

\$165,550,000

**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM), SERIES OF 2003**

BOND PURCHASE CONTRACT

June 12, 2003

Pennsylvania Intergovernmental
Cooperation Authority
1429 Walnut Street
14th Floor
Philadelphia, Pennsylvania 19102

Ladies and Gentlemen:

The undersigned (hereinafter sometimes called the "Representative"), acting on behalf of itself and on behalf of the other underwriters named in the list attached as Schedule 1 hereto, as said list may from time to time be changed by the mutual agreement of the undersigned and the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") prior to Closing (hereinafter defined) (the Representative and such other underwriters as finally determined being herein collectively called the "Underwriters"), offers to enter into this Bond Purchase Contract (the "Purchase Contract") with the Authority acting pursuant to resolutions adopted by its governing board as authorized by the Act (hereinafter defined), which, upon the Authority's written acceptance of this offer, will be binding upon the Authority and upon the Underwriters. The Representative shall in any event remain on such list as an Underwriter. This offer is made subject to the Authority's written acceptance of this Purchase Agreement on or before 5:00 P.M., Philadelphia time on the date hereof, and if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Authority at any time prior to the acceptance hereof by the Authority. Upon acceptance by the Authority, this Purchase Agreement shall be binding upon the Authority and the Underwriters in accordance with its terms.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein and in the Letter or Representations (hereinafter defined), the Underwriters, jointly and severally, hereby agree to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell and deliver to the Underwriters for such purpose, all (but not less than all) of \$165,550,000 aggregate principal amount of Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue

Refunding Bonds (City of Philadelphia Funding Program), Series of 2003 (hereinafter called the "2003 Bonds"). The purchase price of the 2003 Bonds (the "Purchase Price") shall be \$165,550,000 (the par amount of the 2003 Bonds). The payment for and delivery of the 2003 Bonds, and the consummation of the other actions contemplated herein to take place prior to or at the time of such payment and delivery, are herein sometimes called the "Closing."

2. The 2003 Bonds. The 2003 Bonds shall be as described in, and will be issued and secured under and pursuant to: (a) an Amended and Restated Indenture of Trust, dated as of December 1, 1994 (the "1994 Indenture") between the Authority and Wachovia Bank, National Association (successor in interest to Meridian Bank), as trustee (the "Trustee"), as amended and supplemented by a First Supplement to the Amended and Restated Indenture of Trust dated as of May 15, 1996 (the "First Supplemental Indenture"), a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999 (the "Second Supplemental Indenture") and a Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003 (the "Third Supplemental Indenture" and, together with the 1994 Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, the "Indenture"), and (b) resolutions adopted by the Authority on March 25, 2003 (the "Resolutions") authorizing the issuance, sale and delivery of the 2003 Bonds.

The Authority has previously issued six Series of Bonds: Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992 (the "1992 Bonds") in the original aggregate principal amount of \$474,555,000, none of which are currently outstanding; Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1993 (the "1993 Bonds") in the original aggregate principal amount of \$643,430,000, none of which are currently outstanding; Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A (the "1993A Bonds") in the original aggregate principal amount of \$178,675,000, of which \$163,185,000 are currently outstanding; Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994 (the "1994 Bonds") in the original aggregate principal amount of \$122,020,000, none of which are currently outstanding; Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program) Series of 1996 in the original aggregate principal amount of \$343,030,000, of which \$273,030,000 are currently outstanding; and Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program, Series of 1999 in the original aggregate principal amount of \$610,005,900, of which \$567,325,900 are currently outstanding.

The 2003 Bonds shall mature on June 15, 2022, shall bear interest from the issuance date at the initial rate and shall be offered at the initial public offering price, each as specified in the Official Statement (hereinafter defined), the Indenture and in Schedule 2 attached hereto. The 2003 Bonds upon issuance shall initially bear interest at a variable rate for a weekly rate period with interest being payable on the fifteenth day (or the next succeeding Business Day, if the fifteenth day is not a Business Day) of each calendar month, commencing July 15, 2003. The 2003 Bonds shall be subject to optional and mandatory sinking fund redemption prior to maturity as described in Schedule 2 attached hereto, in the Official Statement and in the Indenture.

