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Pennsylvania Intergovernmental
Cooperation Authority
Philadelphia, PA

Klett Rooney Lieber & Schorling
Philadelphia, PA

The City of Philadelphia, Pennsylvania
Philadelphia, PA

Reed Smith LLP
Philadelphia, PA

Raymond James & Associates
St. Petersburg, FL

Blank Rome LLP
Philadelphia, PA

**RE: \$165,550,000 Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds (City of Philadelphia Funding
Program) Series of 2003**

We have completed our engagement to verify the mathematical accuracy of computations hereinafter described relating to the savings resulting from the exercise of an interest rate swap transaction ("1993A Bonds Swaption") as part of the current refunding of the Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Bonds (City of Philadelphia Funding Program) Series of 1993A ("Refunded Bonds") issued by the Pennsylvania Intergovernmental Cooperation Authority ("Authority") as summarized below:

Refunded Bonds - Original Issue

Amount Refunded

\$178,675,000 Pennsylvania Intergovernmental Cooperation
Authority Special Tax Revenue Bonds (City of Philadelphia
Funding Program) Series of 1993A

\$163,185,000

OUR UNDERSTANDING OF THE TRANSACTION

Our verification was performed solely on the basis of the accompanying schedules and computations provided by Raymond James & Associates ("Underwriter"), the factual assumptions contained or implicit therein and pages from the Official Statement for the Refunded Bonds. The Underwriter also provided us the Official Statement for the 2003 Bonds ("Official Statement") and a copy of the 1993A Bonds Swaption Master Agreement ("Agreement") which we assume to be accurate. We did not independently confirm any of the information contained therein. We express no opinion as to the accuracy, reasonableness or attainability of the assumptions referred to

therein, or on any other matter not expressly set forth herein. Such information as provided to us by the Underwriter is set forth in Exhibits A through D attached hereto.

The scope of our engagement was limited to verifying the mathematical accuracy of the computations contained in the schedules provided to us, to the extent described herein, as well as a comparison of the information contained in the schedules and computations provided to us with certain information set forth in the documents provided to us with respect to the principal payment dates and amounts, redemption date, interest payment dates and amounts of the Refunded Bonds, the 2003 Bonds and the 1993A Bonds Swaption Agreement. We express no other opinions relating to the 2003 Bonds or the 1993A Bonds Swaption.

The Authority intends to issue the 2003 Bonds on June 16, 2003. The net proceeds from the sale of the 2003 Bonds will be used together in part with other available funds, to refund the Refunded Bonds at a redemption price of 100% of the principal of the Refunded Bonds.

In December, 2001, the Authority and JP Morgan Chase Bank ("Swap Counterparty") executed the 1993A Bonds Swaption. Under the 1993A Bonds Swaption, the Swap Counterparty made a payment on December 6, 2001 to the Authority in exchange for an option to cause the Authority to enter into an interest rate exchange or swap transaction ("Swap") with the Swap Counterparty. The terms of the Swap require the payment by (i) the Swap Counterparty to the Authority of an amount ("Floating Rate Amount") on the 15th day of each month, commencing July 15, 2003, equal to the interest payable on the agreed upon principal amount ("Notional Amount") computed on the basis of a floating rate equal to 67% of one month LIBOR and (ii) the Authority to the Swap Counterparty of an amount ("Fixed Rate Amount") on each June 15 and December 15, commencing December 15, 2003, equal to the interest payable on the Notional Amount computed on the basis of a fixed rate essentially equal to the fixed rates payable on the 1993A Bonds. The Notional Amount on which such Floating Rate Amount and Fixed Rate Amount is computed is initially equal to \$163,185,000 and declines on June 15 of each year through its termination date of June 15, 2022.

We reviewed the information contained in the pages from the Official Statement for the Refunded Bonds and the 1993A Bonds Swaption Agreement with respect to maturing principal, interest rates, maturity dates, redemption provisions, and terms. We assumed these exhibits to be accurate and all debt service payments for the Refunded Bonds to be current as of June 16, 2003. We found the corresponding information in the schedules provided by the Underwriter to be in agreement with such exhibits.

