through their authorized representatives, agree to implement the administration, collection and enforcement of the Authority Income Tax as follows:

1. **APPOINTMENT OF AGENT; COLLECTION AND ENFORCEMENT OF AUTHORITY INCOME TAX:**

The appointment of the Agent as the agent of the Department as provided in the letter of the Department dated June 28, 1991 and the Income Tax Ordinance is hereby ratified and confirmed in all respects. The Agent shall administer, collect and enforce the Authority Income Tax as provided in the Income Tax Ordinance and shall remit the proceeds of the Authority Income Tax, including interest and penalties paid by taxpayers thereon, as provided in the Act and this Agreement.

2. **TERM:**

The term of this Agreement shall begin upon the date first above written and shall continue until terminated upon prior written notice by the Department to the Agent. The Department shall send a copy of any notice of termination of this Agreement to the Authority. Upon receipt of notice of termination, the Agent shall cooperate with the Department in providing for the orderly transfer of the duties and functions of the Agent hereunder to the Department or any agent appointed by the Department so that the collection and remittance of the Authority Income Tax shall continue to be made as provided in the Act without interruption.

3. **REMITTANCE OF AUTHORITY INCOME TAX:**

(a) On each City business day, the Collection Agent shall deposit, in immediately available funds, the Authority Income Tax collected that day in a demand deposit account, designated "The City of Philadelphia Collection Agent for Department of Revenue, Commonwealth of Pennsylvania Account" (herein, the "Agency Account"), which account shall be established in a Commonwealth depository bank in accordance with all applicable Commonwealth laws and regulations regarding State depositories. The Department acknowledges and approves

the establishment of the Agency Account at Fidelity Bank, National Association, or at any other Commonwealth depository designated in writing to the Department by the Agent ("Agency Bank"). The Agency Account shall be used solely for the deposit and remittance of the Authority Income Tax by the Collection Agent as agent of the Department and shall not be commingled with any funds of the City. The Collection Agent shall notify the Department in writing of any change in the depository for the Agency Account, prior to such change, and shall give a copy of such notice to the Authority. The Department acknowledges and approves the establishment of the Agency Account identified on Appendix C hereto.

(b) On each business day next following the day of deposit of Authority Income Tax in the Agency Account, all amounts in the Agency Account shall be transferred by the Agency Bank to a Commonwealth account designated in writing to the Collection Agent by the Department ("Commonwealth Account"). The Commonwealth Account at CoreStates Bank, N.A., Account No. 0196-628-8, is hereby designated by the Department to the Collection Agent as the Commonwealth Account to which daily electronic transfers of the amounts in the Agency Account shall be made. The Department shall notify the Collection Agent in writing of any change in the depository for the Commonwealth Account to which the Authority Income Tax shall be transferred, prior to such change, and the Collection Agent shall give a copy of any such notice to the Agency Bank and the Authority.

(c) The Collection Agent shall deliver an executed or certified copy of this Agreement to the Agency Bank, shall obtain from the Agency Bank an executed acknowledgement of receipt of this Agreement, and shall deliver a copy thereof to the Department. The provisions of this Section 3(c) of this Agreement shall constitute a direction of the Department and the Collection Agent to the Agency Bank (i) to make the daily transfers to

the Commonwealth Account specified in Section 3(b) strictly in accordance with the terms of this Agreement, and (ii) to make payments from the Agency Account if required by Section 310 of the Act in the manner required by Section 310 of the Act.

4. **RECONCILIATION/ADJUSTMENT:**

(a) **Reconciliation:** The Collection Agent shall reconcile monthly, the daily deposits to the Agency Account with the actual amount of Authority Income Tax collected. The Collection Agent shall use its Monthly Settlement Statistics Report, a copy of which Report is attached hereto as Appendix D, as the basis for such reconciliation.

(b) **Adjustments:** If a reconciliation made pursuant to paragraph (a), above, indicates that the actual Authority Income Tax collections for the preceding month are at variance with Agency Account deposits for that month, the Collection Agent shall:

(1) Identify any necessary adjustments, and

(i) If the amount deposited in the Agency Account is greater than actual Authority Income Tax collected, the Collection Agent shall deduct an amount equal to such excess from the next daily deposit to the Agency Account; or

(ii) If the amount deposited in the Agency Account is less than the actual Authority Income Tax collected, the Collection Agent shall deposit an amount equal to such under-remittance in the next daily deposit to the Agency Account.

(2) Any other reconciliation which results in an adjustment to an Authority Income Tax remittance shall be clearly identified on the subsequent daily remittance and the adjustment made in the manner set forth in (b)(1), above.

(3) The Monthly Settlement Statistics Report, together with any and all supporting documents therefor, requiring any adjustment made pursuant to this Section 4 shall be submitted to the Department for review monthly.

5. DETERMINATION OF RESIDENCE/NONRESIDENCE:

The Department shall determine the percentage of wage, earnings and net profits taxes attributable to residents and to nonresidents of the City. The method of calculating resident/nonresident collections shall be determined by the Department and approved by the Secretary. The current method approved by the Secretary for calculation of Authority Income Tax collection is attached hereto as Appendix E, which shall be revised from time to time as the Department shall determine and the Secretary shall approve. The Department shall notify the Agent of any change in the method of calculation and the effective date of such change, with a copy to the Authority.

6. CHANGES IN COLLECTION:

The City agrees that any changes or modifications in its computer system, tax reports or other reports, generation of reports, forms, accounting and/or bookkeeping methods that will or may affect in any material respect the administration, collection and enforcement of the Authority Income Tax shall be communicated to the Department in writing no less than forty-five (45) days before the effective date of any such change or modification.

7. ACCOUNTING RECORDS:

The City shall maintain, in accordance with the accounting principles applied to the City's own financial statements, all pertinent books, documents, financial and accounting records and evidence pertaining to this Agreement to the extent and in such detail as is

reasonably necessary to document all remittances, adjustments and collections of the Authority Income Tax. The City shall provide the Department a reconciliation of the City's accounting principles to generally accepted accounting principles.

Such financial and accounting records shall be made available for inspection and copying, upon request, to the Department, its designees, the State Inspector General, or any authorized agency of the Commonwealth of Pennsylvania at any time during the term of this Agreement and for three years from the expiration of this Agreement.

8. RIGHT TO AUDIT:

The City agrees to permit the audit of its records of the Authority Income Tax by the Department, its designees, and the State Inspector General. All returns, reports, costs and financial accounting records, source documentation, data systems, programs, applications, and planning summaries relating to the Authority Income Tax will be available for audit examination, inspection and copying; provided, however, that the Department agrees to maintain the confidentiality of taxpayer records required by §19-2809(5) of the Income Tax Ordinance. The Department reserves the right to perform at its sole reasonable discretion additional audits relating to the Authority Income Tax including, but not limited to, audits of financial/compliance, economy/efficiency or limited scope audits. Additionally, the Department also reserves the right to inspect and copy any of the City's third party auditors' reports and management letters relating to the Authority Income Tax.

9. COSTS:

In accordance with Section 604(b) of the Act, the Department shall deduct from the remittances of the Authority Income Tax costs of administration of this Agreement and shall

inform the Authority in writing monthly of the sum retained and the costs of administration and collection reimbursed. The Department as part of its cost, shall reimburse the City for certain limited expenses incurred by the Agent, as agent for the Department. The terms of such reimbursement shall be set forth in a separate agreement attached hereto as Appendix F.

10. INDEMNIFICATION:

[RESERVED]

11. AMENDMENTS, MODIFICATIONS:

This Agreement may not be modified or amended unless in writing and signed by both parties. A copy of any such modification or amendment shall be sent by the City to the Authority. Any breach or default by a party shall not be waived or released other than in writing

signed by the other party. Changes in the procedures set forth in this Agreement approved by the Department shall not constitute amendments to this Agreement.

12. TERMINATION:

This Agreement may be terminated by the Department upon prior written notice to the City. The Department shall send a copy of such notice of termination to the Authority. Upon receipt of notice of termination, the Agent shall cooperate with the Department in providing for the orderly transfer of the duties and functions of the Agent hereunder to the Department or any agent appointed by the Department so that the collection and remittance of the Authority Income Tax shall continue to be made as provided in the Act without interruption.

13. USUFRUCT:

If, for any reason, the City should lose its ability to serve as Agent under this Agreement, the Department shall acquire a usufruct in all contractual items owned by the City in conjunction with the Agreement and which are necessary to provide the services of Agent. Said usufruct shall be limited to the right of the Department to possess and make use of such contractual items solely for the use and benefit of the Department in administering, enforcing and collecting the Authority Income Tax in the manner provided in this Agreement. Such usufruct shall be limited in time to the duration of this Agreement and in scope for program systems and other items being used by the Department under this Agreement.

14. NONDISCRIMINATION:

The City agrees to maintain a policy of nondiscrimination and agrees to comply with all of the Commonwealth laws, rules and regulations involving nondiscrimination on the basis

of race, color, religion, national origin, age or sex. Appendix G, Nondiscrimination Provisions, is attached hereto and made a part hereof as if set forth fully herein.

15. NOTICES:

The parties agree that all notices given pursuant to the terms of this Agreement shall be sufficient if in writing and sent by telecopy, facsimile or a courier service with receipt acknowledged. All other communications shall be sufficient if in writing and mailed postage prepaid first class. Any such notice or communication shall be sent to the following addresses or such other addresses as may be designated from time to time by the parties in writing:

(A) Department of Revenue
Secretary of Revenue
Pennsylvania Department of Revenue
Dept. 281100
Harrisburg, PA 17128-1100
Telecopy No.: (717) 787-3990
and

(B) City of Philadelphia

(1) Department of Revenue
City of Philadelphia
Municipal Services Building
John F. Kennedy Boulevard
at 15th Street
Philadelphia, PA 19102
Attention:
Telecopy No.: (215) 972-8738

Courier Service Address:

1600 Arch Street
Philadelphia, PA 19103

(2) Law Department
Municipal Services Building
John F. Kennedy Boulevard
at 15th Street
Philadelphia, PA 19102
Attention: City Solicitor
Telecopy No.: (215) 686-5223

Courier Service Address:

1600 Arch Street
Philadelphia, PA 19103

(C) Pennsylvania Intergovernmental
Cooperation Authority
1429 Walnut Street, 14th Floor
Philadelphia, PA 19102
Attention: Executive Director
Telecopy No.: (215) 563-2570

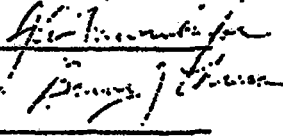
16. **SEVERABILITY**

If a court of competent jurisdiction determines any portion of this Agreement to be invalid, it shall be severed and the remaining portions of this Agreement shall remain in effect.

IN WITNESS WHEREOF, the parties hereto, being duly authorized and
intending to be legally bound, have caused this Agreement to be executed as of the day and year
first above written.

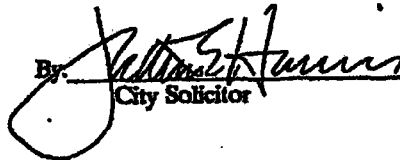
COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE


Eileen H. McNulty
Secretary of Revenue


Comptroller

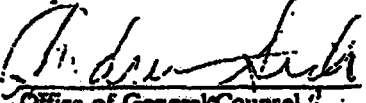
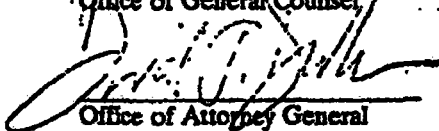
CITY OF PHILADELPHIA

By: 
Revenue Commissioner

By: 
City Solicitor

Approved as to form and legality:


Chief Counsel
Department of Revenue


Office of General Counsel

Office of Attorney General

BLANK, ROME

JUN 19 1991

COMISKY & MCCAULEY



(Bill No. 1437)

AN ORDINANCE

Explanation: Italicized indicates new matter added

Amending Title 19 of The Philadelphia Code, entitled "Finances, Taxes and Collections," by adding a new Chapter 19-2500, entitled "Pennsylvania Intergovernmental Cooperation Authority Tax on Wages and Net Profits," by imposing a tax of one and one-half percent on the salaries, wages, commissions and other compensation earned by residents of the City and on the net profits earned in businesses, professions or other activities conducted by residents of the City; providing that revenues from the tax are to be used for the purposes of the Pennsylvania Intergovernmental Cooperation Authority; pledging to obligees of the Authority that the City will neither repeal nor reduce the tax for so long as bonds of the Authority secured by the pledge of the tax remain outstanding; providing for the collection of the tax; and imposing penalties.

APP. NO. 297-1

APPENDIX A

The Council of the City of Philadelphia hereby ordains:

SECTION 1. Title 19 of The Philadelphia Code, entitled "Finances, Taxes and Collections," is hereby amended by adding a new Chapter 19-2500, entitled "Pennsylvania Intergovernmental Cooperation Authority Tax on Wages and Net Profits," to read as follows:

CHAPTER 19-2500. PENNSYLVANIA
INTERGOVERNMENTAL
COOPERATION AUTHORITY TAX
ON WAGES AND NET PROFITS.

§19-2501. *Legislative Acknowledgements.*

(1) *The General Assembly of the Commonwealth of Pennsylvania has enacted the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of _____, 1931, P.L. _____ No. ____).*

(2) *The Act declares it to be the public policy of the Commonwealth to exercise its retained sovereign powers with regard to taxation, debt issuance and matters of State-wide concern in a manner calculated to foster the fiscal integrity of cities of the first class to assure that these cities provide for the health, safety and welfare of their citizens; pay principal and interest owed on their debt*

obligations when due; meet financial obligations to their employees, vendors and suppliers; and provide for proper financial planning procedures and budgeting practices. The inability of a city of the first class to provide essential services to its citizens as a result of a fiscal emergency has been determined to affect adversely the health, safety and welfare not only of the citizens of that municipality but also of other citizens in this Commonwealth.

(3) The stated intent of the General Assembly for enacting the Act is to:

(a) provide cities of the first class with the legal tools with which cities of the first class can eliminate deficits that render them unable to perform essential municipal services;

(b) create an authority that will enable cities of the first class to access capital markets for deficit elimination and seasonal borrowings to avoid default on existing obligations and chronic cash shortages that will disrupt the delivery of municipal services;

(c) foster sound financial planning and budgetary practices that will address the underlying problems which result in such deficits; and

(d) exercise its powers consistent with the rights of citizens to home rule and self government by maintaining a system pursuant to which the principal responsibility for conducting the governmental affairs of a municipality remains with its local elected officials;

(e) remedy the fiscal emergency confronting cities of the first class through the implementation of sovereign powers of the Commonwealth with respect to taxation, indebtedness and matters of State-wide concern. To safeguard the rights of the citizens to the electoral process and home rule, the General Assembly intends to exercise its power in a cooperative manner with the elected officers of cities of the first class as contemplated by the Constitution of Pennsylvania.

(f) authorize the imposition of a tax or taxes to provide a source of funding for an intergovernmental cooperation authority to enable it to assist cities of the first class and to incur debt of such authority for such purposes; however, the General Assembly intends that such debt shall not be

a debt or liability of the Commonwealth or a city of the first class nor shall debt of the authority payable from and secured by such source of funding create a charge directly or indirectly against revenues of the Commonwealth or a city of the first class.

(4) In enacting the Act the General Assembly of the Commonwealth inter alia found:

(a) That cities of the first class have encountered recurring financial difficulties which may affect the performance of necessary municipal services to the detriment of the health, safety and general welfare of residents of such cities.

(b) That the financial difficulties have caused cities of the first class to lose an investment-grade credit rating and direct access to capital markets.

(c) That it is critically important that cities of the first class achieve an investment-grade credit rating and thereafter maintain their credit-worthiness.

(d) *That, without the ability to enter the capital markets, cities of the first class may face a fiscal emergency that could render them unable to pay their obligations when due and deliver essential services to their citizens.*

(e) *That, due to the economic and social interrelationship among all citizens in our economy, the fiscal integrity of cities of the first class is a matter of concern to residents of the entire Commonwealth, and the financial problems of such cities have a direct and negative effect on the entire Commonwealth.*

(f) *That, because cities of the first class consume a substantial proportion of the products of Pennsylvania's farms, factories, manufacturing plants and service enterprises, economic difficulties confronting cities of the first class detrimentally affect the economy of the Commonwealth as a whole and become a matter of State-wide concern.*

(g) *That, because residents of cities of the first class contribute a substantial proportion of all Commonwealth tax revenues, a disruption of the economic and social life of such cities may have a significant detrimental effect upon Commonwealth revenues.*

(h) That, cities of the first class and the Commonwealth have shown a willingness to cooperate in order to address important financial and budgetary concerns.

(i) That, the financial difficulties of cities of the first class can best be addressed and resolved by cooperation between governmental entities.

(j) That, the Constitution of Pennsylvania grants municipalities authority to cooperate with other governmental entities in the exercise of any function or responsibility.

(k) That, the Commonwealth retains certain sovereign powers with respect to cities of the first class, among them the powers to authorize and levy taxes, to authorize the incurring of indebtedness and to provide financial assistance that may be necessary to assist cities in solving their financial problems.

(l) That, the Commonwealth may attach conditions to grants of authority to incur indebtedness or assistance to

cities of the first class in order to ensure that deficits are eliminated and access to capital markets is achieved and maintained.

(m) That, such conditions shall be incorporated into intergovernmental cooperation agreements between the Commonwealth or its instrumentalities and cities of the first class.

(n) That, cities of the first class and the Commonwealth will benefit from the creation of an independent authority composed of members experienced in finance and management which may advise such cities, the General Assembly and the Governor concerning solutions to fiscal problems cities of the first class may face.

(o) That, the creation of such an authority with the power to borrow money and issue bonds in order to assist cities of the first class will allow such cities to continue to provide the necessary municipal services for their residents and to contribute to the economy of the Commonwealth.

(p) That, in order for an authority to effectively assist cities of the first class in financing their cash flow needs and for cities of the first class to be able to cost-effectively

finance their cash flow needs during the term of any authority bonds and thereafter, the enactment of certain provisions of law in connection with the issuance of tax and revenue anticipation notes of cities of the first class is necessary and desirable.

(q) That, a dedicated source of funding for the authority is necessary in order to address the immediate financial difficulties of cities of the first class.

(r) That, the Commonwealth's action in authorizing cities of the first class to impose taxes for the authority will allow such cities to continue to provide necessary services for their residents and for those non-residents enjoying the benefits of such services.

(s) That, the levy of a tax within cities of the first class for the authority should be authorized by the Commonwealth for the benefit of cities of the first class, with the revenue produced as a result of such levy being Commonwealth-authorized revenues and revenues of a State authority, and not revenues of the city of the first class.

(t) That, the authority to levy a tax only within cities of the first class or as a rate that is higher than that imposed outside cities of the first class is based upon a legitimate classification which the General Assembly deems to be reasonable and just, since the benefit received by taxpayers in cities of the first class as a result of such levy is determined to be in proportion to the tax burden imposed in such cities of the first class.

(u) That, a levy imposed only, or at a higher rate, in cities of the first class will be used to benefit citizens of cities of the first class by providing for their health, safety, convenience and welfare.

(5) City Council further acknowledges that the Act:

(a) Specifically authorizes the imposition and pledge of any combination of the following taxes:

(i) a sale and use and hotel occupancy tax;

(ii) a realty transfer tax such as is now or as may be hereafter enacted for general revenue purposes of the City pursuant to Section 1301(b) of the Act of December 13, 1968 (P.L. 1121, No. 45), known as the Local Tax Reform Act; and

(iii) a tax on salaries, wages, commissions, compensation or other income received or to be received for work done by residents of the City, imposed pursuant to the provisions of the Sterling Act.

(b) Provides that the revenues generated by any such tax are to become the exclusive property of the Pennsylvania Intergovernmental Cooperation Authority (PICA) and shall not be subject to appropriation by City Council or the General Assembly of the Commonwealth.

(c) Provides that the Department of Revenue of the Commonwealth is charged with the administration, enforcement and collection of the tax imposed by this Chapter and if the tax imposed is pursuant to Subsections 601(a)(2) or (3) of the Act the administration, enforcement and collection procedures for the taxes and the fines, forfeitures, penalties and interest charges shall be as are specified in this Chapter.

(d) Provides that the Department of Revenue of the Commonwealth is authorized to appoint as its agents, tax officers, clerks, collectors and other assistants, including revenue and legal departments of cities imposing a tax under this chapter, to collect and enforce any tax, including

interest and penalties, imposed under authority of this chapter; provided, however, that any moneys collected by any such agent shall not be commingled with any other funds of such agent and must be segregated and paid over to the Department of Revenue of the Commonwealth at least monthly.

(c) Provides that the revenues collected by any of the Department of Revenue's agents, tax officers, clerks, collectors and other assistants are to be paid over to the Department of Revenue of the Commonwealth to be deposited by the Treasurer of the Commonwealth in the Pennsylvania Intergovernmental Cooperation Authority Tax Fund.

(f) Provides that the obligees of PICA shall have the right to enforce a pledge of or security interest in revenues of the authority securing payment of bonds of the authority against all government agencies in possession of any such revenues at any time, which revenues may be collected directly from such officials upon notice by such obligees or a trustee for such obligees for application to the payment of such bonds as and when due or for deposits in any sinking, bond or debt service fund established by the

Commonwealth or established by resolution of the authority with such trustee at the times and in the amounts specified in such bonds or the resolution or indenture or trust agreement securing such bonds. Any government agency in possession of any such revenues shall make payment against receipt and shall thereby be discharged from any further liability or responsibility for such revenues. If such payment shall be to a holder of bonds, it shall be made against surrender of such bonds to the payor for delivery to the authority in the case of payment in full, otherwise it shall be made against production of such bonds for notation thereon of the amount of the payment. The provisions of this section with respect to the enforceability and collection of revenues which secure bonds shall supersede any contrary or inconsistent statutory provision or rule of law. This section shall be construed and applied to fulfill the legislative purpose of clarifying and facilitating the financing of the authority of the costs of assisting a city by assuring to the obligees of the authority the full and immediate benefit of the security for

the bonds without delay, diminution or interference based on any statute, decision, ordinance, or administrative rule or practice.

§19-2802. Definitions.

(1) *"Authority." The Pennsylvania Intergovernmental Cooperation Authority established in the Act.*

(2) *"Bond." A note, bond, refunding note and bond, interim certificate, debenture and other evidence of indebtedness or obligation which an authority is authorized to issue pursuant to the Act.*

(3) *"Business." An enterprise, activity, profession or undertaking of any nature conducted for profit or ordinarily conducted for profit, whether by an individual, copartnership, association, governmental body or unit or agency, or any other entity.*

(4) *"Department." The Department of Revenue of the Commonwealth or its agents, tax officers, clerks, collectors and other assistants, including revenue and legal departments of the City of Philadelphia. For purpose of complying with the provisions of this Chapter, the Revenue*

Department of the City is the authorized agent of the Department of Revenue of the Commonwealth for the collection of taxes imposed hereunder.

(5) "Employee." Any person who renders services to another for a consideration or its equivalent, under an express or implied contract, and who is under the control and direction of the latter, including temporary, provisional, casual or part-time employment.

(6) "Employer." An individual, copartnership, association, corporation, governmental body or unit or agency, or any other entity, who or that employs one or more persons on a salary, wage, commission or other compensation basis.

(7) "Net Profits." The net gain from the operation of a business, profession or enterprise, after provision for all allowable costs and expenses incurred in the conduct thereof, either paid or accrued in accordance with the accounting system used, without deduction of taxes based on income.

(8) "Obligee of the Authority." Any holder or owner of any bond of the Pennsylvania Intergovernmental

Cooperation Authority or any trustee or other fiduciary for any such holder or any provider of a letter of credit, policy of municipal bond insurance or other credit enhancement or liquidity facility for bonds of the authority.

(9) "Person." Every individual, copartnership, fiduciary or association.

(10) "Resident." An individual, copartnership, association, corporation or any other entity domiciled in the City.

(11) "Salaries, Wages, Commissions and Other Compensation." All salaries, wages, commissions, bonuses, incentive payments, fees and tips that may accrue or be received by an individual, whether indirectly or through an agent and whether in cash or in property, for services rendered, but excluding:

(a) periodical payments for sick or disability benefits and those commonly recognized as old age benefits;

(b) retirement pay, or pensions paid to persons retired from service after reaching a specific age or after a stated period of employment;

(c) any wages or commissions paid by the United States to any person for active service in the Army, Navy or Air Force of the United States;

(d) any bonus or additional compensation paid by the United States, this Commonwealth, or any other state for such service;

(e) any statutory per diem compensation paid any witness or juror, or member of the District Election Board.

(12) "Taxpayer." Any person required by this Chapter to file a return or to pay a tax.

§19-2503. Imposition of Pennsylvania Intergovernmental Cooperation Authority Tax on Wages and Net Profits.

(1) An annual tax to provide revenues for the purposes of the Pennsylvania Intergovernmental Cooperation Authority is imposed as follows:

(a) On salaries, wages, commissions, and other compensation earned by residents of Philadelphia on and after July 1, 1991 at the rate of one and one-half percent.

(b) On the net profits earned in business, professions or other activities conducted by residents after July 1, 1991 at the rate of one and one-half percent.

(2) The tax imposed under §19-2803(1)(a) shall relate to and be imposed upon salaries, wages, commissions, and other compensation paid by an employer or on his behalf to any person who is employed by or renders services to him.

(3) The tax levied under §19-2803(1)(b) shall relate to and be imposed on the net profits of any business, profession, or enterprise carried on by any person as owner or proprietor, either individually or in association with some other person or persons.

§19-2804. City Pledge; Duration of Taxes.

(1) The city pledges and agrees with each and every obligee of the authority acquiring bonds secured by an authority pledge of taxes imposed by this Chapter that the city will not repeal the tax or reduce the rate of the tax imposed for the authority until all bonds so secured by the pledge of the authority, together with the interest thereon, are fully paid or provided for. The revenues from the taxes imposed by this Chapter shall be revenues and property of

the authority and shall not be revenues or property of the city. The taxes shall be collected by the Department of Revenue of the Commonwealth and shall not be subject to appropriation by the City Council or by the General Assembly.

(2) The taxes imposed under this chapter shall continue in effect until all bonds of the authority which are secured by the authority's pledge of such tax revenues are no longer outstanding. For as long as any such bonds remain outstanding, City Council pledges not to repeal this Chapter or reduce the rate of tax imposed for the authority under this Chapter.

§15-2565. Return and Payment of Tax.

(1) Each person whose net profits are subject to the tax imposed by this chapter shall, on or before April 15 of each year, make and file with the Department a return on a form furnished by or obtainable from the Department setting forth the amount of such net profits earned by him during the preceding year and subject to the said tax, together with such other pertinent information as the Department may require. Where a return is made for a fiscal year or for any

other period different from a calendar year, the said return shall be made within one hundred five (105) days from the end of the said fiscal year or other period.

(2) Each person who is employed on a salaried, wage, commission or other compensation basis, which is subject to a tax imposed by this Chapter and which tax is not withheld by his employer and paid to the Department as provided in §19-2806 shall make and file a tax return with the Department for the three (3) months ending December 31, on or before the 15th day of the following February, and shall make and file a tax return with the city on or before the last day of April, July and October for the last three (3) months ending on the last day of the month preceding the due date. The return shall be made on a form furnished by the Department, setting forth the aggregate amount of salaries, wages, commissions and other compensation subject to the said tax earned by such person for the three (3) months, together with such other pertinent information as the city may require.

(3) Whenever any person files a return required by this Section he shall at the time of filing pay to the Department the amount of tax due thereon.

\$19-2806. Collection at Source.

(1) Each employer within a city of the first class who employs one or more persons on a salary, wage, commission or other compensation basis shall deduct at the time of payment thereof, the tax imposed by this Chapter on the salaries, wages, commissions and other compensation due from the said employer to the said employee, except that due to employees engaged as domestic servants, and shall make a return and pay to the Department the amount of tax so deducted at such intervals as the Department shall established by regulations.

(c) The return shall be on a form or forms furnished by the Department and shall set forth the names and residences of each employee of said employer during all or any part of the period covered by the said return, the amounts of salaries, wages, commissions or other compensation earned during such period by each of such employees, together with such other information as the Department may require.

(b) The employer making the return shall, at the time of filing, pay to the Department the amount of tax due thereon.

(c) The failure of any employer, residing either within or outside of a city of the first class to make such return and/or to pay such tax shall not relieve the employee from the responsibility for making the returns, paying the tax, and complying with the regulations with respect to making the returns and paying the tax.

(2) When an employer makes deductions or returns under §19-2806(1) he shall deposit such deduction with the Department or with any bank designated by the Department, which shall in all cases be a bank designated as a City depository bank.

(a) Each bank so designated shall issue official receipts to the employer for the money received from him, which money shall be credited to the authority's account. Such deposits shall be reported daily to the department.

(b) At the time of each deposit, the employer shall file with the department or designated bank a depository form to be furnished by the department which shall contain such information as the department may require.

§19-2807. Estimated Net Profits Tax.

(1) Returns and Payments of Estimated Tax.

(a) *Each person whose net profits are subject to the tax imposed by this Chapter shall be required to file returns and pay estimated tax on account of the net profits due for the current taxable year.*

(2) *For the purposes of this Chapter, the term "estimated tax" means the amount of net profits tax which a person calculated to be his tax due under this Chapter for the preceding taxable year, after giving effect to the tax credit provided in Section 19-2808.*

(3) *Calendar Year Taxpayers.*

(a) *Returns and payments of estimated tax for taxable years beginning after December 31, 1991 shall be due and payable as follows:*

(1) *The first installment of one-fourth of the estimated tax shall be due and payable on or before April 15 of the taxable year.*

(2) *The second installment of one-fourth of the estimated tax shall be due and payable on or before June 15 of the taxable year.*

(4) *Fiscal Year Taxpayers.*

(a) Persons who report net income for a fiscal year period other than a calendar year shall make returns and payments of estimated tax for taxable years beginning after December 31, 1991 as follows:

(.1) The first installment of one-fourth of the estimated tax shall be due and payable within three and one-half months after the beginning of the taxable fiscal year.

(.2) The second installment of one-fourth of the estimated tax shall be due and payable within five and one-half months after the beginning of the taxable fiscal year.

(5) Credits for Excessive Estimated Payments.

(a) Any estimated payments which exceed a person's tax liability for the taxable year shall be applied as a credit against the estimated tax for the following taxable year, to the extent of the estimated tax due for the following taxable year.

(b) The amount of any estimated payments which exceed the estimated tax for the following year shall be refunded to the taxpayer.

(6) Provisions not Applicable. The provisions of Section 19-2807 shall not be applicable to a person for a taxable year if:

(a) Such person was not engaged in business in the preceding taxable year; or

(b) Such person's net profits tax liability for the preceding taxable year does not exceed one hundred (\$100) dollars; or

(c) Such person terminated his business activity prior to the due date of the net profits tax return for the preceding taxable year.

(7) Any person who terminates his business activity prior to the due date of any estimated payment shall not be required to make any additional estimated payments for that taxable year.

§19-2808. Credit Against Tax.

(1) In the event that any person subject to a tax under §19-1502(1)(c) and who is entitled to a credit pursuant to §19-1506 does not totally exhaust such credit against tax

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liability incurred pursuant to §19-1502(1)(c). The remaining credit may be applied against taxes owed pursuant to this chapter.

(2) The credit provided pursuant to this Section relates to the following tax year;

(a) When a return is made for a fiscal year corresponding to the calendar year, the same calendar year as that which is used as the measuring period for computing net income subject to the tax imposed under Chapter 19-2600 of this Title on which the credit is based.

(b) When a return is made for a fiscal year other than a calendar year, the fiscal year which ends within the calendar year for which the tax imposed under Chapter 19-2600 of this Title is paid, and on which the credit is based.

(3) Nothing in this Section shall permit credits to be charged against any given tax year in excess of the amount of tax due under §19-2803 for that tax year.

§19-2809. Penalties and Enforcement.

(1) Penalties.

(a) *For late deposits of withheld taxes due under this Chapter there shall be added, in addition to the penalties set forth herein, a penalty of ten percent (10%) of the underpayment.*

(2) Extension for Payment.

(a) *If the due date for the payment of any tax due falls on a Sunday or a holiday, or any day during which the agency collecting such tax is not open for a full business day, the Department may postpone such due date to the next following business day.*

(b) *The Department may, upon proper cause shown, grant a taxpayer an extension of not more than sixty (60) days for the payment of the tax. Application for such extension shall be made on or before the last day for the payment of the tax, in such form as the Department prescribes.*

(c) *If any Federal taxing authority grants to any taxpayer an extension for the payment of Federal income tax for a period in excess of sixty (60) days, the Department*

may grant an additional extension of time for the payment of any City tax affected thereby, not to exceed thirty (30) days after the termination of the Federal extension period.

(d) Where an extension for payment of any tax has been granted by the Department, the principal amount of such tax shall be subject to interest from the original due date at the rate of one-half of one percent per month, or part thereof, but shall not be subject to any penalty if paid within the extended period.

(3) Extension for Filing Returns.

(a) The Department may, upon proper cause shown, grant a taxpayer an extension of not more than sixty (60) days for the filing of any tax return. Application for such extension shall be made on or before the last day of the payment of the tax, in such form as the Department prescribes.

(b) If any Federal taxing authority grants to any taxpayer an extension for the filing of Federal income tax returns for a period in excess of sixty (60) days, the

Department may grant an additional extension of time for the filing of any tax returns affected thereby, not to exceed the date of termination of the Federal extension period.

(c) In order for an extension to be granted, the taxpayer must file a tentative return and pay one hundred percent (100%) of the tax estimated to be due, on or before the statutory due date. The extension will not relieve the taxpayer from the obligation to pay interest and penalty from the date such return was originally due upon the amount of tax due in excess of the estimated tax paid.

(4) Allocation of Delinquent Payments.

(a) Unless otherwise provided, when a partial payment is made on account of any delinquent tax, such payment shall be pro-rated between the principal sum of such tax and the penalties and interest accumulated on it.

(5) Records of Taxpayer.

(a) Every person who has paid, or from whom there is due or alleged to be due, any moneys collectible by the Department, for or on behalf of the authority, including

APP. NO. 297-30

any taxes, charges, or other sums, and any person upon whom there is imposed any other obligation to collect and remit to a city any such moneys shall:

(1) preserve and retain his books, records, accounts, copies of tax returns filed with other taxing authorities, and other data relating thereto, for a period of six (6) years after such moneys become collectible or have been collected by the Department, whichever is later;

(2) when requested by the Department produce his books, records, accounts, copies of tax returns filed with other taxing authorities, and other data relating thereto, and give to the Department the opportunity to make examination of such books, records, accounts, copies, data, and any property owned or controlled by such person in order to verify the accuracy of any report or return made, or if no report or return has been made, to ascertain the amount of tax, rent, charge, or other sum due.