In addition, payment of the principal of and interest on the 2003 Bonds will be insured by a municipal bond new issue insurance policy ("Policy") to be issued by Ambac Assurance Corporation (the "Bond Insurer"). JPMorgan Chase Bank (the "Liquidity Provider") will also enter into a Standby Bond Purchase Agreement dated as of June 1, 2003 (the "Liquidity Facility" or "Standby Agreement") with the Authority.

The proceeds from the sale of the 2003 Bonds will be used, together with other available funds of the Authority, to (i) currently refund all of the Outstanding 1993A Bonds in the aggregate principal amount of \$163,185,000 (the "Refunded 1993A Bonds") and (ii) pay the costs of issuing the 2003 Bonds.

Prior to the execution and delivery of the Indenture, there shall have been enacted or executed, as applicable, and be in full force and effect, without modification: (a) an Ordinance (Bill No. 1437, effective July 1, 1991), adopted by the City Council of the City ("City Council") and approved by the Mayor on June 12, 1991 (the "Tax Ordinance"), levying for the exclusive purposes of the Authority, pursuant to Section 601 of the Act, a 1.5% tax on salaries, wages, commissions and other compensation earned by City residents and on net profits of businesses, professions and other activities conducted by City residents (the "Authority Tax"); (b) an Intergovernmental Cooperation Agreement, dated as of January 8, 1992 (the "Cooperation Agreement"), between the City and the Authority, pursuant to the Act and an Ordinance adopted by the City Council and approved by the Mayor of the City (the "Mayor") on January 3, 1992 (the "Cooperation Ordinance"); (c) a Pennsylvania Intergovernmental Cooperation Authority Income Tax Collection Agency Agreement, dated as of June 1, 1992 (the "Tax Collection Agreement"), between the City and the Commonwealth of Pennsylvania (the "Commonwealth"), including a letter, dated June 28, 1991 (the "Agency Letter"), from the Department of Revenue of the Commonwealth, appointing the Revenue Department of the City and the Law Department of the City agents for the collection and enforcement of the Authority Tax; (d) a City Account Deposit and Disbursement Agreement, dated as of December 6, 1991 (the "City Account Deposit Agreement"), by and between the Authority and Wachovia Bank, National Association, successor to CoreStates Bank, N.A., and acknowledged and agreed to by the City; and (e) a letter (the "Disbursement Letter") from the Authority to the Treasurer of the Commonwealth, issued pursuant to the Act, directing the Treasurer of the Commonwealth to make weekly disbursements to the Trustee of proceeds of the tax imposed pursuant to the Tax Ordinance for deposit in the Revenue Fund established under the Indenture, so long as any bonds issued under the Indenture, including the 2003 Bonds, are outstanding. The Resolutions, the resolution of City Council (the "City Resolution") approving the Plan (hereinafter defined), the Indenture, the Cooperation Agreement, the Tax Collection Agreement, the Tax Compliance Agreement (hereinafter defined), the City Account Deposit Agreement, the Agency Letter, the Standby Agreement, the Remarketing Agreement dated as of June 1, 2003 between the Authority and Raymond James & Associates, Inc., as remarketing agent (the "Remarketing Agreement") and the Disbursement Letter are herein collectively called the "Bond Documents." The Cooperation Ordinance and the Tax Ordinance are herein collectively called the "Ordinances."

A five-year financial plan, covering Fiscal Years 2003 through 2007 was presented by the Mayor to City Council and approved by City Council on May 2, 2002 (the "Current Plan"). The

Current Plan was approved by a Qualified Majority of the Authority on June 18, 2002, and including all amendments, supplements or revisions thereto required to be prepared in accordance with the requirements of the Act and the Cooperation Agreement, hereinafter is referred to as the "Plan".

The Bond Documents, the Ordinances and the Plan shall be substantially in the forms heretofore submitted to the Representative, with only such changes therein as shall be mutually agreed upon between the Authority and the Representative and as shall be required by the Act, the Resolutions and the Ordinances.