PRESENT VALUE OF SAVINGS FROM THE 1993A BONDS SWAPTION

We verified the mathematical accuracy of the accompanying computation of the present value of the savings generated from the 1993A Bonds Swaption. We also

compared the debt service schedules for the Refunded Bonds to its Official Statement and the 1993A Bonds Swaption Agreement. The computations were made by use of the actuarial method using a 360-day year, with interest compounded semi-annually based upon an assumed settlement date of June 16, 2003.

Based upon the procedures, information and assumptions set forth above, the Underwriter's computations which indicate that the present value of the savings generated by the 1993A Bonds Swaption as a percentage of the Refunded Bonds in accordance with Agreement is 3.74% are mathematically correct as indicated on Exhibit A.

USE OF THIS REPORT

It is understood that this report is solely for the information of, and assistance to, the addressees hereof in connection with the offering of the 2003 Bonds and the refunding of the Refunded Bonds, and is not to be used, quoted, circulated, or otherwise referred to without our written consent for any other purpose, including, but not limited to, the purchase or sale of the 2003 Bonds, nor is it to be filed with or referred to in whole or in part in the Official Statement or any other document, except that (i) reference may be made to it in the purchase contract and in any closing documents pertaining to the offering of the 2003 Bonds, (ii) the report may be included in the transcripts pertaining to the 2003 Bonds, (iii) the report may be furnished to any rating agency or bond insurer that shall have rated or insured the Refunded Bonds or 2003 Bonds, and (iv) Bond Counsel may make use of and rely upon it in preparing their opinions.

Reference may be made to our Report and to our firm in the Official Statement for the 2003 Bonds in the section "Verification of Mathematical Computations".

The terms of our engagement are such that we have no obligation to update this report because of events occurring, or data or information coming from activities, subsequent to the date of this report.



June 16, 2003

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EXHIBITS INDEX

All Exhibits Provided By Underwriter

<u>Description</u>	<u>Exhibit</u>
Cash Flows for Synthetic Fixed Rates Refunding of Series of 1993A	A
Sources and Uses	B
Option on Interest Rate Swap Transaction Agreement	C
Pages from the Official Statement for the Refunded Bonds	D

EXHIBIT A

Pennsylvania Intergovernmental Cooperation Authority
Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program)

Series of 2003
Cash Flows for Synthetic Fixed Rate Refunding of Series of 1993A
 Insured Variable Rate Demand Obligations with a Liquidity Facility