(3) Any information obtained by the Department in the conduct of any examination or investigation shall be treated as confidential, except in the course of departmental business, or in accordance with judicial order, or as otherwise provided by law.

(6) Oaths.

(a) Whenever the Department shall hold hearings or conduct investigations, the Revenue Commissioner of the City, or any deputy designated by him, shall have the power to administer oaths to persons under examination.

(7) Interest, Penalties and Costs.

(a) If any tax authorized or imposed under this Chapter is not paid when due, there shall be added to the amount of the unpaid tax and collected therewith, interest at the rate of one-half of one percent of the amount of the unpaid tax, and a penalty at the rate of one percent of the amount of the unpaid tax shall be added for each month or fraction thereof during which said tax shall remain unpaid and shall be collected, together with the amount of the tax. This provision shall not apply to:

(1) Taxes imposed by §19-2603 that are not, in fact, withheld pursuant to §19-2606; provided, however, when such tax is not paid when due interest at the rate of one-half percent of the amount of the unpaid tax and a penalty of one percent of the amount of the unpaid tax per month for

the first year and one-half percent per month thereafter shall be added and collected together with the amount of the tax.

(b) Where suit is brought for the recovery of any such tax the person liable therefor shall, in addition, be liable for the costs of collection together with the interest and penalties herein imposed.

(c) If any tax imposed under this Chapter was not paid when due or is not paid when it becomes due, there shall be added to the amount of the unpaid tax, interest, and penalty and collected therewith:

(.1) interest at the rate of one-half of one percent of the amount of the unpaid tax each month or fraction thereof during which the tax remains unpaid; and

(.2) penalty calculated on the amount of the unpaid tax at the following rates for each month during which the tax remains unpaid:

(a) in the first month or fraction thereof following the due date, one percent (1%);

(b) in the second month or fraction thereof following the due date, an additional one percent (1%) for a total of two percent (2%);

(c) in the third month or fraction thereof following the due date, an additional one percent (1%) for a total of three percent (3%);

(d) in the fourth month or fraction thereof following the due date, an additional two percent (2%) for a total of five percent (5%);

(e) in the fifth month or fraction thereof following the due date, an additional two percent (2%) for a total of seven percent (7%);

(f) in the sixth month or fraction thereof following the due date, an additional two percent (2%) for a total of nine percent (9%);

(g) in the seventh month or fraction thereof following the due date, an additional three percent (3%) for a total of twelve percent (12%);

(h) in the eighth month or fraction thereof following the due date, an additional three percent (3%) for a total of fifteen percent (15%);

(i) in the ninth month or fraction thereof following the due date, an additional three percent (3%) for a total of eighteen percent (18%);

(j) in the tenth month or fraction thereof following the due date, an additional four percent (4%) for a total of twenty-two percent (22%);

(k) in the eleventh month or fraction thereof following the due date, an additional four percent (4%) for a total of twenty-six percent (26%);

(l) in the twelfth month or fraction thereof following the due date, an additional four percent (4%) for a total of thirty percent (30%);

(m) thereafter, for each additional month or fraction thereof following the due date, one and one-quarter percent (1-1/4%) shall be added to the amount charged under subsection (.1).

(d) In addition to any other sanction or remedial procedure provided, any person who shall:

(.1) make any false or untrue statement on his report or return;

(.2) fail or refuse to file any report or return;

(.3) violate any condition of any license required hereunder;

(.4) fail to pay over to the Department any moneys which he may hold as agent for the Department;

(.5) violate any provision of this Chapter or any regulation adopted hereunder;

shall be subject to a fine of not more than three hundred (\$300) dollars, for each offense together with imprisonment for not more than ninety (90) days if the fine and costs are not paid within ten (10) days. A separate offense shall be deemed to occur on the first day of each month that conduct described in subsections (d)(.2) or (d)(.4) continues.

(e) Any person who shall have paid, or from whom there is due or alleged to be due any moneys collectible by the Department, including any taxes, charges, or other sums, and who fails and refuses to produce or permit the examination of his books, records, accounts, and related data, or to afford to authorized representatives of the Department an opportunity for such examination, shall be subject to a fine of not more than three hundred (\$300) dollars for each such offense, with imprisonment for not more than ninety (90) days if the fine and costs are not paid within ten (10) days.

(f) When any person shall give or cause to be given to a city official or agency a check in payment of any obligation whether due to the department or others, including but not limited to any tax which is dishonored or unpaid by the bank upon which it is drawn, the sum of twenty (\$20) dollars shall be added to the obligation and interest and penalties provided by law or otherwise, to cover the additional cost to the Department.

(E) Limitation of Actions.

(a) Any suit to recover any tax authorized or imposed by this chapter shall be begun within six (6) years after such tax is due or within six (6) years after a return or a report has been filed, whichever date is later; but this limitation shall not apply in the following cases:

(.1) where the taxpayer has failed to file the return or report required under the provisions of this chapter;

(.2) where an examination of a return or report filed by the taxpayer and of other evidence relating to such return or report in the possession of the Department reveals a fraudulent evasion of taxes, including, but not limited to, substantial understatement of gross income, or any other receipt of income, moneys or funds in any such return or report;

(.3) where the taxpayer has collected or withheld tax funds or moneys of any nature or description under this Chapter as agent of or trustee for the Department and has failed, neglected or refused to pay the amount so collected or so withheld to the Department.

(b) *All defenses to the collection of any tax authorized or imposed by this Chapter shall be raised by appropriate petition pursuant to provisions of local ordinance.*

(c) *Where a taxpayer has filed any petition pursuant to ordinance, the period of limitation set forth in §19-2809(a) shall be tolled until final determination of such petition has been made.*

(9) *Construction.*

(a) *Each tax authorized or imposed under this Chapter upon any person, -transaction, occupation, privilege, subject or personal property shall be in addition to any other taxes imposed by a city of the first class upon such person, transaction, occupation, privilege, subject or personal property.*

(10) *Administration and Enforcement.*

(a) *The Commissioner of Revenue of the City of Philadelphia is hereby authorized to promulgate regulations governing the administration, enforcement and interpretation of the provisions of this chapter.*

APP NC 297-39

SECTION 2. Effective Date. This ordinance shall become effective upon the later of either July 1, 1991 or upon the effective date of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of _____, 1991, P.L. _____, No. _____).

Explanatory
Notes indicate how measure adopted

APP. NO. 287-40

CERTIFICATION: This is a true and correct copy of the
original Ordinance approved by the Mayor on .

JUNE 12, 1991

Mark B. Hansen

Deputy Chief Clerk of the Council

06-25-1992 16:22 FROM DEPARTMENT OF REVENUE TO



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
HARRISBURG, PENNSYLVANIA
17187

RECEIVED P. 02
City of Philadelphia
Appen. B

T-2 SECRETARY

June 28, 1991

HONORABLE CHERYL WEISS
REVENUE COMMISSIONER
CITY OF PHILADELPHIA
CITY HALL
PHILADELPHIA PA

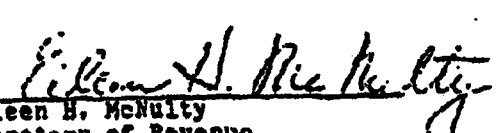
The Commonwealth of Pennsylvania, Department of Revenue, pursuant to its authority under Section 604(c) of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, Act of June 5, 1991 (P.L. No. 6, Section 604(c)), (hereinafter referred to as the "Act") hereby appoints as its agent the Revenue Department of the City of Philadelphia, its tax officers, clerks, collectors and other assistants including the City Solicitor and such deputies as she shall designate, to collect and enforce any tax imposed under the authority of Section 601(a)(5) of the Act including interest and penalties.

A separate agreement setting forth the terms and conditions of this appointment shall be executed by the Commonwealth, Department of Revenue and the City of Philadelphia, Revenue Department.

Any monies collected by the City of Philadelphia pursuant to this appointment shall be segregated in a separate fund and shall not be commingled with any other funds.

This appointment shall be effective July 1, 1991 and shall remain in effect until terminated by notice in writing by the Commonwealth of Pennsylvania, Department of Revenue.

In witness whereof, I have set my hand and seal this 28 day of June, 1991.


Eileen H. McNulty
Secretary of Revenue

SEAL

APPENDIX B

Appendix C

The City of Philadelphia Collection
Agent for Department of Revenue,
Commonwealth of Pennsylvania Account.

Fidelity Bank, National Association

Account No. 338-925-1

MONTHLY RECONCILIATION OF PICA DEPOSITS

JANUARY, 1992

W-7, 1-92 Settlement Statistics	\$ 67,068,948	
X	0.62	(resident %)
	\$ 41,582,748	
X	0.3	(PICA share)
Total PICA Due on W-7	\$ 12,474,824	
Total PICA Paid on W-7		
(\$67,068,472 on dailies X.62X.3)	12,474,736	
Difference on W-7	\$ 88	
W-5, 1-92 Settlement Statistics	\$ 10,507,511	
W-1, 1-92 Settlement Statistics	5,927,372	
	\$ 16,434,883	
X	0.62	(resident %)
	\$ 10,189,627	
X	0.3	(PICA share)
Total PICA Due on W-1 & W-5	\$ 3,056,888	
Total PICA Paid on W-1 & W-5		
(\$16,485,445 on dailies X.62X.3)	3,066,293	
Difference on W-1 & W-5	\$ (9,405)	
E-2, 1-92 Settlement Statistics	\$ 544,453	
X	0.62	(resident %)
	\$ 337,561	
X	0.3	(PICA share)
Total PICA Due on E-2	\$ 101,268	
Total PICA Paid on E-2		
(\$574,290 on dailies X.62X.3)	106,818	
Difference on E-2	\$ (5,550)	
DIFFERENCE DUE FROM PICA, 1-92	\$ (14,866)	

MONTHLY SETTLEMENT STATISTICS

MONTH OF 01-72

	DISC	TAX	I/P	TOTAL	COUNT
1970	29,647.28	.00		29,647.28	1
1971	105.26	48.95		154.21	1
1972	547,446.00	1,485.04		548,930.94	78
1973	573,198.54	1,953.95		575,152.49	80
1974	39,948.64	26,817.35		66,765.99	391
1975	60,462.23	57,454.22		117,916.45	712
1976	106,356.87	50,539.01		156,895.88	1032
1977	139,308.74	56,350.27		195,659.01	858
1978	300,394.40	142,606.87		443,001.27	1695
1979	261,829.14	68,807.85		330,636.99	1075
1980	713,020.48	127,570.51		840,591.07	1789
1981	923,978.75	212,113.22		1,136,091.97	112
1982	2,634,788.23	682,659.95		3,317,448.18	7933
1970	.00	20.29		20.29	1
1971	.00	27.58		27.58	1
1972	.00	59.82		59.82	2
1973	.00	73.76		73.76	2
1974	.00	73.54		73.54	3
1975	.00	85.18		85.18	2
1976	.00	85.14		85.14	3
1977	.00	101.41		101.41	6
1978	.00	101.41		101.41	6
1979	.00	131.90		131.90	8
1980	.00	131.90		131.90	8
1981	.00	131.90		131.90	8
1982	.00	131.90		131.90	8
1970	553.14	50.00		603.14	2
1971	1,591.21	812.86		2,404.07	11
1972	1,591.21	812.86		2,404.07	11
1973	1,591.21	812.86		2,404.07	11
1974	1,591.21	812.86		2,404.07	11
1975	1,591.21	812.86		2,404.07	11
1976	1,591.21	812.86		2,404.07	11
1977	1,591.21	812.86		2,404.07	11
1978	1,591.21	812.86		2,404.07	11
1979	1,591.21	812.86		2,404.07	11
1980	1,591.21	812.86		2,404.07	11
1981	1,591.21	812.86		2,404.07	11
1982	1,591.21	812.86		2,404.07	11
1970	52,499.10	15,785.05		68,284.15	236
1971	52,499.10	15,785.05		68,284.15	236
1972	52,499.10	15,785.05		68,284.15	236
1973	52,499.10	15,785.05		68,284.15	236
1974	52,499.10	15,785.05		68,284.15	236
1975	52,499.10	15,785.05		68,284.15	236
1976	52,499.10	15,785.05		68,284.15	236
1977	52,499.10	15,785.05		68,284.15	236
1978	52,499.10	15,785.05		68,284.15	236
1979	52,499.10	15,785.05		68,284.15	236
1980	52,499.10	15,785.05		68,284.15	236
1981	52,499.10	15,785.05		68,284.15	236
1982	52,499.10	15,785.05		68,284.15	236

5,927,312

MONTHLY SETTLEMENT STATISTICS

MONTH OF 01-92

DATE	TAX	I/P	TOTAL	CREDIT
0,027,700.84	40,674.07	6,068,441.46	7094	

1949	.00	17.13	17.13	1
1950	.00	7.87	7.87	1
1951	112.16	.00	112.16	2
1952	115.36	.00	115.36	2
1953	115.22	.00	115.22	2
1954	126.06	.00	126.06	2
1955	147.10	.00	147.10	2
1956	.00	155.62	155.62	2
1957	207.94	.00	207.94	1
1958	.00	52.19	52.19	1
1959	.00	31.54	31.54	1
1960	.00	34.66	34.66	1
1961	102.61	87.83	190.44	6
1962	886.81	880.48	1,767.29	16
1963	2,036.41	647.92	2,684.33	34
1964	2,358.81	842.94	3,201.75	31
1965	2,287.72	1,805.79	4,093.52	34
1966	2,017.61	1,036.32	3,053.93	34
1967	1,917.09	821.19	2,738.28	38
1968	1,994.61	1,846.36	3,840.97	26
1969	84.47	897.36	981.83	14
1970	440.02	493.95	933.97	18
1971	1,984.62	555.34	2,539.96	27
1972	3,073.82	520.78	3,594.60	29
1973	1,578.38	2,675.46	4,253.84	64
1974	10,042.80	8,098.19	18,140.99	206
1975	14,166.37	8,851.35	23,017.72	206
1976	19,826.33	9,588.78	29,415.11	296
1977	29,943.05	11,228.43	41,171.48	347
1978	44,619.93	10,998.67	55,618.60	301
1979	64,304.61	10,970.80	75,275.41	298
1980	87,629.64	7,060.82	94,690.46	347
1981	27,466.98	7,403.66	34,870.64	229
1982	25,606.15	6,716.54	32,322.69	163
1983	42,696.84	6,809.28	49,506.12	183
1984	829,234.99	14,710.30	843,945.29	1321
1985	492.98	14,442.83	14,935.81	7
1986	826,868.38	116,306.59	943,174.97	4326
1987	.00	100.00	100.00	3
1988	.00	153.90	153.90	3
1989	.00	230.67	230.67	4
1990	160.00	173.67	333.67	8
1991	.00	74.15	74.15	1
1992	323.01	228.47	551.48	5
1993	178.98	90.57	269.55	3

5414.853

MONTHLY STATEMENT STATISTICS

MONTH OF 01-02

	DISC	TAX	TOTAL	COUNT
1979	112.03	1.02	114.05	2
1980	1,109.93	19,399.50	20,509.43	208
1981	1,032.78	4,855.13	5,887.91	59
1982	2,463.91	1,061.82	3,525.73	35
1983	18,905.75	3,592.19	22,497.94	70
1984	5,581.55	2,173.05	7,754.60	60
1985	14,422.20	7,234.10	21,656.30	132
1986	12,221.34	3,785.81	16,007.15	54
1987	11,504.40	2,422.45	13,926.85	65
1988	1,344.85	5,579.88	6,924.73	208
1989	41,888.15	11,387.21	53,275.36	207
1990	78,885.67	13,889.78	92,775.45	294
1991	1,539,249.50	790.98	1,539,040.48	356
1992	2,267.00	.00	2,267.00	4
1993	1,745,785.04	67,599.55	1,813,384.59	1838
1994	.00	25.00	25.00	1
1995	.00	10.00	10.00	1
1996	.00	5.40	5.40	1
1997	1,100.00	12.81	1,112.81	1
1998	15.00	7.09	22.09	1
1999	15.00	12.00	27.00	1
2000	15.00	142.71	157.71	4
2001	477.25	312.16	789.41	7
2002	274.59	2,380.34	2,654.93	28
2003	10,288.82	1,005.13	11,293.95	30
2004	15,188.05	2,040.14	17,228.19	48
2005	18,010.48	1,288.19	19,298.67	37
2006	2,502.78	1,538.88	4,041.66	47
2007	4,044.02	7,484.37	11,528.39	120
2008	41,582.14	7,187.18	48,769.32	328
2009	287.04	.00	287.04	1
2010	852.00	.00	852.00	1
2011	1,038.32	.00	1,038.32	2
2012	1,038.32	.00	1,038.32	2
2013	1,038.32	.00	1,038.32	2
2014	1,038.32	.00	1,038.32	2
2015	1,038.32	.00	1,038.32	2
2016	1,038.32	.00	1,038.32	2
2017	1,038.32	.00	1,038.32	2
2018	1,038.32	.00	1,038.32	2
2019	1,038.32	.00	1,038.32	2
2020	1,038.32	.00	1,038.32	2
2021	1,038.32	.00	1,038.32	2
2022	1,038.32	.00	1,038.32	2
2023	1,038.32	.00	1,038.32	2
2024	1,038.32	.00	1,038.32	2
2025	1,038.32	.00	1,038.32	2
2026	1,038.32	.00	1,038.32	2
2027	1,038.32	.00	1,038.32	2
2028	1,038.32	.00	1,038.32	2
2029	1,038.32	.00	1,038.32	2
2030	1,038.32	.00	1,038.32	2
2031	1,038.32	.00	1,038.32	2
2032	1,038.32	.00	1,038.32	2
2033	1,038.32	.00	1,038.32	2
2034	1,038.32	.00	1,038.32	2
2035	1,038.32	.00	1,038.32	2
2036	1,038.32	.00	1,038.32	2
2037	1,038.32	.00	1,038.32	2
2038	1,038.32	.00	1,038.32	2
2039	1,038.32	.00	1,038.32	2
2040	1,038.32	.00	1,038.32	2
2041	1,038.32	.00	1,038.32	2
2042	1,038.32	.00	1,038.32	2
2043	1,038.32	.00	1,038.32	2
2044	1,038.32	.00	1,038.32	2
2045	1,038.32	.00	1,038.32	2
2046	1,038.32	.00	1,038.32	2
2047	1,038.32	.00	1,038.32	2
2048	1,038.32	.00	1,038.32	2
2049	1,038.32	.00	1,038.32	2
2050	1,038.32	.00	1,038.32	2
2051	1,038.32	.00	1,038.32	2
2052	1,038.32	.00	1,038.32	2
2053	1,038.32	.00	1,038.32	2
2054	1,038.32	.00	1,038.32	2
2055	1,038.32	.00	1,038.32	2
2056	1,038.32	.00	1,038.32	2
2057	1,038.32	.00	1,038.32	2
2058	1,038.32	.00	1,038.32	2
2059	1,038.32	.00	1,038.32	2
2060	1,038.32	.00	1,038.32	2
2061	1,038.32	.00	1,038.32	2
2062	1,038.32	.00	1,038.32	2
2063	1,038.32	.00	1,038.32	2
2064	1,038.32	.00	1,038.32	2
2065	1,038.32	.00	1,038.32	2
2066	1,038.32	.00	1,038.32	2
2067	1,038.32	.00	1,038.32	2
2068	1,038.32	.00	1,038.32	2
2069	1,038.32	.00	1,038.32	2
2070	1,038.32	.00	1,038.32	2
2071	1,038.32	.00	1,038.32	2
2072	1,038.32	.00	1,038.32	2
2073	1,038.32	.00	1,038.32	2
2074	1,038.32	.00	1,038.32	2
2075	1,038.32	.00	1,038.32	2
2076	1,038.32	.00	1,038.32	2
2077	1,038.32	.00	1,038.32	2
2078	1,038.32	.00	1,038.32	2
2079	1,038.32	.00	1,038.32	2
2080	1,038.32	.00	1,038.32	2
2081	1,038.32	.00	1,038.32	2
2082	1,038.32	.00	1,038.32	2
2083	1,038.32	.00	1,038.32	2
2084	1,038.32	.00	1,038.32	2
2085	1,038.32	.00	1,038.32	2
2086	1,038.32	.00	1,038.32	2
2087	1,038.32	.00	1,038.32	2
2088	1,038.32	.00	1,038.32	2
2089	1,038.32	.00	1,038.32	2
2090	1,038.32	.00	1,038.32	2
2091	1,038.32	.00	1,038.32	2
2092	1,038.32	.00	1,038.32	2
2093	1,038.32	.00	1,038.32	2
2094	1,038.32	.00	1,038.32	2
2095	1,038.32	.00	1,038.32	2
2096	1,038.32	.00	1,038.32	2
2097	1,038.32	.00	1,038.32	2
2098	1,038.32	.00	1,038.32	2
2099	1,038.32	.00	1,038.32	2
2100	1,038.32	.00	1,038.32	2

10,507.511

MONTHLY SETTLEMENT STATISTICS

MONTH OF 01-92

DING TAK TOTAL COUNT

10,879,068.55 58,864.42 10,737,932.07 8470

.00 8,894.00 100 8,894.00 1
.00 204,000.43 780.87 205,684.00 134
.00 2,876.00 100 2,876.00 3
.00 218,673.52 780.87 217,454.35 138

300.00 300.00 1
.00 300.00 1
8,572.08 15,585.32 24,758.30 160
251.85 4,846.81 5,198.35 78
880.42 8,990.88 7,880.28 128
18,451.04 4,884.08 21,116.02 59
11,782.84 2,888.08 14,648.80 73
21,788.12 14,522.00 36,310.12 134
88,150.32 8,772.32 79,328.64 112
120,111.83 3,888.88 123,670.48 84
18,926,588.88 47,843.13 18,974,408.99 3328
47,080,017.31 14,521.84 47,094,536.65 13650
87,284,017.17 118,569.84 87,375,628.11 13892

2,032.12 32.83 2,064.95 8
18,926.33 1,151.44 19,077.77 18
1,808,869.08 117,418.11 1,926,287.19 409
1,826,845.50 1,225.86 1,828,071.36 432

3,050.00 3,050.00 3
3,050.00 3,050.00 3

3,800.00 .00 3,800.00 3
107,189,422.22 1,728.12 107,191,150.34 32
112,788.82 1.48 112,790.30 55

TOTAL 81,548,388.42 1,023,863.22 82,572,229.68 82551

D-5

DETERMINATION OF RESIDENCE/NONRESIDENCE

(a) The method of calculating resident/nonresident collections as of the date of this Agreement is based on a three-year moving average of resident/nonresident collections of wage, earnings and net profits taxes. The City shall file annually with the Department the annual reconciliation of resident/nonresident collections based upon returns for wage tax in the form attached hereto as Schedule 1 and appropriate documentation for the earnings and net profits taxes and the three-year moving average will be adjusted accordingly upon approval by the Department.

(b) The method of calculation of Authority Income Tax collection as of the date of this Agreement has been determined by the Department and approved by the Secretary as follows:

(1) The calculation is made daily by the City on the Daily Receipt and Deposit Statement attached hereto as Schedule 2.

(2) (i) Total wage and earnings taxes are multiplied by 62%, the average of the last three years' percentages of resident wage and earnings taxes to total wage and earnings taxes.

(ii) Total Net profits taxes are multiplied by 68%, the average of the last three years' percentages of resident net profits taxes to total net profits taxes.

(3) The sum of (2)(i) and (2)(ii) is multiplied by a number which represents 1.5% (the rate of the Authority Income Tax) divided by 4.96%, the aggregate rate of wage, earnings, and net profits tax imposed on City residents for all purposes.

APPENDIX E

(4) A copy of the Daily Receipt and Deposit Statement (Schedule 2) showing each day's calculation of the Agency Account Deposit shall be sent by telecopy to the Department on the day of each deposit.

(5) The Collection Agent shall provide the Department annually with such information as the Department deems appropriate to adjust the calculations described in this Appendix E and the Department shall determine whether to adjust the method of calculation on the basis of such information. If the Department determines to adjust the method of calculation, the Department shall notify the Collection Agent in writing of its determination and the effective date of the adjustment.

Due Date:
2.28/90

1989

Print your numbers like this:

11234567890

TAXPAYER COPY

Type
Tax



SEE INSTRUCTIONS ON BACK

ACCOUNT NO.



If you had no taxable compensation
in 1989, see instructions.

Note: "A" and "B" Denote Employees, Not Gross Wages

A. Number of Taxable Philadelphia Residents

B. Number of Taxable Non-Residents

1. Taxable Residents Compensation

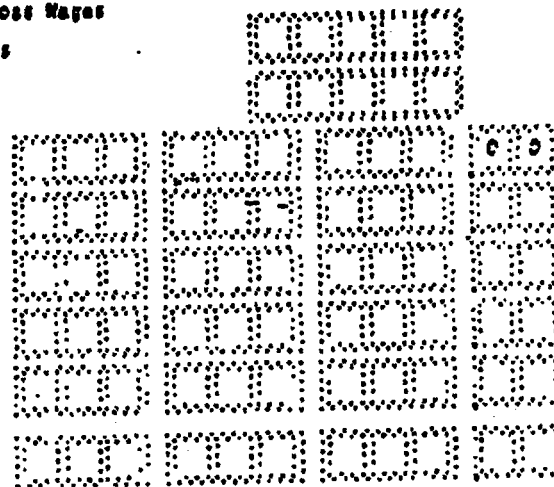
2. Line 1 times .0696 (6.96%)

3. Taxable Non-Residents Compensation

4. Line 3 times .06323 (6.323%)

5. Total Tax Due (Line 2 plus Line 4)

6. Tax Previously Paid For 1989



DO NOT DETACH

NAME:

ACCOUNT NO.

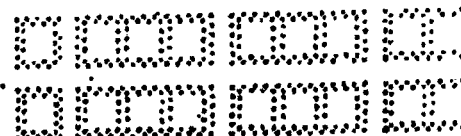
If Line 5 is Greater Than Line 6, Use Line 7

7. Tax Due (Line 5 Minus Line 6)

Make Check Payable To: City of Philadelphia

If Line 5 is Less Than Line 6, Use Line 8

8. Tax Overpaid (Line 6 Less Line 5)



Signature:

I hereby certify that I have paid the tax shown and that it is correct to the best of my knowledge.

TAXPAYER COPY

Schedule 1

ANNUAL RECONCILIATION OF WAGE TAX

The Annual Reconciliation of Wage Tax Withheld for the year 1989 is due on or before February 28, 1990.

- If the tax due on line 7 is more than \$1, please make check payable to "City of Philadelphia."
- All compensation paid to residents is taxable, even if earned outside of Philadelphia.
- Compensation paid to non-residents is taxable only if earned inside Philadelphia.
- To ensure efficient processing, please print your numbers carefully.
- Please direct telephone inquiries to 685-5600.

MAGNETIC TAPE INSTRUCTIONS

FORMAT: The City of Philadelphia Income Tax regulations requires all employers to submit a copy of Federal Form W-2 for each employee. If the number of forms exceeds 250, then the data MUST be provided on magnetic tape. The format is to be the same as transmitted to the Social Security Administration as stated in their Technical Information Booklet-4 (TIB-4); please note that the Code S - Supplemental Record must also be included. On the Code S, be sure to include the following fields:

LOCATION 212 = Tax Type Code = C
LOCATION 213-217 = Taxing Entity Code = PHILA
LOCATION 218-226 = Taxable Philadelphia Wages
LOCATION 227-233 = Philadelphia Wage Tax Withheld
LOCATION 234-245 = Philadelphia Tax Account Number

LABELS: The following data is required on the label to be affixed to the magnetic tape: Name of Taxpayer
Seven-digit City of Philadelphia Business Tax Account Number
Tax Year: 1989

TERMINATION: please complete below and remit this form.

If you had no taxable compensation in 1989, indicate date taxable compensation terminated: _____

Do you intend to have taxable compensation in 1990? Yes ☐ No ☐
If no, your wage tax account will be terminated.

WHERE TO FILE: Mail this return and W2's or tape to:

City of Philadelphia
Department of Revenue
Room 220 Municipal Services Building
15th Street and JFK Boulevard
Philadelphia, PA 19103

File 112 1171

DAILY RECEIPT & DEPOSIT STATEMENT - PA INTERGOVERNMENTAL COOP. AUTHORITY (PICA)

(Source Philadelphia Daily Consolidated Summary of Deposits)

Date Prepared: July 26, 1991

Date of Deposit: July 26, 1991

1. W-7's Collected: \$ 2,393,853.16
2. W-1/W-5's Collected: \$ _____
3. E-2 Collected: \$ _____ Total of 1 + 2 + 3 = 2,393,853.16 x .62 = \$ 1,483,692.96
Phila. Resident Collections -A-
4. NP-3 Collected: \$ _____ x .68 = \$ _____
Phila. Resident Collections -B-
5. PICA DEPOSIT:
$$\begin{array}{rcll} \$1,483,692.96 & + & \$ - C - & = \\ A & B & & \\ & & \text{Total Resident Collections} & \times .3024 = \$448,668.75 \\ & & & \text{Total Deposit Amount} \end{array}$$

Affirmed: James H. Smith City Revenue Commissioner _____ City Finance Director

-----For Commonwealth Use Only-----

Transmittal Date: _____ Transmittal #: _____

6. Adjustments: _____ Adjustment Date: _____

\$ _____ +/- _____ = _____
Total Deposit Amt. Adjustment Amt. Funds Transferred Authorized by

Rev. WG-2

Schedule 2

Schedule 2

Page 2

Key:

W-7's are wage tax collections, weekly filers
W-1's are wage tax collections, quarterly filers
W-5's are wage tax collections, monthly filers
E-2's are earnings tax collections
NP-3's are net profits tax collections

Reimbursement Agreement

The Department pursuant to paragraph 9 of the "Pennsylvania Intergovernmental Cooperation Authority" Tax Collection Agency Agreement agrees to reimburse the Agent up to a maximum of \$40,000 per annum for expenses incurred by the Agent as a result of bad checks remitted to the Agent by taxpayers in collecting the Authority Income Tax. The Agent shall submit on a periodic basis acceptable to the Department for approval by the Department such documentation as deemed necessary by the Department to establish such expenses.

APPENDIX F

Appendix G

The nondiscrimination clause to be incorporated into every contractual agreement or other arrangement shall be in the following form:

NONDISCRIMINATION CLAUSE

During the term of this contract, Contractor agrees as follows:

1. Contractor shall not discriminate against any employee, applicant for employment, independent contractor, or any other person because of race, color, religious creed, ancestry, national origin, age, or sex. Contractor shall take affirmative action to insure that applicants are employed, and that employees or agents are treated during employment, without regard to their race, color, religious creed, handicap, ancestry, national origin, age, or sex. Such affirmative action shall include, but is not limited to: employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training. Contractor shall post in conspicuous places, available to employees, agents, applicants for employment, and other persons, a notice to be provided by the contracting agency setting forth the provisions of this nondiscrimination clause.

2. Contractor shall, in advertisements or requests for employment placed by it or on its behalf, state that all qualified applicants will receive consideration for employment without regard to race, color, religious creed, handicap, ancestry, national origin, age, or sex.

3. Contractor shall send each labor union or workers' representative with which it has a collective bargaining agreement or other contract or understanding, a notice advising said labor union or workers' representative of its commitment to this nondiscrimination clause. Similar notice shall be sent to every other source of recruitment regularly utilized by Contractor.

4. It shall be no defense to a finding of noncompliance with this nondiscrimination clause that Contractor had delegated some of its employment practices to any union, training program, or other source of recruitment which prevents it from meeting its obligations. However, if the evidence indicates that the Contractor was not on notice of the third-party discrimination or made a good faith effort to correct it, such factor shall be considered in mitigation in determining appropriate sanctions.

5. Where the practices of a union or any training program or other source of recruitment will result in the exclusion of minority group persons, so that Contractor will be unable to meet its obligations under this nondiscrimination clause, Contractor shall then employ and fill vacancies through other nondiscriminatory employment procedures.

6. Contractor shall comply with all state and federal laws prohibiting discrimination in hiring or employment opportunities. In the event of Contractor's noncompliance with the nondiscrimination clause of this contract or with any such laws, this contract may be terminated or suspended, in whole or in part, and Contractor may be declared temporarily ineligible for further Commonwealth contracts, and other sanctions may be imposed and remedies invoked.

7. Contractor shall furnish all necessary employment documents and records to, and permit access to its books, records, and accounts by, the contracting agency for purposes of investigation to ascertain compliance with the provisions of this clause. If Contractor does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by the contracting agency.

8. Contractor shall actively recruit minority and women subcontractors or subcontractors with substantial minority representation among their employees.

9. Contractor shall include the provisions of this nondiscrimination clause in every subcontract, so that such provisions will be binding upon each Subcontractor.

10. Contractor obligations under this clause are limited to the Contractor's facilities within Pennsylvania or, where the contract is for purchase of goods manufactured outside of Pennsylvania, the facilities at which such goods are actually produced.

FORM OF LETTER OF REPRESENTATIONS

May 4, 2010

Pennsylvania Intergovernmental
Cooperation Authority
1500 Walnut Street, Suite 1600
Philadelphia, PA 19102

Goldman, Sachs & Co.
200 West Street
New York, NY 10282

Ladies and Gentlemen:

Pursuant to the Bond Purchase Contract (the "Purchase Contract") between the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") and Goldman, Sachs & Co. (the "Underwriter"), the Authority has agreed, inter alia, to sell to the Underwriter \$206,960,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the "2010 Bonds") and the Underwriter has agreed to purchase said 2010 Bonds upon the terms and conditions set forth in the Purchase Contract. Unless otherwise defined herein, the terms defined in the Purchase Contract are used herein with the same meanings. This Letter of Representations is delivered to you pursuant to the Purchase Contract.

As of the date hereof, the undersigned, on behalf of the City of Philadelphia, Pennsylvania (the "City"), hereby represents and warrants to and agrees with each of you as follows:

1. The terms of the Purchase Contract are hereby approved, without waiving any of the City's rights due to provisions of paragraph 12 thereof;
2. The City has duly and validly authorized and approved the execution and delivery of the Cooperation Agreement, the Tax Collection Agreement and the City Tax Certifications, and the performance by the City of its obligations, covenants and agreements contained therein;
3. The City has duly and validly acknowledged and approved the City Account Deposit Agreement;
4. The City has duly and validly executed and delivered, and has, and at the date of Closing will have, full legal right, power and authority to perform its obligations under the Cooperation Agreement and the Tax Collection Agreement; and the City has, and at the date of Closing will have, full legal right, power and authority to perform its obligations under the City Tax Certifications;
5. The Tax Ordinance and the Cooperation Ordinance have been duly and validly enacted or adopted, as applicable, by City Council and the Tax Ordinance and the Cooperation Ordinance

have been approved by the Mayor, all pursuant to authority granted in the Act and in accordance with the Constitution of the Commonwealth and the Philadelphia Home Rule Charter;

6. All action taken by City Council, the Mayor and other authorized City officials in connection with the enactment of the Tax Ordinance and the Cooperation Ordinance, including, without limitation, publication, convening and conduct of the public meetings at which public hearings were held and action was taken, were in compliance with the Philadelphia Home Rule Charter and Act 1998-93 of the General Assembly of the Commonwealth, approved October 15, 1998 (or, in the case of any action taken prior to the effective date thereof, the Act approved July 3, 1986, No. 84, P.L. 388, as amended). The Tax Ordinance and the Cooperation Ordinance are in full force and effect as of the date hereof and have not been amended since the respective dates of their enactment and adoption.

