

**REQUEST FOR EXPRESSIONS OF INTEREST  
DIRECT PAY LETTER OF CREDIT AND/OR ALTERNATIVE FINANCING STRUCTURES  
CITY OF PHILADELPHIA  
PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT (“PAID”)  
MULTI-MODAL LEASE REVENUE REFUNDING BONDS, 2007 SERIES B**

**RESPONSES TO QUESTIONS**

- 1. What is the current expiration date of the lease agreements between the City and the Phillies and the City and the Eagles?**

The Lease Agreements referred to in the Official Statement are between the Authority and the City, not between the Teams and the City. The Lease Agreements between the City and the Authority expire 30 days after the Bonds mature and/or all obligations under the Trust Indenture are defeased.

The Bonds are secured by an agreement by the City to pay debt service (in the form of Rent) from City funds. The City has covenanted to include as an appropriation such amounts sufficient to pay debt service on an annual basis. This payment is not related to any revenues from the Teams. The City's obligation to make rental payments is absolute and unconditional. Revenue from any agreement between the City and the Teams are not obligated or pledged to pay any costs related to the Bonds.

For a detail discussion on the security for the Bonds please refer to the “Security and Sources of Payment for the Bonds” section of the 2012 Remarketing Circular dated May 12, 2012 which can be found at: [http://www.phila.gov/investor//pdfs/OS%20-%20PAID%202012\\_Final%20Reoffering%20Circular.pdf](http://www.phila.gov/investor//pdfs/OS%20-%20PAID%202012_Final%20Reoffering%20Circular.pdf)

- 2. Will the City agree to make term out payments resulting from a failed remarketing or a mandatory tender?**

Yes.

- 3. Please provide a five-year history of the lease payments received by the City from the sports teams and the corresponding debt service and operating expenses in each of those years.**

Please see response to question 1 above. The City has paid the debt service and related expenses on the Bonds from the General Fund every year the Bonds have been outstanding.

- 4. Are there any reserves available to meet unexpected operating expenses? If yes, please provide details.**

Please see response to question 1 above.

- 5. Are there any provisions in the leases between the City and the sports teams that would reimburse the City if operating costs and debt service exceed the annual lease payments?**

Please see response to question 1 above.

6. **Please provide the current LOC fees for each of the facilities relating to the Series 2007B-1, 2007B-2 and 2007B-3 Bonds.**

It is not the City's practice to disclose LOC Fees

7. **Please provide the placement memorandum in connection with the Series 2007B-4 Bonds. If one is not available, please provide information regarding the redemption provisions of the 2007B-4 Bonds, including any mandatory and optional redemption provisions relating to the 2007B-4 Bonds.**

A placement memorandum was not executed in connection with the 2007B-4 Bonds.

The Principal Payment schedule for the 2007B-4 Bonds is set forth below:

| <u>Principal Payment Date</u><br><u>(October 1)</u> | <u>Principal Amounts</u> |
|---|--------------------------|
| 2015  | \$12,990,000             |
| 2016  | 13,550,000               |
| 2017  | 14,125,000               |
| 2018  | 14,730,000               |

The 2007B-4 Bonds are subject to optional redemption in whole or part on any SIFMA Index Rate Reset Date (Thursday of each week) with 10 days prior written notice to the holder.

8. **Please provide the most recent mark-to-market valuation on the 2007 Swap Agreements.**

Recent marked-to-market information is provided in the City's most recent General Obligation Official Statement, which can be found on the City's Investor website at:

<http://www.phila.gov/investor/index.html>

9. **Please provide the termination provisions in connection with the TD Bank LOC securing the Series 2007B-2 Bonds, including any fees payable by the City or PAID for early termination or replacement of the TD Bank LOC.**

There are no termination fees payable by the City or PAID for early termination or replacement of the TD Bank LOC. Please refer to question 11 below for information regarding termination provisions found in the reimbursement agreement.

10. **Please confirm that each of the existing credit facilities relating to the Series 2007B-1, 2007B-2 and 2007B-3 Bonds are governed by Pennsylvania law. If they are not, please specify what governing law applies.**

The City's preference is that any agreement be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

Please refer to question 11 below for information regarding the existing reimbursement agreement, which address the governing law provisions under those specific agreements.

