





# CITY OF PHILADELPHIA

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May 14, 2010

Goldman, Sachs & Co.  
85 Broad Street  
New York, New York 10005

Kutak Rock, LLP  
Two Liberty Place, Suite 28B  
50 South 16<sup>th</sup> Street  
Philadelphia, Pennsylvania 19102

**Re: \$206,960,000, Pennsylvania Intergovernmental Cooperation Authority  
Special Tax Revenue Refunding Bonds  
(City of Philadelphia Program), Series of 2010**

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Ladies and Gentlemen:

The Law Department (the “Department”) of the City of Philadelphia, Pennsylvania (the “City”) has acted on behalf of the City in matters relating to the issuance by the Pennsylvania Intergovernmental Cooperation Authority (the “Authority”) of its \$206,960,000, aggregate principal amount Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 (the “Bonds”). This opinion is being delivered to you pursuant to Section 9(e)(xii) of the Bond Purchase Contract dated May 4, 2010, between the Authority and Goldman, Sachs & Co., as Underwriter (the “Purchase Contract”). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Contract.

In rendering the opinions expressed below, the Department has examined such proceedings, documents, statutes, and ordinances as we have deemed necessary as the basis for the opinions hereinafter expressed, including:

- a. certified copies of the Cooperation Ordinance and the Tax Ordinance (together, the “Ordinances”);
- b. a fully executed copy of the Letter of Representations;
- c. a fully executed copy of the Cooperation Agreement;

- d. a fully executed copy of the Tax Collection Agreement;
- e. a fully executed copy of the Certificate of the City attached to the Arbitrage Certificate;
- f. the Official Statement, dated May 4, 2010, relating to the Bonds (“Official Statement”).

As to certain factual matters material to the opinions hereinafter expressed, we have relied upon the representations and warranties contained in the Letter of Representations (except for those contained in paragraph 15 of such Letter) and in the Certificate of the Director of Finance of even date herewith and on information and advice from officials and representatives of the City, including the Certificate of the Chief Clerk of City Council, as a basis for the opinions hereinafter expressed. We have not undertaken to verify such factual matters set forth therein by independent investigation or inquiry, except as set forth in paragraph 9 herein.

In our examination of the documents referred to above, the Department has assumed the legal capacity (other than as to City officials) and competence of natural persons, the authenticity of all documents submitted to the Department as originals, the genuineness of all signatures (other than those of the officials of the City), the due authority of the parties (other than the City) executing such documents, and the conformity to the originals of all such documents submitted to us as copies. We have also assumed (i) that each of the parties, other than the City, to each of the documents, has duly executed and delivered the same, with all necessary power and authority (corporate and otherwise, including, without limitation, due authorization by all necessary corporate and other action on the part of such party), (ii) that each such party, other than the City, has complied in all material respects with all laws, regulations, court orders, and material agreements applicable to it that affect the transactions contemplated by such documents, and (iii) that such documents are valid as to, binding upon, and enforceable against all parties thereto other than the City.

Based on and subject to the foregoing, and subject to the assumptions, exceptions, limitations, and qualifications set forth herein and only with regard to the laws of the Commonwealth of Pennsylvania as enacted and construed as of the date hereof, it is the opinion of the Department that:

1. The Ordinances have been duly and validly adopted by City Council and approved by the Mayor pursuant to authority granted in the Act and in accordance with the Philadelphia Home Rule Charter.

2. All action taken by City Council, the Mayor and other authorized City officials in connection with the enactment of the Ordinances, including, without limitation, publication, notice, convening and conduct of the public meetings at which public hearings were held and action taken, were in compliance with the Philadelphia Home Rule Charter and Act 1998-93 of the General Assembly of the Commonwealth of Pennsylvania, approved October 15, 1998 (or, in the case of any action taken prior to the effective date thereof, the Act approved July 3, 1986, No. 84, P.L. 388, as amended).

3. The Ordinances have not been modified, amended, repealed or rescinded since the respective dates of enactment and adoption thereof, and are valid and in full force and effect as of the date hereof.

4. The City has the power and authority under the Act and the Philadelphia Home Rule Charter to execute and deliver the Cooperation Agreement, the Letter of Representations, the Tax Collection Agreement, and the Certificate of the City attached to the Arbitrage Certificate. The Cooperation Agreement, the Letter of Representations, the Tax Collection Agreement and the Certificate of the City attached to the Arbitrage Certificate have been duly and validly executed and delivered by the City.

