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June 16, 2003

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

City of Philadelphia  
Municipal Services Building, Room 1330  
1401 JFK Boulevard  
Philadelphia, PA 19102  
ATTN: Janice Davis, Director of Finance

Re: \$165,550,000 aggregate face amount Special Tax Revenue Refunding  
Bonds (City of Philadelphia Funding Program) Series of 2003

Ladies and Gentlemen:

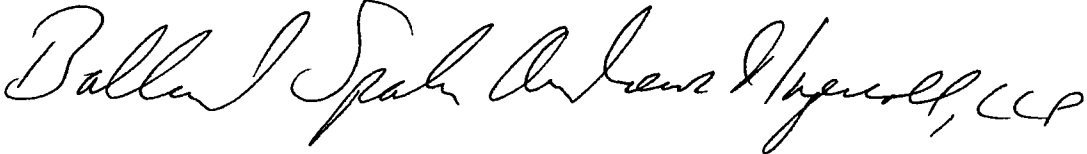
By letter of June 16, 2003, we advised you as to certain tax consequences of a "Swaption Agreement" entered into on December 6, 2001, by the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") and JPMorgan Chase Bank ("JPMorgan") as relates to calculation of yield on the above issue of bonds (the "Refunding Bonds") issued June 16, 2003.

The Authority and JPMorgan also entered a Basis Cap with a trade date of June 6, 2003, confirmed by Letter Agreement dated June 9, 2003 (the "Basis Cap"). The Basis Cap provides for the Authority to receive fixed payments beginning June 15, 2003, equal to 40 basis points (0.40%) times the notional principal amounts in the Swaption Agreement and to make floating rate payments beginning June 15, 2005, in an amount based on the extent to which the ratio of the BMA Municipal Swap Index to the 1 Month LIBOR Index exceeds 70%.

You have advised us, in accordance with our recommendation, that the Basis Cap will not be identified to the Refunding Bonds and that payments under Basis Cap will not be taken into account in calculating the yield on the Refunding Bonds.

Accordingly, the Basis Cap does not affect the conclusions expressed in our letter of June 16 relating to the calculation of yield on the Refunding Bonds.

Very truly yours,

A handwritten signature in cursive script that reads "Ballen I. Spahr Andrew Higginbotham, CPA". The signature is written in black ink and is positioned below the "Very truly yours," text.