	Series of 2003					Series of 1993A					Cost Benefit Analysis					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
		Outstanding Notional Amount	Accrual Rate (A)	Swap Notional Amortization	Fixed Rate Payment to JP Morgan @ 6.7% Libor(B)	Variable Rate Payment to JP Morgan @ 6.7% Libor(B)	Net Payments to JP Morgan	Series of 2003 Principal	Variable Rate Payment #BMA-2bps (B) 0.8%	JP Morgan Liquidity 0.140%	Remarketing 0.080%	Total Refunding Debt Service with Fees	Total Swap and Debt Service Payments	Prior Debt Service Series of 1993A	Cost(Benefit) of Swap	PV @ 5.01% Present Value of Swap
6/15/2003	163,185,000	5.01077%	5,335,000	6,176,825	1,093,340	7,083,486	5,460,000	1,136,174	233,706	132,072	6,984,332	14,038,438	13,511,833	638,905	511,004	
6/15/2004	157,850,000	5.01821%	5,985,000	7,918,087	1,057,595	6,860,492	5,720,000	1,104,821	226,828	128,072	7,179,321	14,038,438	13,513,055	529,728	477,897	
6/15/2005	142,385,000	5.01884%	5,810,000	7,841,130	1,020,109	6,821,022	5,895,000	1,065,183	218,834	123,466	7,402,183	14,038,438	13,511,133	512,072	442,221	
6/15/2006	140,220,000	5.01155%	5,850,000	7,357,692	980,780	6,353,912	6,890,000	1,023,183	210,047	118,700	7,642,333	14,038,438	13,509,698	488,748	408,521	
6/15/2007	133,740,000	5.00000%	6,825,000	6,887,000	688,058	5,199,241	6,805,000	890,387	201,140	133,698	7,900,184	13,975,927	13,507,200	480,715	376,474	
6/15/2008	128,915,000	5.00000%	7,185,000	6,345,750	680,331	5,665,420	7,380,000	864,852	181,749	108,334	8,184,983	13,975,927	13,510,750	463,827	345,892	
6/15/2009	118,790,000	5.00000%	7,526,000	5,987,500	802,325	5,185,175	8,020,000	839,558	171,833	98,932	8,755,181	13,975,927	13,511,250	446,304	316,989	
6/15/2010	104,325,000	5.00000%	8,295,000	5,611,250	751,908	4,859,343	8,420,000	783,771	160,801	80,872	8,080,141	13,975,927	13,511,250	408,937	288,339	
6/15/2011	96,030,000	5.00000%	8,710,000	4,901,500	643,401	4,257,273	8,635,000	728,399	149,441	84,452	9,392,291	13,975,927	13,511,500	397,139	214,434	
6/15/2012	91,320,000	5.00000%	9,145,000	4,388,000	595,044	3,760,959	9,270,000	698,338	125,018	70,848	9,720,240	13,975,927	13,511,500	344,959	191,667	
6/15/2013	86,575,000	5.00000%	9,600,000	3,968,750	523,773	3,284,978	9,725,000	645,378	111,891	63,232	10,445,488	13,975,927	13,511,500	297,397	150,006	
6/15/2014	81,875,000	5.00000%	10,085,000	2,824,750	371,413	2,453,286	10,205,000	475,274	98,124	55,422	11,248,828	13,975,927	13,511,500	271,910	130,806	
6/15/2015	77,175,000	5.00000%	10,595,000	2,385,500	320,897	2,124,507	11,145,000	407,869	83,679	48,288	11,996,197	13,975,927	13,511,500	245,200	112,158	
6/15/2016	72,475,000	5.00000%	11,120,000	1,839,500	268,483	1,583,007	12,145,000	328,370	62,549	36,720	12,663,172	13,975,927	13,511,500	217,186	94,810	
6/15/2017	67,775,000	5.00000%	11,670,000	1,286,000	188,304	1,087,698	12,375,000	248,370	45,800	20,268	13,103,387	13,975,927	13,511,500	186,965	70,655	
6/15/2018	63,075,000	5.00000%	12,235,000	843,250	86,198	597,055	12,985,000	169,567	35,800	10,389	13,103,387	13,975,927	13,511,500	152,171	50,110	
Total			163,185,000	93,518,680	12,318,471	81,003,209	165,550,000	13,048,674	2,977,304	1,512,886	182,789,887	263,783,076	266,704,698	7,088,378	4,889,656	

(A) Based on confirm from JP Morgan.
 (B) Based on scheduled payment.

Sources and Uses of Funds

Sources of Funds	Per Amount of Bonds	165,550,000
Total Sources of Funds		165,550,000
Uses of Funds		
Deposit to Refunding Fund		163,185,000
Cost of Issuance		1,323,732
Insurance*		1,041,268
Total Uses of Funds		165,550,000

* Based on premium of 39.8 bps and the Bond Buyer Revenue Index as of 6-5-03 (4.83%) x 25 bps (0.08%)

Spread to BMA

Tending Differential	3.0
Liquidity	14.0
Remarketing	8.0
Insurance	5.9
Total Spread	29.9 bps

Estimated Present Value Savings

Swap Premium	10,968,047
Less: PV of Net Debt Service	4,889,656
Present Value Savings	6,078,391
Present Value Savings (%)	3.7%

1 Based on \$10,720,000 premium received on December 6, 2001 earning interest at 1.5%

EXHIBIT B

Pennsylvania Intergovernmental Cooperation Authority

*Series 2003
Sizing with Expenses*

SOURCES & USES

Dated 06/16/2003

Delivered 06/16/2003

SOURCES OF FUNDS

Par Amount of Bonds.....	\$165,550,000.00
TOTAL SOURCES.....	\$165,550,000.00

USES OF FUNDS

Total Underwriter's Fee (0.350%).....	579,425.00
Costs of Issuance.....	741,676.00
Gross Bond Insurance Premium (58.3 bp).....	1,041,268.01
Deposit to Current Refunding Fund.....	163,185,000.00
Rounding Amount.....	2,630.99
TOTAL USES.....	\$165,550,000.00