7. As provided in the Act, the proceeds of the Authority Tax as of the date hereof are, and at all times subsequent to the date hereof and as of and after the Closing will be, the revenues and property of the Authority, are not property or revenues of the Commonwealth or the City and are not subject to appropriation by either the Commonwealth or the City;

8. Except as otherwise disclosed in the Official Statement, the City is not, to the best of the City's knowledge in any material respect, in breach of or default under the City's Home Rule Charter or the Code of General Ordinances, or any applicable law or administrative regulation of the Commonwealth or the United States, or any applicable judgment, decree or loan agreement, note, resolution, ordinance, agreement or other instrument to which the City is a party or by which it is otherwise bound, the consequence of which or the correction of which would materially and adversely affect the financial condition or operations of the City as a whole;

9. The execution and delivery of the Cooperation Agreement and the Tax Collection Agreement by the City and compliance with the provisions thereof did not, do not and will not constitute a breach of or default under the City's Home Rule Charter or the Code of General Ordinances, or any existing applicable law or administrative regulation or the Constitution of the Commonwealth or the United States or any applicable judgment or decree and did not and do not, to the best of the City's knowledge, in any material respect constitute a default under any loan agreement, note, resolution, ordinance, agreement or other instrument to which the City is a party or by which it is otherwise bound;

10. The execution and delivery of the City Tax Certifications by the City and compliance with the provisions thereof do not and will not constitute a breach of or default under the City's Home Rule Charter or the Code of General Ordinances, or any applicable law or administrative regulation or the Constitution of the Commonwealth or the United States or any existing applicable judgment or decree and do not, to the best of the City's knowledge, in any material respect constitute a default under any loan agreement, note, resolution, ordinance, agreement, or other instrument to which the City is a party or by which it is otherwise bound;

11. The acknowledgment and approval of the City Account Deposit Agreement by the City do not and will not constitute a breach of or default under the City's Home Rule Charter or the Code of General Ordinances, or any applicable law or administrative regulation or the Constitution of the Commonwealth or the United States or any applicable judgment or decree;

12. The information concerning the City contained in the Official Statement, including, without limitation, the financial information concerning the City, is correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect, and the City has consented to the use of such information in the Official Statement;

13. The City will notify the Underwriter and the Authority, to the extent not disclosed in the Final Official Statement, of any material adverse change in the business, properties, financial condition or results of operation of the City as a whole occurring before the Closing or within 25 days after the end of the underwriting period for the 2010 Bonds (within the meaning of Rule 15c2-12). The City may presume for purposes of this section that the underwriting period of the 2010 Bonds will end on the date of Closing unless the City is otherwise notified in writing at the Closing by the Underwriter;


14. The City agrees that between the date hereof and the date of Closing it will take no action which will cause the representations and warranties contained herein to be untrue at any time from the date hereof up to and including the date of Closing; and

15. Based solely on the information provided to me by the Law Department of the City of Philadelphia, Pennsylvania (the "Department") after inquiry within the Department, except for litigation which in the opinion of the Department is without merit, and except as disclosed in the Official Statement, no litigation or other legal proceeding is pending against the City or, to the best of the Department's knowledge, threatened in writing against the City (i) to restrain or enjoin the issuance or sale of the 2010 Bonds or the City's execution or delivery of, or performance under, the Cooperation Agreement, the Tax Collection Agreement or the City Tax Certifications, or in any way contesting any authority for or the validity or enforceability of the 2010 Bonds, the Act, the Ordinances, the Cooperation Agreement, the Tax Collection Agreement, the City Tax Certifications, the City Account Deposit Agreement or the Indenture, or (ii) in which a final adverse decision can reasonably be anticipated in a magnitude or scope which would materially and adversely affect the financial condition or operations of the City as a whole, or (iii), contesting in any way the completeness or accuracy of the information concerning the City in the Official Statement or (iv) contesting in any way the validity or enforceability of the City's obligations under the Cooperation Agreement or the Tax Collection Agreement, the powers of the City or the validity, collection or pledge of the Authority Tax or (v) in any way challenging the right of the Director of Finance or any other official of the City signatory to any of the Bond Documents to which the City is a party or referred to in the Purchase Contract or herein to hold his or her office, or the respective powers of such offices.

This Letter of Representations is made solely for the benefit of the addressees hereof and the signatories hereto (including the successors and assigns of the Underwriter) and no other persons shall acquire or have any right hereunder or by virtue hereof. The terms "successors" and "assigns" as used herein shall not include any purchaser, as such purchaser, of any of the 2010 Bonds from the Underwriter. All representations, warranties and agreements in this Letter of Representations shall remain operative and survive the execution hereof.

Very truly yours,

CITY OF PHILADELPHIA

By:  _____
Director of Finance

Acknowledged and accepted May 4, 2010

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____
Chairperson

GOLDMAN, SACHS & CO.

By: _____
Francisco Gonzalez
Managing Director

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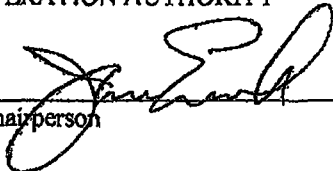
Very truly yours,

CITY OF PHILADELPHIA

By: _____
Director of Finance

Acknowledged and accepted May 4, 2010

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By:  _____
Chairperson

GOLDMAN, SACHS & CO.

By: _____
Francisco Gonzalez
Managing Director

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Very truly yours,

CITY OF PHILADELPHIA

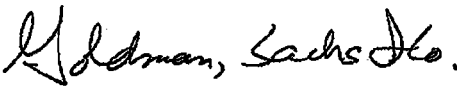
By: _____
Director of Finance

Acknowledged and accepted May 4, 2010

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

By: _____
Chairperson

GOLDMAN, SACHS & CO.

By:  _____
Francisco Gonzalez
Managing Director

Law Offices of
Denise Joy Smyler

109 South Twenty Second Street
Philadelphia, PA 19103

215-568-6090
FAX 215-568-6091

\$206,960,000
PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 2010

May 14, 2010

BLUE SKY MEMORANDUM

Goldman, Sachs & Co
200 West Street
New York, New York 10282

Ladies and Gentlemen:

We have prepared the attached Preliminary Blue Sky Memorandum setting forth in summary form certain information relating to the Blue Sky or securities statutes of certain jurisdictions of the United States with respect to the issuance by Pennsylvania Intergovernmental Cooperation Authority (the "Issuer") of the above-referenced bonds (the "Bonds"), which will be purchased by you pursuant to a purchase contract with the Issuer. The Bonds are being offered using the Issuer's Official Statement dated May 14, 2010 (the "Official Statement"). Capitalized terms used but not defined herein shall have the meanings set forth in the Official Statement.

Under the National Securities Markets Improvement Act of 1996, October 11, 1996, P.L. 104-290, 110 Stat. 3417 (the "National Act"), except as otherwise provided therein, no law, rule, regulation or other administrative action of any state:

- (i) requiring, or with respect to, registration or qualification of securities, or registration or qualification of securities transactions, shall directly or indirectly apply to a "covered security"; or
- (ii) shall directly or indirectly prohibit, limit or impose any conditions upon the use of any offering document that is prepared by or on behalf of the issuer, with respect to any "covered security"; or
- (iii) shall directly or indirectly prohibit, limit, or impose conditions, based on the merits of such offering or issuer, upon the offer or sale of any "covered security." 15 U.S.C. §77r(a).

A security is a "covered security" with respect to a transaction that is exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"), pursuant to Section 3(a)(2) of the 1933 Act, except that such security is not a covered security in the state in which the issuer of such security is located. 15 U.S.C. §77r(b). The Bonds are "covered securities" except in the Commonwealth.

Notwithstanding the preemption of state "Blue Sky" laws in 15 U.S.C. §77r(a),

- (i) the securities commission of each state shall retain jurisdiction under the laws of such state to investigate and bring enforcement actions with respect to fraud or deceit, or unlawful conduct by a broker or dealer, in connection with securities or securities transactions;
- (ii) the securities commission of each state may require the filing with it of any document filed with the Securities and Exchange Commission under the 1933 Act, together with certain annual or periodic reports, solely for notice purposes and the assessment of any fee, together with a consent to service of process and any required fee; and
- (iii) the securities commission of any state may suspend the offer or sale of securities within such state as a result of the failure to submit any filing or fee required under law and permitted under 15 U.S.C. §77r. 15 U.S.C. §77r(c).

The state in which the Issuer of the Bonds is located is the Commonwealth; the "Blue Sky" laws of the other states are preempted as and to the extent provided in the National Act.

We have examined the latest standard compilation available to us of the statutes and the published rules and regulations, if any, of the states and other jurisdictions that relate to the sale of securities therein. These statutes, rules and regulations were examined as they appeared in an unofficial compilation upon which memoranda of this type are customarily based. We are members of the Bar of the Commonwealth and do not purport to be experts in the law of any other state or jurisdiction. We have not consulted with local counsel in any other jurisdiction. We have not researched court decisions in the various jurisdictions discussed herein nor obtained special rulings of the securities commissions or other administrative bodies or officials charged with administration of the respective securities statutes or Blue Sky laws. This Memorandum is furnished only for your general information and is not intended to be relied upon as an opinion of counsel. The statements made in this Memorandum are subject to the existence of broad discretionary powers in the authorities administering the Blue Sky or securities statutes

of many of the states and other jurisdictions authorizing them, among other things, to withdraw the exempt status accorded by statute to particular classes of, and transactions in, securities, to impose special or additional requirements with respect to any offering of securities, to deny, withdraw, revoke or suspend exemption, permits or registrations and to issue stop orders.

In preparing this Memorandum, we have relied on the accuracy of information set forth in the Official Statement and on information furnished to us by representatives of the Issuer relating to the Bonds. In all instances in which we have indicated that persons licensed or registered as dealers or brokers may sell the Bonds we have assumed compliance by such persons with all the dealer or broker requirements in connection with the sale thereof and with all statutes, rules and regulations with respect to registration and licensing.

This Memorandum does not purport to cover any restrictions on the publication and use of advertising materials, or the filings that must be made prior to any advertising or publication. This memorandum does not purport to cover requirements of, or restrictions on, resales or transfers of the Bonds. The advice of counsel should be sought as to any such restrictions in the various jurisdictions.

This Memorandum does not cover the requirements or restrictions, if any, with respect to the registration or licensing of dealers, brokers or salespersons in any of the states and other jurisdictions (except as specifically set forth herein) and with respect to advertising material (other than the Official Statement) published or distributed in any of the states and other jurisdictions, nor does it deal with the eligibility of the Bonds under legal investment statutes for purchase by any institution or person referred to therein.

Very truly yours,

BLUE SKY MEMORANDUM

NO OFFER OR SALE OF THE BONDS SHOULD BE MADE
IN ANY JURISDICTION EXCEPT IN ACCORDANCE WITH
THE FOLLOWING MEMORANDUM OF THE BLUE SKY LAWS

PART I

SALES TO THE PUBLIC BY REGISTERED OR LICENSED DEALERS OR BROKERS

A. FILING NOT REQUIRED. It is believed that the Bonds may be offered for sale or sold to the public in the following jurisdictions without registration of the Bonds or any filings being made, by reason of available exemptions or otherwise, subject to the specific requirements that the sellers, unless otherwise noted below, must be registered or licensed as dealers or brokers therein:

Alabama	Florida	Kentucky	Montana	Ohio	Texas
Alaska	Georgia	Louisiana	Nebraska	Oklahoma	Utah
Arizona	Guam	Maine	Nevada	Oregon	Vermont
Arkansas	Hawaii	Maryland	New Hampshire	Pennsylvania	Virginia
California	Idaho	Massachusetts	New Jersey	Puerto Rico	Virgin Islands (U.S.)
Colorado	Illinois	Michigan	New Mexico	Rhode Island	Washington
Connecticut	Indiana	Minnesota	New York	South Carolina	West Virginia
Delaware	Iowa	Mississippi	North Carolina	South Dakota	Wisconsin
District of Columbia	Kansas	Missouri	North Dakota	Tennessee	Wyoming

PART II

EXEMPT TRANSACTIONS

In the following jurisdictions, the Bonds may be offered and sold to the persons or institutions noted below without registration or other filings therein relating to the Bonds and without any requirement that the sellers thereof be registered or licensed as dealers or brokers therein, except as otherwise indicated:

- Alabama** To any bank, savings institution, credit union, trust company, insurance company or investment company as defined in the Investment Company Act of 1940 (the "Investment Company Act"), pension or profit sharing trust, or other financial institution or institutional buyer, or to any dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
- Alaska** To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, or other financial institution or institutional buyer, or to any broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered in Alaska, (1) is a bank, savings institution, or trust company; or has no place of business in Alaska and either (2) effects transactions in Alaska exclusively with or through such persons or institutions; or (3) during any period of twelve (12) consecutive months does not direct more than fifteen (15) offers to sell or buy into Alaska in any manner to persons other than those specified above, whether or not the offeror or offeree is then present in Alaska.
- Arizona** To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit-sharing trust or other financial institution or institutional buyer or a dealer, whether the purchaser is acting for itself or in a fiduciary capacity, provided the person making the sale, if not a dealer registered in Arizona, (1) is a bank or savings institution the business of which is supervised and regulated by an agency of Arizona or of the United States; (2) has no place of business within Arizona and sells or offers to sell securities exclusively to dealers registered in Arizona; or (3) is a person who buys or sells securities for his own account, either individually or in a fiduciary capacity, but not as part of a regular business.
- Arkansas** To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered in Arkansas, (1) is a bank, savings institution, savings and loan association, or trust company; or has no place of business in Arkansas and either (2) effects transactions in Arkansas exclusively with or through either (a) such persons or institutions, (b) insurance companies, investment companies as defined in the Investment Company Act, pension or profit-sharing trusts, (c) the Issuer, or (d) other broker-dealers; or (3) during any period of twelve (12) consecutive months does not direct more than fifteen (15) offers to sell or buy into Arkansas in any manner to persons other than those specified above, whether or not the offeror or offeree is then present in Arkansas.
- California** To any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act, pension or profit sharing trust (other than a pension or profit sharing trust of the Issuer, a self-employed individual retirement plan or individual retirement account), or such other institutional investor or governmental agency or instrumentality as the Commissioner of Corporations may designate by rule, whether the purchaser is acting for itself or as trustee, including any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (a "501(c)(3) Organization"), which has total assets (including endowment, annuity and life income funds) of not less than \$5,000,000 according to its most recent audited financial statement, any corporation which has a net worth on a consolidated basis according to its most recent audited financial statement of not less than \$14,000,000 or any wholly-owned subsidiary of such institutional investors, the federal government, any agency or instrumentality of the federal government, any corporation wholly-owned by the federal government, any state, any city, city and county, or county, or any agency or instrumentality or state college, and any retirement system for the benefit of the employees of any of the foregoing, provided the purchaser represents that it is acting for its own account (or for such trust account) for investment and not with a view to or sale in connection with any distribution of the security) and further provided that the person making the sale, if not licensed in California, has no place of business in California, is registered as a broker or dealer under the Securities Exchange Act (the "Securities Exchange Act"), and has not previously had any certificate denied or revoked under the Corporate Securities Laws of 1968 or any predecessor statute, does not direct offers to sell or buy into California in any manner to persons other than broker-dealers, the foregoing institutional investors, governmental agencies or instrumentalities designated by rule of the Commissioner of Corporations or more than 15 other customers (whether or not self-employed individual retirement plans) having an existing account with such broker-dealer prior to any offer made to them

in California during any period of 12 consecutive months, whether or not the offeror or any of the offerees is then present in California.

Colorado

To any financial or institutional investor including: (i) a depository institution including (a) a person that is organized or chartered, or is doing business or holds an authorization certificate, under the laws of a state of the United States which authorize the person to receive deposits, including deposits in savings, share, certificate, or other deposit accounts, and that is supervised and examined for the protection of depositors by an official or agency of a state or the United States; and (b) a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the Comptroller of the Currency and is supervised and examined by an official or agency of a state or the United States other than an insurance company or other organization primarily engaged in the insurance business); (ii) an insurance company; (iii) a separate account of an insurance company; (iv) an investment company registered under the Investment Company Act; (v) a business development company as defined in the Investment Company Act; (vi) any private business development company (a "Private Business Development Company") as defined in the Investment Advisers Act of 1940 (the "Investment Advisers Act"); (vii) an employee pension, profit sharing, or benefit plan if the plan has total assets in excess of \$5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 ("ERISA"), that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, a depository institution, or an insurance company; (viii) an entity, but not an individual, a substantial part of whose business activities consist of investing, purchasing, selling or trading in securities of more than one Issuer and not of its own issue and that has total assets in excess of \$5,000,000 as of the end of its latest fiscal year; (ix) a small business investment company (a "Small Business Investment Company") licensed by the federal Small Business Administration under the Small Business Investment Act of 1958; and (x) any other institutional buyer; or to any registered broker or dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered in Colorado, is a broker or dealer registered under the Securities Exchange Act and has no place of business in Colorado and whose business transacted in Colorado as a broker-dealer is exclusively with (1) issuers in transactions involving their own securities, (2) other broker-dealers licensed or exempt from licensing (except when the broker-dealer is acting as a clearing broker-dealer for such other broker-dealers), (3) financial or institutional investors, (4) individuals who are existing customers of the broker-dealer and whose principal places of residence are not in Colorado, or (5) not more than five (5) persons in Colorado during any twelve (12) consecutive months, excluding persons described in (1) through (4).

Connecticut

To any bank and trust company, national banking association, savings bank, savings and loan association, federal savings and loan association, federal savings bank, credit union, federal credit union, trust company, insurance company, investment company as defined in the Investment Company Act, as amended, pension or profit sharing trust, or other financial institution or institutional buyer, to any accredited investor within the meaning of 17 C.F.R. §230.501(a) (an "Accredited Investor"), or to a registered broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered in Connecticut, (1) is a bank, as defined in Section 3(a)(6) of the Securities Exchange Act, when conducting activities that would except it from the definitions of "broker" or "dealer" under Sections 3(a)(4) or 3(a)(5) of the Securities Exchange Act, or (2) has no place of business in Connecticut and effects transactions in Connecticut exclusively with or through such persons or institutions here-above mentioned.

Delaware

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, or other financial institution or institutional buyer, including an Accredited Investor, any "qualified institutional buyer" as that term is defined in SEC Rule 144A(a)(1) (a "Qualified Institutional Buyer"), a corporation, partnership, trust, estate, or other entity (excluding individuals) having a net worth of not less than \$5 million or a wholly-owned subsidiary of such entity, as long as the entity was not formed for the purpose of acquiring the specific securities, or to any registered broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered in Delaware, (1) is a bank, savings institution, or trust company, to the extent that these entities are exempt or excluded from broker-dealer registration requirements under federal securities law; or (2) has no place of business in Delaware and effects transactions in Delaware exclusively with or through such persons or institutions as here-above mentioned.

District of Columbia

To any (1) financial institution or institutional investor, defined as any depository institution, insurance company, separate account of an insurance company, investment company registered under the Investment Company Act, business development company as defined in the Investment Company Act, employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of \$5 million or its investment decisions are made by a named fiduciary, as defined in ERISA, that is either a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act,

a depository institution, or an insurance company, Qualified Institutional Buyer, Accredited Investor, limited liability company with net assets of at least \$500,000; or other financial institution or institutional buyer, or to (2) any registered broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered in the District of Columbia, is a depository institution to the extent that the depository institution is a bank under section 3(a)(4)(B) and (C) of the Securities Exchange Act; or (a) has no place of business in the District of Columbia and (b) effects transactions in the District of Columbia exclusively with or through either the Issuer or such persons or institutions as here-above mentioned, whether acting for themselves or as trustees and the person is licensed under the securities law of the state in which the person maintains a place of business and the person offers and sells in the District of Columbia to a person who is an existing customer and whose residence is not in the District of Columbia.

Florida

To any bank or trust company, savings institution, insurance company, dealer, investment company, as defined in the Investment Company Act or pension or profit sharing trust, or Qualified Institutional Buyer as defined on November 11, 1992, whether such entity is acting in its individual or fiduciary capacity, provided that such offer or sale of securities is not for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of the Florida Securities and Investor Protection Act ; provided the person making the sale, if not registered in Florida, is: a bank authorized to do business in Florida, but not a nonbank subsidiary of such bank; is a trust company having trust powers which it is authorized to exercise in Florida, which renders or performs services in a fiduciary capacity incidental to the exercise of its trust powers; or is a wholesaler selling exclusively to dealers; or any person buying and selling for her or his own account exclusively through a registered dealer or stock exchange.

Georgia

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, as now or hereafter amended, real estate investment trust, small business investment corporation, pension or profit sharing plan or trust, or other financial institution, or to any registered dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

Guam

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to any broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity, provided the person making the offer or sale, if not registered as a broker-dealer in Guam, has no place of business in Guam and effects transactions exclusively with or through such persons or institutions, whether the purchasers are acting for themselves or as trustees.

Hawaii

To (a) depository institution or international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act; (e) a broker-dealer registered under the Securities Exchange Act; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this chapter, a depository institution or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under the laws of Hawaii, a depository institution or an insurance company; (h) a trust, if it has total assets in excess of \$10,000,000, its trustee is a depository institution and its participants are exclusively plans of the types identified in paragraph (f) or (g), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) a 501(c)(3) Organization, a corporation, a Massachusetts trust or similar business trust, a limited liability company or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000; (j) a Small Business Investment Company with total assets in excess of \$10,000,000; (k) a Private Business Development Company with total assets in excess of \$10,000,000; (l) a federal covered investment adviser acting for its own account; (m) a Qualified Institutional Buyer, except as defined in 17 C.F.R. 230.144A(a)(1)(i)(H); (n) a "major U.S. institutional investor" as defined in rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act (a "Major U.S. Institutional Investor"); or (o) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading the Hawaii security laws; provided the person making the sale, if not registered in Hawaii,

(1) is a depository institution or an international banking institution; or (2) has no place of business in Hawaii and effects transactions in Hawaii exclusively with (A) a registered broker-dealer, (B) any of the persons described in (a) through (o) above, (C) a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000 acting for the account of others pursuant to discretionary authority in a signed record; (D) a bona fide preexisting customer whose principal place of residence is not in Hawaii; (E) a bona fide preexisting customer whose principal place of residence is in Hawaii but who was not present in Hawaii when the customer relationship was established, if within 45 days after the customer's first transaction in Hawaii, the person files an application for registration as a broker-dealer in Hawaii and no further transaction is effected until the license is effective; or (F) not more than 3 customers in Hawaii during the previous 12 months, in addition to those customers specified above; in the case of (D), (E), and (F), the broker-dealer is registered under the Securities Exchange Act or not required to be so registered and is registered under the securities act of the state in which the broker-dealer has its principal place of business.

Idaho

To (a) a depository institution, (b) a trust company organized or chartered under the laws of Idaho, (c) an international banking institution; an insurance company; or separate account of an insurance company, (d) an investment company as defined in the Investment Company Act, (e) a broker-dealer registered under the Securities Exchange Act, (f) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this chapter, a depository institution, or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this chapter, a depository institution, or an insurance company; (h) a trust, if it has total assets in excess of \$10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in (f) or (g) above, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) a 501(c)(3) Organization, a corporation, a Massachusetts trust or similar business trust, a limited liability company, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000, (j) a Small Business Investment Company with total assets in excess of \$10,000,000, (k) a Private Business Development Company, (m) a Qualified Institutional Buyer, (n) a Major U.S. Institutional Investor, or (o) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading the Idaho securities laws; provided the person making the sale, if not registered in Idaho, (1) is a bank, a trust company organized or chartered under the laws of Idaho, or a savings institution if its activities as a broker-dealer are limited to those specified in subsections 3(a)(4)(b)(i) through (vi), (viii) through (x), and (xi) if limited to unsolicited transactions; 3(a)(5)(B); and 3(a)(5)(C) of the Securities Exchange Act or a bank that satisfies the conditions described in subsection 3(a)(4)(E) of the Securities Exchange Act, or an international banking institution; or (2) has no place of business in Idaho and effects transactions in Idaho exclusively with (A) a registered broker-dealer, (B) any of the persons described in (a) through (o) above, (C) a bona fide preexisting customer whose principal place of residence is not in Idaho; or (D) a bona fide preexisting customer whose principal place of residence is in Idaho but who was not present in Idaho when the customer relationship was established, if: within 45 days after the customer's first transaction in Idaho, the person files an application for registration as a broker-dealer in Idaho and a further transaction is not effected more than 75 days after the date on which the application is filed, or (E) not more than 3 customers in Idaho during the previous 12 months, in addition to those customers specified above, if, in the case of (C) through (E), the broker-dealer is registered under the Securities Exchange Act or not required to be so registered and is registered under the securities act of the state in which the broker-dealer has its principal place of business.

Illinois

To any corporation, bank, savings bank, savings institution, savings and loan association, trust company, insurance company, building and loan association, dealer, pension fund or pension trust, employees' profit sharing trust, or to any financial institution or institutional investor including: (i) any investment company, university, and other organization whose primary purpose is to invest its own assets or those held in trust by it for others, (ii) trust accounts and individual or group retirement accounts in which a bank, trust company, insurance company or savings and loan institution acts in a fiduciary capacity, (iii) foundations and endowment funds exempt from taxation under the Internal Revenue Code, a principal business function of which is to invest funds to produce income in order to carry out the purpose of the foundation or fund, (iv) a manager of investment accounts on behalf of other than natural persons, who with affiliates, exercises sole investment discretion with respect to such accounts, and provided such accounts exceed 10 in number and have a fair market value of not less than \$10,000,000 at the end of the calendar month preceding the month during which

the transaction occurred; or to any government or political subdivision or instrumentality thereof, whether the purchaser is acting for itself or in some fiduciary capacity; or to any partnership or other association engaged as a substantial part of its business or operations in purchasing or holding securities; or to any trust in respect of which a bank or trust company is trustee or co-trustee; or to any entity in which at least ninety percent (90%) of the equity is owned by persons described in Subsection C, D, H or S of Section 4 of the Illinois Securities Law of 1953; or to any employee benefit plan within the meaning of Title I of ERISA if: (i) the investment decision is made by a plan fiduciary as defined in Section 3(21) of ERISA and such plan fiduciary is either a bank, savings and loan association, insurance company, registered investment adviser or any investment adviser registered under the Investment Advisers Act, or (ii) the plan has total assets in excess of \$5,000,000, or (iii) in the case of a self-directed plan, investment decisions are made solely by persons that are described under Subsection C, D, H or S of Section 4 of the Illinois Securities Law of 1953; or to any plan established and maintained by and for the benefit of the employees of, any state or political subdivision or agency or instrumentality thereof if such plan has total assets in excess of \$5,000,000 or to any 501(c)(3) Organization, or any Massachusetts or similar business trust, any partnership, if such organization, trust or partnership has total assets in excess of \$5,000,000, or to (1) any natural person who has, or is reasonably believed by the person relying upon this exemption to have, a net worth or joint net worth with that person's spouse, at the time of the offer, sale or issuance, in excess of \$1,000,000 excluding the value of a principal residence, (2) any natural person who had, or is reasonably believed by the person relying upon this exemption to have had, an individual income or joint income with that person's spouse, in excess of \$200,000 in each of the two most recent years and who reasonably expects, or is reasonably expected to have, an income in excess of \$200,000 in the current year, or (3) any person that is not a natural person and in which at least 90% of the equity interest is owned by persons who meet either of the tests set forth in clauses (1) or (2) above, provided that such security is not offered or sold by means of any general advertising or general solicitation in the State.

Indiana

To (a) depository institution or international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act; (e) a broker-dealer registered under the Securities Exchange Act; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this chapter, a depository institution or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under the laws of Indiana, a depository institution or an insurance company; (h) a trust, if it has total assets in excess of \$10,000,000, its trustee is a depository institution and its participants are exclusively plans of the types identified in paragraph (f) or (g), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) a 501(c)(3) Organization, a corporation, a Massachusetts trust or similar business trust, a limited liability company or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000; (j) a Small Business Investment Company with total assets in excess of \$10,000,000; (k) a Private Business Development Company with total assets in excess of \$10,000,000; (l) a federal covered investment adviser acting for its own account; (m) a Qualified Institutional Buyer, except as defined in 17 C.F.R. 230.144A(a)(1)(i)(H); (n) a Major U.S. Institutional Investor; or (o) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading the Indiana security laws; provided the person making the sale, if not registered in Indiana, (1) is a bank or savings institution if its activities as a broker-dealer are limited to those specified in subsections 3(a)(4)(b)(i) through (vi) and (viii) through (x), 3(a)(5)(B) and 3(a)(5)(C) of the Securities Exchange Act or an international banking institution; or (2) has no place of business in Indiana and effects transactions in Indiana exclusively with (A) a registered broker-dealer, (B) any of the persons described in (a) through (o) above, (C) a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000 acting for the account of others pursuant to discretionary authority in a signed record; (D) a bona fide preexisting customer whose principal place of residence is not in Indiana; (E) a bona fide preexisting customer whose principal place of residence is in Indiana but who was not present in Indiana when the customer relationship was established, if within 45 days after the customer's first transaction in Indiana, the person files an application for registration as a broker-dealer in Indiana and no further transaction is effected until the license is effective; or (F) not more than 3 customers in Indiana during the previous 12 months, in addition to those customers specified above; in the case of (D), (E), and (F), the broker-dealer is registered under the

Securities Exchange Act or not required to be so registered and is registered under the securities act of the state in which the broker-dealer has its principal place of business.

Iowa To any federal covered investment adviser or any institutional investor, defined as any of the following, whether acting for itself or for others in a fiduciary capacity: (A) a depository institution or an international banking institution; (B) an insurance company; (C) a separate account of an insurance company; (D) an investment company as defined in the Investment Company Act; (E) a broker-dealer registered under the Securities Exchange Act; (F) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of five million dollars or its investment decisions are made by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this act, a depository institution, or an insurance company; (G) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of five million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this act, a depository institution, or an insurance company; (H) a trust, if it has total assets in excess of five million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (F) or (G), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (I) a 501(c)(3) Organization, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of five million dollars; (J) a Small Business Investment Company with total assets in excess of five million dollars; (K) a Private Business Development Company with total assets in excess of five million dollars; (L) a federal covered investment adviser acting for its own account; (M) a Qualified Institutional Buyer, other than as defined under Rule 144A(a)(1)(H), adopted under the 1933 Act; (N) a Major U.S. Institutional Investor; or (O) any other person, other than an individual, of institutional character with total assets in excess of five million dollars not organized for the specific purpose of evading this act; provided the person making the sale, if not registered in Iowa, (1) is a bank or savings institution, if its activities as a broker-dealer are limited to those specified in section 3(a)(4)(B)(i)-(vi), section 3(a)(4)(B)(vii) if the offer and sale of private securities offerings are limited to nonconsumer transactions that are not primarily for personal, family, or household purposes, section 3(a)(4)(B)(viii)-(x), or section 3(a)(4)(B)(xi) if limited to unsolicited transactions all as provided in the Securities Exchange Act; or a bank that satisfies the conditions described in section 3(a)(4)(E) of the Securities Exchange Act; (2) is an international banking institution; or (3) has no place of business in Iowa and either (i) effects transactions in Iowa exclusively with or through such persons or institutions as here-above mentioned; or (ii) if registered under the Securities Exchange Act or not required to be registered under the Securities Exchange Act and is registered under the securities act of the state in which the broker-dealer has its principal place of business, effects transactions with not more than 3 customers in Iowa during the previous 12 months, in addition to those customers specified in (i) above.

Kansas To any federal covered investment adviser or any institutional investor, defined as any of the following, whether acting for itself or for others in a fiduciary capacity: (A) a depository institution or an international banking institution; (B) an insurance company; (C) a separate account of an insurance company; (D) an investment company as defined in the Investment Company Act; (E) a broker-dealer registered under the Securities Exchange Act; (F) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this act, a depository institution, or an insurance company; (G) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this act, a depository institution, or an insurance company; (H) a trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (F) or (G), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (I) a 501(c)(3) Organization, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars; (J) a Small Business Investment Company with total assets in excess of ten million dollars; (K) a Private Business Development

Company with total assets in excess of ten million dollars; (L) a federal covered investment adviser acting for its own account; (M) a Qualified Institutional Buyer, other than as defined in Rule 144A(a)(1)(H), adopted under the 1933 Act; (N) a Major U.S. Institutional Investor; or (O) any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading this act; provided the person making the sale, if not registered in Kansas, (1) is a bank or savings institution, if its activities as a broker-dealer are limited to those specified in section 3(a)(4)(B)(i)-(vi), section 3(a)(4)(B)(vii) if the offer and sale of private securities offerings are limited to nonconsumer transactions that are not primarily for personal, family, or household purposes, section 3(a)(4)(B)(viii)-(x), or section 3(a)(4)(B)(xi) if limited to unsolicited transactions all as provided in the Securities Exchange Act; or a bank that satisfies the conditions described in section 3(a)(4)(E) of the Securities Exchange Act; (2) is an international banking institution; or (3) has no place of business in Kansas and either (i) effects transactions in Kansas exclusively with or through such persons or institutions as here-above mentioned; or (ii) if registered under the Securities Exchange Act or not required to be registered under the Securities Exchange Act and is registered under the securities act of the state in which the broker-dealer has its principal place of business, effects transactions with not more than 3 customers in Kansas during the previous 12 months, in addition to those customers specified in (i) above.

Kentucky

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, or other financial institution or institutional buyer, or to any registered broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided, the person making the sale, if not registered in Kentucky, (1) is an agent, Issuer, bank, savings institution, or trust company; or has no place of business in Kentucky and either (2) effects transactions in Kentucky exclusively with or through such persons or institutions; or (3) during any period of twelve (12) consecutive months does not direct more than fifteen (15) offers to sell or buy into Kentucky in any manner, other than to the persons or institutions specified above.

