

Issue Date: February 1, 2011

Answers to Submitted Questions for Direct Pay Letters of Credit
City of Philadelphia
Multi-Modal Lease Revenue Refunding Bonds, 2007 Series B

1. Do the lease payments related to this transaction represent a General Obligation of The City of Philadelphia?

While The 2007 Series B Bonds “the Bonds” are not a general obligation of the City of Philadelphia, the City’s lease obligation has been treated by S&P and Moody’s as sufficiently strong so as to cause them to rate the Bonds at the same level as the City’s GO Rating. Fitch does not rate the Bonds. The City’s obligation under the Security Leases are payable by the City out of current revenues of the City. The City has agreed in the Security Leases to provide for the payment under such Lease Agreement and include the payment in its annual operating budget for each fiscal year of the City. The City covenants in the Security Leases to make appropriations in each of its fiscal years in such amounts as shall be required to make all rental payments due in each fiscal year. If the current revenues of the City are insufficient to pay the City obligation under the Security Leases, the City covenants to include amounts not paid in the next fiscal year. The Security Leases provide that the City is required to make payments, without suspension or abatement of any nature and that so long as the Bonds are outstanding, the obligation to make payments shall be absolute and unconditional.

2. Are the lease payments pledged as security for the Bonds?

Please see above. The 2007 Series B Bonds are secured by a pledge of revenues received pursuant to the Security Leases.

3. What is the ownership structure of the 2 stadiums?

Information on the stadiums is not applicable given that the Bonds are a General Fund obligation. The City has leased to the Authority several parcels of land in connection to the development of the Stadiums. Please see the attached Official Statement; “Appendix C-Summary of the Indenture and Securities Leases”, for additional information at www.phila.gov/rfp.

4. What is the amount of the annual revenues that the City derives from the ownership of the stadiums?

Information on the stadiums is not applicable given that the Bonds are a General Fund obligation. For financial information regarding the City, please review the posted Unaudited FY 2010 Financial Statements, a copy which has been posted a www.phila.gov/rfp.

5. Is there additional debt encumbering the stadiums?

Information on the stadiums is not applicable given that the Bonds are a General Fund obligation. For financial information regarding the City, please review the posted Unaudited FY 2010 Financial Statements, a copy which has been posted at www.phila.gov/rfp.

6. Please confirm that FGIC will no longer guaranty the bonds or remain part of the debt structure.

In May, 2008, the Series 2007B Bonds were reoffered under an irrevocable direct-pay letter of credit (LOC) issued by JP Morgan Chase Bank National Association, (JP Morgan) and Bank of New York (BNY) to provide credit enhancement and a liquidity facility for the Bonds. The LOC replaces the credit enhancement previously provided by a bond insurance policy from Financial Guaranty Insurance Company (FGIC), and a liquidity facility for the 2007B Bonds previously provided by the Banks pursuant to a standby bond purchase agreement. The bond insurance policy previously provided by FGIC and the standby bond purchase agreement previously provided by the Banks have been cancelled.

See attached Unaudited FY 2010 Financial Statements and the notes related to the 2007B Bonds at www.phila.gov/rfp for more information.

7. We would like to request Audited (or Unaudited) FY2010 Financial Statements

The Annual Financial Report of the Director of Finance for the fiscal year ended June 30, 2010 has been posted at www.phila.gov/rfp. This report is intended to meet the requirements of the Philadelphia Home Rule Charter and is not audited. The Comprehensive Annual Financial Report will be published at a later date.

8. We would like to request the Existing Reimbursement Agreement

A copy has been posted at www.phila.gov/rfp.

9. In addition to the replacement LOC proposal, will the City consider "alternative" proposals/ideas to the current structure of the transaction?

Yes, alternative proposals/ideas will be considered.