

ISSUE DATE: October 21, 2009

DUE DATE: November 12, 2009

REQUEST FOR EXPRESSIONS OF INTEREST
DIRECT PAY LETTERS OF CREDIT
CITY OF PHILADELPHIA
WATER AND WASTEWATER REVENUE BONDS

The City is hereby seeking proposals for the provision of Direct Pay Letters of Credit (the "Facilities") to provide credit enhancement and liquidity for Water and Wastewater Revenue Bonds.

The City strongly encourages responses to this REI. Responses for less than the full amount of each facility will be considered.

The City would like to replace the insurance and existing liquidity on the \$370.0 million of outstanding Water and Wastewater Revenue variable rate bonds with direct pay letters of credit from highly rated providers. In your response, please provide the amount of Facilities your firm could provide for the credit and at what cost.

In addition, the City/Water Department may have additional letter of credit needs in the future on Water and Wastewater variable rate bonds in connection with the forward starting swaps that have already been entered into. Please state if your firm has additional capacity beyond the \$370 million.

Detail on the credit is as follows:

WATER AND WASTEWATER REVENUE BONDS

The bonds were issued pursuant to the City's Restated General Water and Wastewater Revenue Bond Ordinance of 1989, as amended and supplemented (the "General Ordinance"). The bonds are secured on an equal and ratable basis with the other Water and Wastewater Revenue Bonds issued under the General Ordinance by a pledge of and security interest in all Project Revenues (as defined in the General Ordinance) derived from the City's Water and Wastewater Systems and moneys deposited into the Water and Wastewater Funds (as defined in the General Ordinance).

Neither the general credit nor the taxing power of the City is pledged to any such payment. The Water and Wastewater Revenue Bonds currently carry underlying ratings of "A3" from Moody's Investors Service, "A" from Standard and Poor's and "A-" from Fitch Ratings Group.

\$370.0 million Water and Wastewater Revenue Bonds, Series 2003

The bonds are currently outstanding as variable rate demand bonds in a weekly interest rate mode. The City would like to maintain all or a portion of the bonds as variable rate demand bonds and to substitute the Facilities for the municipal bond insurance currently provided by FSA and the liquidity provided by Dexia. The liquidity will expire on April 1, 2010. The City and Water's goal is to complete this transaction in February.

Proposal Content

Your response should follow the format in Exhibit A which is attached.

Schedule of Events:

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

Anticipated Schedule of Events	
Issue REI	10/21/2009
Deadline for questions	10/29/2009 5:00 p.m. (local time)
Proposal submission deadline	11/12/2009 5:00 p.m. (local time)
Select Facility Providers (Final award is subject to approval by the City of terms of the Facilities)	Week of November 16th

- Please submit your proposals **via email** by **5:00 PM, Local Time on Thursday, November 12, 2009** to Rebecca Rhynhart (rebecca.rhynhart@phila.gov), Nicole D’Urso (nicole.d’urso@phila.gov) and Tgriffithpcp@aol.com. **The subject title should read, REI -Submission -Direct Pay LOC.**
- Inquiries regarding this request for proposal should be emailed to Rebecca Rhynhart (rebecca.rhynhart@phila.gov) and Nicole D’Urso (nicole.d’urso@phila.gov) **by no later than 5:00 p.m. (Local Time) on Thursday, October 29, 2009. The subject title should read, REI -Question-Direct Pay LOC.** Questions emailed by respondents and any additional information that the City provides in response to such questions may be distributed to all of the solicited firms.
- **NO QUESTIONS ARE TO BE DIRECTED TO THE MAYOR’S OFFICE, OR THE WATER DEPARTMENT STAFF.**

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 email Rebecca Rhynhart (rebecca.rhynhart@phila.gov) and Nicole D’Urso (nicole.d’urso@phila.gov) and provide their name and mailing address so that amendments to the REI or other communications may be sent to them.

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 Facilities.

SECTION 1 - GENERAL INFORMATION

1.1 Revisions to the REI

- a. 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.
- b. 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.

1.2 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.

1.3 Other Information

- a. 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.
- b. **JOINT PROPOSALS WILL NOT BE ACCEPTED.**

SECTION 2 – 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.

Exhibit A

CITY OF PHILADELPHIA

DIRECT PAY LETTER OF CREDIT

Proposal Form

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 _____

The City is interested in your firm's letter of credit capacity without syndication.

2. Maximum Principal Amount for Water Revenue Bond Credit : _____ (plus required interest coverage)

Facility Length	Annual Fee
2 Years	
3 Years	

Term-Out Provision: _____

3. Please state any other information that you deem material to your proposal.

4. Please state your timeframe for credit approval.

THE CITY ANTICIPATES NEGOTIATING COMPLETE TERM SHEETS AFTER RESPONSES HAVE BEEN RECEIVED.