3. Authority of Representative. The Underwriters have heretofore designated the undersigned, Raymond James & Associates, Inc., as their Representative and the undersigned represents and warrants that: it has been duly authorized to execute this Purchase Contract and to act hereunder on behalf of the other Underwriters solely for the purpose of carrying out the provisions of this Purchase Contract; any authority, discretion or other power conferred upon the Underwriters under any of the provisions of this Purchase Contract may be exercised by the Representative; and the payment for and acceptance of the 2003 Bonds and delivery and presentation of any receipt for the 2003 Bonds and any other instruments in connection with the Closing solely by the Representative on behalf of the Underwriters shall be valid and sufficient for all purposes and binding upon all of the Underwriters. Each Underwriter hereby severally represents and warrants to the Authority that it is registered under the Securities Exchange Act of 1934, as amended, as a broker or dealer, or is exempt from such registration pursuant to rules promulgated, or an order issued, by the Securities and Exchange Commission and that it is not prohibited from acting in such capacity by the application of Rule G-37 of the Municipal Securities Rulemaking Board.

4. Offering. The Underwriters agree to make a bona fide public offering of all of the 2003 Bonds at prices not in excess of the initial public offering prices, set forth on the front cover of the Official Statement, and in Schedule 2 attached hereto, reserving, however, the right to change such prices or yields without notice as the Underwriters shall deem necessary in connection with the public offering of the 2003 Bonds.

5. Use of Documents. The Authority hereby acknowledges that, in connection with the public offering and sale of the 2003 Bonds, (a) it has authorized and approved the distribution by the Underwriters of the preliminary official statement, dated June 5, 2003, including the appendices thereto, of the Authority prepared in connection with the issuance and sale of the 2003 Bonds (the "Preliminary Official Statement"), and (b) it has authorized and approved the execution and delivery of the final official statement, dated of even date herewith, including the appendices thereto, of the Authority (the "Final Official Statement"), as supplemented or amended in accordance with this Purchase Contract, prepared in connection with the issuance and sale of the 2003 Bonds. The Preliminary Official Statement and Final Official Statement are hereafter collectively referred to as the "Official Statement." The Preliminary Official Statement has been "deemed final" by the Authority as of its date for the purposes of Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), promulgated under the Securities Exchange Act of 1934, as amended, except for the omission of information relating to the

offering prices or yields, interest rates, call features and selling compensation, and other information permitted to be omitted by Rule 15c2-12.

Within seven business days of acceptance hereof, the Authority shall deliver or cause to be delivered to the Underwriters a sufficient number of copies of the Final Official Statement, at least five of which shall be manually executed by the Authority, to enable the Underwriters to provide copies of the Final Official Statement as required by Rule 15c2-12. The Underwriters agree to provide to the Authority in writing the information relating to the offering prices or yields, interest rates, call features and selling compensation in sufficient time for the Authority to comply with its agreement in this paragraph.

The Authority is not required to provide continuing financial or other information for the benefit of the owners of the 2003 Bonds so long as the 2003 Bonds bear interest at a Weekly Rate (such term and the additional terms in the next paragraph not otherwise defined, as defined in the Third Supplemental Indenture).

If the interest rate on the Bonds is converted to a Term Rate or to another interest rate mode for which the interest rate period is longer than nine months, the Authority must either provide the Trustee, Liquidity Provider, Bond Insurer and Remarketing Agent with an opinion of Bond Counsel stating that Rule 15c2-12 provides an exemption with respect to the 2003 Bonds or enter into a written undertaking at the time of such conversion covenanting to provide continuing information with respect to the 2003 Bonds required by Rule 15c2-12 ("Disclosure Agreement").

The Disclosure Agreement will provide that the Authority will provide to each nationally recognized securities information repository ("Repository") and to the appropriate state information depository ("SID"), if any, within 180 days of the end of each fiscal year of each of the Authority, commencing with the fiscal year ending June 30 of the then-current year, annual financial information, consisting of financial and operating data of the type set forth in the Official Statement in Appendix B thereto which will be provided by the Authority (the "Authority Annual Information").

The Disclosure Agreement will also provide that the Authority will file in a timely manner, with the Municipal Securities Rulemaking Board (the "MSRB"), notice of the occurrence of any of the material events as set forth in Rule 15c2-12 and described in the Disclosure Agreement.