- 11. Can the City provide copies of each of the Letters of Credit and/or Reimbursement Agreements for the LOCs securing the Series 2007B-1, 2007B-2 and 2007B-3 Bonds? Alternatively, the City may post these documents on EMMA and notify respondents that it has done so, if that is more convenient.**

The reimbursement agreements and LOCs have been posted to EMMA.

- 12. In order for the firm to respond to the City's REI with any discussion related to the City's outstanding interest rate swap(s), we will need the City and the City's Designated QIR (i.e. swap advisor) to execute Dodd-Frank Safe Harbor Letters (attached are the forms). Under the final Dodd-Frank external business conduct (EBC) rules which come into effect on May 1, 2013, Swap Dealer must ensure that they are independent of Special Entities (i.e. the City) in their swap dealings, or face heightened advisory responsibilities. The letter enables Swap Dealers to take advantage of certain safe harbors and so satisfy EBC swap due diligence document requirements by both making representation to, and relying on representations from, Special Entity swap counterparties. We would ask that you complete and return these letters on or before March 6, 2014. Please indicate in your responses to the REI questions if the City will provide these letters by the date requested.**

An appropriate, City reviewed Safe Harbor Letter will be provided upon request.

- 13. Please provide the swap confirmations and any subsequent amendments thereto for each of the swaps associated with the 2007 Series B Bonds (collectively the "2007 Swap Agreements"). Please note that if the City does not intend to provide respondents with executed Dodd-Frank Safe Harbor Letters prior to the due date of the REI, we withdraw this request.**

Redacted copies of the requested swap confirmations are attached.

- 14. When will the City's 2013 CAFR and Debt Summary be available? In the interim, can you provide a draft 2013 audit?**

The City's 2013 CAFR and Debt Summary are available on EMMA.

- 15. Please provide an update on the City's plans to address the underfunded pension. Is pension reform anticipated in the next 5 years?**

Please refer to the discussion on pensions in the City's most recent Official Statement, which can be found on the City's Investor website at: <http://www.phila.gov/investor/index.html>

- 16. In July 2013, the General Assembly of the Commonwealth enacted legislation authorizing the implementation of a new 1% sales tax increase. Our understanding is that the implementation of that increase requires adoption of an ordinance by the City. Has such an ordinance been adopted? If so, will the proceeds of the 1% tax be used as originally proposed by the Commonwealth?**

Please refer to the discussion on of this topic in the City's most recent Official Statement, which can be found on the City's Investor website at: <http://www.phila.gov/investor/index.html>

**17. Please provide 5 year new money debt plans.**

Please refer to the City's Capital Program which can be found at:

[http://www.phila.gov/finance/pdfs/FINALFY14\\_19RecCapitalProgram3%2015%2013.pdf](http://www.phila.gov/finance/pdfs/FINALFY14_19RecCapitalProgram3%2015%2013.pdf), as well as the most recent Official Statement and Five-Year Plan, each of which may be found on the City's Investor website at: <http://www.phila.gov/investor//index.html>

**18. We are considering an alternative financing structure where the occurrence of certain events akin to a failed remarketing could trigger an early mandatory tender/redemption prior to the scheduled maturity of the bonds. This early mandatory tender/redemption feature would be analogous to Term-Out provisions found in Bank LOC facilities that support VRDBs. Would such a feature be allowable under the Indenture?**

Yes.

**ATTACHMENT A:  
REDACTED SWAP CONFIRMATIONS**

PAID Stadium 2007 B



**Interest Rate Swap Transaction**

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between:

JPMORGAN CHASE BANK N.A.  
("JPMorgan")

and

PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT  
(the "Counterparty")

on the Trade Date and identified by the JPMorgan Deal Number specified below (the "Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the Agreement specified below, and supersedes any previous confirmation or other writing, except the Agreement, with respect to the Transaction.