5. The covenants and agreements of the City in the Tax Ordinance, in Section 5.02(b) of the Cooperation Agreement, and in the Letter of Representations, the Tax Collection Agreement and the Certificate of the City attached to the Tax Compliance Certificate are valid and binding obligations of the City, enforceable against the City in accordance with the respective terms thereof.

6. Except as to the possible application of state or federal securities laws, as to which no opinion is expressed, there is no authorization, consent, approval, or other action required by any governmental authority or agency in connection with the execution by the City of the Cooperation Agreement, the Letter of Representations, the Certificate of the City attached to the Arbitrage Certificate or the Tax Collection Agreement which has not been obtained.

7. Except as disclosed in the Official Statement, and except for litigation which in the opinion of the Department is without merit, there is, to the knowledge of the Department after inquiry within the Department, no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or overtly threatened in writing against the City, (i) to restrain or enjoin the City's execution or delivery, or performance under the Cooperation Agreement, the Certificate of the City attached to the Arbitrage Certificate or the Tax Collection Agreement, or in any way contesting the validity or enforceability of the Cooperation Agreement, the Tax Collection Agreement, the Certificate of the City attached to the Arbitrage Certificate or the Ordinances, or (ii) contesting in any way the accuracy or completeness of the Official Statement as it relates to the City, or (iii) contesting in any way the validity or enforceability of the City's obligations under the Ordinances, the Cooperation Agreement, the Tax Collection Agreement, the Certificate of the City attached to the Arbitrage Certificate or the Letter of Representations.

8. The enactment of the Ordinances and the execution and delivery of the Cooperation Agreement, the Letter of Representations, the Tax Collection Agreement and the Certificate of the City attached to the Tax Compliance Certificate and the fulfillment of and compliance with the pledge and agreement set forth in the Tax Ordinance and Section 5.02(b) of the Cooperation Agreement do not and will not constitute on the part of the City a breach of or default under any existing law, regulation, administrative order or decree to which the City is subject or, to the knowledge of the Department, in any material respect, any indenture, deed of trust or guaranty or other instrument to which the City is a party or by which it is bound.

9. To the knowledge of the Department after inquiry within the Department, the description contained in Appendix B to the Official Statement under the heading "Litigation" does not contain any untrue statement of a material fact or omit to state a material fact with respect thereto necessary to be stated therein in order to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect.

This opinion is subject to the following exceptions, limitations, and qualifications:

- a. This opinion is subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer, marshaling, or similar laws affecting creditors' rights and remedies generally, general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith, and fair dealing (regardless of whether such enforceability is considered in a proceeding in equity or at law); and limitations on enforceability of rights to indemnification by federal or state securities laws or regulations or by public policy.
- b. The Department expresses no opinion as to the application or requirements of state securities, antitrust and unfair competition, environmental, health and safety, or tax laws other than those governing the City Wage Tax and the Authority Tax in respect of the transactions contemplated by or referred to in the Letter of Representations, Cooperation Agreement, Tax Collection Agreement or the Certificate of the City attached to the Tax Compliance Certificate.
- c. The Department expresses no opinion as to the validity or enforceability of any provision of the Letter of Representations, Cooperation Agreement, Tax Collection Agreement or the Certificate of the City attached to the Tax Compliance Certificate which, directly or indirectly: (i) purports to require that waivers must be in writing to the extent that an oral agreement or implied agreement by trade practice or course of conduct modifying provisions thereof has been made; (ii) purports to be a waiver of the right to a jury trial, waiver of any right to object to jurisdiction or venue, a waiver of any right to claim damages, or to service of process, or a waiver of other rights or benefits bestowed by operation of law, or waiver of which is limited by applicable law; (iii) purports to be a waiver of the obligations of good faith, fair dealing, diligence, mitigation of damages, or commercial reasonableness; (iv) purports to exculpate any party from its own negligent acts, or limit any party from certain liabilities; or (v) purports to require payment of consequential damages insofar as a court could conclude that such consequential damages are punitive in nature.

This opinion is given to you as of the date hereof and we express no opinion as to any matter not expressly set forth herein. No implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. By rendering this opinion, we do not undertake any

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obligation to advise you of any changes in fact or circumstances which may come to our attention after the date hereof or any changes in law which may occur after the date hereof.

We have rendered this opinion to you solely in connection with the consummation of the transactions contemplated by the Purchase Contract and this opinion may not be used or relied upon by you or any other person for any other purpose. This opinion may not be distributed or disclosed and may not be relied upon by any person, firm, or entity other than those to whom it is addressed without the prior written consent, in each instance, of the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Shelley R. Smith". The signature is written in a cursive, flowing style.

Shelley R. Smith,  
City Solicitor