Louisiana

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, real estate investment trust, small business investment corporation, pension or profit sharing plan or trust, other financial institution, or a registered dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

Maine

To (a) depository institution or international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act; (e) a broker-dealer registered under the Securities Exchange Act; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this chapter, a depository institution or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under the laws of Maine, a depository institution or an insurance company; (h) a trust, if it has total assets in excess of \$10,000,000, its trustee is a depository institution and its participants are exclusively plans of the types identified in paragraph (f) or (g), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) a 501(c)(3) Organization, a corporation, a Massachusetts trust or similar business trust, a limited liability company or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000; (j) a Small Business Investment Company with total assets in excess of \$5,000,000; (k) a Private Business Development Company with total assets in excess of \$5,000,000; (l) a federal covered investment adviser acting for its own account; (m) a Qualified Institutional Buyer, except as defined in 17 C.F.R. 230.144A(a)(1)(i)(H); (n) a Major U.S. Institutional Investor; or (o) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading the Maine security laws; provided the person making the sale, if not registered in Maine, (1) is a bank or savings institution if its activities as a broker-dealer are limited to those specified in subsections 3(a)(4)(b)(i) through (vi) and (viii) through (x), 3(a)(5)(B) and 3(a)(5)(C) of the Securities Exchange Act or an international banking institution; or (2) has no place of business in Maine and effects transactions in Maine exclusively with (A) a registered broker-dealer, (B) any of the persons described in (a) through (o) above, (C) a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000 acting for the account of others pursuant to discretionary authority in a signed record; (D) a bona fide preexisting customer whose principal place of residence is not in Maine; or (E) a bona fide preexisting customer whose

principal place of residence is in Maine but who was not present in Maine when the customer relationship was established, if: within 45 days after the customer's first transaction in Maine, the person files an application for registration as a broker-dealer in Maine and no further transaction is effected until the license is effective, if, in the case of (D) and (E), the broker-dealer is registered under the Securities Exchange Act or not required to be so registered and is registered under the securities act of the state in which the broker-dealer has its principal place of business.

Maryland

To any investment company as defined in the Investment Company Act, investment adviser with assets under management of not less than \$1,000,000, broker-dealer, bank, trust company, savings and loan association, insurance company, employee benefit plan with assets not less than \$1,000,000, governmental agency or instrumentality, whether acting for itself or as a trustee or a fiduciary with investment control, or other institutional investor as designated by rule or order of the Securities Commissioner of the Division of Securities, including a Qualified Institutional Buyer or an Accredited Investor; provided the person making the sale, if not registered in Maryland, (1) is a bank, savings institution, or trust company; or has no place of business in Maryland and either (2) effects transactions in Maryland exclusively with or through such persons or institutions; or (3) during any period of twelve (12) consecutive months does not direct more than fifteen (15) offers to sell or buy into Maryland in any manner, other than to the persons or institutions specified above, whether or not the offeror or any offeree is then present in Maryland.

Massachusetts

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, or other financial institution or institutional buyer, including: (i) a Small Business Investment Company, (ii) a Private Business Development Company, (iii) a business development company as defined in Section 2(a)(48) of the Investment Company Act, as amended, (iv) an entity with total assets in excess of \$5,000,000 which is either: (a) a company (whether a corporation, a Massachusetts or similar business trust or a partnership) not formed for the specific purpose of acquiring the securities offered; a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities issued by others and whose investment decisions are made by persons who are reasonably believed by the seller to have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investment; or (b) a 501(c)(3) Organization; and (v) a Qualified Institutional Buyer; or to any registered broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered in Massachusetts, (1) is a bank, savings institution, trust company, or the Central Credit Union Fund, Inc.; or (2) has no place of business in Massachusetts and either (A) effects transactions in Massachusetts exclusively with or through such persons or institutions; or (B) during any period of twelve (12) consecutive months, does not direct more than fifteen (15) offers to sell or buy into Massachusetts in any manner to persons or institutions other than those specified above, whether or not the offeror or any of the offerees are then present in Massachusetts.

Michigan

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association, pension or profit sharing trust the assets of which are managed by an institutional manager, the treasurer of the State of Michigan, other financial institution, or to a registered broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity, or a lender approved by the Federal Housing Administration and who has satisfied any additional requirement established by the Corporation and Securities Bureau of the Michigan Department of Commerce; provided the person making the sale, if not registered in Michigan, (1) is a bank, savings institution, or trust company; or (2) has no place of business in Michigan and either (i) effects transactions in Michigan exclusively with or through such persons or institutions; or (ii) during any period of twelve (12) consecutive months, he does not direct more than fifteen (15) offers to sell or buy into Michigan in any manner, to persons or institutions other than those specified above, whether or not the offeror or any of the offerees are then present in Michigan.

Minnesota

To any federal covered investment adviser, any Accredited Investor or any institutional investor, defined as any of the following, whether acting for itself or for others in a fiduciary capacity: (A) a depository institution or an international banking institution; (B) an insurance company; (C) a separate account of an insurance company; (D) an investment company as defined in the Investment Company Act; (E) a broker-dealer registered under the Securities Exchange Act; (F) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this act, a depository institution, or an insurance company; (G) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions

are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this act, a depository institution, or an insurance company; (H) a trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (F) or (G), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (I) a 501(c)(3) Organization, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars; (J) a Small Business Investment Company with total assets in excess of ten million dollars; (K) a Private Business Development Company with total assets in excess of ten million dollars; (L) a federal covered investment adviser acting for its own account; (M) a Qualified Institutional Buyer, other than as defined in Rule 144A(a)(1)(H), adopted under the 1933 Act; (N) a Major U.S. Institutional Investor; (O) any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading this act; or (P) a corporation with a class of equity securities registered under section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended; provided the person making the sale, if not registered in Minnesota, (1) is a depository institution, as defined in the act, if its activities are conducted in accordance with such rules as may be adopted by the administrator; or a bank that satisfies the conditions described in section 3(a)(4)(E) of the Securities Exchange Act; (2) is an international banking institution; or (3) has no place of business in Minnesota and either (i) effects transactions in Minnesota exclusively with or through such persons or institutions as above mentioned or a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000 acting for the account of others pursuant to discretionary authority in a signed record; (ii) if the person is registered as a broker-dealer under the Securities Exchange Act of 1934 or not required to be registered under the Securities Exchange Act of 1934 and is registered under the securities act of the state in which the customer maintains a principal place of residence, effects transaction with a bona fide preexisting customer whose principal place of residence is not in Minnesota or whose principal place of residence is in Minnesota and within 45 days after the customer's first transaction in this state, the person files an application for registration as a broker-dealer in Minnesota and a further transaction is not effected more than 75 days after the date on which the application is filed, or, if earlier, the date on which the administrator notifies the person that the administrator has denied the application for registration or has stayed the pendency of the application for good cause; or (iii) if registered under the Securities Exchange Act or not required to be registered under the Securities Exchange Act and is registered under the securities act of the state in which the broker-dealer has its principal place of business, effects transactions with, in addition to those customers specified in (i) and (ii) above, not more than three customers in Minnesota during the previous 12 months.

Mississippi

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, or other financial institution or institutional buyer, including any of the following entities, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the entity, any insurance company as defined in section 2(13) of the 1933 Act, investment company registered under the Investment Company Act or any business development company as defined in section 2(a)(48) of the Investment Company Act, Small Business Investment Company, plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivisions; for the benefit of its employees, employee benefit plan within the meaning of Title I of ERISA, any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types described above (except trust funds that include as participants individual retirement accounts or H.R. 10 plans), business development company as defined in section 202(a)(22) of the Investment Advisers Act, 501(c)(3) Organization, corporation (other than a bank as defined in the section 3(a)(2) of the 1933 Act or a savings and loan association or other institution referenced in section 3(a)(5)(A) of the 1933 Act or a foreign bank or savings and loan association or equivalent institution), partnership, or Massachusetts or similar business trust, or investment adviser registered under the Investment Advisers Act; any dealer registered pursuant to section 15 of the Securities Exchange Act, acting for its own account or the accounts of other institutional buyers, that in the aggregate owns and invests on a discretionary basis at least \$10,000,000 of securities of issuers that are not affiliated with the dealer; any dealer registered pursuant to section 15 of the Securities Exchange Act acting in a riskless principal transaction on behalf of an institutional buyer; any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other institutional buyers, that is part of a family of investment companies which own in the aggregate at least \$100,000,000 in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies; any entity, all of the equity owners of which are institutional buyers, acting for its own account or the accounts of other institutional buyers; or any bank as defined in section 3(a)(2) of the 1933 Act, any savings and loan association or other institution as referenced in section 3(a)(5)(A) of the 1933 Act, or any foreign bank or savings and loan association or

equivalent institution, acting for its own account or the accounts of other institutional buyers, that in the aggregate owns and invests on a discretionary basis at least \$100,000,000 in securities of issuers that are not affiliated with it and that has an audited net worth of at least \$25,000,000 as demonstrated in its latest annual financial statements (as of a date not more than 16 months preceding the date of sale under this rule in the case of a United States bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution), or to any registered broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered in Mississippi, (1) is a bank, savings institution or trust company; or has no place of business in Mississippi and either (2) effects transactions in Mississippi exclusively with or through such persons or institutions; or (3) during any period of twelve (12) consecutive months does not direct more than fifteen (15) offers to sell or buy into Mississippi in any manner to persons or institutions other than those specified above, whether or not the offeror or any of the offerees are then present in Mississippi.

Missouri

To any federal covered investment adviser or any institutional investor, defined as any of the following, whether acting for itself or for others in a fiduciary capacity: (A) a depository institution, a trust company organized or chartered under the laws of this state, or an international banking institution; (B) an insurance company; (C) a separate account of an insurance company; (D) an investment company as defined in the Investment Company Act; (E) a broker-dealer registered under the Securities Exchange Act; (F) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this act, a depository institution, or an insurance company; (G) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this act, a depository institution, or an insurance company; (H) a trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (F) or (G), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (I) a 501(c)(3) Organization, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars; (J) a Small Business Investment Company with total assets in excess of ten million dollars; (K) a Private Business Development Company with total assets in excess of ten million dollars; (L) a federal covered investment adviser acting for its own account; (M) a Qualified Institutional Buyer, other than as defined under Rule 144A(a)(1)(H), adopted under the 1933 Act; (N) a Major U.S. Institutional Investor; or (O) any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading this act; provided the person making the sale, if not registered in Missouri, (1) is a bank, a trust company organized or chartered under the laws of this state, or a savings institution, if its activities as a broker-dealer are limited to those specified in subsections 3(a)(4)(B)(i) to (vi), (viii) to (x), and (xi) if limited to unsolicited transactions; 3(a)(5)(B); and 3(a)(5)(C) of the Securities Exchange Act or a bank that satisfies the conditions described in subsection 3(a)(4)(E) of the Securities Exchange Act or an international banking institution; or (2) has no place of business in Missouri and either (i) effects transactions in Missouri exclusively with or through such persons or institutions as here-above mentioned; or (ii) if registered under the Securities Exchange Act or not required to be registered under the Securities Exchange Act and is registered under the securities act of the state in which the broker-dealer has its principal place of business, effects transactions with not more than three customers in Missouri during the previous twelve months, in addition to those customers specified in (i) above.

Montana

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, or other financial institution or institutional buyer, or to any registered broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered or exempt from registration in Montana, (1) is a bank, savings institution, insurance company or trust company, or (2) is a person who has no place of business in Montana and either effects transactions in Montana exclusively with or through the Issuer, other broker-dealers or such persons and institutions here-above mentioned.

Nebraska

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, including any employee benefit plan as defined in ERISA, if investment decisions are made by a "plan fiduciary" (as defined in Section 3(21) of ERISA) which is either a bank, insurance company or registered investment adviser or the plan has total assets in excess of

\$5,000,000, or to any other financial institution or institutional buyer, including any bank as defined in Section 3(a)(2) and any insurance company as defined in Section 2(13) of the 1933 Act, any Business Development Company as defined in Section 2(a)(48) of the Investment Company Act, any Small Business Investment Company, or to any individual accredited investor, or to any registered broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered or exempt from registration in Nebraska, (1) is a banking, savings institution, or trust company, or (2) is a person who has no place of business in Nebraska and either (a) effects transactions in Nebraska exclusively with or through the Issuer, other broker-dealers or such persons and institutions here-above mentioned, or (b) during any period of twelve (12) consecutive months does not direct more than five (5) offers to sell or buy into Nebraska in any manner to persons or institutions other than those specified above.

Nevada

To any financial or institutional investor whether acting for itself or others in a fiduciary capacity other than as an agent, including a depository institution, insurance company, a separate account of an insurance company, investment company as defined in the Investment Company Act, employee pension, profit sharing or benefit plan if the plan has total assets in excess of \$5,000,000 or its investment decisions are made by a named fiduciary, as defined in ERISA, that is either a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, a depository institution, or an insurance company, or any other institutional buyer, or to any registered broker-dealer, whether the purchaser is acting for itself or as a trustee; provided the person making the sale, if not registered in Nevada, is registered or is not required to be registered under the Securities Exchange Act, has no place of business in Nevada, and (1) effects transactions in Nevada exclusively with or through the Issuer, other broker-dealers registered or exempt from registration and financial or institutional investors; or (2) the broker-dealer is licensed under the securities laws of a state in which he maintains a place of business and he offers and sells in Nevada to a person who is an existing customer of the broker-dealer and whose principal place of residence is not in Nevada; or (3) the broker-dealer is licensed under the securities laws of a state in which he maintains a place of business and during any period of twelve (12) consecutive months he does not direct more than five (5) persons of Nevada in addition to the transactions with the Issuer, financial or institutional investors, or broker-dealers, whether or not the offeror or an offeree is then present in Nevada.

New Hampshire

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, a venture capital company which operates a Small Business Investment Company, as amended, or other financial institution or institutional buyer (defined as an organization or person with net worth of more than \$25 million), or to a licensed broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not licensed in New Hampshire, (1) is a bank, savings institution or trust company; or (2) has no place of business in New Hampshire and effects transactions in New Hampshire exclusively with or through such persons or institutions as here-above mentioned, other broker-dealers, or the Issuer.

New Jersey

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, or other financial institution or institutional buyer, or to any registered broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered in New Jersey, (1) effects transactions in New Jersey exclusively with or through such persons or institutions; or (2) effects transactions in New Jersey exclusively with respect to governmental securities as described in subdivisions (1) and (2) of section 3(a) of the Uniform Securities Law of 1967; or (3) is a bank, savings institution, or trust company.

New Mexico

To any financial or institutional investor, whether acting for itself or others in a fiduciary capacity other than as an agent, including any depository institution, insurance company, separate account of an insurance company, investment company as defined in the Investment Company Act, employee pension, profit sharing or benefit plan if the plan has total assets in excess of \$5,000,000 or if investment decisions are made by a plan fiduciary, as defined in ERISA, which is either a depository institution, insurance company, broker-dealer registered under the Securities Exchange Act or investment adviser registered or exempt from registration under the Investment Advisers Act, or any business development company as defined in the Investment Company Act, or any Small Business Investment Company, any entity, other than a natural person, which is directly engaged in the business of, and derives at least eighty percent of its annual growth income from, investing, purchasing, selling or trading in securities of more than one issuer and not of its own issue, and that has gross assets in excess of \$5,000,000 at the end of its latest fiscal year, any 501(c)(3) Organization with total assets in excess of \$5,000,000, any state or political subdivision of a state or an agency or corporate or other instrumentality of a state or a political subdivision of a state; or to any licensed broker-dealer; provided the person making the sale, if not licensed in New Mexico, is registered as a broker-dealer under the Securities Exchange Act, has no place of business in New Mexico and (1) effects transactions in New Mexico exclusively with or through such persons or institutions, or (2) is licensed under the securities act of a state in which the broker-dealer maintains a place of

business and the broker-dealer offers and sells in New Mexico to persons who are existing customers of the broker-dealer and whose principal place of residence is not in New Mexico.

New York

To any bank, including a state or national bank, trust company or savings institution incorporated under the laws and subject to the examination, supervision and control of any state or of the United States or of any insular possession thereof, to any dealer or broker, any syndicate, corporation or group formed for the specific purpose of acquiring such securities for resale to the public directly or through other syndicates or groups, any corporation, insurance company, investment company, as defined in the Investment Company Act, any pension or profit sharing trust or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity, as part of a private placement; provided the person making the sale, if not registered in New York, effects transactions exclusively with or through such persons or institutions.

North Carolina

To any entity having a net worth in excess of \$1,000,000 as determined by generally accepted accounting principles, bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, or other financial institution or institutional buyer, or to any registered dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered in North Carolina, (1) is a bank, savings institution, or trust company; or has no place of business in North Carolina and (2) effects transactions in North Carolina exclusively with such persons or institutions; or (3) is registered as a dealer with the Securities and Exchange Commission under the Securities Exchange Act and in one or more states and during any period of twelve (12) consecutive months does not effect more than fifteen (15) purchases or sales in North Carolina in any manner with persons other than those specified above, whether or not the dealer or any of the purchasers or sellers are then present in North Carolina.

North Dakota

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, qualified institutional buyer or other financial institution, or to any dealer, or any government or political subdivision or instrumentality thereof, whether the purchaser is acting for itself or in a fiduciary capacity; provided the person making the sale, if not registered in North Dakota: (1) effects transactions exclusively with or through broker-dealer registered in North Dakota or not required to be registered in North Dakota, an institutional investor or a nonaffiliated federal covered investment adviser with investments under management in excess of one hundred million dollars acting for the account of others pursuant to discretionary authority in a signed record; or (2) is a bank or savings institution if its activities as a broker-dealer are limited to those specified in subsections 3(a)(4)(B)(i) through (vi), (viii) through (x), and (xi) if limited to unsolicited transactions; 3(a)(5)(B) and 3(a)(5)(C) of the Securities Exchange Act or a bank that satisfies the conditions described in subsection 3(a)(4)(E) of the Securities Exchange Act.

Ohio

To any dealer or institutional investor, including any corporation, bank, insurance company, pension fund or pension fund trust, employees' profit sharing fund or employees' profit sharing trust, any association engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or cotrustee.

Oklahoma

To any of the following, whether acting for itself or for others in a fiduciary capacity: a depository institution or international banking institution; an insurance company; a separate account of an insurance company; an investment company as defined in the Investment Company Act; a broker-dealer registered under the Securities Exchange Act; an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this act, a depository institution, or an insurance company; a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this act, a depository institution, or an insurance company; a trust, if it has total assets in excess of \$10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified above, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; a 501(c)(3) Organization, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000; Small Business Investment Company with total assets in excess of \$10,000,000; a Private Business Development Company with total assets in excess of \$10,000,000; a federal covered investment adviser; a Qualified Institutional Buyer, other than as defined under Rule 144A(a)(1)(i)(H), adopted under the 1933 Act; a Major U.S. Institutional Investor; any other person, other than an individual, of institutional

character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading the act; provided that the seller, if not registered in Oklahoma, is: (A) a bank or savings institution if its activities as a broker-dealer are limited to those specified in subsections 3(a)(4)(B)(i) through (vi), (viii) through (x), and (xi) if limited to unsolicited transactions; 3(a)(5)(B); and 3(a)(5)(C) of the Securities Exchange Act or a bank that satisfies the conditions described in subsection 3(a)(4)(E) of the Securities Exchange Act or an international banking institution; or (B) is a broker-dealer without a place of business in the state and its only transactions effected in the state are with: (i) a registered broker-dealer or a broker-dealer not required to be registered; (ii) any of the entities described above; (iii) a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000; (iv) a bona fide preexisting customer whose principal place of residence is not in the state and the person is registered as a broker-dealer under the Securities Exchange Act or not required to be registered under the Securities Exchange Act and is registered under the securities act of the state in which the customer maintains a principal place of residence; (v) a bona fide preexisting customer whose principal place of residence is in this state but was not present in this state when the customer relationship was established, if: (a) the broker-dealer is registered under the Securities Exchange Act or the broker-dealer is not required to be registered under the Securities Exchange Act and is registered under the securities laws of the state in which the customer relationship was established and where the customer had maintained a principal place of residence, and (b) within 45 days after the customer's first transaction in this state, the person files an application for registration as a broker-dealer in this state and a further transaction is not effected more than seventy-five 75 days after the date on which the application is filed, or, if earlier, the date on which the Administrator notifies the person that the Administrator has denied the application for registration or has stayed the pendency of the application for cause, (vi) not more than three customers in the state during the previous 12 months, in addition to those specifically specified above, if the broker-dealer is registered under the Securities Exchange Act or not required to be registered under the Securities Exchange Act and is registered under the securities act of the state in which the broker-dealer has its principal place of business.

Oregon

To any bank, savings institution, trust company, insurance company, investment company, pension or profit sharing trust, or other financial institution or institutional buyer, or to any registered broker-dealer, mortgage broker or mortgage banker, whether the purchaser is acting for itself or in a fiduciary capacity when the purchaser has discretionary authority to make investment decisions.

Pennsylvania

To any institutional investor, meaning any bank, insurance company, pension or profit-sharing plan or trust (except a municipal pension plan or system), investment company, as defined in the Investment Company Act of 1940, or any person, other than an individual, which controls any of the foregoing, the Federal Government, state or any agency or political subdivision thereof, except public school districts of this State, or any other person so designated by regulation of the commission, and including (1) a corporation or business trust or a wholly-owned subsidiary of the person which has been in existence for 18 months and which has a tangible net worth on a consolidated basis, as reflected in its most recent audited financial statements, of \$10 million or more; (2) A college, university or other public or private institution which is a 501(c)(3) Organization and which has a total endowment or trust funds, including annuity and life income funds, of \$5 million or more according to its most recent audited financial statements; provided that the aggregate dollar amount of securities being sold to the person under the exemption contained in section 203(c) of the Act and this title may not exceed 5% of the endowment or trust funds; (3) A wholly-owned subsidiary of a bank as defined in section 102(d) of 70 P.S. § 1-102(d) and § 102.041; (4) A person, except an individual or an entity whose security holders consist entirely of one individual or group of individuals who are related, which is organized primarily for the purpose of purchasing, in non-public offerings, securities of corporations or issuers engaged in research and development activities in conjunction with a corporation and which complies with one of the following: (i) has purchased \$5 million or more of the securities excluding both of the following: (A) a purchase of securities of a corporation in which the person does not intend to provide direct management to the issuer, is not excluded.; (B) a dollar amount of a purchase of securities of a corporation which investment represents more than 20% of the person's net worth; (ii) is capitalized at \$2.5 million or more and is controlled by an individual controlling a person which meets the criteria contained in subparagraph (i); (iii) is capitalized at \$10 million or more and has purchased \$500,000 or more of the securities, excluding a purchase of securities of a corporation in which the person directly or beneficially owns more than 50% of the corporation's voting securities; (iv) is capitalized at \$250,000 or more and is a side-by-side fund as defined in subsection (b)(4); (5) Small Business Investment Company which either: (i) has a total capital of \$1 million or more; (ii) is controlled by institutional investors as defined in section 102(k) or this section; (6) a Seed Capital Fund, as defined in section 2 and authorized in section 6 of the Small Business Incubators Act (73 P.S. § § 395.2 and 395.6); (7) a Business Development Credit Corporation, as authorized by the Business Development Credit Corporation Law (15 P.S. 2701-2716); (8) a person whose securityholders consist solely of institutional investors or broker-dealers; (9) a person as to which the issuer reasonably believed qualified as an institutional investor under this section at the time of the offer or sale of the securities on the basis of written representations made to the issuer by the purchaser; (10) a Qualified Institutional Buyer, provided that an institutional investor which purchased

securities for the benefit of another person shall be empowered under applicable state or federal law to act as a corporate fiduciary and is acting as trustee, guardian, conservator, executor or administrator other than for the purpose of evading the registration requirements of the act; and further provided that the seller, if not registered in Pennsylvania, (1) is a bank which meets the exceptions from the definition of "broker" under section 3(a)(4)(B) or (E) or the definition of "dealer" under section 3(a)(5)(B) or (C) of the Securities Exchange Act; (2) is an executor, administrator, guardian, conservator or pledgee; or (3) has no place of business in Pennsylvania and effects transactions in Pennsylvania exclusively with or through broker-dealers or institutional investors; (4) is licensed as a real estate broker or agent under the Real Estate Brokers License Act of 1929, as amended, and whose transactions in securities are isolated transactions incidental to that business; (5) is registered as a broker-dealer under the Securities Exchange Act, has never previously had a certificate denied or revoked under the securities laws of Pennsylvania, has no place of business in Pennsylvania and during any period of twelve (12) consecutive months directs offers to sell or buy into Pennsylvania exclusively to broker-dealers, institutional investors, or governmental agencies, or to no more than five (5) other customers in Pennsylvania whether or not the offeror or any offeree is then present in Pennsylvania.

Puerto Rico

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust or other financial institution or institutional buyer, including a Qualified Institutional Buyer, as defined in Rule 144A under the Securities Act of 1933, or to any broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity, provided the person making the offer or sale, if not registered as a broker-dealer in Puerto Rico, has no place of business in Puerto Rico and effects transactions in Puerto Rico exclusively with or through such persons or institutions, whether the purchasers are acting for themselves or as trustees.

Rhode Island

To a broker-dealer or any financial or institutional investor whether acting for itself or another in a fiduciary capacity, including a depository institution; an insurance company; a separate account of an insurance company; an investment company as defined in the Investment Company Act; an employee pension, profit sharing or benefit plan if the plan has total assets in excess of five million dollars (\$5,000,000), or if the investment decisions are made by a plan fiduciary, as defined in ERISA, which is either a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, a depository institution or insurance company; a Qualified Institutional Buyer; any other institutional buyer; provided, that the person making the sale, if not registered in Rhode Island, (1) is an issuer effecting transactions only with respect to its own securities; or has no place of business in Rhode Island and is not required to be registered under the Securities Exchange Act and (2) effects transactions exclusively with or through (a) the Issuer, (b) other exempt or licensed broker-dealers, or (c) financial or institutional investors; except that broker-dealers who deal exclusively in governmental securities and are not registered under the Securities Exchange Act must be subject to supervision as a dealer in government securities by the Federal Reserve Board; or (3) is licensed under the securities laws of a state in which the broker-dealer maintains a place of business and the broker-dealer offers and sells in Rhode Island to an existing customer of the broker-dealer whose principal place of business is not in Rhode Island.

South Carolina

To (a) depository institution or international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act; (e) a broker-dealer registered under the Securities Exchange Act; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this chapter, a depository institution or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under the laws of South Carolina, a depository institution or an insurance company; (h) a trust, if it has total assets in excess of \$10,000,000, its trustee is a depository institution and its participants are exclusively plans of the types identified in paragraph (f) or (g), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) a 501(c)(3) Organization, a corporation, a Massachusetts trust or similar business trust, a limited liability company or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000; (j) a Small Business Investment Company with total assets in excess of \$10,000,000; (k) a Private

Business Development Company with total assets in excess of \$10,000,000; (l) a federal covered investment adviser acting for its own account; (m) a Qualified Institutional Buyer, except as defined in 17 C.F.R. 230.144A(a)(1)(i)(H); (n) a Major U.S. Institutional Investor; or (o) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading the South Carolina security laws; provided the person making the sale, if not registered in South Carolina, (1) is a bank or savings institution if its activities as a broker-dealer are limited to those specified in subsections 3(a)(4)(b) and 3(a)(5)(B), and, if a bank, 3(a)(5)(C) of the Securities Exchange Act, or an international banking institution; or (2) has no place of business in South Carolina and effects transactions in South Carolina exclusively with (A) a registered broker-dealer, (B) any of the persons described in (a) through (o) above, (C) a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000 acting for the account of others pursuant to discretionary authority in a signed record; (D) a bona fide preexisting customer whose principal place of residence is not in South Carolina; or (E) a bona fide preexisting customer whose principal place of residence is in South Carolina but who was not present in South Carolina when the customer relationship was established, if: within 45 days after the customer's first transaction in South Carolina, the person files an application for registration as a broker-dealer in South Carolina and a further transaction is not effected more than 75 days after the date on which the application is filed, or (E) not more than 3 customers in South Carolina during the previous 12 months, in addition to those customers specified above, if, in the case of (D) and (E), the broker-dealer is registered under the Securities Exchange Act or not required to be so registered and is registered under the securities act of the state in which the broker-dealer has its principal place of business.

South Dakota

To (a) a depository institution, (b) a trust company organized or chartered under the laws of South Dakota, (c) an international banking institution; an insurance company; or separate account of an insurance company, (d) an investment company as defined in the Investment Company Act, (e) a broker-dealer registered under the Securities Exchange Act, (f) An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this chapter, a depository institution, or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this chapter, a depository institution, or an insurance company; (h) a trust, if it has total assets in excess of \$10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in (f) or (g) above, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) a 501(c)(3) Organization, a corporation, a Massachusetts trust or similar business trust, a limited liability company, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000, (j) a Small Business Investment Company with total assets in excess of \$10,000,000, (k) a Private Business Development Company with total assets in excess of \$10,000,000, (l) A federal covered investment adviser, (m) a Qualified Institutional Buyer, other than as defined in rule 144A(a)(1)(i)(H), adopted under the Securities Act, (n) a Major U.S. Institutional Investor, or (o) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading the South Dakota securities laws; provided the person making the sale, if not registered in South Dakota, (1) is a bank, a trust company organized or chartered under the laws of South Dakota, or a savings institution if its activities as a broker-dealer are limited to those specified in subsections 3(a)(4)(b)(i) through (vi), (viii) through (x), and (xi) if limited to unsolicited transactions; 3(a)(5)(B); and 3(a)(5)(C) of the Securities Exchange Act or a bank that satisfies the conditions described in subsection 3(a)(4)(E) of the Securities Exchange Act, or an international banking institution; or (2) has no place of business in South Dakota and effects transactions in South Dakota exclusively with (A) a registered broker-dealer, (B) any of the persons described in (a) through (o) above, (C) a bona fide preexisting customer whose principal place of residence is not in South Dakota; or (D) a bona fide preexisting customer whose principal place of residence is in South Dakota but who was not present in South Dakota when the customer relationship was established, if: within 45 days after the customer's first transaction in South Dakota, the person files an application for registration as a broker-dealer in South Dakota and a further transaction is not effected more than 75 days after the date on which the application is filed, or (E) not more than 3 customers in South Dakota during the previous 12 months, in addition to those customers specified above, if, in the case of (C) through (E), the broker-dealer is registered under the Securities Exchange Act or not required to be so registered and is registered under the securities act of the state in which the broker-dealer has its principal place of business.

Tennessee	<p>To any institutional investor, including any bank (unless the bank is acting as a broker-dealer), trust company, insurance company, investment company registered under the Investment Company Act, as amended, a holding company which controls any of the foregoing, a trust or fund over which any of the foregoing has or shares investment discretion, a pension or profit sharing plan, an institutional buyer, or any other person (except a broker-dealer) engaged as a substantial part of its business in investing in securities, in each case having a net worth in excess of \$1,000,000, or to any registered broker-dealer; <u>provided</u> the person making the sale, if not registered in Tennessee, (1) is an institutional investor; or has no place of business in Tennessee and is (2) registered as a broker-dealer with the Securities and Exchange Commission or the National Association of Securities Dealers and effects transactions in Tennessee exclusively with or through (a) such persons or institutions; or (b) the Issuer; or (c) other broker-dealers; or (3) during any period of twelve (12) consecutive months does not effect more than fifteen (15) transactions in securities from, in, or into Tennessee other than to persons or institutions specified here-above.</p>
Texas	<p>To any bank, trust company, building and loan association, insurance company, surety or guaranty company, savings institution (including any state or federally chartered credit union, savings and loan association, or federal savings bank and any credit union or savings and loan association chartered under the laws of any state of the United States), investment company as defined in the Investment Company Act, Small Business Investment Company, an accredited investor as defined in SEC Rule 501(a)(1)-(4), (7) and (8) (excluding any self-directed employee benefit plan with investment decisions made solely by persons who are accredited investors), a Qualified Institutional Buyer, or a corporation, partnership, trust, estate, or other entity (other than an individual) having a net worth of not less than \$5 million, or a wholly-owned subsidiary thereof (which subsidiary is not formed solely for the purpose of holding securities); <u>provided</u> such financial institution or institutional investor is not acting only as agent for another purchaser that is not a financial institution or other institutional investor specified above and is otherwise acting for its own account or as a bona fide trustee of a trust organized and existing other than for the purpose of acquiring the specific securities for which the seller is claiming an exemption; or to any registered dealer actually engaged in buying and selling securities.</p>
Utah	<p>To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, or other financial institution or institutional buyer, or to any broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; <u>provided</u> the person making the sale, if not registered in Utah, (1) is a bank, savings institution, or trust company; or has no place of business in Utah and either (a) effects transactions in Utah exclusively with or through the Issuer, other broker-dealers, or such persons or institutions here-above mentioned; or (b) during any period of twelve (12) consecutive months he does not direct more than fifteen (15) offers to sell or buy into Utah in any manner to persons or institutions other than those specified above, whether or not the offeror or any of the offerees are then present in Utah.</p>
Vermont	<p>To (a) a depository institution or international banking institution, (b) an insurance company; (c) a separate account of an insurance company, (d) an investment company as defined in the Investment Company Act, (e) a broker-dealer registered under the Securities Exchange Act, (f) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this chapter, a depository institution, or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this chapter, a depository institution, or an insurance company; (h) a trust, if it has total assets in excess of \$10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in (f) or (g) above, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) a 501(c)(3) Organization, a corporation, a Massachusetts trust or similar business trust, a limited liability company, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000, (j) a Small Business Investment Company with total assets in excess of \$10,000,000, (k) a Private Business Development Company with total assets in excess of \$10,000,000, (l) a federal covered investment adviser, (m) a Qualified Institutional Buyer, other than as defined in rule 144A(a)(1)(i)(H), adopted under the Securities Act, (n) a Major U.S. Institutional Investor, or (o) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading the Vermont securities laws; <u>provided</u> the person making the sale, if not registered in Vermont, (1) is a bank, a trust company organized or chartered under the laws of Vermont, or a savings institution if its activities as a broker-</p>

dealer are limited to those specified in subsections 3(a)(4)(b)(i) through (vi), (viii) through (x), and (xi) if limited to unsolicited transactions; 3(a)(5)(B); and 3(a)(5)(C) of the Securities Exchange Act or a bank that satisfies the conditions described in subsection 3(a)(4)(E) of the Securities Exchange Act, or an international banking institution; or (2) has no place of business in Vermont and effects transactions in Vermont exclusively with (A) a registered broker-dealer, (B) any of the persons described in (a) through (o) above, (C) a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000 acting for the account of others pursuant to discretionary authority in a signed record (D) a bona fide preexisting customer whose principal place of residence is in Vermont but who was not present in Vermont when the customer relationship was established, if: within 45 days after the customer's first transaction in Vermont, the person files an application for registration as a broker-dealer in Vermont and a further transaction is not effected more than 75 days after the date on which the application is filed, or (F) not more than 3 customers in Vermont during the previous 12 months, in addition to those customers specified above, if, in the case of (D) through (F), the broker-dealer is registered under the Securities Exchange Act or not required to be so registered and is registered under the securities act of the state in which the broker-dealer has its principal place of business.

Virginia

To any corporation, investment company, pension or profit sharing trust or to any registered broker-dealer.