6. Representations and Warranties of the Authority. The Authority represents and warrants to each of the Underwriters that:

(a) The Authority is a body politic and corporate organized and existing pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (the "Act"). The Authority at all relevant times had, and at the date of Closing will have, full legal right, power and authority (i) to enter into this Purchase Contract and each of the Bond Documents to which it is a party, (ii) to issue,

to sell and to deliver the 2003 Bonds to the Underwriters as provided herein for the purposes described in the Official Statement, (iii) to pledge or grant a security interest in all Pledged Revenues, as defined in the Indenture, (iv) to prepare the Official Statement and to authorize the distribution of the Official Statement by the Underwriters, and (v) to carry out and to consummate the transactions contemplated by this Purchase Contract, the 2003 Bonds, and any of the Bond Documents to which it is a party, and as described in the Official Statement.

(b) The Authority has complied, or at the Closing will have complied, with all provisions of the Constitution and the laws of the Commonwealth, including the Act, required of it for the authorization, issuance and sale of the 2003 Bonds, including, without limitation, approval of the Plan, and has, or at the Closing will have, full power and authority to consummate all transactions contemplated by this Purchase Contract, and the 2003 Bonds, any of the Bond Documents to which it is a party and any and all other agreements relating thereto.

(c) The Authority has duly authorized, or prior to the Closing will have duly authorized, all necessary action to be taken by it at or prior to the Closing for: (i) the issuance and sale of the 2003 Bonds upon the terms set forth herein, in the Act, in the Resolutions and in the Indenture; (ii) the execution, issuance and delivery by it of the 2003 Bonds and the execution and delivery by it of each of the Bond Documents to which it is a party, the Official Statement and this Purchase Contract, and (iii) the execution and delivery of any and all such other agreements and documents as may be required to be executed and delivered by the Authority in order to carry out, give effect to and consummate the transactions contemplated by this Purchase Contract, each of the Bond Documents to which it is a party and the 2003 Bonds, and as described in the Official Statement.

(d) Except as disclosed in the Official Statement, the Authority is not in breach of, or in default under, and the authorization, execution and delivery of the 2003 Bonds, each of the Bond Documents to which it is a party and this Purchase Contract, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under (i) any applicable law, ordinance, or administrative regulation of the Commonwealth, including the Act, or of the United States or of any governmental authority having jurisdiction over the Authority or of any department, division, agency or instrumentality thereof or in any way connected therewith (but not including United States or state securities laws or regulations, as to which no representation is made), or (ii) any applicable judgment, order or decree or any instrument relating to the Authority to which the Authority is a party or to which the Authority or any of the revenues or assets thereof is otherwise bound or subject and no event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder.

(e) Except for the lien created by the Indenture, and a lien in favor of Financial Guaranty Insurance Company created pursuant to the Debt Service Reserve Fund Policy Agreement dated as of April 15, 1999, there is no lien on the Pledged Revenues as of the date of this Purchase Contract and, as of the time of the Closing, there will be no other lien on the Pledged Revenues. The proceeds of the Authority Tax as of the date of this Purchase Contract are, and at all times subsequent to the date hereof and as of and after the Closing will be, the

revenues and property of the Authority, are not property or revenues of the City and are not subject to appropriation by either the Commonwealth or the City.

(f) All approvals, consents and orders of any governmental authority, board, agency or commission having jurisdiction, the obtaining of which would constitute a condition precedent to the performance by the Authority of its obligations under the Act, each of the Bond Documents to which it is a party, the 2003 Bonds and this Purchase Contract, have been obtained and are in full force and effect.

(g) The 2003 Bonds, when issued, authenticated and delivered in accordance with this Purchase Contract and the Indenture and sold to the Underwriters and paid for as provided herein and therein, will be duly authorized and validly issued and binding limited obligations of the Authority entitled to the benefits of the provisions for payment thereof, and security therefor, contained in the 2003 Bonds, the Act, the Resolutions and the Indenture, and enforceable in accordance with their terms except as enforceability or remedies provided therein may be limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws and equitable principles affecting the enforcement of creditors' rights generally.