The definitions and provisions contained in the 2000 ISDA Definitions and the 1992 ISDA US Municipal Counterparty Definitions (collectively, the "Definitions"), as amended and supplemented from time to time, and published by the International Swaps and Derivatives Association, Inc. are incorporated into this Confirmation. In the event of any inconsistency between the Definitions and provisions and the definitions and provisions in the Agreement (defined below) and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of October 18, 2007, together with the Schedule, U.S. Municipal Counterparty Schedule Amendments and the Credit Support Annex each dated as of October 18, 2007, each as amended and supplemented from time to time (collectively, the "Agreement"), between JPMORGAN CHASE BANK N.A. ("JPMorgan") and PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT (the "Counterparty"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below.



The terms of the particular Transaction to which this Confirmation relates are as follows:

**A. SWAP TRANSACTION DETAILS**

JPMorgan Deal Number(s):

Notional Amount: USD 217,275,000, amortizing as set forth on Exhibit A

Trade Date: October 18, 2007

Effective Date: October 25, 2007

Termination Date: October 1, 2030, Modified Following Business Day Convention.

**Fixed Amounts:**

Fixed Rate Payer: Counterparty

Fixed Rate Payer Payment Dates: April 1 and October 1 of each year commencing with April 1, 2008 to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention and there will be no adjustment to the Calculation Period.

Fixed Rate: 3.9713 percent

Fixed Rate Day Count Fraction: 30/360

Business Days: New York

**Floating Amounts:**

Floating Rate Payer: JPMorgan

Floating Rate Payer Payment Dates: The first day of each calendar month commencing with December 1, 2007 to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

Floating Rate for initial Calculation Period: TO BE DETERMINED

Floating Rate Option: USD-BMA Municipal Swap Index (now known as USD-SIFMA Municipal Swap Index).

Floating Rate Day Count Fraction: Actual/Actual



Spread: None  
Compounding: Inapplicable  
Business Days: New York

**B. ACCOUNT DETAILS**

Payments to JPMorgan in USD: JPMORGAN CHASE BANK N.A.  
BIC:  
ABA  
AC No:

Payments to Counterparty in USD: THE BANK OF NEW YORK  
ABA:  
Credit GLA /  
Final Credit to: TAS #

**C. OFFICES**

JPMorgan: NEW YORK  
Counterparty: PHILADELPHIA, PENNSYLVANIA

**D. DOCUMENTS TO BE DELIVERED**

Each party shall deliver to the other, at the time of its execution of this Confirmation, evidence of the incumbency and specimen signature of the person(s) executing this Confirmation, unless such evidence has been previously supplied and remains true and in effect.

**E. ADDITIONAL REPRESENTATIONS**

The Counterparty hereby directs JPMorgan, upon execution of this Confirmation, to pay /

The payment by JPMorgan of these amounts is reflected in, and has increased, the Fixed Rate that would otherwise be payable by the Counterparty hereunder.

**F. ADDITIONAL TERMINATION EVENTS**

(i) Counterparty may, with the prior written consent of Financial Guaranty Insurance Company, on any Business Day (the "Optional Termination Date"), terminate and cash settle this Transaction without cause, in whole or in part, by providing at least five (5) Business Days' prior written notice to JPMorgan; provided however, that Counterparty first or concurrently provides evidence satisfactory to JPMorgan that Counterparty has sufficient funds available to pay any amount payable by it to JPMorgan in connection with such optional termination on or before the second Business Day immediately following the Optional Termination Date. The amount due with respect to any such optional termination shall be determined pursuant to Section 6 of the Master Agreement as if (a) the Optional Termination Date is the Early Termination Date, (b) Counterparty is the sole Affected Party (c) this Transaction is the sole Affected Transaction, and (d) Market Quotation and Second Method are selected for purposes of Payments on Early Termination. Notwithstanding anything herein to the contrary, the parties will be obligated to pay any Unpaid Amounts on the Optional Termination Date.

(ii) Counterparty agrees that so long as it shall have any obligations under the Agreement it shall not effect an Adjustment Event (defined below) or permit an Adjustment Event to occur unless Counterparty (A) gives JPMorgan



and the Swap Insurer written notice thereof not later than the earlier of the fifteenth day preceding the effective date thereof and the date on which notice thereof is required by the Covered Indenture to be given to the owners of the affected Bonds and (B) provides evidence (which may include an escrow of funds) satisfactory to JPMorgan and the Swap Insurer that all payments due hereunder as a result of the Adjustment Event (i) will be made by Counterparty on the due date therefor and (ii) will not cause Counterparty to be in violation of, or default under, the Covered Indenture.