Washington

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, or other financial institution or institutional buyer, including (i) a corporation, business trust, or partnership or wholly owned subsidiary of such an entity, which has been operating for at least 12 months and which has a net worth on a consolidated basis of at least \$10 million as determined by the entity's most recent audited financial statements, such statements to be dated within 16 months of the transaction made in reliance upon this exemption, (ii) any 501(c)(3) Organization which has a total endowment or trust funds of \$5 million or more according to its most recent audited financial statements, such statements to be dated within 16 months of the transaction made in reliance upon this exemption or (iii) any wholly owned subsidiary of a bank, savings institution, insurance company, or investment company as defined in the Investment Company Act, or to any registered broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided, the person making the sale, if not registered in Washington, (1) is a bank, savings institution or trust company; or (2) has no place of business in Washington and (a) effects transactions in Washington exclusively with or through (i) such persons or institutions, (ii) the Issuer, or (iii) other broker-dealers; or (3) during any period of twelve (12) consecutive months does not direct more than fifteen (15) offers to sell or buy into Washington or make more than five (5) sales in Washington in any manner to persons other than those specified above.

West Virginia

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, or other financial institution or institutional buyer, or to any registered broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered in West Virginia, (1) is a bank, savings institution or trust company; or (2) has no place of business in West Virginia and (a) effects transactions in West Virginia exclusively with or through either (i) such persons or institutions, or (ii) the Issuer, or (iii) other broker-dealers; or (b) during any period of twelve (12) consecutive months does not direct more than fifteen (15) offers to sell or buy into West Virginia in any manner to persons or institutions other than those specified above, whether or not the offeror or any of the offerees are then present in West Virginia.

Wisconsin

To (a) depository institution or international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act; (e) a broker-dealer registered under the Securities Exchange Act; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under this chapter, a depository institution or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act, an investment adviser registered or exempt from registration under the Investment Advisers Act, an investment adviser registered under the laws of Wisconsin, a depository institution or an insurance company; (h) a trust, if it has total assets in excess of \$10,000,000, its trustee is a depository institution and its participants are exclusively plans of the types identified in paragraph (f) or (g), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) a 501(c)(3) Organization, a corporation, a Massachusetts trust or similar business trust, a limited liability company or

partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000; (j) a Small Business Investment Company with total assets in excess of \$10,000,000; (k) a Private Business Development Company with total assets in excess of \$10,000,000; (l) a federal covered investment adviser acting for its own account; (m) a Qualified Institutional Buyer, except as defined in 17 C.F.R. 230.144A(a)(1)(i)(H); (n) a Major U.S. Institutional Investor; or (o) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading the Wisconsin security laws; provided the person making the sale, if not registered in Wisconsin, (1) is a bank or savings institution if its activities as a broker-dealer are limited to those specified in sections 3(a)(4) and 3(a)(5) of the Securities Exchange Act, or a bank that satisfies the conditions specified in section 3(a)(4)(E) of the Securities Exchange Act or an international banking institution; or (2) effects transactions in Wisconsin exclusively with (A) a registered broker-dealer, (B) any of the persons described in (a) through (o) above, (C) a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000 acting for the account of others pursuant to discretionary authority in a signed record; (D) a bona fide preexisting customer whose principal place of residence is not in Wisconsin; or (E) a bona fide preexisting customer whose principal place of residence is in Wisconsin but who was not present in Wisconsin when the customer relationship was established, if within 45 days after the customer's first transaction in Wisconsin, the person files an application for registration as a broker-dealer in Wisconsin and no further transaction is effected more than 75 days after the date on which the application is filed, or, if earlier, the date on which the person is granted registration or denied the application for registration or the pendency of the application is stayed for good cause; in the case of (D) and (E) the broker-dealer is registered under the Securities Exchange Act or not required to be so registered and is registered under the securities act of the state in which the customer maintains a principal place of residence.

Wyoming

To any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act, pension or profit sharing trust, or other financial institution or institutional buyer, or to any registered broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; provided the person making the sale, if not registered in Wyoming, (1) is a bank, savings institution, or trust company engaging in securities transactions limited to trust or banking functions and not with the general public; or (2) has no place of business in Wyoming and effects transactions in Wyoming exclusively with or through (a) such persons or institutions, or (b) the Issuer, or (c) other broker-dealers; or (3) during any period of twelve (12) consecutive months does not direct more than fifteen (15) offers to sell or buy into Wyoming in any manner to persons or institutions other than those specified above, whether or not the offeror or any of the offerees are then present in Wyoming.

Fitch Ratings

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May 5, 2010

Mr. Uri Monson
Acting Executive Director
Pennsylvania Intergovernmental Cooperation Authority
1429 Walnut Street 14th Floor
Philadelphia, PA 19102

Dear Mr. Monson:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed on the attached Notice of Rating Action.

Ratings assigned by Fitch are based on documents and information provided to us by issuers, obligors, and/or their experts and agents, and are subject to receipt of the final closing documents. Fitch does not audit or verify the truth or accuracy of such information.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

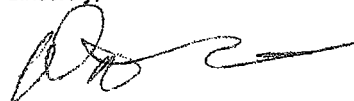
It is important that Fitch be provided with all information that may be material to its ratings so that they continue to accurately reflect the status of the rated issues. Ratings may be changed, withdrawn, suspended or placed on Rating Watch due to changes in, additions to or the inadequacy of information.

Ratings are not recommendations to buy, sell or hold securities. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect of any security.

The assignment of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement or other filing under U.S., U.K., or any other relevant securities laws.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Sincerely,



David Litvack
Managing Director
U.S. Public Finance

DTL/jh

Enc: Notice of Rating Action
(Doc ID: 143450)

Notice of Rating Action

<u>Bond Description</u>	<u>Rating Type</u>	<u>Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
Pennsylvania Intergovernmental Cooperation Authority (PA) (Philadelphia Funding Prog) special tax rev rfdg bonds ser 2010	Long Term	New Rating	AA	RO:Sta	29-Apr-2010	
Pennsylvania Intergovernmental Cooperation Authority (PA) outstanding special tax rev bonds	Long Term	Affirmed	AA	RO:Sta	29-Apr-2010	
Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving						

MOODY'S

INVESTORS SERVICE

7 World Trade Center
250 Greenwich Street
New York, NY 10007
www.moodys.com

April 28, 2010

Mr. Uri Monson
Executive Director
Pennsylvania Intergovernmental Cooperation Authority
1500 Walnut Street, 16th Floor
Philadelphia, PA 19102

Dear Mr. Monson:

We wish to inform you that on April 28, 2010, Moody's Investors Service reviewed and assigned a rating of Aa2 to Pennsylvania Intergovernmental Cooperation Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2010.

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure, of current financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's Rating Desk.

Should you have any questions regarding the above, please do not hesitate to contact me at 212-553-0321.

Sincerely,



M. Georgie Thompson
Vice President/Senior Analyst

cc: Mr. Alan Jaffe
Goldman Sachs & Co.
85 Broad Street, 24th Floor
New York, NY 10004

Seena Mohanty
Mohanty Gargiulo
100 Park Ave., Suite 1600
New York, NY 10017

STANDARD & POOR'S

55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212 438-2066
reference no.: 1121688

April 28, 2010

Pennsylvania Intergovernmental Cooperation Authority
1429 Walnut Street, 14th Floor
Philadelphia, PA 19102
Attention: Mr. Uri Monson, Executive Director

Re: ***US\$206,580,000 Pennsylvania Intergovernmental Cooperation Authority, Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010, dated: Date of Delivery, due: June 15, 2022***

Dear Mr. Monson:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "AA". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial

STANDARD
& POOR'S

Mr. Uri Monson

Page 2

April 28, 2010

information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business

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al
enclosures

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Standard & Poor's Ratings Services Terms and Conditions Applicable To U.S. Public Finance Ratings

Request for a rating. Standard & Poor's issues public finance ratings for a fee upon request from an issuer, or from an underwriter, financial advisor, investor, insurance company, or other entity, provided that the obligor and issuer (if different from the obligor) each has knowledge of the request. The term "issuer/obligor" in these Terms and Conditions means the issuer and the obligor if the obligor is different from the issuer.

Agreement to Accept Terms and Conditions. Standard & Poor's assigns Public Finance ratings subject to the terms and conditions stated herein and in the rating letter. The issuer/obligor's use of a Standard & Poor's public finance rating constitutes agreement to comply in all respects with the terms and conditions contained herein and in the rating letter and acknowledges the issuer/obligor's understanding of the scope and limitations of the Standard & Poor's rating as stated herein and in the rating letter.

Fees and expenses. In consideration of our analytic review and issuance of the rating, the issuer/obligor agrees to pay Standard & Poor's a rating fee. Payment of the fee is not conditioned on Standard & Poor's issuance of any particular rating. In most cases an annual surveillance fee will be charged for so long as we maintain the rating. The issuer/obligor will reimburse Standard & Poor's for reasonable travel and legal expenses if such expenses are not included in the fee. Should the rating not be issued, the issuer/obligor agrees to compensate Standard & Poor's based on the time, effort, and charges incurred through the date upon which it is determined that the rating will not be issued.

Scope of Rating. The issuer/obligor understands and agrees that (i) an issuer rating reflects Standard & Poor's current opinion of the issuer/obligor's overall financial capacity to pay its financial obligations as they come due, (ii) an issue rating reflects Standard & Poor's current opinion of the likelihood that the issuer/obligor will make payments of principal and interest on a timely basis in accordance with the terms of the obligation, (iii) a rating is an opinion and is not a verifiable statement of fact, (iv) ratings are based on information supplied to Standard & Poor's by the issuer/obligor or by its agents and upon other information obtained by Standard & Poor's from other sources it considers reliable, (v) Standard & Poor's does not perform an audit in connection with any rating and a rating does not represent an audit by Standard & Poor's, (vi) Standard & Poor's relies on the issuer/obligor, its accountants, counsel, and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process, (vii) Standard & Poor's undertakes no duty of due diligence or independent verification of any information, (viii) Standard & Poor's does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information, (ix) Standard & Poor's may raise, lower, suspend, place on CreditWatch, or withdraw a rating at any time, in Standard & Poor's sole discretion, and (x) a rating is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligation.

Publication. Standard & Poor's reserves the right to publish, disseminate, or license others to publish or disseminate the rating and the rationale for the rating unless the issuer/obligor specifically requests that the rating be assigned and maintained on a confidential basis. If a confidential rating subsequently becomes public through disclosure by the issuer/obligor or a third party other than Standard & Poor's, Standard & Poor's reserves the right to publish it. Standard & Poor's may publish explanations of Standard & Poor's ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Standard & Poor's ability to modify or refine Standard & Poor's criteria at any time as Standard & Poor's deems appropriate.

Information to be Provided by the Issuer/obligor. The issuer/obligor shall meet with Standard & Poor's for an analytic review at any reasonable time Standard & Poor's requests. The issuer/obligor also agrees to provide Standard & Poor's promptly with all information relevant to the rating and surveillance of the rating including information on material changes to information previously supplied to Standard & Poor's. The rating may be affected by Standard & Poor's opinion of the accuracy, completeness, timeliness, and reliability of information received from the issuer/obligor or its agents. Standard & Poor's undertakes no duty of due diligence or independent verification of

information provided by the issuer/obligor or its agents. Standard & Poor's reserves the right to withdraw the rating if the issuer/obligor or its agents fails to provide Standard & Poor's with accurate, complete, timely, or reliable information.

Standard & Poor's Not an Advisor, Fiduciary, or Expert. The issuer/obligor understands and agrees that Standard & Poor's is not acting as an investment, financial, or other advisor to the issuer/obligor and that the issuer/obligor should not and cannot rely upon the rating or any other information provided by Standard & Poor's as investment or financial advice. Nothing in this Agreement is intended to or should be construed as creating a fiduciary relationship between Standard & Poor's and the issuer/obligor or between Standard & Poor's and recipients of the rating. The issuer/obligor understands and agrees that Standard & Poor's has not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933.

Limitation on Damages. The issuer/obligor agrees that Standard & Poor's, its officers, directors, shareholders, and employees shall not be liable to the issuer/obligor or any other person for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the rating or the related analytic services provided for in an aggregate amount in excess of the aggregate fees paid to Standard & Poor's for the rating, except for Standard & Poor's gross negligence or willful misconduct. In no event shall Standard & Poor's, its officers, directors, shareholders, or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, legal fees, or losses (including, without limitation, lost profits and opportunity costs). In furtherance and not in limitation of the foregoing, Standard & Poor's will not be liable in respect of any decisions made by the issuer/obligor or any other person as a result of the issuance of the rating or the related analytic services provided by Standard & Poor's hereunder or based on anything that appears to be advice or recommendations. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. The issuer/obligor acknowledges and agrees that Standard & Poor's does not waive any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Term. This Agreement shall terminate when the ratings are withdrawn. Notwithstanding the foregoing, the paragraphs above, "Standard & Poor's Not an Advisor, Fiduciary, or Expert" and "Limitation on Damages", shall survive the termination of this Agreement or any withdrawal of a rating.

Third Parties. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary to this Agreement or to the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Complete Agreement. This Agreement constitutes the complete agreement between the parties with respect to its subject matter. This Agreement may not be modified except in a writing signed by authorized representatives of both parties.

Governing Law. This Agreement and the rating letter shall be governed by the internal laws of the State of New York. The parties agree that the state and federal courts of New York shall be the exclusive forums for any dispute arising out of this Agreement and the parties hereby consent to the personal jurisdiction of such courts.

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Pennsylvania Intergovernmental Cooperation Authority

Primary Credit Analysts:

Karl Jacob
New York
(1) 212-438-2111
karl_jacob@
standardandpoors.com

Secondary Credit Analysts:

Nicole T Ridberg
New York
(1) 212-438-4704
nicole_ridberg@
standardandpoors.com

Credit Profile

US\$206.58 mil spl tax rev rfdg bnds (City of Philadelphia Funding Prog) ser 2010 due 06/15/2022

Long Term Rating	AA/Stable	New
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Pennsylvania Intergovernmental Coop Auth spl tax

Long Term Rating	AA/Stable	Affirmed
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Pennsylvania Intergovernmental Coop Auth spl tax (City Of Philadelphia Fdg Prog) (AGM)

Long Term Rating	AAA/A-1+/Negative	Affirmed
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Unenhanced Rating	AA(SPUR)/Stable	Affirmed
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Pennsylvania Intergovernmental Coop Auth (City of Philadelphia Funding Prog) earned income (wage tax)

Unenhanced Rating	AA(SPUR)/Stable	Affirmed
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Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services assigned its 'AA' long-term rating, and stable outlook, to Pennsylvania Intergovernmental Cooperation Authority's (PICA) special tax revenue refunding bonds (City of Philadelphia Funding Program) series 2010. At the same time, Standard & Poor's affirmed its 'AA' long-term rating, with a stable outlook, on the authority's parity obligations outstanding.

The ratings reflect our view of:

- Enabling legislation that precludes additional future debt issuance;
- Strong debt service coverage that has ranged from 3.5x-4.7x in the past six fiscal years;
- Projected debt service coverage that is expected to steadily improve annually as new debt issuance (excluding refundings) are prohibited and annual debt service requirements on existing debt declines;
- An economically sensitive revenue stream that has performed reasonably well over time; and

▪ Philadelphia's employment base, which is projected to grow at a moderate pace in the long term. We understand that proceeds from the series 2010 bonds will be used to refund, on a current basis, Series 2008 special tax revenue refunding bonds outstanding and pay the costs of terminating an interest rate swap transaction.

The bonds are secured by a first lien on a 1.5% wage tax levied on city residents and on the net profits earned in business, professions, and other activities conducted by residents of the city. PICA was created in June 1991 to provide a financing vehicle to assist in resolving Philadelphia's fiscal crisis. By legislation, this portion of the tax was ceded to PICA by the city in June 1991. The city has no recourse to these taxes until PICA debt service needs, as well as indenture requirements for reserves, are fully funded; excess wage taxes then flow as surplus for general city purposes.

PICA's enabling legislation prohibited new money debt issuance after Dec. 31, 1996. The lack of future debt issuance, and rapidly declining debt service structure should result in coverage levels strengthening considerably.

Historically, coverage levels of maximum annual debt service requirements have exceeded the 3.00x test, ranging from 2.82x in 1999 to 4.7x in fiscal 2009. Coverage levels have been increasing in the past nine years due to savings generated from previous refundings, as well as growth in the wage tax due to overall gradual improvement in Philadelphia's economy. While it is unlikely that current fiscal year tax receipts (\$256.2 million through the end of March) will meet the \$354.3 million in the city's financial plan, coverage will still remain strong at more than 4x.

Standard & Poor's maintains a debt derivative profile score on PICA of '1.5' on a scale of '1' to '4', with '1' representing the lowest risk and '4' the highest. The '1.5' debt derivative profile score of indicates that PICA's swap portfolio represents a low risk to its credit rating.

Outlook

The stable outlook reflects our expectation of strong coverage and declining amortization costs, which would provide a cushion should pledged revenue decline, coupled with a statutory inability to issue additional debt.

Related Criteria And Research

USPF Criteria: Special Tax Bonds, June 13, 2007

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The McGraw-Hill Companies

**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 2010**

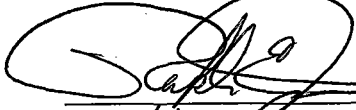
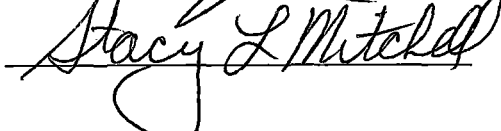
CERTIFICATE OF TRUSTEE

This Certificate is delivered in connection with the execution and delivery of documents related to the issuance by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") to U. S. Bank National Association, as Trustee (the "Bank") of \$206,960,000 principal amount of the Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the "2010 Bonds"). The undersigned hereby certifies on behalf of the Bank as follows:

I, Ralph E. Jones, Vice President, of U. S. Bank National Association (the "Bank") hereby certifies:

1. The Bank has accepted its appointment by the Authority to serve as trustee, paying agent, authentication agent and registrar in respect of the Bonds and in connection therewith the Bank has duly authorized, executed and delivered the Seventh Supplement to the Amended and Restated Indenture dated as of May 1, 2010 (the "Indenture"), between the Bank and the Authority. The Indenture is the valid and binding agreement of the Bank. The Bank has full corporate power and authority to act in this regard.

2. The individuals named below have been duly authorized to execute and deliver the Indenture and all other papers relating to the Bonds on behalf of the Bank in its capacity as trustee, paying agent, authentication agent, and registrar. Such individuals hold the respective offices set opposite their respective names, and the signatures of such individuals set opposite their respective offices are their genuine signatures.

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Ralph E. Jones	Vice President	
Stacy L. Mitchell	Assistant Vice President	

3. The Bank is a national banking association duly organized and validly existing under the laws of the United States of America with lawful corporate and trust power and authority to carry out and perform the duties and obligations contemplated of it as trustee, paying agent, authentication agent, and registrar for the Bonds under the Indenture. Attached hereto as Exhibit A is a true, correct and complete copy of the By-laws and the Articles of Association of the Bank, which are in effect at the date hereof and are in full force and effect, and which evidence the authority of the officers so named to act on behalf of the Trustee.

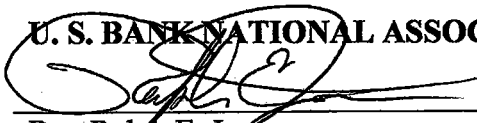
4. The Bank has created the various funds and accounts contemplated under the Indenture to be established with the Bank, as trustee. All moneys and securities delivered to the

Bank as trustee under the Indenture have been duly deposited to the credit of the appropriate funds established under or in accordance with the Indenture or otherwise applied as provided in the Indenture. As trustee under the Indenture, the Bank has received all of the documents and instruments required to be delivered to it there under in connection with the issuance and delivery of the Bonds.

5. Pursuant to written instructions from the Authority, the Bank, as trustee and authentication agent, has authenticated the Bonds and delivered the Bonds to or upon the order of Goldman, Sachs & Co., through the book-entry-only facilities of The Depository Trust Company

Witness the due execution hereof this 14th date of May, 2010.

U. S. BANK NATIONAL ASSOCIATION



By: Ralph E. Jones
Title: Vice President

AMENDED AND RESTATED
BYLAWS
OF
U.S. BANK NATIONAL ASSOCIATION

ARTICLE I.
MEETINGS OF SHAREHOLDERS

Section 1. *Annual Meeting.* The annual meeting of shareholders shall be held at the main banking house of the Association or other convenient place duly authorized by the Board of Directors (the "Board") at 11:00 a.m. on the second Tuesday in March of each year, or such other date or time which the Board may designate at any Board meeting held prior to the required date for sending notice of the annual meeting to the shareholders. Notice of such meeting shall be mailed to shareholders not less than ten (10) or more than sixty (60) days prior to the meeting date.

Section 2. *Special Meetings.* Special meetings of shareholders may be called and held at such times and upon such notice as is specified in the Articles of Association.

Section 3. *Quorum.* A majority of the outstanding capital stock represented in person or by proxy shall constitute a quorum of any meeting of the shareholders, unless otherwise provided by law, but less than a quorum may adjourn any meeting, from time to time, and the meeting may be held as adjourned without further notice.

Section 4. *Inspectors.* The Board of Directors may, and in the event of its failure so to do, the Chairman of the Board may appoint Inspectors of Election who shall determine the presence of quorum, the validity of proxies, and the results of all elections and all other matters voted upon by shareholders at all annual and special meetings of shareholders.

Section 5. *Voting.* In deciding on questions at meetings of shareholders, except in the election of directors, each shareholder shall be entitled to one vote for each share of stock held. A majority of votes cast shall decide each matter submitted to the shareholders, except where by law a larger vote is required. In all elections of directors, each shareholder shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares equal, or to distribute them on the same principle among as many candidates as he shall think fit.

Section 6. *Waiver and Consent.* The shareholders may act without notice or a meeting by a unanimous written consent by all shareholders.

ARTICLE II.
BOARD OF DIRECTORS

Section 1. *Term of Office.* The directors of this Association shall hold office for one year and until their successors are duly elected and qualified.

Section 2. *Number.* As provided in the Articles of Association, the Board of this Association shall consist of not less than five nor more than twenty-five members. At any meeting of the shareholders held

for the purpose of electing directors, or changing the number thereof, the number of directors may be determined by a majority of the votes cast by the shareholders in person or by proxy. Any vacancy occurring in the Board shall be filled by the remaining directors. Between meetings of the shareholders held for the purpose of electing directors, the Board by a majority vote of the full Board may increase the size of the Board by not more than four directors in any one but not to more than a total of twenty-five directors, and fill any vacancy so created in the Board. All directors shall hold office until their successors are elected and qualified.

Section 3. *Regular Meetings.* The organizational meeting of the Board of Directors shall be held as soon as practicable following the annual meeting of shareholders at such time and place as the Chairman or President may designate. Other regular meetings of the Board of Directors shall be held quarterly at such time and place as may be designated in the notice of the meeting. When any regular meeting of the Board falls on a holiday, the meeting shall be held on the next banking business day, unless the Board shall designate some other day.

Section 4. *Special Meetings.* Special meetings of the Board of Directors may be called by the Chairman of the Board of the Association, or at the request of three or more Directors. Notice of the time, place and purposes of such meetings shall be given by letter, by telephone, in person, by facsimile, by electronic mail or other reasonable manner to every Director.

Section 5. *Quorum.* A majority of the entire membership of the Board shall constitute a quorum of any meeting of the Board.

Section 6. *Necessary Vote.* A majority of those Directors present and voting at any meeting of the Board of Directors shall decide each matter considered, except where otherwise required by law or the Articles or Bylaws of this Association.

Section 7. *Compensation.* Directors, excluding full-time employees of the Bank, shall receive such reasonable compensation as may be fixed from time to time by the Board of Directors.

ARTICLE III. OFFICERS

Section 1. *Who Shall Constitute.* The Officers of the Association shall be a Chairman of the Board, Chief Executive Officer, a President, a Secretary, and other officers such as Vice Chairman of the Board, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Vice Presidents, Assistant Secretaries, Trust Officers, Assistant Trust Officers, Controller, and Assistant Controller, as the Board may appoint from time to time. The Board may choose to delegate authority to elect officers other than the Chairman, Chief Executive Officer, President, Secretary, Vice Chairman and Executive Vice Presidents, to the Chief Executive Officer or President. Any person may hold two offices. The Chief Executive Officer and the President shall at all times be members of the Board of Directors.

Section 2. *Term of Office.* All officers shall be elected for and shall hold office until their respective successors are elected and qualified or until their earlier death, resignation, retirement, disqualification or removal from office, subject to the right of the Board of Directors in its sole discretion to discharge any officer at any time.

Section 3. *Chairman of the Board.* The Chairman of the Board shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the Board of Directors. He shall, when present, preside at all meetings of the shareholders and directors and shall be ex officio a member of all committees of the Board.

Section 4. *Chief Executive Officer.* The Chief Executive Officer, who may also be the Chairman or the President, shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the Board of Directors.

Section 5. *President.* The President shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the board of Directors. In addition, if designated by the Board of Directors, the President shall be the Chief Executive Officer and shall have all the powers and duties of the Chief Executive Officer, including the same power to name temporarily a Chief Executive Officer to serve in the absence of the President if there is a vacancy in the position of the chairman or in the event of the absence or incapacity of the Chairman.

Section 6. *Vice Chairmen of the Board.* The Board of Directors shall have the power to elect one or more Vice Chairmen of the Board of Directors. Any such Vice Chairman of the Board shall participate in the formation of the policies of the Association and shall have such other duties as may be assigned to him from time to time by the Chairman of the Board or by the Board of Directors.

Section 7. *Other Officers.* The Secretary and all other officers appointed by the Board of Directors shall have such duties as defined by law and as may from time to time be assigned to them by the Chief Executive Officer or the Board of Directors.

ARTICLE IV. COMMITTEES

Section 1. *Compensation Committee.* The duties of the Compensation Committee of the Association shall be carried out by the Compensation Committee of the financial holding company that is the parent of this Association.

Section 2. *Committee on Audit.* The duties of the Audit Committee of the Association shall be carried out by the Audit Committee of the financial holding company that is the parent of this Association.

Section 3. *Trust Risk Management Committee.* The Board of Directors of this Association shall appoint a Trust Risk Management Committee to provide oversight of the fiduciary activities of the Association. The Trust Risk Management Committee shall determine policies governing fiduciary activities. The Trust Risk Management Committee or such sub-committees, officers or others as may be duly designated by the Trust Risk Management Committee shall oversee the processes related to fiduciary activities to assure conformity with fiduciary policies it establishes, including ratifying the acceptance and the closing out or relinquishment of all trusts. All actions of the Trust Risk Committee shall be reported to the Board of Directors.

Section 4. *Other Committees.* The Board of Directors may appoint, from time to time, other committees for such purposes and with such powers as the Board may direct.

ARTICLE V. MINUTE BOOK

The organization papers of this Association, the Bylaws as revised or amended from time to time and the proceedings of all regular and special meetings of the shareholders and the directors shall be recorded in a minute book or books. All reports of committees required to be made to the Board shall be recorded in a minute book or shall be filed by the recording officer. The minutes of each meeting of the shareholders and the Board shall be signed by the recording officer.

**ARTICLE VI.
CONVEYANCES, CONTRACTS, ETC.**

All transfers and conveyances of real estate, mortgages, and transfers, endorsements or assignments of stock, bonds, notes, debentures or other negotiable instruments, securities or personal property shall be signed by any elected or appointed officer.

All checks, drafts, certificates of deposit and all funds of the Association held in its own or in a fiduciary capacity may be paid out by an order, draft or check bearing the manual or facsimile signature of any elected or appointed officer of the Association.

All mortgage satisfactions, releases, all types of loan agreements, all routine transactional documents of the Association, and all other instruments not specifically provided for, whether to be executed in a fiduciary capacity or otherwise, may be signed on behalf of the Association by any elected or appointed officer thereof.

The Secretary or any Assistant Secretary of the Association or other proper officer may execute and certify that required action or authority has been given or has taken place by resolution of the Board under this Bylaw without the necessity of further action by the Board.

**ARTICLE VII.
SEAL**

The Association shall have no corporate seal.

**ARTICLE VIII.
INDEMNIFICATION OF DIRECTORS,
OFFICERS, AND EMPLOYEES**

Section 1. *General.* The Association shall indemnify to the full extent permitted by and in the manner permissible under the Delaware General Corporation Law, as amended from time to time (but, in the case of any such amendment, only to the extent that such amendment permits the Association to provide broader indemnification rights than said law permitted the Association to provide prior to such amendment), any person made, or threatened to be made, a party to any action, suit, or proceeding, whether criminal, civil, administrative, or investigative, by reason of the fact that such person (i) is or was a director, advisory director, or officer of the Association or any predecessor of the Association, or (ii) is or was a director, advisory director or officer of the Association or any predecessor of the Association and served any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, advisory director, officer, partner, trustee, employee or agent at the request of the Association or any predecessor of the Association; *provided, however*, that except as provided in Section 4 of this Article VIII, the Association shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors.

Section 2. *Advancement of Expenses.* The right to indemnification conferred in this Article VIII shall be a contract right and shall include the right to be paid by the Association the expenses incurred in defending any such proceeding in advance of its final disposition, such advances to be paid by the Association within 20 days after the receipt by the Association of a statement or statements from the claimant requesting such advance or advances from time to time; *provided, however*, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director, advisory director or officer in his or her capacity as a director, advisory director or officer (and not in any

other capacity in which service was or is rendered by such person while a director, advisory director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Association of an undertaking by or on behalf of such director, advisory director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director, advisory director or officer is not entitled to be indemnified under this Article VIII or otherwise.

Section 3. *Procedure for Indemnification.* To obtain indemnification under this Article VIII, a claimant shall submit to the Association a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this Section 3, a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by a majority vote of the Disinterested Directors (as hereinafter defined), even though less than a quorum, or by a majority vote of a committee of Disinterested Directors designated by a majority vote of Disinterested Directors, even though less than a quorum, or (ii) if there are no Disinterested Directors or if the Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant. In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within 10 days after such determination.

Section 4. *Certain Remedies.* If a claim under Section 1 of this Article VIII is not paid in full by the Association within thirty days after a written claim pursuant to Section 3 of this Article VIII has been received by the Association, the claimant may at any time thereafter bring suit against the Association to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Association) that the claimant has not met the standard of conduct which makes it permissible under the General Corporation Law of the State of Delaware for the Association to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Association. Neither the failure of the Association (including its Board of Directors or Independent Counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Association (including its Board of Directors or Independent Counsel) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 5. *Binding Effect.* If a determination shall have been made pursuant to Section 3 of this Article VIII that the claimant is entitled to indemnification, the Association shall be bound by such determination in any judicial proceeding commenced pursuant to Section 4 of this Article VIII.

Section 6. *Validity of this Article VIII.* The Association shall be precluded from asserting in any judicial proceeding commenced pursuant to Section 4 of this Article VIII that the procedures and presumptions of this Article VIII are not valid, binding and enforceable and shall stipulate in such proceeding that the Association is bound by all the provisions of this Article VIII.

Section 7. *Nonexclusivity, etc.* The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Association, Bylaws, agreement, vote of shareholders or Disinterested Directors or otherwise. No repeal or modification of this Article VIII shall in any way diminish or adversely affect the

rights of any present or former director, advisory director, officer, employee or agent of the Association or any predecessor thereof hereunder in respect of any occurrence or matter arising prior to any such repeal or modification.

Section 8. *Insurance.* The Association may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Association or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware. To the extent that the Association maintains any policy or policies providing such insurance, each such director or officer, and each such agent or employee to whom rights to indemnification have been granted as provided in Section 9 of this Article VIII, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such director, officer, employee or agent.

Section 9. *Indemnification of Other Persons.* The Association may grant rights to indemnification, and rights to be paid by the Association the expenses incurred in defending any proceeding in advance of its final disposition, to any present or former employee or agent of the Association or any predecessor of the Association to the fullest extent of the provisions of this Article VIII with respect to the indemnification and advancement of expenses of directors, advisory directors and officers of the Association.

Section 10. *Severability.* If any provision or provisions of this Article VIII shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Article VIII (including, without limitation, each portion of any paragraph of this Article VIII containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Article VIII (including, without limitation, each such portion of any paragraph of this Article VIII containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

Section 11. *Certain Definitions.* For purposes of this Article VI:

(1) "Disinterested Director" means a director of the Association who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(2) "Independent Counsel" means a law firm, a member of a law firm, or an independent practitioner that is experienced in matters of corporation law and shall include any such person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Association or the claimant in an action to determine the claimant's rights under this Article VIII.

Section 12. *Notices.* Any notice, request or other communication required or permitted to be given to the Association under this Article VIII shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Association and shall be effective only upon receipt by the Secretary.

Section 13. *Payments* Notwithstanding any other provision of this Article VIII, however, (a) any indemnification payments to an institution-affiliated party, as defined at 12 USC 1813(u), for an administrative proceeding or civil action initiated by a federal banking agency, shall be reasonable and consistent with the requirements of 12 USC 1828(k) and the associated regulations; and (b) any indemnification payments and advancement of costs and expenses to an institution-affiliated party, as defined at 12 USC 1813(u), in cases involving an administrative proceeding or civil action not initiated by a federal banking agency, shall be consistent with safe and sound banking practices.

**ARTICLE IX.
AMENDMENTS**

These Bylaws, or any of them, may be added to, altered, amended or repealed by the Board at any regular or special meeting of the Board.

**ARTICLE X.
GOVERNING LAW**

This Association designates the Delaware General Corporation Law, as amended from time to time, as the governing law for its corporate governance procedures, to the extent not inconsistent with Federal banking statutes and regulations.

June 6, 2007

U.S. BANK NATIONAL ASSOCIATION

CHARTER NO. 24

AMENDED AND RESTATED ARTICLES OF ASSOCIATION

These Amended and Restated Articles of Association supersede the Articles of Association of Firststar Bank, National Association, being renamed U.S. Bank National Association (the "Association"), heretofore in effect.

FIRST: The title of the Association shall be "U.S. Bank National Association."

SECOND: The main office of the Association shall be in the City of Cincinnati, County of Hamilton, State of Ohio. The general business of the Association shall be conducted at its main office and its branches.

THIRD: The Board of Directors of the Association shall consist of not less than five (5) nor more than twenty-five (25) shareholders, the exact number of Directors within such minimum and maximum limits to be fixed and determined from time to time by resolution of a majority of the full Board of Directors or by resolution of the shareholders at any annual or special meeting thereof. Unless otherwise provided by the laws of the United States, any vacancy in the Board of Directors for any reason, including an increase in the number thereof, may be filled by action of the Board of Directors.