*Raymond James and Associates
Public Finance*

*File = Sizing 6-10-03.sf-Sizing with Expenses- SINGLE PURPOSE
6/10/2003 5:27 PM*

EXHIBIT C



Option On Interest Rate Swap Transaction

Date: 6 December 2001

The purpose of this document is to confirm the terms and conditions of the Option on an Interest Rate Swap Transaction entered into between:

JPMORGAN CHASE BANK – NEW YORK

and

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ("Counterparty")

on the Trade Date and identified by the JPMorgan Chase Deal Number specified below (the "Swap Transaction"). This agreement constitutes a "Confirmation" as referred to in the agreement specified below. It is our intention to have this confirmation serve as final documentation for this transaction and accordingly, no other confirmation will follow.

The definitions and provisions contained in the 2000 ISDA Definitions, incorporating the June 2000 version of the Annex as amended and supplemented through the date of this Confirmation, and the 1992 ISDA U.S. Municipal Counterparty Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation (the "Swap Definitions"). In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

References in this Confirmation to "Transaction" shall be deemed to be references to "Swap Transaction" for the purposes of interpreting the Swap Definitions, and references in the Swap Definitions to "Swap Transaction" shall be deemed to be references to "Transaction" for the purposes of interpreting this Confirmation.

If JPMorgan Chase and the Counterparty are not yet parties to a Swap Agreement, the parties agree that this Transaction will be documented under a master agreement to be entered on the basis of the printed form of Master Agreement (Multicurrency-Cross Border) published by the International Swap Dealers Association, Inc., together with changes as shall be agreed between the parties (the "Master Agreement"). Upon execution and delivery by the parties of a Master Agreement, this Confirmation shall supplement, form a part of, and be subject to such Master Agreement. Until the parties execute and deliver a Master Agreement, this Confirmation shall supplement, form a part of, and be subject to the printed form of Master Agreement published by ISDA, as if the parties had executed that agreement (but without any Schedule thereto) on the Trade Date of this Confirmation.

JPMorgan Chase Deal Number:	507760
Type Of Transaction:	Call – Buyer has the right to receive fixed rate and pay floating rate, as referred to in the underlying swap transaction
Trade Date:	16 November 2001
Buyer:	JPMorgan Chase Bank
Seller:	Counterparty



Premium: 10,720,000.00 USD

Premium Settlement Date: 6 December 2001, subject to adjustment in accordance with the Modified Following Business Day Convention, based on Business Days in London, New York

Procedures For Exercise:

Procedure for Exercise: JPMorgan Chase has the right to exercise this option by notifying Counterparty by phone (immediately followed by written notification) on the date and during the time of day specified below.

Option Style: American

Notification Date: Notice of Exercise must be given between the hours of 9:00 AM and 11:00 AM New York time at least 90 New York Calendar Days prior to each Exercise Date.

Exercise Date: On any local Business Day after 15 June 2003 up to and including 15 December, 2021.

Physical Settlement: Applicable

1. The terms of the particular Swap Transaction to which this Option relates are as follows:

Effective Date: Exercise Date.

Termination Date: 15 June 2022

Fixed Amounts:

Fixed Rate Payer: Counterparty

Notional Amount: See Outstanding Principal Balance Schedule

Fixed Rate Payer Payment Dates: Each 15 December, 15 June starting with 15 December, June immediately following the Effective Date up to, and including, the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

Fixed Rate: See Fixed Rate Schedule

Fixed Rate Day Count Fraction: 30/360

Calculation Period: Each period from, and including, one Payment Date to, but excluding the next following Payment Date and there will be no adjustment to the Calculation Period.



Floating Amounts:

Floating Rate Payer:

JPMorgan Chase Bank

Notional Amount:

See Outstanding Principal Balance Schedule

Floating Rate Payer Payment Dates:

Monthly on the 15th day of each calendar month starting with the calendar month immediately following the Effective Date up to, and including, the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

Floating Rate Option :

USD-LIBOR-BBA

Designated Maturity:

1 Month

Floating Rate Amount:

The Floating Rate used to calculate the Floating Amount payable by JPMorgan Chase on each Payment Date will be equal to the rate determined in accordance with the specified Floating Rate Option and Designated Maturity, multiplied by 67 percent. For the avoidance of doubt, the Floating Amount payable by Morgan shall be calculated as follows.

