

ISSUE DATE: SEPTEMBER 28, 2016

DUE DATE: OCTOBER 14, 2016 AT 5 PM PHILADELPHIA LOCAL TIME

REQUEST FOR EXPRESSIONS OF INTEREST

DIRECT PAY LETTERS OF CREDIT AND ALTERNATIVE FINANCING STRUCTURES

CITY OF PHILADELPHIA, PENNSYLVANIA Gas Works Variable Rate Demand Revenue Bonds, Fifth Series A-2 (1998 General Ordinance)

The City of Philadelphia (the “City”) is seeking proposals for the provision of Direct Pay Letters of Credit (the “Facility”) to provide credit enhancement and liquidity for the City’s outstanding \$30 million Gas Works Variable Rate Demand Revenue Bonds, Fifth Series A-2 (1998 General Ordinance) (the “Bonds”) or an alternative financing structure in the form of a Direct Purchase transaction.

The Bonds

The Bonds are currently secured by a Letter of Credit which expires December 30, 2016. The underlying credit ratings on the Bonds are Baa1/A/BBB+ from Moody’s, S&P and Fitch, respectively. The Bonds are structured as a non-amortizing bullet with a maturity date of September 1, 2034.

The City is conducting a competitive process for the provision of credit enhancement and liquidity from highly rated credit and liquidity providers. Both current and new bank facility providers are strongly encouraged to participate.

Please be advised that a successful Facility bidder may be asked, at the sole discretion of the City, to serve as Remarketing Agent for Bonds.

For rating agency press releases related to Philadelphia Gas Works (“PGW”) bonds, latest official statements/remarketing circulars, and other information, please see the City’s investor website at <http://www.phila.gov/investor>.

Alternative Financing or Refinancing Structure Proposal – Direct Purchase

In addition to proposals for a Direct Pay Letters of Credit, the City encourages proposals for Direct Purchase structures for the Bonds. Any Direct Purchase proposal submitted should be detailed, including pricing, terms and conditions, and should also indicate whether the proposal is a firm offer.

Please note that under the 1998 General Ordinance, the Bonds on a parity as to covenants, priority of payments, security and source of payment and defaults and remedies with all other Senior Bonds issued under the 1998 General Ordinance. Accordingly, proposals which require a continuing covenants agreement or similar arrangements containing provisions which differ from those contained in the 1998 General Ordinance and the First Class City Revenue Bond Act will not be considered.

Anticipated Schedule of Events

PLEASE NOTE CHANGE IN DUE DATE AND Q&A POSTING. ANSWERS TO THE QUESTIONS ASKED WILL BE POSTED BY CLOSE OF BUSINESS FRIDAY, OCTOBER 7, 2016. RESPONSES ARE NOW DUE BY 5:00 PM PHILADELPHIA LOCAL TIME, FRIDAY, OCTOBER 14, 2016.

The preliminary Schedule of Events for the proposals solicited hereby is set forth below.

Issue REI	September 28, 2016
Deadline to Submit Questions	October 3, 2016
Answers posted on RFP website	October 7, 2016
PROPOSAL SUBMISSION DEADLINE	October 14, 2016 @ 5:00 pm EST
Select Facility Providers <i>(Final award is subject to approval by the City of terms of the Facilities)</i>	Week of October 24, 2016

Conflicts of Interest

Please identify any conflicts of interest or potential conflicts of interest and how you plan to address any such conflict.

Proposal Information

Prospective providers who have received this document from a source other than the City, and who wish to assure receipt of any changes or additional materials related to this REI, should immediately e-mail Bhavin Patel (bhavin.patel@phila.gov) and provide their name and mailing address so that amendments to the REI or other communications may be sent to them.

Please respond on behalf of your firm only; the City will not consider joint proposals.

The expenses of your proposal will not be the responsibility of the City or any of its respective counsel or advisors.