FOURTH: The annual meeting of the shareholders for the election of Directors and the transaction of whatever other business may be brought before said meeting shall be held at the main office or such other place as the Board of Directors may designate, on the day of each year specified thereof by the Bylaws, but if no election is held on that day, it may be held on any subsequent day according to the provisions of law; and all elections shall be held according to the provisions of law; and all elections shall be held according to such lawful regulations as may be prescribed by the Board of Directors.

FIFTH: The aggregate number of shares of common stock that the Association has authority to issue is 3,640,000, all of which are of one class only, each such share having a par value of \$5.00 (the "Common Stock"). The Association shall also have authority to issue 2,411,935 shares of preferred stock, without par value (the "Preferred Stock").

No holder of shares of the capital stock of any class of the Association shall have any pre-emptive or preferential right of subscription to any shares of any class of stock of the Association, whether now or hereafter authorized, or to any obligations convertible into stock of the Association issued or sold, nor any right of subscription to any thereof other than such, if any, as the Board of Directors, in its discretion, may from time to time determine and at such price as the Board of Directors may from time to time fix.

The Association, at any time and from time to time, may authorize and issue debt obligations, whether or not subordinated, without the approval of the shareholders.

Section 5.01. Series A Preferred Stock. Pursuant to the provisions of this Article Fifth, a series of Series A Non-Cumulative Preferred Stock, consisting of one hundred sixty-seven thousand (167,000) shares, is hereby established and authorized to be issued, and in addition to such matters specified elsewhere in this Article Fifth, such Series A Non-Cumulative Preferred Stock shall have the following powers, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions:

(a) **Designation and Amount.** The shares of Preferred Stock shall be designated as the Series A Non-Cumulative Preferred Stock (the "Series A Preferred Stock"), and the number of shares constituting the Series A Preferred Stock shall be one hundred sixty-seven thousand (167,000). The liquidation preference of the Series A Preferred Stock shall be \$1,000 per share (the "Series A Liquidation Value").

(b) **Rank.** The Series A Preferred Stock shall, with respect to dividend rights and upon liquidation, dissolution and winding up of the Association, rank (i) senior to all classes and series of Common Stock of the Association and to all classes and series of capital stock of the Association now or hereafter authorized, issued or outstanding, which by their terms expressly provide that they are junior to the Series A Preferred Stock as to dividend distributions and distributions upon the liquidation, dissolution or winding up of the Association, or which do not specify their rank (collectively with the Common Stock, the "Series A Junior Securities"); (ii) on a parity with the Series B Preferred Stock and the Series C Preferred Stock and each other class of capital stock or series of preferred stock issued by the Association after the date hereof, the terms of which specifically provide that such class or series will rank on a parity with the Series A Preferred Stock as to dividend distributions and distributions upon the liquidation, dissolution or winding up of the Association (collectively with the Series B Preferred Stock and the Series C Preferred Stock, the "Series A Parity Securities"); and (iii) junior to each other class of capital stock or series of preferred stock issued by the Association after the date hereof, the terms of which specifically provide that such class or series will rank senior to the Series A Preferred Stock as to dividend distributions and distributions upon the liquidation, dissolution or winding up of the Association (collectively, the "Series A Senior Securities").

(c) **Dividends.** Dividends are payable on the Series A Preferred Stock as follows:

(i) The holders of shares of the Series A Preferred Stock in preference to the Series A Junior Securities shall be entitled to receive, out of funds legally available for that purpose, and when, as, and if declared by the Board of Directors of the Association, dividends payable in cash at the annual rate of eight percent (8%) of the Series A Liquidation Value (the "Series A Dividend Rate").

(ii) Dividends on the Series A Preferred Stock shall be non-cumulative. Dividends not paid on any Series A Dividend Payment Date shall not accumulate thereafter. Dividends shall accumulate from the first day of any Series A Dividend Period to but excluding the immediately succeeding Series A Dividend Payment Date. Dividends, if and when declared, shall be payable in arrears in cash on each Series A

Dividend Payment Date of each year with respect to the Series A Dividend Period ending on the day immediately prior to such Series A Dividend Payment Date at the Series A Dividend Rate to holders of record at the close of business on the applicable Record Date, commencing on December 31, 2000 with respect to any shares of Series A Preferred Stock issued prior to that Series A Dividend Payment Date; provided that dividends payable on the Series A Preferred Stock on the Series A Dividend Payment Date immediately following the first Series A Dividend Period following the Issue Date (and any dividend payable for a period less than a full semiannual period) shall be prorated for the period and computed on the basis of a 360-day year of twelve 30-day months and the actual number of days in such Series A Dividend Period; and provided, further, that dividends payable on the Series A Preferred Stock on the Series A Dividend Payment Date immediately following the first Series A Dividend Period following the Issue Date shall include any accumulated and unpaid dividends on the Realty Company Series B Exchangeable Stock exchanged for the Series A Preferred Stock as of the Exchange Date for the then current dividend period. Dividends on such Series A Preferred Stock shall be paid only in cash.

(iii) No dividends on shares of Series A Preferred Stock shall be declared by the Board of Directors or paid or set apart for payment by the Board of Directors or paid or set apart for payment by the Association if such declaration or payment shall be restricted or prohibited by law.

(iv) Holders of shares of Series A Preferred Stock shall not be entitled to any dividends in excess of full dividends declared, as herein provided, on the shares of Series A Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment on the shares of Series A Preferred Stock that may be in arrears.

(v) (A) So long as any shares of Series A Preferred Stock are outstanding, no dividends (other than dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, Series A Junior Securities and other than as provided in clause (B) below) shall be declared, paid or set aside for payment or other distribution upon any Series A Junior Securities or any other Series A Parity Securities, nor shall any shares of any Series A Junior Securities or any other Series A Parity Securities be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or set aside or made available for a sinking fund for the redemption of any shares of any such stock) by the Association (except by conversion into or exchange for shares of, or options, warrants or rights to subscribe for or purchase, Series A Junior Securities) unless, in each case, the full dividends on all outstanding shares of the Series A Preferred Stock shall have been declared and paid, when due, for the Series A Dividend Period, if any, terminating on or immediately prior to the date of payment in respect of such dividend, distribution, redemption, purchase or acquisition.

(B) When dividends for any Series A Dividend Period are not paid in full, as provided in clause (A) above, on the shares of the Series A Preferred Stock or any other Series A Parity Securities, dividends may be declared and paid on any such shares for any dividend period therefor, but only if such dividends are declared and paid pro rata so that the amount of dividends declared and paid per share on the shares of the Series A

Preferred Stock and any other Series A Parity Securities, in all cases shall bear to each other the same ratio that the amount of unpaid dividends per share on the shares of the Series A Preferred Stock for such Series A Dividend Period and such other Series A Parity Securities for the corresponding dividend period bear to each other.

(d) Liquidation Preference.

(i) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Association, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Association available for distribution to its shareholders an amount in cash equal to the Series A Liquidation Value for each share outstanding, plus an amount in cash equal to all unpaid dividends thereon for the then current Series A Dividend Period, whether or not earned or declared, before any payment shall be made or any assets distributed to the holders of Series A Junior Securities. If the assets of the Association are not sufficient to pay in full the liquidation payments payable to the holders of outstanding shares of the Series A Preferred Stock and any Series A Parity Securities, then the holders of all such shares shall share ratably in such distribution of assets in accordance with the amount which would be payable on such distribution if the amounts to which the holders of outstanding shares of Series A Preferred Stock and the holders of outstanding shares of such Series A Parity Securities are entitled were paid in full.

(ii) For the purpose of this Section 5.01(d), neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Association, nor the consolidation or merger of the Association, shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Association, unless such voluntary sale, conveyance, exchange or transfer shall be in connection with a plan of liquidation, dissolution or winding up of the Association.

(e) Redemption. The Series A Preferred Stock is not redeemable prior to December 31, 2021. On or after such date, the Series A Preferred Stock shall be redeemable, in whole or in part, at the option of the Association, but with the consent of the Comptroller of the Currency and any other appropriate regulatory authorities, if required, for cash out of any source of funds legally available, at a redemption price equal to 100% of the Series A Liquidation Value per share plus unpaid dividends thereon accumulated since the immediately preceding Series A Dividend Payment Date (the "Series A Redemption Price"). Any date of such redemption is referred to as the "Series A Redemption Date." If fewer than all the outstanding shares of Series A Preferred Stock are to be redeemed, the Association will select those to be redeemed by lot or pro rata or by any other method as may be determined by the Board of Directors to be equitable.

The Series A Preferred Stock is not subject to any sinking fund.

(f) Procedure for Redemption.

(i) Upon redemption of the Series A Preferred Stock pursuant to Section 5.01(e) hereof, notice of such redemption (a "Series A Notice of Redemption") shall be mailed by first-class mail, postage prepaid, not less than thirty (30) days nor more than

sixty (60) days prior to the Series A Redemption Date to the holders of record of the shares to be redeemed at their respective addresses as they shall appear in the records of the Association; provided, however, that failure to give such notice or any defect therein or in the mailing thereof shall not affect the validity of the proceeding for the redemption of any shares so to be redeemed except as to the holder to whom the Association has failed to give such notice or except as to the holder to whom notice was defective. Each such notice shall state: (A) the Series A Redemption Date; (B) the Series A Redemption Price; (C) the place or places where certificates for such shares are to be surrendered for payment of the Series A Redemption Price; and (D) the CUSIP number of the shares being redeemed.

(ii) If a Series A Notice of Redemption shall have been given as aforesaid and the Association shall have deposited on or before the Series A Redemption Date a sum sufficient to redeem the shares of Series A Preferred Stock as to which a Series A Notice of Redemption has been given in trust with the Transfer Agent with irrevocable instructions and authority to pay the Series A Redemption Price to the holders thereof, or if no such deposit is made, then upon the Series A Redemption Date (unless the Association shall default in making payment of the Series A Redemption Price), all rights of the holders thereof as shareholders of the Association by reason of the ownership of such shares (except their right to receive the Series A Redemption Price thereof without interest) shall cease and terminate, and such shares shall no longer be deemed outstanding for any purpose. The Association shall be entitled to receive, from time to time, from the Transfer Agent the interest, if any, earned on such moneys deposited with it, and the holders of any shares so redeemed shall have no claim to any such interest. In case the holder of any shares of Series A Preferred Stock so called for redemption shall not claim the Series A Redemption Price for its shares within twelve (12) months after the related Series A Redemption Date, the Transfer Agent shall, upon demand, pay over to the Association such amount remaining on deposit, and the Transfer Agent shall thereupon be relieved of all responsibility to the holder of such shares, and such holder shall look only to the Association for payment thereof.

(iii) Not later than 1:30 p.m., Eastern Standard Time, on the Business Day immediately preceding the Series A Redemption Date, the Association shall irrevocably deposit with the Transfer Agent sufficient funds for the payment of the Series A Redemption Price for the shares to be redeemed on the Series A Redemption Date and shall give the Transfer Agent irrevocable instructions to apply such funds, and, if applicable and so specified in the instructions, the income and proceeds therefrom, to the payment of such Series A Redemption Price. The Association may direct the Transfer Agent to invest any such available funds, provided that the proceeds of any such investment will be available to the Transfer Agent in Milwaukee, Wisconsin at the opening of business on such Series A Redemption Date.

(iv) Except as otherwise expressly set forth in this Section 5.01(f), nothing contained in these Amended and Restated Articles of Association shall limit any legal right of the Association to purchase or otherwise acquire any shares of Series A Preferred Stock at any price, whether higher or lower than the Series A Redemption Price, in private negotiated transactions, the over-the-counter market or otherwise.

(v) If the Association shall not have funds legally available for the redemption of all of the shares of Series A Preferred Stock on any Series A Redemption Date, the Association shall redeem on the Series A Redemption Date only the number of shares of Series A Preferred Stock as it shall have legally available funds to redeem, as determined in an equitable manner, and the remainder of the shares of Series A Preferred Stock shall be redeemed, at the option of the Association, on the earliest practicable date next following the day on which the Association shall first have funds legally available for the redemption of such shares.

(g) **Reacquired Shares.** Shares of the Series A Preferred Stock that have been redeemed, purchased or otherwise acquired by the Association are not subject to reissuance or resale as shares of Series A Preferred Stock and shall be held in treasury. Such shares shall revert to the status of authorized but unissued shares of preferred stock, undesignated as to series, until the Board of Directors of the Association shall designate them again for issuance as part of a series.

(h) **Voting Rights.** Except as otherwise required by applicable law, the holders of Series A Preferred Stock shall not have any voting rights.

Section 5.02. Series B Preferred Stock. Pursuant to the provisions of this Article Fifth, a series of Series B Non-Cumulative Preferred Stock, consisting of one million four hundred ninety-four thousand nine hundred thirty-five (1,494,935) shares, is hereby established and authorized to be issued, and in addition to such matters specified elsewhere in this Article Fifth, such Series B Non-Cumulative Preferred Stock shall have the following powers, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions:

(a) **Designation and Amount.** The shares of Preferred Stock shall be designated as the Series B Non-Cumulative Preferred Stock (the "Series B Preferred Stock"), and the number of shares constituting the Series B Preferred Stock shall be one million four hundred ninety-four thousand nine hundred thirty-five (1,494,935). The liquidation preference of the Series B Preferred Stock shall be \$1,000 per share (the "Series B Liquidation Value").

(b) **Rank.** The Series B Preferred Stock shall, with respect to dividend rights and upon liquidation, dissolution and winding up of the Association, rank (i) senior to all classes and series of Common Stock of the Association and to all classes and series of capital stock of the Association now or hereafter authorized, issued or outstanding, which by their terms expressly provide that they are junior to the Series B Preferred Stock as to dividend distributions and distributions upon the liquidation, dissolution or winding up of the Association, or which do not specify their rank (collectively with the Common Stock, the "Series B Junior Securities"); (ii) on a parity with the Series A Preferred Stock and the Series C Preferred Stock and each other class of capital stock or series of preferred stock issued by the Association after the date hereof, the terms of which specifically provide that such class or series will rank on a parity with the Series B Preferred Stock as to dividend distributions and distributions upon the liquidation, dissolution or winding up of the Association (collectively with the Series A Preferred Stock and the Series C Preferred Stock, the "Series B Parity Securities"); and (iii) junior to each other class of capital stock or series of preferred stock issued by the Association after the date hereof, the terms of which specifically provide that such class or series will rank senior to the Series B Preferred

Stock as to dividend distributions and distributions upon the liquidation, dissolution or winding up of the Association (collectively, the "Series B Senior Securities").

(c) **Dividends.** Dividends are payable on the Series B Preferred Stock as follows:

(i) The holders of the Series B Preferred Stock in preference to the Series B Junior Securities shall be entitled to receive, out of funds legally available for that purpose, and when, as, and if declared by the Board of Directors of the Association, dividends payable in cash at the applicable annual rate set forth in this Section 5.02(c)(i) below of the Series B Liquidation Value (the "Series B Dividend Rate"):

(1) With respect to dividends payable on each Series B Dividend Payment Date occurring from the Issue Date through December 31, 2005, the Series B Dividend Rate shall be eight and seven-eighths percent (8.875%); and

(2) Thereafter, dividends shall accrue at a variable rate per annum equal to the 5-year CMT Rate plus two percent (2%). On December 31, 2005, and on December 31 every five (5) years thereafter, the previous dividend rate shall be replaced by the then-current 5-year CMT Rate plus two percent (2%). The 5-year CMT Rate for each 5-year period shall be determined by the Calculation Agent on the second Business Day immediately preceding the first day of such period (each a "CMT Determination Date").

(ii) Dividends on the Series B Preferred Stock shall be non-cumulative. Dividends not paid on any Series B Dividend Payment Date shall not accumulate thereafter. Dividends shall accumulate from the first day of any Series A Dividend Period to but excluding the immediately succeeding Series A Dividend Payment Date. Dividends, if and when declared, shall be payable in arrears in cash on each Series B Dividend Payment Date of each year with respect to the Series B Dividend Period ending on the day immediately prior to such Series B Dividend Payment Date at the Series B Dividend Rate per share to holders of record at the close of business on the applicable Record Date, commencing on the Exchange Date with respect to any shares of Series B Preferred Stock issued prior to that Series B Dividend Payment Date; provided that dividends payable on the Series B Preferred Stock on the Series B Dividend Payment Date immediately following the first Series B Dividend Period following the Issue Date (and any dividend payable for a period less than a full quarterly period) shall be prorated for the period and computed on the basis of a 360-day year of twelve 30-day months and the actual number of days in such Series B Dividend Period; and provided, further, that dividends payable on the Series B Preferred Stock on the Series B Dividend Payment Date immediately following the first Series B Dividend Period following the Issue Date shall include any accumulated and unpaid dividends on the Realty Company Series C Exchangeable Stock exchanged for the Series B Preferred Stock as of the Exchange Date for the then current dividend period. Dividends on such Series B Preferred Stock shall be paid only in cash.

(iii) No dividends on shares of Series B Preferred Stock shall be declared by the Board of Directors or paid or set apart for payment by the Board of Directors or paid or set apart for payment by the Association if such declaration or payment shall be restricted or prohibited by law.

(iv) Holders of shares of Series B Preferred Stock shall not be entitled to any dividends in excess of full dividends declared, as herein provided, on the shares of Series B Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment on the shares of Series B Preferred Stock that may be in arrears.

(v) (A) So long as any shares of Series B Preferred Stock are outstanding, no dividends (other than dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, Series B Junior Securities and other than as provided in clause (B) below) shall be declared, paid or set aside for payment or other distribution upon any Series B Junior Securities or any other Series B Parity Securities, nor shall any shares of any Series B Junior Securities or any other Series B Parity Securities be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or set aside or made available for a sinking fund for the redemption of any shares of any such stock) by the Association (except by conversion into or exchange for shares of, or options, warrants or rights to subscribe for or purchase, Series B Junior Securities) unless, in each case, the full dividends on all outstanding shares of the Series B Preferred Stock shall have been declared and paid, when due, for the Series B Dividend Period, if any, terminating on or immediately prior to the date of payment in respect of such dividend, distribution, redemption, purchase or acquisition.

(B) When dividends for any Series B Dividend Period are not paid in full, as provided in clause (A) above, on the shares of the Series B Preferred Stock or any other Series B Parity Securities, dividends may be declared and paid on any such shares for any dividend period therefor, but only if such dividends are declared and paid pro rata so that the amount of dividends declared and paid per share on the shares of the Series B Preferred Stock and any other Series B Parity Securities, in all cases shall bear to each other the same ratio that the amount of unpaid dividends per share on the shares of the Series B Preferred Stock for such Series B Dividend Period and such other Series B Parity Securities for the corresponding dividend period bear to each other.

(d) Liquidation Preference.

(i) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Association, the holders of shares of Series B Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Association available for distribution to its shareholders an amount in cash equal to the Series B Liquidation Value for each share outstanding, plus an amount in cash equal to all unpaid dividends thereon for the then current Series B Dividend Period, whether or not earned or declared, before any payment shall be made or any assets distributed to the holders of Series B Junior Securities. If the assets of the Association are not sufficient to pay in full the liquidation payments payable to the holders of outstanding shares of the Series B

Preferred Stock and any Series B Parity Securities, then the holders of all such shares shall share ratably in such distribution of assets in accordance with the amount which would be payable on such distribution if the amounts to which the holders of outstanding shares of Series B Preferred Stock and the holders of outstanding shares of such Series B Parity Securities are entitled were paid in full.

(ii) For the purpose of this Section 5.02(d), neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Association, nor the consolidation or merger of the Association, shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Association, unless such voluntary sale, conveyance, exchange or transfer shall be in connection with a plan of liquidation, dissolution or winding up of the Association.

(e) **Redemption.** The Series B Preferred Stock is not redeemable prior to December 31, 2005. On such date and on each fifth anniversary of such date, the Series B Preferred Stock shall be redeemable, in whole or in part, at the option of the Association, but with the consent of the Comptroller of the Currency and any other appropriate regulatory authorities, if required, for cash out of any source of funds legally available, at a redemption price equal to 100% of the Series B Liquidation Value per share plus unpaid dividends thereon accumulated since the immediately preceding Series B Dividend Payment Date (the "Series B Redemption Price"). Any date of such redemption is referred to as the "Series B Redemption Date." If fewer than all the outstanding shares of Series B Preferred Stock are to be redeemed, the Association will select those to be redeemed by lot or pro rata or by any other method as may be determined by the Board of Directors to be equitable.

The Series B Preferred Stock is not subject to any sinking fund.

(f) **Procedure for Redemption.**

(i) Upon redemption of the Series B Preferred Stock pursuant to Section 5.02(e) hereof, notice of such redemption (a "Series B Notice of Redemption") shall be mailed by first-class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the Series B Redemption Date to the holders of record of the shares to be redeemed at their respective addresses as they shall appear in the records of the Association; provided, however, that failure to give such notice or any defect therein or in the mailing thereof shall not affect the validity of the proceeding for the redemption of any shares so to be redeemed except as to the holder to whom the Association has failed to give such notice or except as to the holder to whom notice was defective. Each such notice shall state: (A) the Series B Redemption Date; (B) the Series B Redemption Price; (C) the place or places where certificates for such shares are to be surrendered for payment of the Series B Redemption Price; and (D) the CUSIP number of the shares being redeemed.

(ii) If a Series B Notice of Redemption shall have been given as aforesaid and the Association shall have deposited on or before the Series B Redemption Date a sum sufficient to redeem the shares of Series B Preferred Stock as to which a Series B Notice of Redemption has been given in trust with the Transfer Agent with irrevocable

instructions and authority to pay the Series B Redemption Price to the holders thereof, or if no such deposit is made, then upon the Series B Redemption Date (unless the Association shall default in making payment of the Series B Redemption Price), all rights of the holders thereof as shareholders of the Association by reason of the ownership of such shares (except their right to receive the Series B Redemption Price thereof without interest) shall cease and terminate, and such shares shall no longer be deemed outstanding for any purpose. The Association shall be entitled to receive, from time to time, from the Transfer Agent the interest, if any, earned on such moneys deposited with it, and the holders of any shares so redeemed shall have no claim to any such interest. In case the holder of any shares of Series B Preferred Stock so called for redemption shall not claim the Series B Redemption Price for its shares within twelve (12) months after the related Series B Redemption Date, the Transfer Agent shall, upon demand, pay over to the Association such amount remaining on deposit, and the Transfer Agent shall thereupon be relieved of all responsibility to the holder of such shares, and such holder shall look only to the Association for payment thereof.

(iii) Not later than 1:30 p.m., Eastern Standard Time, on the Business Day immediately preceding the Series B Redemption Date, the Association shall irrevocably deposit with the Transfer Agent sufficient funds for the payment of the Series B Redemption Price for the shares to be redeemed on the Series B Redemption Date and shall give the Transfer Agent irrevocable instructions to apply such funds, and, if applicable and so specified in the instructions, the income and proceeds therefrom, to the payment of such Series B Redemption Price. The Association may direct the Transfer Agent to invest any such available funds, provided that the proceeds of any such investment will be available to the Transfer Agent in Milwaukee, Wisconsin at the opening of business on such Series B Redemption Date.

(iv) Except as otherwise expressly set forth in this Section 5.02(f), nothing contained in these Amended and Restated Articles of Association shall limit any legal right of the Association to purchase or otherwise acquire any shares of Series B Preferred Stock at any price, whether higher or lower than the Series B Redemption Price, in private negotiated transactions, the over-the-counter market or otherwise.

(v) If the Association shall not have funds legally available for the redemption of all of the shares of Series B Preferred Stock on any Series B Redemption Date, the Association shall redeem on the Series B Redemption Date only the number of shares of Series B Preferred Stock as it shall have legally available funds to redeem, as determined in an equitable manner, and the remainder of the shares of Series B Preferred Stock shall be redeemed, at the option of the Association, on the earliest practicable date next following the day on which the Association shall first have funds legally available for the redemption of such shares.

(g) **Reacquired Shares.** Shares of the Series B Preferred Stock that have been redeemed, purchased or otherwise acquired by the Association are not subject to reissuance or resale as shares of Series B Preferred Stock and shall be held in treasury. Such shares shall revert to the status of authorized but unissued shares of preferred stock, undesignated as to series, until the Board of Directors of the Association shall designate them again for issuance as part of a series.

(h) **Voting Rights.** Except as otherwise required by applicable law, the holders of Series B Preferred Stock shall not have any voting rights.

Section 5.03. Series C Preferred Stock. Pursuant to the provisions of this Article Fifth, a series of Series C Non-Cumulative Preferred Stock, consisting of seven hundred fifty thousand (750,000) shares, is hereby established and authorized to be issued, and in addition to such matters specified elsewhere in this Article Fifth, such Series C Non-Cumulative Preferred Stock shall have the following powers, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions:

(a) **Designation and Amount.** The shares of Preferred Stock shall be designated as the Series C Non-Cumulative Preferred Stock (the "Series C Preferred Stock"), and the number of shares constituting the Series C Preferred Stock shall be seven hundred fifty thousand (750,000). The liquidation preference of the Series C Preferred Stock shall be \$1,000 per share (the "Series C Liquidation Value").

(b) **Rank.** The Series C Preferred Stock shall, with respect to dividend rights and upon liquidation, dissolution and winding up of the Association, rank (i) senior to all classes and series of Common Stock of the Association and to all classes and series of capital stock of the Association now or hereafter authorized, issued or outstanding, which by their terms expressly provide that they are junior to the Series C Preferred Stock as to dividend distributions and distributions upon the liquidation, dissolution or winding up of the Association, or which do not specify their rank (collectively with the Common Stock, the "Series C Junior Securities"); (ii) on a parity with the Series A Preferred Stock and the Series B Preferred Stock and each other class of capital stock or series of preferred stock issued by the Association after the date hereof, the terms of which specifically provide that such class or series will rank on a parity with the Series C Preferred Stock as to dividend distributions and distributions upon the liquidation, dissolution or winding up of the Association (collectively with the Series A Preferred Stock and the Series B Preferred Stock, the "Series C Parity Securities"); and (iii) junior to each other class of capital stock or series of preferred stock issued by the Association after the date hereof, the terms of which specifically provide that such class or series will rank senior to the Series C Preferred Stock as to dividend distributions and distributions upon the liquidation, dissolution or winding up of the Association (collectively, the "Series C Senior Securities").

(c) **Dividends.** Dividends are payable on the Series C Preferred Stock as follows:

(i) The holders of the Series C Preferred Stock in preference to the Series C Junior Securities shall be entitled to receive, out of funds legally available for that purpose, and when, as, and if declared by the Board of Directors of the Association, dividends payable in cash at the annual rate of 7.75% of the Series C Liquidation Value (the "Series C Dividend Rate").

(ii) Dividends on the Series C Preferred Stock shall be non-cumulative. Dividends not paid on any Series C Dividend Payment Date shall not accumulate thereafter. Dividends shall accumulate from the first day of any Series C Dividend Period to but excluding the immediately succeeding Series C Dividend Payment Date. Dividends, if and when declared, shall be payable in arrears in cash on each Series C Dividend Payment Date of each year with respect to the Series C Dividend Period ending on the day immediately prior to such Series C Dividend Payment Date at the Series C Dividend Rate per share to holders of record at the close of business on the applicable Record Date, commencing on the Exchange Date with respect to any shares of Series C Preferred Stock issued prior to that Series C Dividend Payment Date; provided that dividends payable on the Series C Preferred Stock on the Series C Dividend Payment Date immediately following the first Series C Dividend Period following the Issue Date (and any dividend payable for a period less than a full quarterly period) shall be prorated for the period and computed on the basis of a 360-day year of twelve 30-day months and the actual number of days in such Series C Dividend Period; and provided, further, that dividends payable on the Series C Preferred Stock on the Series C Dividend Payment Date immediately following the first Series C Dividend Period following the Issue Date shall include any accumulated and unpaid dividends on the Funding Company Exchangeable Securities exchanged for the Series C Preferred Stock as of the Exchange Date for the then current dividend period. Dividends on such Series C Preferred Stock shall be paid only in cash.

(iii) No dividends on shares of Series C Preferred Stock shall be declared by the Board of Directors or paid or set apart for payment by the Board of Directors or paid or set apart for payment by the Association if such declaration or payment shall be restricted or prohibited by law.

(iv) Holders of shares of Series C Preferred Stock shall not be entitled to any dividends in excess of full dividends declared, as herein provided, on the shares of Series C Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment on the shares of Series C Preferred Stock that may be in arrears.

(v) (A) So long as any shares of Series C Preferred Stock are outstanding, no dividends (other than dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, Series C Junior Securities and other than as provided in clause (B) below) shall be declared, paid or set aside for payment or other distribution upon any Series C Junior Securities or any other Series C Parity Securities, nor shall any shares of any Series C Junior Securities or any other Series C Parity Securities be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or set aside or made available for a sinking fund for the redemption of any shares of any such stock) by the Association (except by conversion into or exchange for shares of, or options, warrants or rights to subscribe for or purchase, Series C Junior Securities) unless, in each case, the full dividends on all outstanding shares of the Series C Preferred Stock shall have been declared and paid, when due, for the Series C Dividend Period, if any, terminating on or immediately prior to the date of payment in respect of such dividend, distribution, redemption, purchase or acquisition.

(B) When dividends for any Series C Dividend Period are not paid in full, as provided in clause (A) above, on the shares of the Series C Preferred Stock or any other Series C Parity Securities, dividends may be declared and paid on any such shares for any dividend period therefor, but only if such dividends are declared and paid pro rata so that the amount of dividends declared and paid per share on the shares of the Series C Preferred Stock and any other Series C Parity Securities, in all cases shall bear to each other the same ratio that the amount of unpaid dividends per share on the shares of the Series C Preferred Stock for such Series C Dividend Period and such other Series C Parity Securities for the corresponding dividend period bear to each other.

(d) Liquidation Preference.

(i) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Association, the holders of shares of Series C Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Association available for distribution to its shareholders an amount in cash equal to the Series C Liquidation Value for each share outstanding, plus an amount in cash equal to all unpaid dividends thereon for the then current Series C Dividend Period, whether or not earned or declared, before any payment shall be made or any assets distributed to the holders of Series C Junior Securities. If the assets of the Association are not sufficient to pay in full the liquidation payments payable to the holders of outstanding shares of the Series C Preferred Stock and any Series C Parity Securities, then the holders of all such shares shall share ratably in such distribution of assets in accordance with the amount which would be payable on such distribution if the amounts to which the holders of outstanding shares of Series C Preferred Stock and the holders of outstanding shares of such Series C Parity Securities are entitled were paid in full.

(ii) For the purpose of this Section 5.03(d), neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Association, nor the consolidation or merger of the Association, shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Association, unless such voluntary sale, conveyance, exchange or transfer shall be in connection with a plan of liquidation, dissolution or winding up of the Association.

(e) Redemption. The Series C Preferred Stock shall be redeemable at any time, in whole or in part, at the option of the Association, but with the consent of the Comptroller of the Currency and any other appropriate regulatory authorities, if required, for cash out of any source of funds legally available, at a redemption price equal to 100% of the Series C Liquidation Value per share plus unpaid dividends thereon accumulated since the immediately preceding Series C Dividend Payment Date (the "Series C Redemption Price"). Any date of such redemption is referred to as the "Series C Redemption Date." If fewer than all the outstanding shares of Series C Preferred Stock are to be redeemed, the Association will select those to be redeemed by lot or pro rata or by any other method as may be determined by the Board of Directors to be equitable.

The Series C Preferred Stock is not subject to any sinking fund.

(f) Procedure for Redemption.

(i) Upon redemption of the Series C Preferred Stock pursuant to Section 5.03(e) hereof, notice of such redemption (a "Series C Notice of Redemption") shall be mailed by first-class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the Series C Redemption Date to the holders of record of the shares to be redeemed at their respective addresses as they shall appear in the records of the Association; provided, however, that failure to give such notice or any defect therein or in the mailing thereof shall not affect the validity of the proceeding for the redemption of any shares so to be redeemed except as to the holder to whom the Association has failed to give such notice or except as to the holder to whom notice was defective. Each such notice shall state: (A) the Series C Redemption Date; (B) the Series C Redemption Price; (C) the place or places where certificates for such shares are to be surrendered for payment of the Series C Redemption Price; and (D) the CUSIP number of the shares being redeemed.

(ii) If a Series C Notice of Redemption shall have been given as aforesaid and the Association shall have deposited on or before the Series C Redemption Date a sum sufficient to redeem the shares of Series C Preferred Stock as to which a Series C Notice of Redemption has been given in trust with the Transfer Agent with irrevocable instructions and authority to pay the Series C Redemption Price to the holders thereof, or if no such deposit is made, then upon the Series C Redemption Date (unless the Association shall default in making payment of the Series C Redemption Price), all rights of the holders thereof as shareholders of the Association by reason of the ownership of such shares (except their right to receive the Series C Redemption Price thereof without interest) shall cease and terminate, and such shares shall no longer be deemed outstanding for any purpose. The Association shall be entitled to receive, from time to time, from the Transfer Agent the interest, if any, earned on such moneys deposited with it, and the holders of any shares so redeemed shall have no claim to any such interest. In case the holder of any shares of Series C Preferred Stock so called for redemption shall not claim the Series C Redemption Price for its shares within twelve (12) months after the related Series C Redemption Date, the Transfer Agent shall, upon demand, pay over to the Association such amount remaining on deposit, and the Transfer Agent shall thereupon be relieved of all responsibility to the holder of such shares, and such holder shall look only to the Association for payment thereof.

(iii) Not later than 1:30 p.m., Eastern Standard Time, on the Business Day immediately preceding the Series C Redemption Date, the Association shall irrevocably deposit with the Transfer Agent sufficient funds for the payment of the Series C Redemption Price for the shares to be redeemed on the Series C Redemption Date and shall give the Transfer Agent irrevocable instructions to apply such funds, and, if applicable and so specified in the instructions, the income and proceeds therefrom, to the payment of such Series C Redemption Price. The Association may direct the Transfer Agent to invest any such available funds, provided that the proceeds of any such investment will be available to the Transfer Agent in Milwaukee, Wisconsin at the opening of business on such Series C Redemption Date.

(iv) Except as otherwise expressly set forth in this Section 5.03(f), nothing contained in these Amended and Restated Articles of Association shall limit any legal right of the Association to purchase or otherwise acquire any shares of Series C Preferred Stock at any price, whether higher or lower than the Series C Redemption Price, in private negotiated transactions, the over-the-counter market or otherwise.

(v) If the Association shall not have funds legally available for the redemption of all of the shares of Series C Preferred Stock on any Series C Redemption Date, the Association shall redeem on the Series C Redemption Date only the number of shares of Series C Preferred Stock as it shall have legally available funds to redeem, as determined in an equitable manner, and the remainder of the shares of Series C Preferred Stock shall be redeemed, at the option of the Association, on the earliest practicable date next following the day on which the Association shall first have funds legally available for the redemption of such shares.