(h) Except for information with respect to the City (including, without limitation, information in Appendix B of the Official Statement) and except for information with respect to DTC (as hereinafter defined) and the Bond Insurer and the Liquidity Provider, as to which no representation is made, the Official Statement as of its date, and at all times subsequent to the date hereof until the date of and as of the Closing, does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(i) Except as disclosed in the Official Statement, no action or proceeding, at law or in equity, or inquiry, hearing or investigation, before or by any court, public or governmental board, agency or body is pending against the Authority or, to the best of the knowledge of the Authority, threatened against the Authority, which in any way contests the corporate existence or powers of the Authority or the titles of its officers signatory hereto to their respective offices, or seeks to restrain or to enjoin the issuance or delivery of the 2003 Bonds or seeks to restrain or enjoin the collection or pledge of revenues of the Authority, including the Pledged Revenues, or the application thereof to the payment of the principal of, redemption premium, if any, or interest on the 2003 Bonds or as otherwise provided in each of the Bond Documents to which it is a party, or which in any way contests the validity of the 2003 Bonds, the Act, this Purchase Contract, any of the Bond Documents to which it is a party or either of the Ordinances or the authority or the power of any party to such documents to execute or perform their obligations thereunder, or any transaction contemplated by the Official Statement, or wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition of the Authority, the transactions contemplated by this Purchase Contract, the Act, each of the Bond Documents to which it is a party and the Official Statement or the tax-exempt status of the Authority or the 2003 Bonds or would have an adverse effect on the validity or enforceability of the 2003 Bonds, the Resolutions, the Indenture, any of the other Bond Documents to which it is a party, either of the Ordinances or any agreement or instrument by

which the Authority is or may be bound. The 2003 Bonds are not subject to acceleration upon the occurrence of an Event of Default (as described in the Indenture).

(j) During the 5-year period preceding the date hereof the Authority has complied in all material respects with all provisions of any continuing disclosure agreement to which it is or was a party.

7. Covenants of the Authority. The Authority agrees and covenants with each of the Underwriters that:

(a) Between the date of this Purchase Contract and the Closing, the Authority will not, without prior written consent of the Representative, offer or issue any bonds, notes or other obligations for borrowed money payable from the revenues of, or otherwise relating to, the Authority, except borrowings in the ordinary course of business which do not materially affect the accuracy of the information contained in the Official Statement.

(b) The Authority will furnish such information, execute such instruments and take such other action, in cooperation with the Representative, as the Representative may reasonably request, to qualify the 2003 Bonds for offer and sale under the securities or "blue sky" laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and will cooperate with the Representative to continue to maintain such qualifications in effect so long as required for the distribution of the 2003 Bonds until the time of Closing; provided that the Authority shall not be obligated to take any action that would subject it to service of process in any such jurisdiction or to pay any fees for such qualification.

(c) If between the date of this Purchase Contract and the date of the Closing an event occurs which is not disclosed in the Official Statement, or an event contemplated by the Official Statement fails to occur, which occurrence or failure would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Authority shall notify the Representative immediately after it becomes aware thereof and, if in the opinion of the Representative such occurrence or failure requires a supplement or amendment to the Official Statement, the Authority will supplement or amend the Official Statement in a manner jointly approved by the Representative and the Authority and furnish the Underwriters with a reasonable number of copies of the Official Statement as so supplemented or amended. The Authority will pay for the printing and distribution of the Official Statement as so amended and supplemented.

(d) The Authority will notify the Representative, to the extent not disclosed in the Official Statement, of any material adverse change in the business, properties, financial condition or results of operation of the Authority and (to the extent known by the Authority) the City occurring before the Closing or within 25 days after the end of the underwriting period for the 2003 Bonds (within the meaning of Rule 15c2-12). The Authority may presume for purposes of this Section 7 (d) that the underwriting period of the 2003 Bonds will end on the date of the Closing unless the Authority is otherwise notified in writing at the Closing by the Representative.