THE CITY ENCOURAGES SUBMISSIONS BY MINORITY, WOMEN, AND DISABLED OWNED FIRMS. THE CITY REQUIRES THAT ANY FIRM SELECTED TO PARTICIPATE AS PROVIDER FOR A CITY FINANCING AGREE NOT TO DISCRIMINATE NOR PERMIT DISCRIMINATION AGAINST ANY PERSON BECAUSE OF RACE, COLOR, RELIGION, NATIONAL ORIGIN, OR SEXUAL ORIENTATION. IN THE EVENT OF SUCH DISCRIMINATION, THE CITY RESERVES THE RIGHT TO TERMINATE THE FIRM’S APPOINTMENT TO THE TRANSACTION.

Proposal Submission & Deadline

Please submit your proposals via e-mail by **no later than 5:00 PM Philadelphia Local Time on FRIDAY, October 14, 2016** to Christian Dunbar (christian.dunbar@phila.gov), Bhavin Patel (bhavin.patel@phila.gov), Joseph Golden (joseph.goldenJr@pgworks.com), Rebecca Perry-Glickstein

(perry-glickstein@pfm.com) and Andre Allen (Aallenpcp@aol.com). The subject title should read, REI-Submission – PGW Bank Facility - - [insert firm name].

Your response should follow the format in **Exhibit A**, which is attached. THE CITY ANTICIPATES NEGOTIATING COMPLETE TERM SHEETS AFTER RESPONSES HAVE BEEN RECEIVED.

Interested parties must indicate by when they would expect to be able to receive **final credit approval**. A form of the Direct Pay Letter of Credit and Reimbursement Agreement or relevant legal documents for a Direct Purchase transaction to be entered into by the City and the Facility provider must be made available to the City promptly upon notice to the respondent that they are the apparent choice of the City. **Please note:** for your reference, the City's preferred form of Reimbursement Agreement, including certain terms, conditions and covenants is attached hereto as **Exhibit C**.

Questions and Answers

The City will accept written questions from prospective providers. Questions will be accepted by e-mail to Christian Dunbar at Christian.dunbar@phila.gov, and Bhavin Patel at bhavin.patel@phila.gov. **The deadline for written questions is Monday, October 3, 2016 at 5:00 PM, Philadelphia Local Time.** The subject title should read, REI-Question – PGW Bank Facility - - [insert firm name].

NO QUESTIONS ARE TO BE DIRECTED TO THE MAYOR'S OFFICE, OR TO ANY OTHER CITY DEPARTMENT, AGENCY, OR PERSONNEL.

Answers to all substantive questions that are not clearly specific only to the requestor, will be distributed to all prospective providers who are known to have received a copy of the REI. Such distribution may include the posting of such information on the City's website www.phila.gov/RFP.

Evaluation Criteria and Selection

Selection shall be made to the responsive and responsible providers whose proposals are deemed to be the most advantageous to the City, along with any relevant performance data and other information available to the City. Proposals will not be opened publicly.

Revisions to the REI

If it becomes necessary to revise this REI before the due date for proposals, amendments will be provided to all prospective providers who were sent this REI or otherwise are known by the City to have obtained this REI. Amendments made after the due date for proposals will be sent only to those providers who submitted a timely proposal.

Acknowledgment of the receipt of all amendments to this REI issued before the proposal due date must accompany the provider's proposal in the transmittal letter accompanying the proposal. Acknowledgement of the receipt of amendments to the REI issued after the proposal due date shall be in the manner specified in the amendment notice. Failure to acknowledge receipt of amendments does not relieve the provider from complying with all terms of any such amendment.

Reservation of Rights

The City reserves the right to cancel this REI, accept or reject any and all proposals, in whole or in part, received in response to this REI, to waive or permit cure of any irregularities, and to conduct discussions with any or all qualified or potentially qualified providers in any manner necessary to serve the best interests of the City. The City also reserves the right to award a contract based upon the written proposals received without discussions or negotiations. In the event negotiations with any respondent(s) are not satisfactory to the City, the City reserves the right to discontinue such negotiations at any time; to enter

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Due Date: October 13, 2016 at 5:00 pm ET

into or continue negotiations with other respondents; and/or to solicit new responses from providers that did not respond to this REI. The City reserves the right not to enter into any contract with any respondent, with or without the re-issuance of this REI, if the City determines that such is in the City's best interest. The City reserves the right to change the details at any time. Nothing in this REI shall bind the City to enter into any agreements pursuant to this solicitation.