(g) **Reacquired Shares.** Shares of the Series C Preferred Stock that have been redeemed, purchased or otherwise acquired by the Association are not subject to reissuance or resale as shares of Series C Preferred Stock and shall be held in treasury. Such shares shall revert to the status of authorized but unissued shares of preferred stock, undesignated as to series, until the Board of Directors of the Association shall designate them again for issuance as part of a series.

(h) **Voting Rights.** Except as otherwise required by applicable law, the holders of Series C Preferred Stock shall not have any voting rights.

Section 5.04. Definitions. For the purpose of Sections 5.01, 5.02 and 5.03 hereof, the following terms shall have the meanings indicated:

"5-year CMT Rate" for any CMT Determination Date will be the rate equal to:

- (i) the weekly average interest rate of U.S. Treasury securities having an index maturity of five years for the week that ends immediately before the week in which the relevant CMT Determination Date falls, as such rate appears on page "7052" on Telerate (or such other page as may replace the 7052 page on that service or any successor services) under the heading "... Treasury Constant Maturities ... Federal Reserve Board Release H.15 ... Mondays Approximately 3:45 p.m."
- (ii) If the applicable rate described in clause (i) above is not displayed on Telerate page 7052 at 3:00 p.m., New York City time, on the relevant CMT Determination Date, then the 5-year CMT Rate will be the Treasury constant maturity rate applicable to a five-year index maturity for the weekly average as published in H.15(519) (as defined below).
- (iii) If the applicable rate described in clause (ii) above does not appear in H.15(519) at 3:00 p.m., New York City time, on the relevant CMT Determination Date, then the 5-year CMT Rate will be the Treasury constant maturity rate, or other U.S. Treasury rate, applicable to a five-

year index maturity with reference to the relevant CMT Determination Date, that:

- (a) is published by the Board of Governors of the Federal Reserve System, or the U.S. Department of the Treasury; and
 - (b) is determined by the Association to be comparable to the applicable rate formerly displayed on Telerate page 7052 and published in H.15(519).
- (iv) If the rate described in clause (iii) above does not appear at 3:00 p.m., New York City time, on the relevant CMT Determination Date, then the 5-year CMT Rate will be the yield to maturity of the arithmetic mean of the secondary market offered rates for Treasury notes having an original maturity of approximately five years and a remaining term to maturity of not less than four years, and in a representative amount, as of approximately 3:30 p.m., New York City time, on the relevant CMT Determination Date, as quoted by three primary U.S. government securities dealers in New York City selected by the Association. In selecting these offered rates, the Association will request quotations from five primary dealers and will disregard the highest quotation – or, if there is equality, one of the highest – and the lowest quotation – or, if there is equality, one of the lowest.
- (v) If the Association is unable to obtain three quotations of the kind described in clause (iv) above, the CMT Rate will be the yield to maturity of the arithmetic mean of the secondary market offered rates for Treasury notes with an original maturity longer than five years and a remaining term to maturity closest to five years, and in a representative amount, as of approximately 3:30 p.m., New York City time, on the relevant CMT Determination Date, as quoted by the three primary U.S. governmental securities dealers in New York City selected by the Association. In selecting these offered rates, the Association will request quotations from five primary declares and will disregard the highest quotation – or, if there is equality, one of the highest – and the lowest quotation, or, if there is equality, one of the lowest.
- (vi) If fewer than five but more than two primary dealers are quoting offered rates as described above in clause (v), then the 5-year CMT Rate for the relevant CMT Determination Date will be based on the arithmetic mean of the offered rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded.
- (vii) If two or fewer primary dealers are quoting offered rates as described above in clause (v), the 5-year CMT Rate in effect for the new dividend period will be the 5-year CMT Rate in effect for the prior dividend period.

As used in this definition, "H.15(519)" means the weekly statistical release entitled "Statistical Release H.15(519)," or any successor publication, published by the Board of Governors of the Federal Reserve System.

Absent manifest error, the Association's determination of the 5-year CMT Rate will be final and binding.

"*Association*" means U.S. Bank National Association (formerly named Firststar Bank, National Association), a national banking association.

"*Business Day*" means a day on which the New York Stock Exchange is open for trading and which is not a day on which banking institutions in The City of New York and Milwaukee, Wisconsin are authorized or required by law or executive order to close.

"*Calculation Agent*" means any Person authorized by the Association to determine the Series B Dividend Rate, which initially shall be the Association.

"*CMT Determination Date*" has the meaning set forth in Section 5.02(c)(i)(2) hereof.

"*Dividend Payment Date*" means, as the context requires, a Series A Dividend Payment Date, a Series B Dividend Payment Date or a Series C Dividend Payment Date.

"*Exchange Date*" means, as the context requires, any date on which the Realty Company Series B Exchangeable Stock is exchanged for the Series A Preferred Stock, any date on which the Realty Company Series C Exchangeable Stock is exchanged for the Series B Preferred Stock, or any date on which the Funding Company Exchangeable Securities are exchanged for the Series C Preferred Stock.

"*Firststar Realty*" means Firststar Realty L.L.C., an Illinois limited liability company.

"*Funding Company Exchangeable Securities*" means the Non-Cumulative Exchangeable Preferred Securities of USB Funding LLC, a Delaware limited liability company.

"*Issue Date*" means, as the context requires, the first date on which shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock are issued.

"*Person*" means any individual, firm, bank or other entity and shall include any successor (by merger or otherwise) of such entity.

"*Realty Company Series B Exchangeable Stock*" means the Series B Non-Cumulative Exchangeable Preferred Stock of Firststar Realty.

"*Realty Company Series C Exchangeable Stock*" means the Series C Non-Cumulative Exchangeable Preferred Stock of Firststar Realty.

"*Record Date*" means the 15th day of the month in which the applicable Dividend Payment Date falls for dividends declared by the Board of Directors.

“Series A Dividend Payment Date” means each June 30 and December 31 of each year.

“Series A Dividend Period” is the period from a Series A Dividend Payment Date to, but excluding, the next succeeding Series A Dividend Payment Date, except that the initial Series A Dividend Period shall commence on the date of the original issuance of shares of Series A Preferred Stock.

“Series A Dividend Rate” has the meaning set forth in Section 5.01(c)(i) hereof.

“Series A Junior Securities” has the meaning set forth in Section 5.01(b) hereof.

“Series A Liquidation Value” has the meaning set forth in Section 5.01(a) hereof.

“Series A Notice of Redemption” has the meaning set forth in Section 5.01(f)(i) hereof.

“Series A Parity Securities” has the meaning set forth in Section 5.01(b) hereof.

“Series A Preferred Stock” has the meaning set forth in Section 5.01(a) hereof.

“Series A Redemption Date” has the meaning set forth in Section 5.01(e) hereof.

“Series A Redemption Price” has the meaning set forth in Section 5.01(e) hereof.

“Series A Senior Securities” has the meaning set forth in Section 5.01(b) hereof.

“Series B Dividend Payment Date” means each June 30 and December 31 of each year.

“Series B Dividend Period” is the period from a Series B Dividend Payment Date to, but excluding, the next succeeding Series B Dividend Payment Date, except that the initial Series B Dividend Period shall commence on the original issuance of shares of Series B Preferred Stock.

“Series B Dividend Rate” has the meaning set forth in Section 5.02(c)(i) hereof.

“Series B Junior Securities” has the meaning set forth in Section 5.02(b) hereof.

“Series B Liquidation Value” has the meaning set forth in Section 5.02(a) hereof.

“Series B Notice of Redemption” has the meaning set forth in Section 5.02(f)(i) hereof.

“Series B Parity Securities” has the meaning set forth in Section 5.02(b) hereof.

“Series B Preferred Stock” has the meaning set forth in Section 5.02(a) hereof.

“Series B Redemption Date” has the meaning set forth in Section 5.02(e) hereof.

“Series B Redemption Price” has the meaning set forth in Section 5.02(e) hereof.

“Series B Senior Securities” has the meaning set forth in Section 5.02(b) hereof.

“Series C Dividend Payment Date” means each January 15 and July 15 of each year.

“Series C Dividend Period” is the period from a Series C Dividend Payment Date to, but excluding, the next succeeding Series C Dividend Payment Date, except that the initial Series C Dividend Period shall commence on the original issuance of shares of Series C Preferred Stock.

“Series C Dividend Rate” has the meaning set forth in Section 5.03(c)(i) hereof.

“Series C Junior Securities” has the meaning set forth in Section 5.03(b) hereof.

“Series C Liquidation Value” has the meaning set forth in Section 5.03(a) hereof.

“Series C Notice of Redemption” has the meaning set forth in Section 5.03(f)(i) hereof.

“Series C Parity Securities” has the meaning set forth in Section 5.03(b) hereof.

“Series C Preferred Stock” has the meaning set forth in Section 5.03(a) hereof.

“Series C Redemption Date” has the meaning set forth in Section 5.03(e) hereof.

“Series C Redemption Price” has the meaning set forth in Section 5.03(e) hereof.

“Series C Senior Securities” has the meaning set forth in Section 5.03(b) hereof.

“Transfer Agent” means a bank or trust company as may be appointed from time to time by the Board of Directors of the Association, or a committee thereof, to act as transfer agent, paying agent and registrar of the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock.

SIXTH: The Board of Directors shall appoint one of its members President of the Association, who shall be Chairman of the Board, unless the Board appoints another Director to be the Chairman of the Board. The Board of Directors shall have the power to appoint one or more Vice Presidents; and to appoint a Cashier and such other officers and employees as may be required to transact the Business of the Association. The Board of Directors shall have the power to define the duties of the officers and employees of the Association; to fix the salaries to be paid to them; to dismiss them; to require bonds from them and to fix the penalty thereof; to regulate the manner in which any increase of the capital of the Association shall be made; to manage and administer the business affairs of the Association; to make all Bylaws that it may be lawful for them to make and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform.

SEVENTH: The Board of Directors, without need for approval of shareholders, shall have the power to change the location of the main office of the Association, subject to such limitations as from time to time may be provided by law; and shall have the power to establish or

change the location of any branch or branches of the Association to any other location, without the approval of the shareholders, but subject to the approval of the Comptroller of the Currency.

EIGHTH: The corporate existence of the Association shall continue until terminated in accordance with the laws of the United States.

NINTH: The Board of Directors of the Association, the Chairman of the Board, the President, or any three or more holders of Common Stock owning, in the aggregate, not less than twenty-five percent of the Common Stock of this Association, may call a special meeting of shareholders at any time. Unless otherwise provided by the laws of the United States, a notice of the time, place, and purpose of every annual and special meeting of the shareholders shall be given by first-class mail, postage prepaid, mailed at least ten (10) days prior to the date of such meeting to each shareholder of record entitled to vote at such meeting at his address as shown upon the books of the Association.

TENTH: Any person, his heirs, executors, or administrators, may be indemnified or reimbursed by the Association for reasonable expenses actually incurred in connection with any action, suit, or proceeding, civil or criminal, to which he or they shall be made a party by reason of his being or having been a Director, officer, or employee of the Association or of any firm, corporation, or organization which he served in any such capacity at the request of the Association. Provided, however, that no person shall be so indemnified or reimbursed in relation to any matter in such action, suit, or proceeding as to which he shall finally be adjudged to have been guilty of or liable for gross negligence, willful misconduct or criminal acts in the performance of his duties to the Association. And, provided further, that no person shall be so indemnified or reimbursed in relation to any matter in such action, suit, or proceeding which has been made the subject of a compromise settlement except with the approval of a court of competent jurisdiction, or the holders of record of a majority of the outstanding shares of the Association, or the Board of Directors, acting by vote of Directors not parties to the same or substantially the same action, suit or proceeding, constituting a majority of the whole number of Directors. And, provided further, that no Director, officer or employee shall be so indemnified or reimbursed for expenses, penalties or other payments incurred in an administrative proceeding or action instituted by an appropriate bank regulatory agency where said proceeding or action results in a final order assessing civil money penalties or requiring affirmative action by an individual or individuals in the form of payments to the Association. The foregoing right of indemnification shall not be exclusive of other rights to which such person, his heirs, executors, or administrators, may be entitled as a matter of law. The Association may, upon the affirmative vote of a majority of its Board of Directors, purchase insurance for the purpose of indemnifying its Directors, officers and other employees to the extent that such indemnification is allowed in the preceding paragraph. Such insurance may, but need not, be for the benefit of all Directors, officers, or employees.

ELEVENTH: Except as otherwise specifically provided in Article Fifth hereof, these Amended and Restated Articles of Association may be amended at any regular or special meeting of the shareholders by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock of the Association, unless the vote of the holders of a greater amount of stock is required by law and in that case by the vote of the holders of such greater amount.

Effective as of 08-09-2001



Corporate Trust Services
60 Livingston Avenue
EP-MN-WS2N
St. Paul, MN 55107

CLOSING MEMO

Submit completed memo to CTS Closings Shared
cts.closings@usbank.com

☒ FAST

☐ NON – FAST

DWAC

To: DTC Transfer Agent Services
From: U.S. Bank Closings Dept.

F: (813) 470-1578
P: (651) 495-7090

F: (212) 855-4479
F: (651) 495-8144

Transfer Agent Information	
Name Eileen Cassidy	U.S. Bank
Address U. S. Bank Two Liberty Place 50 South 16 th St Philadelphia, PA 19102	60 Livingston Ave. St. Paul, MN 55107
Phone 215-761-9301	(651) 495-7090
U.S. Bank FINS Number:	201327

Issuer: Abington Township
SEI Number: 802900100

Security Description: Township of Abington, Montgomery County, Pennsylvania
General Obligation Bonds Series 2010

BASE-CUSIP	SUB-CUSIP	MATURITY	RATE	AMOUNT

Transfer Agent Number: 9968 (Corporate/Municipal)

Trust Capacities:

- ☒ Transfer Agent
☒ Trustee (Bonds)
☒ Paying Agent (Bond Coupons)
☒ Dividend/Interest Disbursements
☒ Redemption / Maturity (Bonds)
☐ Other:

EFFECTIVE/NOTIFICATION

DATE: 06/17/2010

CLOSING CONTACT: Stacy L Mitchell PHONE NO: 215-761-9316



Corporate Trust Services
60 Livingston Avenue
EP-MN-WS2N
St. Paul, MN 55107

ACCOUNT MANAGER:

Stacy L Mitchell

PHONE NO:

215-761-9316

305094

Conditional Notice of Optional Redemption

**Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2008A and Series of 2008B**

NOTICE IS HEREBY GIVEN, pursuant to the Amended and Restated Indenture of Trust, dated as of December 1, 1994, as amended and supplemented, between Pennsylvania Intergovernmental Cooperation Authority (the "Authority") and U.S. Bank National Association, as Trustee (the "Trustee"), that all of the outstanding bonds described below (the "Bonds") will be redeemed on May 17, 2010, (the "Redemption Date") at the redemption price of 100% of the principal amount thereof. The Bonds have a dated date of May 15, 2008, and are otherwise described as follows:

<u>Series of Bonds</u>	<u>Outstanding Principal</u>	<u>Maturity Date</u>	<u>CUSIP Number*</u>
Series of 2008A	\$126,915,000	June 15, 2022	708840 HC0
Series of 2008B	\$75,900,000	June 15, 2020	708840 HD8

Subject to the condition described below, on the Redemption Date the Bonds will become due and payable and should be sent to the Trustee for payment at the following address:

Hand Delivery or Overnight Mail
U.S. Bank National Association
Corporate Trust Services
60 Livingston Avenue
1st Floor — Bond Drop Window
St. Paul, MN 55107

First Class or Registered Mail
U.S. Bank National Association
Corporate Trust Services
P.O. Box 64111
St. Paul, MN 55164

From and after the Redemption Date, interest on the Bonds will cease to accrue.

It is suggested that registered or certified mail be used for redeeming the Bonds and that it is not necessary to endorse the Bonds unless payment is to be made to someone other than the registered holder.

This Notice of Redemption is conditional in that it is subject to the deposit of the redemption moneys by the Authority with the Trustee not later than the opening of business on the Redemption Date. In the event sufficient redemption moneys are not so deposited, this notice shall be of no effect and the redemption of the Bonds shall be cancelled.

IMPORTANT NOTICE

Withholding of 28% of any payment of gross redemption proceeds made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 unless the Trustee has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

Pennsylvania Intergovernmental Cooperation Authority

By: U.S. BANK NATIONAL ASSOCIATION, as Trustee

Date: April 22, 2010

* The Authority and the Trustee shall not be responsible for the selection or use of CUSIP numbers, and no representation is made as to the accuracy of the CUSIP numbers listed herein or printed on the Bonds. The numbers are included solely for the convenience of the holders of the Bonds.



www.ezdisclose.com

ezDisclose Notice Proof Summary Report

305094

04/22/2010

Client Name: U.S. Bank N.A. (St. Paul)

Reliance: 2

Notice Issuer: PENNSYLVANIA INTERGOVERNMENTAL COOPERATION

Issue Title: AUTHORITY SPECIAL TAX REVENUE REFUNDING SERIES 2008A and 2008B

Job Type: Redemption

Issue Date: 12/01/1994

Pub Date: 04/22/2010

Call Type: Full

Call Date: 05/17/2010

Total Amt Called: \$202,815,000.00

Notice Memo:

Customers:

Role	Bank Name	Bank #	DTC Agent	Address	City	State	Zip	Phone	Address Desc
Paying Agent	U.S. Bank N.A. (St. Paul)	096000690	40071706	60 Livingston Avenue 1st Floor, Bond Drop Window	St. Paul	MN	55107	651-973-5800	Default Org Paying Agent Address

Issues:

Cusip	Interest	Accr Int	Maturity	Int Types	Called/Cus	Price(%)	Cert No	Type	Prefix	Par Value	Called Value	Out Value	Trans
708840HD8	0.0000	0.0000	06/15/2020	01 MU F	\$75,900,000.00	100.00000000				N/A	N/A	N/A	
											Total for CUSIP		Amount Called
											708840HD8		\$75,900,000.00
708840HC0	0.0000	0.0000	06/15/2022	01 MU F	\$126,915,000.00	100.00000000				N/A	N/A	N/A	
											Total for CUSIP		Amount Called
											708840HC0		\$126,915,000.00

May 14, 2010

Greenberg Traurig, LLP
Philadelphia, Pennsylvania

**Re: *Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program) Series of 2010***

Ladies and Gentlemen:

We have rendered an opinion as counsel to Pennsylvania Intergovernmental Cooperation Authority, dated this date and addressed to Goldman, Sachs & Co., in connection with the issuance and sale of the above-referenced Bonds. A copy of our said opinion is attached hereto. You are hereby authorized to rely on paragraphs 1 and 3 of our said opinion as though it were expressly addressed to you.

Very truly yours,



REED SMITH LLP

SWR:mp

May 14, 2010

Goldman, Sachs & Co.
200 West Street
New York, NY 10282

***Re: Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program) Series of 2010***

Ladies and Gentlemen:

We have acted as counsel to the Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic constituting a public authority and instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth") created pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), in connection with the issuance and sale by the Authority on this date of \$206,960,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the "2010 Bonds"). Pursuant to the power and authority vested in it by virtue of the Act, and to carry out the public purposes of the Act, the Authority is issuing the 2010 Bonds under an Amended and Restated Indenture of Trust, dated as of December 1, 1994 (the "1994 Indenture"), between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended and supplemented by the First Supplement to the Amended and Restated Indenture of Trust, dated as of May 15, 1996 (the "First Supplemental Indenture"), by the Second Supplement to the Amended and Restated Indenture of Trust, dated as of April 1, 1999 (the "Second Supplemental Indenture"), by the Third Supplement to the Amended and Restated Indenture of Trust, dated as of June 1, 2003 (the "Third Supplemental Indenture"), by the Fourth Supplement to the Amended and Restated Indenture of Trust, dated as of June 1, 2006 (the "Fourth Supplemental Indenture"), by the Fifth Supplement to the Amended and Restated Indenture of Trust, dated as of May 1, 2008 (the "Fifth Supplemental Indenture"), by the Sixth Supplement to the Amended and Restated Indenture of Trust, dated as of June 1, 2009 (the "Sixth Supplemental Indenture"), and by the Seventh Supplement to the Amended and Restated Indenture of Trust, dated as of May 1, 2010 (the "Seventh Supplemental Indenture" and, together with the 1994 Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, and the Sixth Supplemental Indenture, the "Indenture"), for the purpose of refunding certain outstanding bonds of the Authority, as more particularly described in the Indenture. The 2010 Bonds are secured under the Indenture by the Authority's pledge to the Trustee of, and the Authority's grant to the Trustee of a security interest in, the proceeds of a 1.5% tax (the "Authority Income Tax") on salaries, wages, commissions and other compensation earned by residents of the City of Philadelphia, Pennsylvania (the "City") and on net profits earned in business, professions and other activities conducted by residents of the City, which has been enacted by the City exclusively

for the purposes of the Authority pursuant to Section 601(a)(3) of the Act and pursuant to an ordinance (Bill No. 1437) of the City Council of the City, approved by the Mayor of the City on June 12, 1991 (the "Authority Income Tax Ordinance").

Pursuant to a Bond Purchase Contract, dated May 4, 2010 (the "Bond Purchase Contract") between the Authority and Goldman, Sachs & Co (the "Underwriter"), the Authority is selling the 2010 Bonds to the Underwriter for reoffering by the Underwriter to the public. In connection with such public offering of the 2010 Bonds, the Authority has prepared an Official Statement, dated May 4, 2010 (the "Official Statement"), relating to the 2010 Bonds.

As contemplated by the Act, the Authority and the City have heretofore entered into an Intergovernmental Cooperation Agreement dated as of January 8, 1992 (the "Intergovernmental Cooperation Agreement").

In connection with the issuance of the 2010 Bonds, the Authority has executed and delivered an Arbitrage Certificate, dated May 14, 2010 (the "Tax Compliance Certificate"); and the Authority has entered into a Continuing Disclosure Agreement, dated May 14, 2010 (the "Disclosure Agreement").

For the purpose of rendering this opinion letter, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Indenture, the Bond Purchase Contract, the Intergovernmental Cooperation Agreement, the Official Statement, the Authority Income Tax Ordinance, the Tax Compliance Certificate, the Disclosure Agreement, and such other instruments, documents, records and certificates, and have made such investigations as to matters of law, as we have deemed necessary and appropriate. We also have examined a specimen of the 2010 Bonds.

In rendering this opinion letter, we have assumed, with respect to all documents and instruments reviewed by us, the genuineness of all signatures (other than those of the Authority), the capacity of natural persons, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as copies. We have further assumed as follows:

A. We have assumed that each party to the documents specified in paragraph 5 below other than the Authority (each such other party being referred to as an "Other Party") is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has the lawful power and authority to enter into and perform its obligations under such documents; that such documents have been duly authorized, executed and delivered by each such Other Party; and that such documents constitute the legal, valid and binding obligation of each such Other Party, enforceable against each such Other Party in accordance with their respective terms. We have further assumed that the 2010 Bonds have been duly authenticated by the Trustee in accordance with the requirements of the Indenture.

B. We have assumed that the City has duly and validly enacted the Authority Income Tax pursuant to the Authority Income Tax Ordinance in compliance with all procedural requirements of the City's Home Rule Charter, the Philadelphia Code of Ordinances and other applicable law, rules or regulations. We have further assumed that the Authority Income Tax Ordinance has not been amended,

modified or repealed in whole or in part and is in full force and effect on the date hereof. We have further assumed that the City has duly authorized, executed and delivered the Intergovernmental Cooperation Agreement.

C. We have assumed that each Credit Facility Issuer (as defined in the Indenture) is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and is duly licensed and authorized by all applicable regulatory bodies to issue the Credit Facility (as defined in the Indenture) issued by such Credit Facility Issuer. We have further assumed that each Credit Facility has been duly authorized, executed and delivered by the relevant Credit Facility Issuer and constitutes the legal, valid and binding obligation of such Credit Facility Issuer, enforceable in accordance with its terms.

Based upon and subject to the foregoing, and subject to the further exceptions, qualifications and limitations hereinafter set forth, we are pleased to advise you that we are of the following opinions:

1. The Authority is a body corporate and politic, constituting a public authority and instrumentality of the Commonwealth, created pursuant to the Act.

2. The Authority has the power and the authority under the Act to enter into the Indenture and to issue the 2010 Bonds thereunder, and to enter into the Intergovernmental Cooperation Agreement, the Bond Purchase Contract, the Tax Compliance Certificate and the Disclosure Agreement.

3. The Indenture, the 2010 Bonds, the Intergovernmental Cooperation Agreement, the Bond Purchase Contract, the Tax Compliance Certificate and the Disclosure Agreement have each been duly authorized, executed and delivered by the Authority.

4. The Official Statement has been duly authorized and executed by the Authority.

5. The Indenture, the 2010 Bonds, the Intergovernmental Cooperation Agreement, the Bond Purchase Contract, the Tax Compliance Certificate and the Disclosure Agreement are each legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms. We call to your attention, however, that the 2010 Bonds are not general obligations of the Authority but are limited obligations of the Authority, payable only out of the revenues from the Authority Income Tax and certain funds held by the Trustee under the Indenture, and that neither the credit nor the taxing power of the Commonwealth or any political subdivision (including the City) or agency thereof, other than the credit of the Authority to the limited extent described above, is pledged for the payment of the principal or redemption price of or interest on the 2010 Bonds. According to the Act, the 2010 Bonds do not constitute a debt or obligation of the Commonwealth or any political subdivision (including the City) or agency thereof. The Authority itself has no taxing power.

6. To our knowledge, except as disclosed in the Official Statement, there are no actions or proceedings pending, or overtly threatened in writing, against the Authority before any court, governmental agency or arbitrator, which seek to restrain or enjoin the issuance or delivery of the 2010 Bonds by the Authority or which in any way contest the validity or enforceability of the 2010 Bonds, the Indenture, the Bond Purchase Contract, the Intergovernmental Cooperation Agreement, the Tax

Compliance Certificate, the Disclosure Agreement or the pledge of the revenues from the Authority Income Tax under the Indenture.

7. As provided in the Act, the proceeds of the Authority Income Tax are at all times the revenues and property of the Authority, are not property or revenues of the City, and are not subject to appropriation by either the Commonwealth or the City.

8. The Indenture creates a valid lien on, and a valid and binding security interest in, the Pledged Revenues (as defined in the Indenture) for the security of the 2010 Bonds.

Although we have not undertaken to determine independently the accuracy, completeness or fairness of the information contained in the Official Statement, nothing has come to our attention during the course of the performance of our duties as counsel to the Authority that would lead us to believe that the information contained in the Official Statement (except for the information contained in any of the Appendices to the Official Statement, any other information concerning the City, any information concerning Financial Guaranty Insurance Company (or any of its affiliates) or any other bond insurance company, any information under the headings "THE 2010 BONDS – Book-Entry-Only System", "TAX MATTERS" and "UNDERWRITING", and any financial or statistical data or projections contained or required to be contained in any portion of the Official Statement, as to which we express no opinion or belief) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

We express no opinion concerning the exempt status of interest on the 2010 Bonds under any Federal or state tax laws or regulations or concerning any other Federal or state tax law consequences of owning or disposing of the 2010 Bonds. We express no opinion concerning the status of the Indenture, the 2010 Bonds or the offering or sale of the 2010 Bonds under any registration or qualification requirements of the Federal or state securities laws or regulations. We express no opinion concerning the status of the 2010 Bonds as legal investments for any person or entity under any Federal or state laws or regulations. In addition, our opinions expressed herein are subject to, and limited by, (a) applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, liquidation or other similar laws affecting the rights and remedies of creditors and secured parties generally, (b) general principles of equity, public policy considerations, judicial discretion and general requirements of good faith, fair dealing and reasonableness (regardless of whether considered in a proceeding at law or in equity) and (c) in the particular case of indemnities or rights of contribution, the application of Federal or state securities or other laws, regulations or judicial decisions or public policy considerations which may limit the validity or enforceability thereof.

This opinion letter is limited to the present law of the Commonwealth and the present Federal law of the United States of America. This opinion letter is limited to the matters expressly stated herein; no opinion may be inferred or is implied beyond the matters expressly stated herein to be our opinion; and our opinions and other statements herein must be read in conjunction with the assumptions, limitations, exceptions and qualifications set forth in this letter.

The opinions and other statements herein are expressed as of the date hereof only, and not as of some future date. We undertake no responsibility to advise you of any change in law or any new laws,

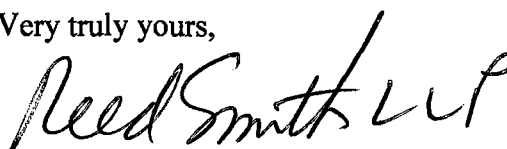
Goldman, Sachs & Co.
May 14, 2010
Page 5

ReedSmith

regulations, judicial decisions or other developments which may be promulgated or which may otherwise occur in the future. The phrase "to our knowledge" as used in this opinion letter means the conscious awareness, without independent investigation, of those attorneys in our firm who have devoted substantive attention to matters involving our representation of the Authority in this transaction.

This opinion letter is being rendered solely for your benefit in connection with the issuance of the 2010 Bonds by the Authority. You may not rely on this opinion letter for any other purpose and no other person or entity may rely on this opinion letter for any purpose. This opinion letter may not be referred to or quoted in whole or in part in any document, report or financial statement of, or filed with or delivered to, any person or entity, without the express written consent of the undersigned, but this opinion letter may be included as part of the transcript of closing documents relating to the 2010 Bonds.

Very truly yours,

A handwritten signature in black ink, appearing to read "Reed Smith LLP", written in a cursive, flowing style.

REED SMITH LLP

SWR/RKM/mp

legalop



CITY OF PHILADELPHIA

SHELLEY R. SMITH
City Solicitor

(215) 683-5003 (Tel)
(215) 683-5068 (Fax)

May 14, 2010

Goldman, Sachs & Co.
85 Broad Street
New York, New York 10005

Kutak Rock, LLP
Two Liberty Place, Suite 28B
50 South 16th Street
Philadelphia, Pennsylvania 19102

**Re: \$206,960,000, Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Program), Series of 2010**

Ladies and Gentlemen:

The Law Department (the "Department") of the City of Philadelphia, Pennsylvania (the "City") has acted on behalf of the City in matters relating to the issuance by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of its \$206,960,000, aggregate principal amount Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the "Bonds"). This opinion is being delivered to you pursuant to Section 9(e)(xii) of the Bond Purchase Contract dated May 4, 2010, between the Authority and Goldman, Sachs & Co., as Underwriter (the "Purchase Contract"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Contract.

In rendering the opinions expressed below, the Department has examined such proceedings, documents, statutes, and ordinances as we have deemed necessary as the basis for the opinions hereinafter expressed, including:

- a. certified copies of the Cooperation Ordinance and the Tax Ordinance (together, the "Ordinances");
- b. a fully executed copy of the Letter of Representations;
- c. a fully executed copy of the Cooperation Agreement;

- d. a fully executed copy of the Tax Collection Agreement;
- e. a fully executed copy of the Certificate of the City attached to the Arbitrage Certificate;
- f. the Official Statement, dated May 4, 2010, relating to the Bonds ("Official Statement").

As to certain factual matters material to the opinions hereinafter expressed, we have relied upon the representations and warranties contained in the Letter of Representations (except for those contained in paragraph 15 of such Letter) and in the Certificate of the Director of Finance of even date herewith and on information and advice from officials and representatives of the City, including the Certificate of the Chief Clerk of City Council, as a basis for the opinions hereinafter expressed. We have not undertaken to verify such factual matters set forth therein by independent investigation or inquiry, except as set forth in paragraph 9 herein.

In our examination of the documents referred to above, the Department has assumed the legal capacity (other than as to City officials) and competence of natural persons, the authenticity of all documents submitted to the Department as originals, the genuineness of all signatures (other than those of the officials of the City), the due authority of the parties (other than the City) executing such documents, and the conformity to the originals of all such documents submitted to us as copies. We have also assumed (i) that each of the parties, other than the City, to each of the documents, has duly executed and delivered the same, with all necessary power and authority (corporate and otherwise, including, without limitation, due authorization by all necessary corporate and other action on the part of such party), (ii) that each such party, other than the City, has complied in all material respects with all laws, regulations, court orders, and material agreements applicable to it that affect the transactions contemplated by such documents, and (iii) that such documents are valid as to, binding upon, and enforceable against all parties thereto other than the City.

Based on and subject to the foregoing, and subject to the assumptions, exceptions, limitations, and qualifications set forth herein and only with regard to the laws of the Commonwealth of Pennsylvania as enacted and construed as of the date hereof, it is the opinion of the Department that:

1. The Ordinances have been duly and validly adopted by City Council and approved by the Mayor pursuant to authority granted in the Act and in accordance with the Philadelphia Home Rule Charter.

2. All action taken by City Council, the Mayor and other authorized City officials in connection with the enactment of the Ordinances, including, without limitation, publication, notice, convening and conduct of the public meetings at which public hearings were held and action taken, were in compliance with the Philadelphia Home Rule Charter and Act 1998-93 of the General Assembly of the Commonwealth of Pennsylvania, approved October 15, 1998 (or, in the case of any action taken prior to the effective date thereof, the Act approved July 3, 1986, No. 84, P.L. 388, as amended).

3. The Ordinances have not been modified, amended, repealed or rescinded since the respective dates of enactment and adoption thereof, and are valid and in full force and effect as of the date hereof.

4. The City has the power and authority under the Act and the Philadelphia Home Rule Charter to execute and deliver the Cooperation Agreement, the Letter of Representations, the Tax Collection Agreement, and the Certificate of the City attached to the Arbitrage Certificate. The Cooperation Agreement, the Letter of Representations, the Tax Collection Agreement and the Certificate of the City attached to the Arbitrage Certificate have been duly and validly executed and delivered by the City.

5. The covenants and agreements of the City in the Tax Ordinance, in Section 5.02(b) of the Cooperation Agreement, and in the Letter of Representations, the Tax Collection Agreement and the Certificate of the City attached to the Tax Compliance Certificate are valid and binding obligations of the City, enforceable against the City in accordance with the respective terms thereof.

6. Except as to the possible application of state or federal securities laws, as to which no opinion is expressed, there is no authorization, consent, approval, or other action required by any governmental authority or agency in connection with the execution by the City of the Cooperation Agreement, the Letter of Representations, the Certificate of the City attached to the Arbitrage Certificate or the Tax Collection Agreement which has not been obtained.

7. Except as disclosed in the Official Statement, and except for litigation which in the opinion of the Department is without merit, there is, to the knowledge of the Department after inquiry within the Department, no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or overtly threatened in writing against the City, (i) to restrain or enjoin the City's execution or delivery, or performance under the Cooperation Agreement, the Certificate of the City attached to the Arbitrage Certificate or the Tax Collection Agreement, or in any way contesting the validity or enforceability of the Cooperation Agreement, the Tax Collection Agreement, the Certificate of the City attached to the Arbitrage Certificate or the Ordinances, or (ii) contesting in any way the accuracy or completeness of the Official Statement as it relates to the City, or (iii) contesting in any way the validity or enforceability of the City's obligations under the Ordinances, the Cooperation Agreement, the Tax Collection Agreement, the Certificate of the City attached to the Arbitrage Certificate or the Letter of Representations.