The Representative agrees to file a copy of the Official Statement with a nationally recognized municipal securities information repository (a "Repository") promptly after the Closing and to notify the Authority in writing of the date of such filing and the name of the Repository. The Representative agrees, at the Authority's cost and expense, promptly to file any amendments or supplements to the Official Statement with the same Repository and to notify the Authority in writing of such filings and the dates thereof. If in the opinion of the Representative such change requires a supplement or amendment to the Official Statement, the Authority will cause the Official Statement to be supplemented or amended in a form and in a manner jointly approved by the Authority and the Representative and furnish the Underwriters with a reasonable number of copies of the Official Statement as so supplemented or amended. The Authority will pay for the printing and distribution of the Official Statement as so amended and supplemented.

(e) The Authority covenants that between the date hereof and the Closing, it will take no actions which would cause the representations and warranties made in Section 6 hereof to be untrue as of the Closing.

(f) The Authority will apply the proceeds from the sale of the 2003 Bonds as set forth in the Indenture and as described in the Official Statement.

8. Closing. The Closing shall occur at the offices of Klett Rooney Lieber & Schorling, a Professional Corporation, Philadelphia, Pennsylvania, or such other place as shall have been mutually agreed upon by the Authority and the Representative, at 9:00 A.M., Philadelphia time, June 16, 2003 or at such earlier or later time or on such earlier or later date as the Authority and the Representative may mutually determine. At the Closing, the Authority will deliver, or cause to be delivered, to the Representative the 2003 Bonds, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Representative on behalf of the Underwriters will accept such delivery and pay the Purchase Price plus any accrued interest on the 2003 Bonds, to the date of Closing, in immediately available Federal Funds to the order of the Trustee for the account of the Authority. The unqualified opinion of Klett Rooney Lieber & Schorling, a Professional Corporation, Bond Counsel, substantially in the form appended as Appendix D to the Official Statement, shall be printed on, or attached to, the 2003 Bonds.

Prior to the Closing, the 2003 Bonds, duly executed and authenticated, shall have been delivered as indicated herein. The 2003 Bonds, when issued, will be registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC"), which will act as a securities depository for the 2003 Bonds. Purchases of beneficial ownership interests in the 2003 Bonds will be made in book-entry-only form. So long as DTC or its nominee, Cede & Co., is the registered owner, principal of, redemption premium, if any, and interest on, the 2003 Bonds is payable directly to Cede & Co., for redistribution to DTC participants and in turn to the beneficial owners as described in the Official Statement. Purchasers of 2003 Bonds will not receive physical delivery of certificates representing their ownership interests in the 2003 Bonds purchased. The 2003 Bonds will be made available to the Representative in Philadelphia, Pennsylvania, one Business Day prior to the Closing, for checking at a place to be designated mutually by the Representative and the Authority. After

execution by the Authority, authentication by the Trustee and checking, the 2003 Bonds shall be transferred to and held in safe custody by DTC. In lieu of the foregoing, the 2003 Bonds shall be held in safe custody by the Trustee or any authorized agent of the Trustee.

9. Closing Conditions. The Representative has entered into this Purchase Contract on behalf of itself and the other Underwriters in reliance upon the respective representations and warranties of the Authority contained herein and of the City contained in the Letter of Representations, dated the date hereof (the "Letter of Representations"), the form of which is attached hereto as Exhibit A, and upon performance by the Authority and the City of their respective obligations hereunder and thereunder, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriters' obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the 2003 Bonds shall be subject to (i) the performance, at or prior to the Closing, by the Authority and the City of their respective obligations to be performed hereunder, under the Letter of Representations and under such documents and instruments to be delivered at or prior to Closing and (ii) satisfaction of the following conditions:

(a) The representations and warranties of the Authority contained herein and of the City contained in the Letter of Representations shall be true, complete and correct in all material respects at the time of acceptance of this Purchase Contract and at the time of Closing, as if made on the date thereof.

(b) At the time of the Closing (i) the Act, the Resolutions, this Purchase Contract, the 2003 Bonds, each of the Bond Documents and each of the Ordinances shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been approved in writing by the Representative, and the Authority and the City shall have duly adopted and there shall be in full force and effect any and all additional ordinances, resolutions or agreements as shall, in reasonable opinion of Bond Counsel, be necessary in connection with the transactions contemplated hereby, (ii) the Authority and the City shall perform or have performed all of their respective obligations required under or specified in this Purchase Contract, the Letter of Representations, or any of the Bond Documents, and as described in the Official Statement to be performed at or prior to Closing, and (iii) the proceeds of the sale of the 2003 Bonds shall be initially applied as described in and as otherwise permitted by the Indenture and in the Official Statement.