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Exhibit A



**CITY OF PHILADELPHIA, PENNSYLVANIA
Gas Works Variable Rate Demand Revenue Bonds, Fifth
Series A-2 (1998 General Ordinance)**

**REI for Direct Pay Letters of Credit
and other Alternative Refinancing Structures
Proposal Form Bonds**

Proposals submitted must complete this form or include responses to all items on this form in order to be considered.

SECTION 1 – GENERAL INFORMATION

Full Legal Name of Provider: _____

Contact Person: _____ **Phone:** _____

Fax: _____ **E-mail:** _____

Bank's Ratings:

Fitch:	Long-term _____	Short-term _____	Outlook/Credit Watch _____
Moody's:	Long-term _____	Short-term _____	Outlook/Credit Watch _____
Standard & Poor's:	Long-term _____	Short-term _____	Outlook/Credit Watch _____

- 1.1. Please indicate if your firm has overall limits for providing credit and/or liquidity to the PGW or the City.
- 1.2. Maximum Principal Amount for the Bonds: _____ (plus required interest coverage)
- 1.3. Timeframe for Credit Approval: _____

SECTION 2 – PRICING

2.1 Complete the fee table below and separately provide a downgrade pricing grid.

Facility Length	Annual Fee
1 Year/365 days	
2 Years	
3 Years	
4 Years	

- 2.2 List any and all additional fees for which you would expect reimbursement (e.g., Draw, Amendment, Origination, etc.) and any expenses other than Legal Counsel.
- 2.3 List and describe additional fees, if any, for reduction in size or early termination of LOC. Are these fees waived if (i) City's action is due to a downgrade of Providers' long or short term ratings or (ii) the Bonds are redeemed, refunded or the rate of interest on the Bonds is converted to a fixed rate or another interest rate mode that does not involve a credit facility or liquidity facility?
- 2.4 Provide a description of Term-Out Provisions including interest rates and all conditions

2.5 Bank Counsel: Firm: _____
Primary Contact: _____
Legal Fees and Expenses (Estimate): _____
Capped at: _____

2.6 Please indicate if your institution would be interested and willing to serve as Remarketing Agent. If so, please indicate your proposed Remarketing Agent fee in basis points.

SECTION 3 – COVENANTS

- 3.1 Please itemize and briefly describe all preferred Security Covenants.
- 3.2 List all preferred Termination Events and Events of Default for Reimbursement Agreement if different from attached **Exhibit B** – Certain Preferred Reimbursement Agreement Provisions and **Exhibit C** – City’s Preferred Form of Reimbursement Agreement.
- 3.3 Provide alternative language for any provisions you would propose to change in the attached **Exhibit B** – Certain Preferred Reimbursement Agreement Provisions and **Exhibit C** – City’s Preferred Form of Reimbursement Agreement.
- 3.4 Identify any key terms, conditions, covenants or other restrictions that you would propose to add to the attached **Exhibit B** – Certain Preferred Reimbursement Agreement Provisions and **Exhibit C** – City’s Preferred Form of Reimbursement Agreement.

SECTION 4 – ALTERNATIVE REFINANCING STRUCTURE PROPOSALS (LIMIT: 2 PAGES)

Please include a description, terms and pricing associated with any proposed Direct Purchase structure being proposed. Indicate whether the proposal is a firm offer. Proposals should not exceed two pages.

Exhibit B

Certain Preferred Reimbursement Agreement Provisions

1. No termination penalty.
2. No most favored lender covenant.
3. No most favored pricing provision.
4. Increased cost provision applies only in instances where the increased cost is a result of new regulations and shall not apply to instances of reinterpretation of existing laws or regulations.
5. Increased Cost provision would apply to participants, but limit the amount payable to such participant to the amount which would have been payable to the bank had there been no participation.
6. No maximum interest rate “clawback” provision.
7. Bank Rate at Base Rate for at least 180 days.
8. Pennsylvania Law.
9. Limited Indemnification.

Exhibit C

City's Preferred Form of Reimbursement Agreement

Attached separately with the RFI