8. The enactment of the Ordinances and the execution and delivery of the Cooperation Agreement, the Letter of Representations, the Tax Collection Agreement and the Certificate of the City attached to the Tax Compliance Certificate and the fulfillment of and compliance with the pledge and agreement set forth in the Tax Ordinance and Section 5.02(b) of the Cooperation Agreement do not and will not constitute on the part of the City a breach of or default under any existing law, regulation, administrative order or decree to which the City is subject or, to the knowledge of the Department, in any material respect, any indenture, deed of trust or guaranty or other instrument to which the City is a party or by which it is bound.

9. To the knowledge of the Department after inquiry within the Department, the description contained in Appendix B to the Official Statement under the heading "Litigation" does not contain any untrue statement of a material fact or omit to state a material fact with respect thereto necessary to be stated therein in order to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect.

This opinion is subject to the following exceptions, limitations, and qualifications:

- a. This opinion is subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer, marshaling, or similar laws affecting creditors' rights and remedies generally, general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith, and fair dealing (regardless of whether such enforceability is considered in a proceeding in equity or at law); and limitations on enforceability of rights to indemnification by federal or state securities laws or regulations or by public policy.
- b. The Department expresses no opinion as to the application or requirements of state securities, antitrust and unfair competition, environmental, health and safety, or tax laws other than those governing the City Wage Tax and the Authority Tax in respect of the transactions contemplated by or referred to in the Letter of Representations, Cooperation Agreement, Tax Collection Agreement or the Certificate of the City attached to the Tax Compliance Certificate.
- c. The Department expresses no opinion as to the validity or enforceability of any provision of the Letter of Representations, Cooperation Agreement, Tax Collection Agreement or the Certificate of the City attached to the Tax Compliance Certificate which, directly or indirectly: (i) purports to require that waivers must be in writing to the extent that an oral agreement or implied agreement by trade practice or course of conduct modifying provisions thereof has been made; (ii) purports to be a waiver of the right to a jury trial, waiver of any right to object to jurisdiction or venue, a waiver of any right to claim damages, or to service of process, or a waiver of other rights or benefits bestowed by operation of law, or waiver of which is limited by applicable law; (iii) purports to be a waiver of the obligations of good faith, fair dealing, diligence, mitigation of damages, or commercial reasonableness; (iv) purports to exculpate any party from its own negligent acts, or limit any party from certain liabilities; or (v) purports to require payment of consequential damages insofar as a court could conclude that such consequential damages are punitive in nature.

This opinion is given to you as of the date hereof and we express no opinion as to any matter not expressly set forth herein. No implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. By rendering this opinion, we do not undertake any

May 14, 2010

obligation to advise you of any changes in fact or circumstances which may come to our attention after the date hereof or any changes in law which may occur after the date hereof.

We have rendered this opinion to you solely in connection with the consummation of the transactions contemplated by the Purchase Contract and this opinion may not be used or relied upon by you or any other person for any other purpose. This opinion may not be distributed or disclosed and may not be relied upon by any person, firm, or entity other than those to whom it is addressed without the prior written consent, in each instance, of the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Shelley R. Smith", written over the printed name.

Shelley R. Smith,
City Solicitor

KUTAK ROCK LLP
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OMAHA
RICHMOND
SCOTTSDALE
WASHINGTON
WICHITA

May 14, 2010

Goldman, Sachs & Co.,
as Underwriter
85 Broad Street
New York, New York 10005

Re: \$206,960,000, aggregate principal amount,
Pennsylvania Intergovernmental Cooperation Authority,
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program), Series of 2010

Ladies and Gentlemen:

We have served as special counsel to the City of Philadelphia, Pennsylvania ("City") in connection with matters relating to the issuance by the Pennsylvania Intergovernmental Cooperation Authority ("Authority") of its \$206,960,000, aggregate principal amount, Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 ("Bonds").

The Bonds are authorized to be issued by the Authority by virtue of and pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, Act No. 1991-6, approved by the General Assembly of the Commonwealth of Pennsylvania ("Commonwealth") on June 5, 1991, as amended ("Act").

Pursuant to authority granted by the Act, the City has, by ordinance (Bill No. 1437, effective July 1, 1991) adopted by City Council and approved by the Mayor on June 12, 1991 ("Tax Ordinance"), enacted a tax, exclusively for the purposes of the Authority, at the rate of one and one-half percent (1.5%) on the salaries, wages, commissions and other compensation earned by City residents and on the net profits earned in business, professions and other activities conducted by City residents ("Authority Tax").

In the Act, the Commonwealth has pledged to and agreed with each and every obligee of the Authority acquiring bonds of the Authority secured by the Authority Tax that the Commonwealth itself will not, nor will it authorize any government agency levying the Authority Tax to, reduce the rate of such tax until all bonds of the Authority so secured by the pledge of the Authority, together with the interest thereon, are fully paid or provided for. The Act further provides that the terms of the Act as in effect at the time of authorization of the

Bonds constitute an agreement between the Authority and the obligees of the Authority, subject to modification and limitation as provided in the Act. In addition, the Act expressly requires the City to include a pledge similar to that of the Commonwealth described in the first sentence of this paragraph in the Tax Ordinance and prohibits the City from repealing the Tax Ordinance or reducing the rate of the Authority Tax while any bonds of the Authority secured by the Authority's pledge of the Authority Tax are outstanding. Pursuant to the pledge made by the Commonwealth and in furtherance of the agreements of the Commonwealth and the mandates contained in the Act, the City has, in the Tax Ordinance and the Intergovernmental Cooperation Agreement by and between the Authority and the City, dated as of January 8, 1992 ("Cooperation Agreement"), pledged to and agreed with each and every obligee of the Authority secured by the Authority pledge of the Authority Tax that the City will not reduce the rate of, or repeal in whole or in part, the Authority Tax until the principal amount of all bonds of the Authority secured by the Authority Tax, together with interest thereon, is fully paid or provision for such payment is made in accordance with the terms of any agreement between the Authority and any obligee of the Authority.

This opinion is rendered pursuant to Section 9(e)(xiii) of the Bond Purchase Contract, dated May 4, 2010, between the Authority and Goldman, Sachs & Co., as Underwriter ("Purchase Contract"). Terms used herein and not otherwise defined have the meanings ascribed thereto in the Purchase Contract.

As the basis for this opinion, we have examined such statutes and other matters of law, and such documents, instruments and certifications as we have deemed necessary in order to enable us to render this opinion, including, without limiting the generality of the foregoing, the Act, certified copies of the Tax Ordinance and the Cooperation Agreement, and the other documents and instruments listed in the Closing Agenda prepared in respect of the Bonds and filed with the Trustee, and have relied upon the genuineness, truthfulness and completeness of all documents, instruments and certifications examined and the authenticity of all signatures thereon. We have assumed that the Cooperation Agreement has been duly and validly authorized, executed and delivered by the Authority and is a valid and binding obligation of the Authority. We have also relied, in the opinion set forth below, upon the opinion of the City Solicitor of even date herewith with respect to actions taken by the City in connection with the enactment of the Ordinances and the execution and delivery of the Cooperation Agreement.

Based on the foregoing, we are of the opinion that:

1. The City has the power and authority under the Act to levy the Authority Tax exclusively for the purposes of the Authority and the Authority Tax has been duly and validly levied by the City pursuant to the Act and the Tax Ordinance exclusively for the purposes of the Authority.

KUTAK ROCK LLP

Goldman, Sachs & Co.
May 14, 2010
Page 3

2. As provided in the Act, the proceeds of the Authority Tax are at all times the revenues and property of the Authority, are not property or revenues of the Commonwealth or the City and are not subject to appropriation by either the Commonwealth or the City.

3. The covenants and agreements of the City contained in the Tax Ordinance and in Section 5.02(b) of the Cooperation Agreement are valid and binding obligations of the City, enforceable against the City in accordance with the respective terms thereof, except as enforceability may be affected by bankruptcy, reorganization, insolvency and other laws or legal or equitable principles affecting creditors' rights and remedies and by the exercise of judicial discretion under general principles of equity.

We call your attention to the facts that the imposition of the Authority Tax by the City pursuant to the Act does not constitute the exercise of the general taxing power of the City for City purposes conferred by other acts of the General Assembly of the Commonwealth and that the sole agreement by the City with respect to the Authority Tax is its pledge and agreement not to reduce the rate of the Authority Tax or to repeal the Authority Tax so long as bonds of the Authority secured by the Authority's pledge of the Authority Tax remain outstanding, all in accordance with the pledge of the Commonwealth and the mandates contained in the Act. Accordingly, as provided in the Act, the Bonds do not and shall not at any time constitute a debt or liability of the City of Philadelphia and the obligees of the Authority have no right or claim against any property or revenues of the City nor shall they have any recourse to the City for payment of the Bonds.

This opinion letter is rendered on the basis of federal law and the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof. We undertake no obligation to update or supplement this letter under any circumstance including if, after the date hereof, facts or events come to our attention or changes in law occur which could affect the opinions expressed herein. We express no opinion herein as to any matter not set forth in the numbered sections above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of the preliminary or definitive official statements prepared in respect of the Bonds, including the appendices thereto, and make no representation that we have independently verified the contents thereof. This opinion is furnished solely for your benefit under the Purchase Contract and may not be relied upon by any person or for any other purpose, nor may it be distributed or disclosed to any other person without the prior written consent in each instance of a partner of the undersigned firm.

Very truly yours,

A handwritten signature in black ink, appearing to be "Kutak Rock", written in a cursive, flowing style.

KUTAK ROCK LLP



May 14, 2010

Goldman, Sachs & Co.,
as representative of the Underwriters
New York, New York

Re: Pennsylvania Intergovernmental Cooperation Authority (PICA)
Special Tax Revenue Refunding Bonds (City of Philadelphia
Funding Program) Series of 2010

Ladies and Gentlemen:

We have acted as counsel to U.S. Bank National Association, as trustee (the "Trustee"), for the purpose of rendering the opinions set forth herein, in connection with the issuance and sale by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of \$206,960,000 aggregate principal amount of the Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 2010 (the "2010 Bonds"), pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L. 9, No. 6), as amended (the "Act"). The 2010 Bonds are being issued pursuant to an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "1994 Indenture"), between the Authority and the Trustee, as successor trustee to Meridian Bank, as amended and supplemented (the "Indenture"), including as amended and supplemented by a Seventh Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2010 (the "Seventh Supplement"). All capitalized terms not otherwise defined shall have the meanings ascribed to such terms in the Indenture.

We have been informed that the proceeds from the sale of the 2010 Bonds, together with other available funds of the Authority, will be used to (i) currently refund the Authority's outstanding Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 2008, (ii) pay the costs of terminating the 2008 Swaps, and (iii) pay the costs of issuing the 2010 Bonds.

In providing the opinions set forth herein, we have examined such matters of fact and questions of law as we have considered appropriate, except where a statement is qualified as to knowledge or awareness, in which case we have made no inquiry. We have also examined an executed copy of the Seventh Supplement and such other documents related thereto as we have deemed appropriate.

Based upon our examination of the documents referred to above, and subject to the limitations, qualifications, assumptions, and exceptions hereinafter set forth, it is our opinion that:

1. The Trustee is a national banking association established under the laws of the United States of America, and is lawfully empowered, authorized and duly qualified to serve as Trustee under the Indenture, pursuant to 12 U.S.C. §92a (a) and (b) and in accordance with 7 P.S. § 106 (c).

2. The Seventh Supplement has been duly authorized, executed and delivered by the Trustee and constitutes the legal, valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms.

3. The Trustee has all the necessary corporate power required to carry out its obligations under the Seventh Supplement.

The opinions expressed herein are subject in all respect to the following qualifications, assumptions and exceptions.

(a) In the course of our examination, we have assumed the genuineness of all signatures other than those of the Trustee on the Seventh Supplement, the authenticity of all documents submitted to us as originals, and the conformity to original documents of all documents submitted as certified or photostatic copies. In addition, in making our examination of documents executed by entities or persons other than the Trustee we have assumed that each of such other entities or persons had the power and authority to enter into and perform all of its obligations under such documents, and have also assumed the due execution and delivery of those documents by each entity or person, and have further assumed that such documents are valid and binding upon the other parties thereto and are enforceable against such parties in accordance with the respective terms thereof.

(b) We express no opinion with respect to the enforceability of the Seventh Supplement, as such enforceability may be limited by: (i) the availability or unavailability of equitable remedies including, but not limited to, specific performance and injunctive relief; and (ii) the effect of bankruptcy, moratorium, insolvency, reorganization, arrangement or other similar laws relating to bank insolvency (including the Federal Deposit Insurance Act) and affecting the rights of creditors generally, whether now or hereafter in effect and subject to general principles of equity (whether such enforcement is sought at law or in equity).

(c) Our opinions set forth herein are based upon and rely upon the current state of the law and, in all respects, are subject to and may be limited by future legislation as well as by developing case law. The opinions expressed herein relate solely to the laws of the Commonwealth of Pennsylvania and with respect to the statements in paragraph 1 herein, the federal laws of the United States of America. No opinion is expressed with respect to the laws of any other jurisdiction or as to the municipality or other local agent of any state.

(d) Whenever a statement herein is qualified, it is intended to indicate that those attorneys at this firm who have rendered legal services in connection with the transactions pursuant to the Seventh Supplement have relied solely on the representations and warranties of

the Trustee. We have not undertaken any independent investigation to determine the accuracy of the Trustee's representations and warranties in the Seventh Supplement, and no inference that we have knowledge of any matters pertaining thereto should be drawn from our representation of the Trustee.

(e) No opinion is to be implied or may be inferred beyond the matters expressly stated in this letter. We assume no obligation to update or supplement our opinions set forth herein to reflect any facts or circumstances that may hereafter come to our attention or any changes in laws that may hereafter occur. This opinion is intended for the benefit of the addressee and may not, without our express written consent, be otherwise used or relied upon by any other person or entity.

Very truly yours,

A handwritten signature in black ink, appearing to read "Deloitte & Touche LLP", written in a cursive, flowing style.

Law Offices of
Denise Joy Smyler

109 South Twenty Second Street
Philadelphia, PA 19103

215-568-6090
FAX 215-568-6091

May 14, 2010

Goldman, Sachs & Co.,
200 West Street
New York, NY 10282

Re: \$206,960,000 aggregate principal amount, Pennsylvania Intergovernmental Cooperation Authority, Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010

Ladies and Gentlemen:

We have acted as Underwriter's Counsel to Goldman, Sachs & Co., as Underwriter in connection with the issuance by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of the above-referenced bonds (the "Bonds"), and the sale of the Bonds pursuant to the Bond Purchase Contract dated May 4, 2010 (the "Purchase Contract") between the Authority and the Underwriter.

The Bonds are being issued pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"), an Amended and Restated Indenture of Trust, dated as of December 1, 1994, as amended and supplemented from time to time (the "1994 Indenture"), between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), and the Seventh Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2010 (the "Seventh Supplemental Indenture" and, together with the 1994 Indenture as amended and supplemented

from time to time, the "Trust Indenture") between the Authority and the Trustee. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Purchase Contract.

In that connection, we have examined: (a) the Official Statement relating to the Bonds dated May 14, 2010 (the "Official Statement"); (b) executed copies of the certificates dated this date and delivered to the Underwriter pursuant to the Purchase Contract; (c) an executed Letter of Representations of the City of Philadelphia (the "City") dated May 14, 2010; (d) the approving and supplemental opinion letters of Greenburg Traurig, LLP, Bond Counsel; (e) the opinion of Reed Smith LLP, the Authority's counsel; (f) the opinion of Kutak Rock LLP, the City's counsel; (g) the Trust Indenture and the Resolution; and (h) an executed copy of the Purchase Contract.

In addition, we have examined and relied on originals or copies, certified or otherwise, identified to our satisfaction, of such other documents, instruments, opinions or corporate records and have made such investigation of law, as we have considered necessary or appropriate for the purposes of this opinion. Further, as to various questions of fact material to our opinion expressed herein, we have relied upon the representations of the Authority and the City.

In accordance with our understanding with you, we rendered legal service and assistance to you in the course of your investigation pertaining to, and your participation in the preparation of the Official Statement. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects, and reviews of and reports on certain documents and proceedings. We also participated in conferences with other participants in the transaction, including the Authority, its counsel, Bond Counsel, the City, its counsel, and the City's Law Department, during which the contents of the Official Statement and related matters were discussed and reviewed.

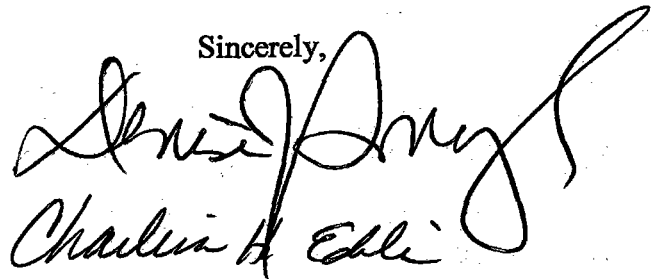
The limitations inherent in the verification of factual matters and the character of the determinations involved in the preparation of the Official Statement are such, however, that we have necessarily assumed the accuracy, completeness and fairness of the statements of fact made in the Official Statement. Also, we do not express any opinion or belief as to (i) the Appendices to the Official Statement, (ii) the numerical, financial, tabular and statistical information contained in the Official Statement and any other information in the Official Statement concerning the City and Depository Trust Company ("DTC") and (iii) any information in the Official Statement concerning Financial Guaranty Insurance Company (or any of its affiliates) or any other bond insurance company or the Reserve Policy (as defined in the Official Statement). We have also assumed but have not independently verified that the signatures on all documents and certificates that we examined were genuine.

On the basis of the information which was developed in the course of the performance of the services as described above, and subject to the assumptions and limitations set forth in the paragraph, nothing has come to our attention that would lead us to believe that the Official Statement (except for the Appendices, the numerical, financial, tabular and statistical data, projections and information included therein, any other information in the Official Statement concerning the City and DTC and any information concerning Financial Guaranty Insurance Company (or any of its affiliates) or any other bond insurance company or the Reserve Policy)

contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

This opinion is given as of the date hereof, is limited to the facts, circumstances and matters set forth herein and to laws currently in effect and is furnished by us solely for your information and assistance as Underwriter and may not be relied upon by any person other than the Underwriter. We undertake no obligation to update this opinion on account of any event occurring after this date.

Sincerely,



Charles H. Edli

May 14, 2010

Pennsylvania Intergovernmental Cooperation Authority
Philadelphia, Pennsylvania

Goldman, Sachs & Co.
New York, New York

Re: \$206,960,000 Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program), Series of 2010

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the authorization, issuance and sale by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of its \$206,960,000 Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the "Bonds"). The Bonds are being issued pursuant to (i) the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L.9, No. 6), as amended (the "Act"), and (ii) an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "Amended and Restated Indenture"), between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended and supplemented pursuant to the First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996, the Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999, the Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003, the Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006, the Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008, the Sixth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2009 and the Seventh Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2010 (the "Seventh Supplement"), each between the Authority and the Trustee. The Amended and Restated Indenture, as amended and supplemented from to time, including by the Seventh Supplement, shall hereinafter be referred to as the "Indenture". All capitalized terms used, but not otherwise defined, herein shall have the meanings set forth in the Indenture.

The Bonds are being issued for the purpose of providing funds which, together with other available moneys of the Authority, will be used to: (i) currently refund the Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008 (the "2008 Bonds"), (ii) pay the costs of terminating an interest rate swap transaction which relates to the 2008 Bonds, and (iii) pay the costs of issuing the Bonds (collectively, the "Refunding Project").

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TAMPA
TOKYO**
TYSONS CORNER
WASHINGTON, D.C.
WHITE PLAINS
ZURICH**
*OPERATES AS GREENBERG
TRAURIG MAHER LLP
**STRATEGIC ALLIANCE

The Authority, in the Arbitrage Certificate dated the date hereof (the "Tax Certificate"), has covenanted that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority, or take or omit to take any action, that would cause the Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code. The Authority has further covenanted that it will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds, including the requirements of Section 148(f) of the Code which provides for the rebate of certain arbitrage profits to the United States. An officer of the Authority responsible for issuing the Bonds has executed the Tax Certificate, stating the reasonable expectations of the Authority on the date of issue as to future events that are material for purposes of Section 148 of the Code pertaining to arbitrage. Also, the Authority has caused or will cause to be filed with the Internal Revenue Service a report of the issuance of the Bonds as required by Section 149(e) of the Code as a condition of the exclusion from gross income of the interest on the Bonds.

In our capacity as Bond Counsel, we have examined such documents, records of the Authority and other instruments as we deem necessary to enable us to express the opinions set forth below, including original counterparts or certified copies of the Amended and Restated Indenture, the Seventh Supplement, the other documents listed on the closing document list in respect of the Bonds filed with the Trustee, and an executed Bond, as authenticated by the Trustee. We have also relied, in the opinions set forth below, upon the opinion of Authority's counsel as to the due authorization, execution and delivery by the Authority of certain operative documents.

Based upon the foregoing, we are of the opinion that:

1. The Authority is a body corporate and politic, organized and validly existing under the laws of the Commonwealth of Pennsylvania, with full power and authority under the Act to undertake the Refunding Project, to execute, deliver and perform its obligations under the Seventh Supplement and to issue and sell the Bonds.
2. The Seventh Supplement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other party thereto, constitutes the legal, valid and binding obligation of the Authority, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights.
3. The Authority has duly assigned, transferred and pledged to the Trustee, for the benefit of the holders of the Bonds, to the extent provided in the Indenture, all of its right, title and interest in and to the Pledged Revenues.

4. The issuance and sale of the Bonds have been duly authorized by the Authority; the Bonds have been duly executed and delivered by the Authority; and, on the assumption that all Bonds have been authenticated by the Trustee, such Bonds are entitled to the benefit and security of the Indenture and the trust created thereby and are legal, valid and binding obligations of the Authority enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights.

5. Assuming the accuracy of the certifications of the Authority and its continued compliance with its covenants in the Tax Certificate, interest on the Bonds is excludable from gross income of the owners of the Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals and corporations and interest on a Bond held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) will not indirectly be subject to alternative minimum tax because of its inclusion in the earnings and profits of the corporate holder. Interest on Bonds held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

6. Under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, the Bonds are exempt from personal property taxes in Pennsylvania and interest on the Bonds is exempt from Pennsylvania personal income tax and corporate net income tax.

Except as expressly stated in paragraphs 5 and 6 of this opinion, we express no opinion as to any federal or state tax consequences of the ownership of, receipt of interest on, or disposition of, the Bonds. In giving the opinions set forth in such paragraphs, we have assumed the accuracy of certain representations made by the Authority, which we have not independently verified, and compliance by the Authority with covenants set forth in the Tax Certificate that must be satisfied subsequent to the issuance of the Bonds. We call your attention to the fact that interest on the Bonds may become subject to federal income taxation retroactively to the date hereof if such representations are determined to have been inaccurate or if the Authority fails to comply with such covenants. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in law or events that may take place after the date hereof that may affect the tax status of interest on the Bonds.

We do not express any opinion herein with respect to title to any property, the perfection or priority of any lien or security interest, the adequacy of the security for the Bonds or the sources of payment for the Bonds or the adequacy or accuracy of the preliminary official statement, official statement or other information pertaining to the offering for sale of the Bonds.

Pennsylvania Intergovernmental Cooperation Authority
Goldman, Sachs & Co.
May 14, 2010
Page 4

We call your attention to the fact that the Bonds are limited obligations of the Authority payable only out of Pledged Revenues and certain other moneys available therefor held under the Indenture, and that the Bonds do not pledge the credit or taxing power of the Commonwealth or any political subdivision thereof. The Authority has no taxing power.

Very truly yours,


GREENBERG TRAURIG, LLP

#316557884v3

May 14, 2010

Goldman, Sachs & Co.
200 West Street
New York, NY 10282

Re: \$206,960,000 Pennsylvania Intergovernmental Cooperation Authority,
Special Tax Revenue Refunding Bonds (City of Philadelphia Funding
Program), Series of 2010

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the authorization, issuance and sale by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") of the above-referenced bonds (the "2010 Bonds"), pursuant to: (i) the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L. 9, No. 6), as amended (the "Act"), (ii) an Amended and Restated Indenture of Trust dated as of December 1, 1994, as amended and supplemented from time to time (the "1994 Indenture"), between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), and (iii) the Seventh Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2010 (the "Seventh Supplemental Indenture" and, together with the 1994 Indenture as amended and supplemented from time to time, the "Indenture") between the Authority and the Trustee.

This opinion is being delivered pursuant to subparagraph 9(e)(vi) of the Bond Purchase Contract dated May 4, 2010 (the "Purchase Contract") between the Authority and Goldman, Sachs & Co., for the purchase and sale of the 2010 Bonds. In rendering this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the documents delivered at the Closing and such matters of law that we deemed necessary to enable us to render the below opinions. Capitalized terms used, but not otherwise defined, herein shall have the meanings set forth in the Purchase Contract.

Based on the foregoing, we are of the opinion that:

1. Each of the Purchase Contract and the Disclosure Agreement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other party to the Purchase Contract, is a legal, valid and binding agreement of the Authority, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other

ALBANY
AMSTERDAM
ATLANTA
AUSTIN
BOSTON
CHICAGO
DALLAS
DELAWARE
DENVER
FORT LAUDERDALE
HOUSTON
LAS VEGAS
LONDON*
LOS ANGELES
MIAMI
MILAN**
NEW JERSEY
NEW YORK
ORANGE COUNTY
ORLANDO
PALM BEACH COUNTY
PHILADELPHIA
PHOENIX
ROME**
SACRAMENTO
SHANGHAI
SILICON VALLEY
TALLAHASSEE
TAMPA
TOKYO**
TYSONS CORNER
WASHINGTON, D.C.
WHITE PLAINS
ZURICH**
*OPERATES AS GREENBERG
TRAURIG MAHER LLP
**STRATEGIC ALLIANCE

similar laws or legal or equitable principles affecting the enforcement of creditors' rights.

2. The Official Statement has been duly approved, executed and delivered by the Authority.

3. The 2010 Bonds are not required to be registered under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

4. The statements contained in the Official Statement, dated May 4, 2010, in the sections captioned "INTRODUCTION" (but only the subsections captioned "Authorization to Issue the 2010 Bonds", "Description of the 2010 Bonds", "Sources of Payment and Security for the 2010 Bonds" and "Additional Bonds"), "PLAN OF FINANCE - General", "THE 2010 BONDS" (excluding the information under the subsection captioned "Book-Entry-Only System"), "SOURCES OF PAYMENT AND SECURITY FOR THE 2010 BONDS" and "LEGAL INVESTMENT", and in Appendix C, accurately and fairly summarize, in all material respects, the provisions of the Act, the Indenture and the 2010 Bonds purported to be summarized therein. The statements contained in the Official Statement in the section captioned "TAX MATTERS" accurately and fairly describe our opinion with respect to the matters discussed therein.

This opinion is delivered to you solely for your benefit and may not be relied upon by any other person without our prior written consent.

Very truly yours,


GREENBERG TRAURIG, LLP

#316557886v3

J.P.Morgan**Termination of an Interest Rate Swap Transaction**

The purpose of this letter agreement is to confirm the total termination of the Interest Rate Swap Transaction entered into between:

JPMORGAN CHASE BANK, N.A.
("JPMorgan")

and

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
(the "Counterparty")

The terms of the particular Interest Rate Swap Transaction to which this Confirmation relates are as follows:

A. TRANSACTION DETAILS

JPMorgan Deal Number(s):	0500085001658 (formerly trade ID 507760)
Notional Amount:	USD 163,185,000.00 "Amortizing"
Trade Date:	16 November 2001
Effective Date:	15 June 2003
Termination Date:	15 June 2022
Termination Amount Payable from Counterparty:	USD 24,318,000.00
Payment Date:	14 May 2010

Effective upon the payment of the Termination Amount on the Payment Date, the rights, obligations and liabilities of JPMorgan and the Counterparty under the Transaction shall be terminated and discharged. Each party hereto acknowledges that, except as provided herein, no payments or other amounts are owed to it by the other party hereto under or with respect to the termination and discharge affected hereby.

B. ACCOUNT DETAILS

Payments to JPMorgan in USD:	JPMORGAN CHASE BANK, N.A. JPMORGAN CHASE BANK NATIONAL ASSOCIATION BIC: CHASUS33XXX AC No: 099997979
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Payments to Counterparty in USD:	As per your standard settlement instructions.
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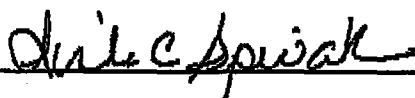
C. OFFICES

JPMorgan:	NEW YORK
Counterparty:	PHILADELPHIA

J.P.Morgan

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us or by sending to us a letter, telex or facsimile substantially similar to this letter, which letter, telex or facsimile sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms. When referring to this Confirmation, please indicate: JPMorgan Deal Number(s): 0500085001658


JPMorgan Chase Bank, N.A.



Name: Linda C. Spivak
Title: Associate

Accepted and confirmed as of the date first written:

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY



Name: Uri Z. Manson
Title: Executive Director
Your reference number: _____

J.P.Morgan

Client Service Group

All queries regarding confirmations should be sent to:

JPMorgan Chase Bank, N.A.

Contact

JPMorgan Contact Telephone Number

Client Service Group .

Group E-mail address:

Facsimile: (881) 888 803 3606

Telex:

Cable:

Please quote the JPMorgan deal number(s): 0500085001658.

J.P.Morgan**Termination of an Interest Rate Swap Transaction**

The purpose of this letter agreement is to confirm the total termination of the Interest Rate Swap Transaction entered into between:

JPMORGAN CHASE BANK, N.A.
(**"JPMorgan"**)

and

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
(the **"Counterparty"**)

The terms of the particular Interest Rate Swap Transaction to which this Confirmation relates are as follows:

A. TRANSACTION DETAILS

JPMorgan Deal Number(s):	0500000507759
Notional Amount:	USD 89,950,000.00 "Amortizing"
Trade Date:	16 November 2001
Effective Date:	15 June 2006
Termination Date:	15 June 2020
Termination Amount Payable from Counterparty:	USD 15,360,000.00
Payment Date:	14 May 2010

Effective upon the payment of the Termination Amount on the Payment Date, the rights, obligations and liabilities of JPMorgan and the Counterparty under the Transaction shall be terminated and discharged. Each party hereto acknowledges that, except as provided herein, no payments or other amounts are owed to it by the other party hereto under or with respect to the termination and discharge affected hereby.

B. ACCOUNT DETAILS

Payments to JPMorgan in USD:	JPMORGAN CHASE BANK, N.A. JPMORGAN CHASE BANK NATIONAL ASSOCIATION BIC: CHASUS33XXX AC No: 099997979
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Payments to Counterparty in USD:	As per your standard settlement instructions.
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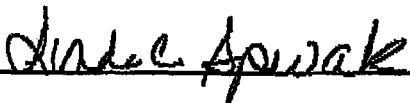
C. OFFICES

JPMorgan:	NEW YORK
Counterparty:	PHILADELPHIA

J.P.Morgan

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us or by sending to us a letter, telex or facsimile substantially similar to this letter, which letter, telex or facsimile sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms. When referring to this Confirmation, please indicate: JPMorgan Deal Number(s): 0500000507759

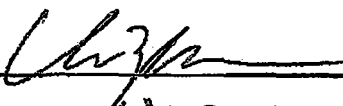
JPMorgan Chase Bank, N.A.



Name: Linda C. Spivak
Title: Associate

Accepted and confirmed as of the date first written:

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY



Name: Uri Z. Manson
Title: Executive Director
Your reference number: _____

J.P.Morgan

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All queries regarding confirmations should be sent to:

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Group E-mail address:

Facsimile: (001) 888 843 3606

Telex:

Cable:

Please quote the JPMorgan deal number(s): 0500000507759.

MohantyGargiulo_{LLC}

May 9, 2010

Mr. Uri Monson
Executive Director
Pennsylvania Intergovernmental Cooperation Authority
1500 Walnut Street, Suite 1600
Philadelphia, PA 19102

Re: Fairness Opinion on the Pricing of the Termination of Two Interest Rate Swaps Between the Pennsylvania Intergovernmental Cooperation Authority and JP Morgan Chase Bank, N.A.

Dear Mr. Monson:

On May 4, 2010, Mohanty Gargiulo LLC assisted the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") in the unwind of two LIBOR swaps (the "1993A Swap" and the "1996 Swap") with JP Morgan Chase Bank N.A. ("JP Morgan"). The swaps were unwound as part of the Authority's plan to refund its series 2008A and 2008B variable rate demand bonds with fixed rate bonds.

The swaps were originally structured as interest rate swap options which the Authority sold to JP Morgan on November 16, 2001 to effect the synthetic refunding of the Authority's 1993A and 1996 bonds. In exchange for these options, the Authority received from JP Morgan a swaption premium totaling \$16,515,000 (\$10,700,000 for the 1993A Swap and \$5,815,000 for the 1996 Swap). JP Morgan exercised its right to enter into the 1993A and 1996 Swaps on June 15, 2003 and June 15, 2006 respectively. Under the terms of the 1993A Swap, the Authority paid a fixed rate of between 5.01864% and 5.00000%, which changed annually based on a predetermined schedule. The Authority received from JP Morgan 67% of one-month USD LIBOR. The initial notional amount of the 1993A Swap was \$163,185,000, which amortized annually through the final maturity of June 15, 2022 (the notional amount at the time of execution was \$126,915,000). The Authority will make a payment to JP Morgan in the amount of \$24,318,000 on May 15, 2010 to terminate the transaction.

Under the terms of the 1996 Swap, the Authority paid a fixed rate of between 5.48419% and 5.52057%, which changed annually based on a predetermined schedule. The Authority received from JP Morgan 67% of one-month USD LIBOR. The initial notional amount of the 1996 Swap was \$89,950,000, which amortized annually through the final maturity of June 15, 2020 (the notional amount at the time of execution was \$75,900,000). The Authority will make a payment to JP Morgan in the amount of \$15,360,000 on May 15, 2010 to terminate the transaction.

At the time of pricing, taking into account relevant live market data, we determined the termination amounts for each swap inclusive of hedging costs for the following components 1) the fixed vanilla LIBOR swap, 2) the 1m / 3m LIBOR basis, and 3) the weekly averaging of one-month LIBOR. It is our opinion that the Authority is paying a fair market price to terminate the 1993A and 1996 Swaps, and that a different counterparty, in an arms-length market transaction committed to at the time of the unwind, would have been willing to receive the same or greater respective payment in return for unwinding swaps of the same structure.

MohantyGargiulo^{LLC}

We appreciate the opportunity to work with the Authority.

Sincerely,



Seema Mohanty
Managing Director



Zoya Gargiulo
Managing Director