If on the Effective Date or any date thereafter (an "Adjustment Event Date"), an Adjustment Event occurs, the Notional Amount shall be reduced as appropriate to (A) in the case of an Adjustment Event specified in clause (i) of the definition thereof, equal the aggregate principal amount of the Bonds that will remain outstanding for each Calculation Period after such Adjustment Event or (B) in the case of an Adjustment Event specified in clause (ii) of the definition thereof, equal the aggregate principal amount of the Bonds that will remain payable in the Weekly Mode or Daily Mode (as defined in the Covered Indenture) for each Calculation Period after such Adjustment Event (the aggregate amount of such reductions being herein referred to as the "Special Termination Amount").

Upon an adjustment to the Notional Amount, a payment (an "Adjustment Payment") will be due and owing by one party to the other equal to the Market Quotation for this Transaction determined by JPMorgan as if (i) a Termination Event occurred in respect of Counterparty, (ii) Counterparty was the only Affected Party with respect to such Termination Event, JPMorgan was the party entitled to calculate the Market Quotation, and this Transaction is the only Affected Transaction, (iii) the relevant Adjustment Event Date was designated as the Early Termination Date, (iv) the Notional Amount of the Transaction was an amount equal to the Special Termination Amount, and (v) the requirement set forth in the definition of Market Quotation that quotations be obtained from four Reference Market-makers was met by having JPMorgan provide a single quotation, provided, however, if Counterparty disputes such quotation, JPMorgan shall seek bids from Reference Market-makers consistent with the provisions of Section 6 of the Agreement. If an Adjustment Payment is a positive number, Counterparty will pay an amount equal to such Adjustment Payment to JPMorgan; if an Adjustment Payment is a negative number, JPMorgan will pay an amount equal to the absolute value of such Adjustment Payment to Counterparty. An Adjustment Payment shall be paid by the relevant party on the Adjustment Event Date.

A termination hereof pursuant to this Paragraph F. (ii) shall not affect the continuing effectiveness of the Agreement as to the remaining Notional Amount as revised.

"Adjustment Event" means (i) any redemption or other retirement of any Bonds on any date which causes the outstanding principal amount of the Bonds to be less than the Notional Amount for such date or (ii) any conversion or other change of the interest rate on any Bond on any date which will cause such Bond, on such date or any subsequent date, to bear interest at an interest rate other than in a Weekly Mode or Daily Mode (each as defined in the Covered Indenture).

(iii) It shall be an Additional Termination Event with respect to Counterparty if the Bonds are not issued on or before December 21, 2007. For purposes of the foregoing Additional Termination Event, Counterparty shall be the sole Affected Party and this FGIC Insured Rate Swap Transaction shall be the sole Affected Transaction. Notwithstanding anything to the contrary in the Schedule, JPMorgan may designate an Early Termination Date with respect to the foregoing Additional Termination Event without the consent of the Swap Insurer, but any termination payment due from Counterparty with respect to the foregoing Additional Termination Event will not be insured.



Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the 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):

JPMorgan Chase Bank N.A.

*Carmine Pilla*

Name: Carmine Pilla  
Title: Vice President

Accepted and confirmed as of the date first written:  
Philadelphia Authority for Industrial Development

*James McManus*  
Name: James McManus  
Title: Chairman  
Your reference number: \_\_\_\_\_

Acknowledged by:  
The City of Philadelphia

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Your reference number: \_\_\_\_\_

Our Ref: \_\_\_\_\_

Sent: 23 October 2007

Page 6 of 7



Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the 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):

JPMorgan Chase Bank N.A.