(c) At the date of Closing there shall not be any default by the Authority or the City with respect to any of their respective obligations, which default materially and adversely affects (i) the ability of the Authority to pay the debt service on the 2003 Bonds and/or (ii) the financial condition or operations of the City.

(d) The Representative shall have the right to terminate, without liability therefor, the Underwriters' obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the 2003 Bonds by notifying the Authority of its election to do so if, after the execution hereof and at or prior to Closing: (i) the Constitution of the United States or the Commonwealth shall have been amended, or legislation shall have been introduced in or enacted by the Congress of the United States or introduced in or enacted by the House of

Representatives or the Senate of the Commonwealth, or legislation pending in the Congress of the United States or the House of Representatives or the Senate of the Commonwealth, or a decision shall have been rendered by a court of the United States or of the Commonwealth, including the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or other form of official notice or statement shall have been proposed or made or other form of official notice or statement shall have been issued by the Treasury Department of the United States or the Internal Revenue Service or other Federal or Pennsylvania agency, with respect to Federal or Pennsylvania taxation upon revenues or other income of the general character to be derived by the Authority or by any similar body, or upon interest on obligations of the general character of the 2003 Bonds, which would have the effect of changing directly or indirectly the Federal or Pennsylvania income tax consequences of interest on obligations of the general character of the 2003 Bonds in the hands of the holders thereof, or which affects materially and adversely the ability of the Underwriters to market the 2003 Bonds or the market price of the 2003 Bonds; (ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the 2003 Bonds is in violation of any provisions of the Securities Act of 1933, as amended, or any State "blue sky" or securities commission shall have withheld registration, exemption or clearance of the offering and in the judgment of the Representative the market for the 2003 Bonds is materially adversely affected thereby; (iii) legislation shall be enacted or a bill shall be favorably reported out of committee to either House of Congress, or a decision by a court having jurisdiction shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made which, in the opinion of counsel to the Underwriters, is to the effect that securities of the Authority or any similar public body of the general character of the 2003 Bonds are not exempt from the registration requirements of the Securities Act of 1933, as amended, or that the Indenture is required to be qualified under the Trust Indenture Act of 1939, as amended; (iv) there shall have occurred unforeseen hostilities or other unforeseen national or international calamity or crisis, the effect of such hostilities, calamity or crisis on the financial markets of the United States being such in the judgment of the Representative as to materially adversely affect the marketability of the 2003 Bonds at the contemplated offering prices thereof or to enforce contracts for the sale of the Bonds; (v) there shall have occurred and be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange whether by virtue of a determination of that Exchange or by order of any governmental authority having jurisdiction; (vi) a general banking moratorium by the United States, New York or Pennsylvania authorities having jurisdiction shall have been declared or be in force; (vii) any rating of the 2003 Bonds shall have been downgraded or withdrawn or suspended by Moody's Investors Service or Standard & Poor's Rating Group or Fitch IBCA and such action in the judgment of the Representative would affect materially and adversely the ability of the Underwriters to market the 2003 Bonds at the contemplated offering prices or otherwise makes it impracticable or inadvisable to proceed with the offering or delivery of the 2003 Bonds as contemplated by the Official Statement; (viii) a supplement or amendment shall have been made to the Official Statement subsequent to the date hereof which, in the

judgment of the Representative, materially and adversely affects the marketability of the 2003 Bonds or the market price thereof or (ix) there shall exist any event which, in the judgment of the Representative either (A) makes untrue, incorrect or incomplete information contained in the Official Statement or (B) is a material fact omitted from the Official Statement but is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and, if the Official Statement were amended or supplemented to reflect such event, the condition described in clause (viii) of this section would occur.

(e) At or prior to Closing the Representative on behalf of the Underwriters shall have received executed originals or counterparts of each of the following documents:

(i) The Official Statement, executed on behalf of the Authority by its Chairperson or Vice Chairperson, and each supplement or amendment thereto.

