

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

\$214,565,000

**Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2008**

Closing Binder Item

B. 5. Custody Agreement

CUSTODY AGREEMENT

This Custody Agreement dated as of May 1, 2008, by and between U.S. Bank National Association, as custodian (the "**Custodian**") and JPMorgan Chase Bank, National Association (the "**Bank**").

WHEREAS, Pennsylvania Intergovernmental Cooperation Authority (the "**Authority**") issued \$214,565,000 in aggregate principal amount of its revenue bonds to be designated as its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2008, consisting of the \$133,740,000 Series of 2008A (the "Series 2008A Bonds") and the \$80,825,000 Series of 2008B (the "**Bands**"), pursuant to (i) the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L. 9, No. 6), 53 P.S. 12720.101 et seq., as amended (the "**Act**") of the Commonwealth of Pennsylvania, (ii) an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "**Amended and Restated Indenture**"), between the Authority and 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 Supplement**"), a Second Supplement to the Amended and Restated Indenture of Trust dated as of April 1, 1999 (the "**Second Supplement**"), a Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003 (the "**Third Supplement**"), a Fourth Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2006 (the "**Fourth Supplement**"), and a Fifth Supplement to the Amended and Restated Indenture of Trust dated as of May 1, 2008 (the "**Fifth Supplement**"), and as further amended and supplemented from time to time in accordance with the terms thereof and hereof, being referred to herein collectively as the "**Indenture**"), and (iii) Resolutions adopted by the Authority on March 18, 2008 (collectively, the "**Resolution**"); and

WHEREAS, the Indenture requires that the Bonds delivered by the holders thereof to the Trustee pursuant to the Indenture be purchased under certain circumstances by the Bank under a Standby Bond Purchase Agreement dated as of May 1, 2008 (the "**Agreement**"), among the Authority, the Trustee and the Bank; and

WHEREAS, it is a condition to the effectiveness of the obligations of the Bank under the Agreement that the Custodian shall have entered into this Custody Agreement with the Bank; and

WHEREAS, the Custodian has agreed to act as custodian and agent for the Bank, as herein provided;

NOW THEREFORE, in consideration of the mutual covenants recited herein, and other good and valuable consideration, receipt of which is hereby acknowledged, it is hereby agreed as follows:

The Bank appoints the Custodian as its agent and bailee for the purpose of receiving Bank Bonds (as defined in the Agreement) under the Agreement and holding such Bank Bonds for and on behalf of the Bank. Bank Bonds shall be held and registered as provided in Section 2.02 of the Agreement. The Custodian hereby agrees to hold the Bank Bonds for such purpose, as the Bank's agent and bailee. As used herein, the term "**Bank Bonds**" means unless the

context otherwise requires, the beneficial ownership of such Bank Bonds during any period that Bank Bonds are maintained as Book Entry Bonds.

Except at the written direction of the Bank, the Custodian shall not pledge, hypothecate, transfer or release possession of such Bank Bonds held by or registered in the name of the Custodian on behalf of the Bank to any Person or in any manner not in accordance with this Custody Agreement and shall not enter into any other agreement, other than the Custody Agreement or the Indenture, regarding possession of the Bank Bonds without the prior written consent of the Bank. The Custodian will not release Bank Bonds to the purchaser of such Bank Bonds unless the Bank has delivered to the Custodian, in addition to its written direction contemplated above in this paragraph, written notice (which may be by telex, answerback received) that a portion of the Available Principal Commitment (as defined in the Agreement) in an amount equal to the principal amount of such Bank Bonds has been reinstated.

Upon written notice to the Bank, and release and delivery to the Bank or its designee of any Bank Bonds then held by the Custodian on behalf of the Bank pursuant to this Custody Agreement, the Custodian shall have the right to terminate its obligations with respect to such Bank Bonds under this Custody Agreement. The Bank shall have the option to terminate this Custody Agreement at any time upon written notice to the Custodian and, upon such termination, the Custodian will release and deliver to the Bank or its designee any Bank Bonds then held by the Custodian hereunder. The Bank may also from time to time request that the Custodian release and deliver to the Bank all or a portion of the Bank Bonds then held by the Custodian on behalf of the Bank without termination of this Custody Agreement, and upon receipt of any such request in writing, the Custodian will release and deliver such Bank Bonds to the Bank or its designee then held by the Custodian.

In acting under this Custody Agreement the Custodian shall not be liable to the Bank except for gross negligence or willful misconduct in the performance of its obligations hereunder.

The Custodian's duties are only such as are specifically provided herein, and the Custodian shall incur no fiduciary or other liability whatsoever to the Bank or any other Person, except to the extent the Bank incurs any loss or liability due to the Custodian's gross negligence or willful misconduct. Anything in this Custody Agreement to the contrary notwithstanding, in no event shall the Custodian be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Custodian has been advised of such loss or damage and regardless of the form of action. The Custodian may consult with counsel and shall be fully protected in any action taken, suffered or omitted in good faith in accordance with such advice. The Custodian may rely conclusively and shall be fully protected in acting upon any written instructions given to it hereunder and believed by it to have been properly executed.

The Custodian may resign at any time by giving written notice thereof to the Bank. Such resignation shall not become effective until a successor Custodian shall have been appointed by the Bank and shall have accepted such appointment in writing. The resigning Custodian may, at the reasonable expense of the Authority, petition any court of competent jurisdiction, including

without limitation the Supreme Court of the State of New York, for the appointment of a successor Custodian.

This Custody Agreement cannot be amended or modified except in a writing signed by the Bank and the Custodian.

This Custody Agreement shall inure to the benefit of and shall be binding upon the Custodian and the Bank, and their respective successors and assigns.

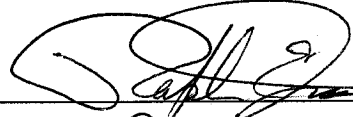
This is the Custody Agreement referred to in the Agreement, and shall be governed by the law of the State of New York without regard to choice of law rules.

(j) This Custody Agreement may be executed in counterparts which, taken together, shall constitute a single document.

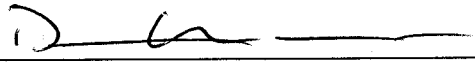
[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the parties have hereunder set their hands, all as of the date first above written.

**U.S. BANK NATIONAL ASSOCIATION, as
Custodian**

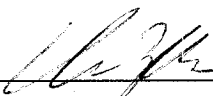
By: 
Name: *Ralph E Jones*
Title: *Vice President*

**JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION**

By: 
Name: David Weinstein
Title: Executive Director

ACCEPTED AND AGREED TO:

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

By: 
Name: *DRE 2 MONSON*
Title: *Acting Executive Director*