*Carmine Pilla*

Name: Carmine Pilla

Title: Vice President

Accepted and confirmed as of the date first written:  
Philadelphia Authority for Industrial Development

\_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

Your reference number: \_\_\_\_\_

Acknowledged by:  
The City of Philadelphia

*Vincenzo J. Jenetti*

Name: Vincenzo J. Jenetti

Title: Acting Director of Finance

Your reference number: 0500007008295

## EXHIBIT A

Amortization of Notional Amount Schedule

| <u>From and including:</u><br>Effective Date | <u>To but excluding:</u> | <u>Notional Amount:</u> |
|--|--------------------------|-------------------------|
|  | 10/01/15                 | 217,275,000             |
| 10/01/15                                     | 10/01/16                 | 207,530,000             |
| 10/01/16                                     | 10/01/17                 | 197,365,000             |
| 10/01/17                                     | 10/01/18                 | 186,770,000             |
| 10/01/18                                     | 10/01/19                 | 175,720,000             |
| 10/01/19                                     | 10/01/20                 | 164,205,000             |
| 10/01/20                                     | 10/01/21                 | 152,195,000             |
| 10/01/21                                     | 10/01/22                 | 139,675,000             |
| 10/01/22                                     | 10/01/23                 | 126,620,000             |
| 10/01/23                                     | 10/01/24                 | 113,005,000             |
| 10/01/24                                     | 10/01/25                 | 98,810,000              |
| 10/01/25                                     | 10/01/26                 | 84,010,000              |
| 10/01/26                                     | 10/01/27                 | 68,580,000              |
| 10/01/27                                     | 10/01/28                 | 52,495,000              |
| 10/01/28                                     | 10/01/29                 | 35,720,000              |
| 10/01/29                                     | 10/01/30                 | 18,235,000              |

Admin. #: ...



EXECUTION COPY

Re: Philadelphia Authority for Industrial Development, Multi-Modal Lease Revenue Refunding Bonds, 2007 Series B.

as of October 18, 2007

Ladies and Gentlemen:

The purpose of this letter agreement is to confirm the terms and conditions of the transaction (the "Transaction") entered into between Merrill Lynch Capital Services, Inc. ("MLCS") and Philadelphia Authority for Industrial Development ("Counterparty") on the Trade Date specified below. This letter agreement constitutes a "Confirmation" as referred to in the Master Agreement specified below.

The definitions and provisions contained in the 2000 ISDA Definitions and the 1992 ISDA US Municipal Counterparty Definitions (collectively, the "Definitions"), as amended and supplemented from time to time, and published by the International Swaps and Derivatives Association, Inc. are incorporated into this Confirmation. In the event of any inconsistency between the Definitions and provisions and the definitions and provisions in the Agreement (defined below) and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of October 18, 2007 (including the Schedule, U.S. Municipal Counterparty Schedule Amendments and the Credit Support Annex thereto), as amended and supplemented from time to time (the "Agreement"), between MLCS and Counterparty. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

**A. SWAP TRANSACTION  
DETAILS**

|                       |  |
|-----------------------|--|
| Notional Amount:      | USD 72,400,000, amortizing as set forth on Exhibit A         |
| Trade Date:           | October 18, 2007   |
| Effective Date:       | October 25, 2007   |
| Termination Date:     | October 1, 2030, Modified Following Business Day Convention. |
| <b>Fixed Amounts:</b> |  |
| Fixed Rate Payer:     | Counterparty   |

Fixed Rate Payer Period End Date: April 1 and October 1 of each year commencing with April 1, 2008, to and including October 1, 2030. No Adjustment shall apply to Period End Dates.

Fixed Rate Payer Payment Dates: April 1 and October 1 of each year commencing with April 1, 2008 to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

Fixed Rate: 3.9713 percent

Fixed Rate Day Count Fraction: 30/360

Business Days: New York

**Floating Amounts:**

Floating Rate Payer: MLCS

Floating Rate Payer Payment Dates: The first day of each calendar month commencing with December 1, 2007 to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

Floating Rate Option: USD-BMA Municipal Swap Index (now known as USD-SIFMA Municipal Swap Index).

Floating Rate Day Count Fraction: Actual/Actual

Compounding: Inapplicable

Business Days: New York

**B. ACCOUNT DETAILS**

Payments to MLCS in USD: Deutsche Bank Trust Company Americas  
New York, NY  
ABA:  
A/C #  
Ref:  
Attn:

Payments to Counterparty in USD: The Bank of New York  
ABA:  
Credit GLA #  
Final Credit to:

### C. DOCUMENTS TO BE DELIVERED

Each party shall deliver to the other, at the time of its execution of this Confirmation, evidence of the incumbency and specimen signature of the person(s) executing this Confirmation, unless such evidence has been previously supplied and remains true and in effect.

