

ISSUE DATE: JANUARY 19, 2011

DUE DATE: FEBRUARY 9, 2011

REQUEST FOR EXPRESSIONS OF INTEREST

DIRECT PAY LETTER OF CREDIT

CITY OF PHILADELPHIA PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT (“PAID”) MULTI-MODAL LEASE REVENUE BONDS, 2007 SERIES B

The City is hereby seeking proposals for the provision of Direct Pay Letters of Credit (the “Facility”) to provide credit enhancement and liquidity for the Philadelphia Authority for Industrial Development (“PAID”), Multi-Modal Lease Revenue Refunding Bonds, 2007 Series B (the “Bonds”).

The City strongly encourages responses to this REI.

The City would like to replace the existing liquidity on up to \$289.675 million of outstanding bonds with letters of credit from highly rated credit and liquidity providers. In your response, please provide the amount of the Facility your firm could provide and at what cost. If your firm has overall limits for providing credit and/or liquidity facility to the City which could be fungible between credits, please state this clearly in your response.

For rating agency press releases on the above credit, latest official statements, and other information, please see the City’s investor website at <http://www.phila.gov/investor>. Detail on the credit is as follows:

LEASE RENTAL DEBT

The Bonds are secured by certain rental obligations under the Security Lease between the City and PAID. The City’s rental obligation under the Security Leases shall be payable by the City only out of the current revenues of the City. The City has agreed in the Security Leases to provide for the payment of such rent and include the same 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 and payable thereunder in each such fiscal year. If the current revenues of the City are insufficient to pay rent in any fiscal year as the same becomes due and payable, the City covenants in the Security Leases to include amounts not so paid in its operating budget for the ensuing fiscal year and to produce sufficient current revenues to pay in the ensuing fiscal year such balance due for the preceding fiscal year in addition to the amount of rent due for the ensuing fiscal year.

These Bonds carry the same underlying rating as the City’s General Obligation Rating. The City’s underlying ratings are currently “A2” from Moody’s Investors Service, “BBB” from Standard and Poor’s and “A-” from Fitch Ratings Group.

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. Currently, liquidity is provided by JP Morgan and The Bank of New York Mellon. The liquidity facilities will expire on May 1, 2011.

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	1/19/2011
Deadline for questions	1/26/2011 5:00 PM (local time)
Proposal submission deadline	2/9/2011 5:00 PM (local time)
Select Facility Providers (Final award is subject to approval by the City of terms of the Facilities)	Week of February 21st

- Please submit your proposals via email by **5:00 PM, Local Time on, Wednesday, February 9, 2011** to Rebecca Rhynhart (rebecca.rhynhart@phila.gov), Maia Jachimowicz (maia.jachimowicz@phila.gov) and Kathy Clupper (clupperk@pfm.com). **The subject title should read, REI-Submission -Direct Pay LOC- [insert firm name].**
- Inquiries regarding this request for proposal should be emailed to Rebecca Rhynhart (rebecca.rhynhart@phila.gov) and Maia Jachimowicz (maia.jachimowicz@phila.gov) **by no later than 5:00 p.m. (Local Time) on Wednesday, January 26, 2011. The subject title should read, REI-Question-Direct Pay LOC- [insert firm name].** 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. Such distribution may include the posting of such information on the City's website www.phila.gov/REI.
- NO QUESTIONS ARE TO BE DIRECTED TO THE MAYOR'S OFFICE, OR TO PAID.
- 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 to be entered into by the PAID on behalf of 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.

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 Maia Jachimowicz (maia.jachimowicz@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 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.

SECTION 1 - GENERAL INFORMATION

1.1 Questions

- a. The City will accept written questions from prospective Providers. Questions will be accepted by e-mail to both Rebecca Rhynhart at Rebecca.Rhynhart@phila.gov and Maia Jachimowicz at maia.jachimowicz@phila.gov. **The deadline for written questions is Wednesday, January 26, 2011 at 5:00 PM, Local Time.**
- b. 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.

1.2 Proposals Due Date

- a. An Adobe file containing the proposal must be received by the City, at the address listed in Section 1.1 **no later than 5:00 PM, Local Time on Wednesday, February 9, 2011, in order to be considered.**
- b. Proposals will not be opened publicly.

1.3 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.

1.4 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.

SECTION 2 – PROPOSAL FORMAT

Provide all information requested on the proposal forms attached hereto as Exhibit A

SECTION 3 – 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

Fee 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 _____

- 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 Water/Wastewater, PGW or the Philadelphia Airport.**
- 2. Maximum Principal Amount for the 2007 Bonds:** _____ (plus required interest coverage)

Facility Length	Annual Fee
2 Years	
3 Years	
5 Years	

Bank Counsel and primary contact: _____

Bank Legal Fees and Expenses: Estimated at \$ _____; capped at \$ _____

Time Frame for Credit Approval: _____

Term-Out Provision: _____

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