

**ISSUE DATE: APRIL 29, 2011**

**DUE DATE: MAY 25, 2011**

## **REQUEST FOR EXPRESSIONS OF INTEREST**

### **DIRECT PAY LETTERS OF CREDIT AND ALTERNATIVE VARIABLE RATE FINANCINGS**

#### **CITY OF PHILADELPHIA, PENNSYLVANIA General Obligation Multi-Modal Refunding Bonds, Series 2009B Gas Works Revenue Refunding Bonds, Eighth Series B, C, D and E Water and Wastewater Revenue Bonds, Series 1997B**

The City is hereby seeking proposals for the provision of Direct Pay Letters of Credit (the “Facility”) or alternative refinancing structures (i.e., privately placed SIFMA notes) to provide credit enhancement and liquidity for the General Obligation Multi-Modal Refunding Bonds, Series 2009B, Gas Works Revenue Refunding Bonds, Eighth Series B, C, D and E, and Water and Wastewater Revenue Bonds, Series 1997B (collectively, the “Bonds”).

The City is conducting a competitive process for the provision of credit enhancement and liquidity on the following outstanding bonds with letters of credit from highly rated credit and liquidity providers on the outstanding bonds listed below. Both current and new bank facility providers are strongly encouraged to participate. If your firm has overall limits for providing credit enhancement and/or liquidity to the City which could be fungible between credits, please state this clearly in your response.

<b>Credit</b>	<b>Series</b>	<b>Outstanding Par (\$)</b>	<b>LOC Exp. Date</b>	<b>Underlying Rating (Mdy/S&amp;P/Fitch)</b>
General Obligation	Series 2009B	100,000,000	8/12/2011	A2/BBB/A-
Philadelphia Gas Works	Eighth Series B	105,000,000	8/19/2011	Baa2/BBB+/BBB
	Eighth Series C	50,000,000	8/19/2011	Baa2/BBB+/BBB
	Eighth Series D	50,000,000	8/19/2011	Baa2/BBB+/BBB
	Eighth Series E	50,000,000	8/19/2011	Baa2/BBB+/BBB
Water and Wastewater	Series 1997B	73,000,000	9/9/2011	A1/A/A+

For rating agency press releases on the above credits, latest official statements, and other information, please see the City’s investor website at <http://www.phila.gov/investor>. The City will also be hosting a credit presentation for interested banks in New York City. Please refer to the “Credit Presentation (NYC)” section of this REI for details regarding invitations to attend this presentation.

#### **Alternative Variable Rate Financing Proposals**

The City encourages proposals for alternative variable rate refinancing structures outside of a Direct Pay Letter of Credit. Alternative Bank Facility Financings would include private placement index notes. If your firm is an authorized underwriter in the current pools for the relevant credits, you can also submit public-market variable rate proposals. Any alternative proposal submitted should be detailed, including pricing, terms and condition, and should also indicate whether the proposal is a firm offer.

## Anticipated Schedule of Events

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

<b>Issue REI</b>	<b>April 29, 2011</b>
<b>Deadline to Submit Questions and Request invitation to Credit Presentation</b>	<b>May 11, 2011</b>
<b>Credit Presentation to Interested Parties</b> <i>Location: Cozen O'Connor New York Midtown Office 277 Park Avenue, New York, NY 10172</i>	<b>May 13, 2011 @ 11:00 am – 1:00 pm EST</b>
<b>PROPOSAL SUBMISSION DEADLINE</b>	<b>MAY 25, 2011 @ 5:00 pm EST</b>
<b>Select Facility Providers</b> <i>(Final award is subject to approval by the City of terms of the Facilities)</i>	<b>June 10, 2011</b>

## 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](mailto: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 their respective counsel or advisors. The City reserves the right to waive any irregularity in any proposal, negotiate with one or more firms and to reject any or all proposals. The City reserves the right not to proceed with the execution of the Facility.

The City of Philadelphia (the “City”) is exploring the option of issuing a line of credit to fund annual cash flow needs instead of issuing the traditional Tax and Revenue Anticipation Note (“TRAN”). The expected size for the 2011/2012 TRAN is \$250,000,000. The City believes a line of credit approach will maximize the availability of the City’s consolidated cash accounts and could be a lower cost alternative to a publically offered TRAN. It is anticipated that the line of credit structure would include a fee for both the used and unused portions of the line of credit. Those banks that respond to the City’s Request for Expressions of Interest issued on April 29, 2011 with proposals for the General Obligation Credit will be eligible for consideration for the cash flow line of credit. The City will follow up with additional information, including the estimated cash flows and adopted budget, to solicit price thoughts.

The City is simultaneously pursuing a competitively sold TRAN. Because the City's improving cash position entering Fiscal Year 2012, due to FY2011 operating results, the City is confident of its ability to obtain the highest short term ratings from Moody's and Standard & Poor's should it proceed with a TRAN.

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 ISSUE.

### **Proposal Submission & Deadline**

Please submit your proposals via e-mail by **no later than 5:00 PM EST on, Wednesday May 25, 2011** to Nancy Winkler ([nancy.winkler@phila.gov](mailto:nancy.winkler@phila.gov)), Kathy Clupper ([clupperk@pfm.com](mailto:clupperk@pfm.com)) and Lorpu Jones ([jonesl@pfm.com](mailto:jonesl@pfm.com)). The subject title should read, REI-Submission -Direct Pay LOC- [insert firm name].