### D. ADDITIONAL REPRESENTATIONS

The Counterparty hereby directs MLCS, upon execution of this Confirmation, to pay

The payment by MLCS of these amounts is reflected in, and has increased, the Fixed Rate that would otherwise be payable by the Counterparty hereunder.

### E. ADDITIONAL TERMINATION EVENTS

(i) Counterparty may, with the prior written consent of Financial Guaranty Insurance Company, on any Business Day (the "Optional Termination Date"), terminate and cash settle this Transaction without cause, in whole or in part, by providing at least five (5) Business Days' prior written notice to MLCS; provided however, that Counterparty first or concurrently provides evidence satisfactory to MLCS that Counterparty has sufficient funds available to pay any amount payable by it to MLCS in connection with such optional termination on or before the second Business Day immediately following the Optional Termination Date. The amount due with respect to any such optional termination shall be determined pursuant to Section 6 of the Master Agreement as if (a) the Optional Termination Date is the Early Termination Date, (b) Counterparty is the sole Affected Party (c) this Transaction is the sole Affected Transaction, and (d) Market Quotation and Second Method are selected for purposes of Payments on Early Termination. Notwithstanding anything herein to the contrary, the parties will be obligated to pay any Unpaid Amounts on the Optional Termination Date.

(ii) Counterparty agrees that so long as it shall have any obligations under the Agreement it shall not effect an Adjustment Event (defined below) or permit an Adjustment Event to occur unless Counterparty (A) gives MLCS and the Swap Insurer written notice thereof not later than the earlier of the fifteenth day preceding the effective date thereof and the date on which notice thereof is required by the Covered Indenture to be given to the owners of the affected Bonds and (B) provides evidence (which may include an escrow of funds) satisfactory to MLCS and the Swap Insurer that all payments due hereunder as a result of the Adjustment Event (i) will be made by Counterparty on the due date therefor and (ii) will not cause Counterparty to be in violation of, or default under, the Covered Indenture.

If on the Effective Date or any date thereafter (an "Adjustment Event Date"), an Adjustment Event occurs, subject to satisfaction of the conditions specified in the immediately preceding paragraph, the Notional Amount shall be reduced as appropriate to (A) in the case of an Adjustment Event specified in clause (i) of the definition thereof, equal the aggregate principal amount of the Bonds that will remain outstanding for each Calculation Period after such Adjustment Event or (B) in the case of an Adjustment Event specified in clause (ii) of the definition thereof, equal the aggregate principal amount of the Bonds that will remain payable in the Weekly Mode or Daily Mode (as defined in the Covered Indenture) for each Calculation Period after such Adjustment Event (the aggregate amount of such reductions being herein referred to as the "Special Termination Amount").

Upon an adjustment to the Notional Amount, a payment (an "Adjustment Payment") will be due and owing by one party to the other equal to the Market Quotation for this Transaction determined by MLCS

as if (i) a Termination Event occurred in respect of Counterparty, (ii) Counterparty was the only Affected Party with respect to such Termination Event, MLCS was the party entitled to calculate the Market Quotation, and this Transaction is the only Affected Transaction, (iii) the relevant Adjustment Event Date was designated as the Early Termination Date, (iv) the Notional Amount of the Transaction was an amount equal to the Special Termination Amount, and (v) the requirement set forth in the definition of Market Quotation that quotations be obtained from four Reference Market-makers was met by having MLCS provide a single quotation, provided, however, if Counterparty disputes such quotation, MLCS shall seek bids from Reference Market-makers consistent with the provisions of Section 6 of the Agreement. If an Adjustment Payment is a positive number, Counterparty will pay an amount equal to such Adjustment Payment to MLCS; if an Adjustment Payment is a negative number, MLCS will pay an amount equal to the absolute value of such Adjustment Payment to Counterparty. An Adjustment Payment shall be paid by the relevant party on the Adjustment Event Date.