(ii) The Bond Documents, each signed by the applicable parties thereto, together with certificate of the Chairperson or Vice Chairperson of the Authority, dated the date of the Closing, to the effect that, with respect to Bond Documents to which the Authority is a party and which have been executed and delivered and are effective prior to the date of Closing, such Bond Documents are currently in full force and effect, that no default on the part of the Authority has occurred thereunder and that no event has occurred which, with notice or upon lapse of time, or both, would constitute such default.

(iii) The Plan, (A) signed by the Mayor of the City and duly approved by resolution of City Council adopted pursuant to due authority and being in full force and effect as of the date of Closing and (B) certified by the Chairperson or Vice Chairperson of the Authority as having been duly approved by the Authority pursuant to due authority and as being in full force and effect as of the date of Closing.

(iv) the City Resolution and the Ordinances, each Ordinance having been signed by the Mayor of the City, certified by the Clerk of City Council as having been duly adopted by City Council pursuant to due authority, as being in full force and effect as of the date of Closing and as not having been amended or supplemented since the respective dates of their enactment or adoption.

(v) an opinion, dated the date of the Closing, of Bond Counsel, substantially in the forms set forth in the Official Statement and appended thereto as Appendix D, and a letter of such Bond Counsel, dated the date of Closing and addressed to the Underwriters, Trustee, Liquidity Provider and Bond Insurer to the effect that such opinions delivered to the Authority may be relied upon by such parties to the same extent as if such opinions were addressed to them.

(vi) a supplemental legal opinion of Bond Counsel, dated the date of Closing and addressed to the Underwriters and the Liquidity Provider, with respect to certain supplemental matters and substantially in the form set forth in Exhibit B attached hereto.

(vii) An opinion, dated the date of Closing and addressed to the Underwriters, of Dilworth Paxson LLP and Obermayer Rebmann Maxwell & Hippel LLP, Co-Counsel for the Underwriters, to the effect that (A) based upon their participation in the preparation of the Official Statement as Co-Counsel to the Underwriters and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to their attention, in connection with their engagement in respect of the issuance of the 2003 Bonds, which would lead them to believe that, as of the date of Closing, the Official Statement (except for the financial and statistical data and projections included therein and except for any other information in the Official Statement concerning the City and DTC and any information concerning the Bond Insurer, the Policy, the Liquidity Provider and the Liquidity Facility, as to which no view is expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (B) the offer and sale of the 2003 Bonds are exempt from registration under the Securities Act of 1933, as amended and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(viii) a certificate dated the date of Closing and signed by the Director of Finance of the City, in form and substance satisfactory to Bond Counsel, the Authority and the Representative, to the extent that: (A) to the best of his knowledge the representations and warranties of the City in the Letter of Representations are true and correct in all material respects; (B) the information concerning the City contained in the Official Statement does not include any untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (C) there has been no material adverse change in the financial condition of the City since the date of the Official Statement, which has not been disclosed in the Official Statement.

(ix) The Tax Compliance Agreement, dated the date of Closing (the "Tax Compliance Agreement") and signed on behalf of the Authority by an authorized officer of the Authority, and by the Director of Finance for the City, on behalf of the City, in form and substance satisfactory to the Representative and Bond Counsel, which agreement, among other things, (A) sets forth facts, estimates and circumstances, in existence on the date of Closing, sufficient to support the conclusion that it is not expected that the proceeds of the 2003 Bonds will be used in a manner that would cause the 2003 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations, temporary regulations and proposed regulations promulgated under such Section; and (B) states that, to the best of their knowledge and belief, based on all objective facts and circumstances, the Authority's and the City's expectations are reasonable and there are no other facts, estimates or circumstances that would materially affect such expectations.

(x) A certificate dated the date of the Closing and signed by the Chairperson or Vice Chairperson and Secretary or Assistant Secretary of the Authority in form and substance satisfactory to the Representative in which such officers shall state that, to the best of their knowledge after reasonable investigation: (A) the Resolutions are in full force and effect as of the date of Closing and have not been amended or supplemented since the dates of their