Your response should follow the format in Exhibits A-1, A-2 and/or A-3 which are 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 alternative proposals 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.

### **Credit Presentation (NYC)**

The City Treasurer will be leading a presentation at which representatives from City senior management will provide detailed information regarding the City's general obligation, Philadelphia Gas Works and Water and Wastewater credits. **This presentation has been scheduled for Friday, May 13, 2011 at 11:00AM until 1:00PM Eastern Time at the Midtown office of Cozen O'Connor in New York City at 277 Park Avenue.** If you would like the presenters to address anything in particular, please submit your questions beforehand per the instructions in the "Questions" section below.

Firms interested in attending this presentation and being included on a distribution list to receive further explanations regarding this presentation, should provide your contact information for an invitation and security clearance to Bhavin Patel ([bhavin.patel@phila.gov](mailto:bhavin.patel@phila.gov)) and cc Lorpu Jones ([jonesl@pfm.com](mailto:jonesl@pfm.com)). **The deadline to request invitations to the Credit Presentation is no later than 5:00 p.m. (Local Time) on Wednesday May 11, 2011.**

### **Questions**

The City will accept written questions from prospective Providers. Questions will be accepted by e-mail to both Bhavin Patel at [bhavin.patel@phila.gov](mailto:bhavin.patel@phila.gov) and Nancy Winkler at [nancy.winkler@phila.gov](mailto:nancy.winkler@phila.gov)), **The deadline for written questions is Wednesday May 11, 2011 at 5:00 PM, Local Time.** The City will endeavor to address these questions during the Credit Presentation.

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 vendors 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/REI](http://www.phila.gov/REI). The City intends to address all questions at the Credit Presentation (see above).

### **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 minor 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 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.

*Thank you for your interest in serving the City.*

**Exhibit A-1**



**CITY OF PHILADELPHIA, PENNSYLVANIA  
General Obligation Multi-Modal Refunding Bonds, Series 2009B**

**REI for Direct Pay Letters of Credit  
and other Alternative Credit Enhancement and Liquidity  
Fee Proposal Form**

*Submitted proposals must 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 City and would capacity be available for other City owned credits, such as the Philadelphia Airport.

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 Term-Out Provisions (including interest rates and conditions)

2.3 Bank Counsel: Firm Name and primary contact: \_\_\_\_\_

Legal Fees and Expenses: Estimated at \$ \_\_\_\_\_; capped at \$ \_\_\_\_\_

**SECTION 3 – COVENANTS**

3.1 Please itemize and briefly describe all required Security Covenants

3.2 List all Termination Events and Events of Default.

**SECTION 4 – ALTERNATIVE PROPOSALS (LIMIT: 10 PAGES)**

Please include a description, terms and pricing associated with any proposed alternative variable rate financing proposals. Indicate whether the proposal is a firm offer. Proposals should not exceed ten pages.

**Exhibit A-2**



**CITY OF PHILADELPHIA, PENNSYLVANIA**  
**Gas Works Revenue Refunding Bonds, Eighth Series B, C, D and E**

**REI for Direct Pay Letters of Credit  
and other Alternative Credit Enhancement and Liquidity  
Fee Proposal Form**

*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 City and would capacity be available for other City owned credits, such as the Philadelphia Airport.

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 Term-Out Provisions (including interest rates and conditions)

2.3 Bank Counsel: Firm Name and primary contact: \_\_\_\_\_

Legal Fees and Expenses: Estimated at \$ \_\_\_\_\_; capped at \$ \_\_\_\_\_

**SECTION 3 – COVENANTS**

3.1 Please itemize and briefly describe all required Security Covenants

3.2 List all Termination Events and Events of Default.

**SECTION 4 – ALTERNATIVE PROPOSALS (LIMIT: 10 PAGES)**

Please include a description, terms and pricing associated with any proposed alternative variable rate financing proposals. Indicate whether the proposal is a firm offer. Proposals should not exceed ten pages.

**Exhibit A-3**



**CITY OF PHILADELPHIA, PENNSYLVANIA  
Water and Wastewater Revenue Bonds Series 1997B**

**REI for Direct Pay Letters of Credit  
and other Alternative Credit Enhancement and Liquidity  
Fee Proposal Form**

*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 City and would capacity be available for other City owned credits, such as the Philadelphia Airport.
- 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 Term-Out Provisions (including interest rates and conditions)
- 2.3 Bank Counsel: Firm Name and primary contact: \_\_\_\_\_  
Legal Fees and Expenses: Estimated at \$ \_\_\_\_\_; capped at \$ \_\_\_\_\_

**SECTION 3 – COVENANTS**

- 3.1 Please itemize and briefly describe all required Security Covenants
- 3.2 List all Termination Events and Events of Default.

**SECTION 4 – ALTERNATIVE PROPOSALS (LIMIT: 10PAGES)**

Please include a description, terms and pricing associated with any proposed alternative variable rate financing proposals. Indicate whether the proposal is a firm offer. Proposals should not exceed ten pages.