A termination hereof pursuant to this Paragraph E. (ii) shall not affect the continuing effectiveness of the Agreement as to the remaining Notional Amount as revised.

“Adjustment Event” means (i) any redemption or other retirement of any Bonds on any date which causes the outstanding principal amount of the Bonds to be less than the Notional Amount for such date or (ii) any conversion or other change of the interest rate on any Bond on any date which will cause such Bond, on such date or any subsequent date, to bear interest at an interest rate other than in a Weekly Mode or Daily Mode (each as defined in the Covered Indenture).

(iii) It shall be an Additional Termination Event with respect to Counterparty if the Bonds are not issued on or before December 21, 2007. For purposes of the foregoing Additional Termination Event, Counterparty shall be the sole Affected Party and this FGIC Insured Rate Swap Transaction shall be the sole Affected Transaction. Notwithstanding anything to the contrary in the Schedule, MLCS may designate an Early Termination Date with respect to this Additional Termination Event (iii) without the consent of the Swap Insurer, but any termination payment due from Counterparty with respect to this Additional Termination Event (iii) will not be insured.

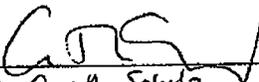
**F. 2004 AGREEMENT.** For the avoidance of doubt and notwithstanding anything to the contrary in the 2004 Agreement (as defined below), MLCS and Counterparty acknowledge and agree that the Agreement and this Transaction are not subject to, do not form a part of, and are not otherwise supplemented by, that certain ISDA Master Agreement (including the Schedule and Credit Support Annex thereto) by and between MLCS and the Counterparty dated as of June 30, 2004 (the “2004 Agreement”).

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Yours sincerely,

MERRILL LYNCH CAPITAL SERVICES, INC.

By:   
Name: Garth Schutz  
Title: Authorized Signatory

Accepted and confirmed as of the date first written:

PHILADELPHIA AUTHORITY FOR INDUSTRIAL  
DEVELOPMENT

By: \_\_\_\_\_  
Name:  
Title:

Admin. #:

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

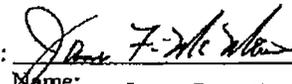
Yours sincerely,

MERRILL LYNCH CAPITAL SERVICES, INC.

By: \_\_\_\_\_  
Name:  
Title: Authorized Signatory

Accepted and confirmed as of the date first written:

PHILADELPHIA AUTHORITY FOR INDUSTRIAL  
DEVELOPMENT

By:  \_\_\_\_\_  
Name: James F. McManus  
Title: Chairman

Admin. #:

EXHIBIT A

Amortization of Notional Amount Schedule

| <u>FROM (and including)</u> | <u>TO (but excluding)</u> | <u>NOTIONAL<br/>AMOUNT (USD)</u> |
|-----------------------------|---------------------------|----------------------------------|
| Effective Date              | 10/1/2015                 | 72,400,000                       |
| 10/1/2015                   | 10/1/2016                 | 69,155,000                       |
| 10/1/2016                   | 10/1/2017                 | 65,770,000                       |
| 10/1/2017                   | 10/1/2018                 | 62,240,000                       |
| 10/1/2018                   | 10/1/2019                 | 58,560,000                       |
| 10/1/2019                   | 10/1/2020                 | 54,720,000                       |
| 10/1/2020                   | 10/1/2021                 | 50,715,000                       |
| 10/1/2021                   | 10/1/2022                 | 46,540,000                       |
| 10/1/2022                   | 10/1/2023                 | 42,190,000                       |
| 10/1/2023                   | 10/1/2024                 | 37,655,000                       |
| 10/1/2024                   | 10/1/2025                 | 32,925,000                       |
| 10/1/2025                   | 10/1/2026                 | 27,995,000                       |
| 10/1/2026                   | 10/1/2027                 | 22,855,000                       |
| 10/1/2027                   | 10/1/2028                 | 17,495,000                       |
| 10/1/2028                   | 10/1/2029                 | 11,905,000                       |
| 10/1/2029                   | 10/1/2030                 | 6,075,000                        |

From and including 10/1/2030 and thereafter, the  
Notional Amount shall be USD 0.00.