Floating Amount = Notional Amount x (Floating Rate x 67 percent) x Day Count Fraction.

Spread:

None

Floating Rate Day Count Fraction:

Actual/Actual

Calculation Period:

Each period from, and including, one Payment Date to, but excluding, the next following Payment Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

Reset Day:

Each Thursday in the Calculation Period, there will be no adjustments to the Reset Date.

Averaging

Applicable

Method of Averaging:

Weighted.

Compounding:

Inapplicable

Payment Business Day Locations for Counterparty:

London, New York

Payment Business Day Locations for JPMorgan Chase:

London, New York



Calculation Agent: JPMorgan Chase Bank, or as defined in the Master Agreement.

Payments will be: Net

Outstanding Principal Balance Schedule:

Accrual Start Date: JPMorgan Chase pays on Counterparty pays on
Outstanding Notional: Outstanding Notional:

15-Jun-2003	163,185,000.00	USD	163,185,000.00	USD
15-Jun-2004	157,850,000.00	USD	157,850,000.00	USD
15-Jun-2005	152,255,000.00	USD	152,255,000.00	USD
15-Jun-2006	146,385,000.00	USD	146,385,000.00	USD
15-Jun-2007	140,220,000.00	USD	140,220,000.00	USD
15-Jun-2008	133,740,000.00	USD	133,740,000.00	USD
15-Jun-2009	126,915,000.00	USD	126,915,000.00	USD
15-Jun-2010	119,750,000.00	USD	119,750,000.00	USD
15-Jun-2011	112,225,000.00	USD	112,225,000.00	USD
15-Jun-2012	104,325,000.00	USD	104,325,000.00	USD
15-Jun-2013	96,030,000.00	USD	96,030,000.00	USD
15-Jun-2014	87,320,000.00	USD	87,320,000.00	USD
15-Jun-2015	78,175,000.00	USD	78,175,000.00	USD
15-Jun-2016	68,575,000.00	USD	68,575,000.00	USD
15-Jun-2017	58,495,000.00	USD	58,495,000.00	USD
15-Jun-2018	47,910,000.00	USD	47,910,000.00	USD
15-Jun-2019	36,790,000.00	USD	36,790,000.00	USD
15-Jun-2020	25,120,000.00	USD	25,120,000.00	USD
15-Jun-2021	12,865,000.00	USD	12,865,000.00	USD

Fixed Rate Schedule:

Beginning On:	Counterparty Fixed Rate Accrues At:
15-Jun-2003	5.01077 percent ✓
15-Jun-2004	5.01621 percent ✓
15-Jun-2005	5.01864 percent ✓
15-Jun-2006	5.01738 percent ✓
15-Jun-2007	5.01155 percent ✓
15-Jun-2008	5.00000 percent ✓

This transaction may not be assigned by either party without the prior written consent of the other party.

2. Termination Option

As provided in paragraph (h)(i) of Part 1 of the Schedule dated the date hereof between JP Morgan Chase Bank and the Counterparty, it is the intention of the parties that the Counterparty shall have the right to terminate the Transaction described in this Confirmation whether or not JP Morgan Chase Bank has exercised the option described in this Confirmation and whether or not the Effective Date with respect to such Transaction has occurred. In the event the Counterparty terminates the Transaction, the Termination payment shall be determined pursuant to Part 1(g) of the Schedule to Master Agreement.



3. Account Details

Payments to JPMorgan Chase:

Account for payments in USD:	JPMorgan Chase Bank
Favour:	MGT New York
ABA/Bank No.:	021000238
Account No.:	999-97-979
Reference:	Ref: Interest Rate Protection Payment

If in the event this Transaction is physically exercised into a swap, the office of JPMorgan Chase Bank will change from New York to London

Swap Payment Instructions:	JPMorgan Chase Bank
Favour:	JPMorgan London
ABA/Bank No.:	ABA #:021000238
Account No.:	670-07-054
Reference:	Further credit to swap group account

Payments to Counterparty:

Account for payments in USD:	JPMorgan Chase Bank
Favour:	PENNSYLVANIA INTERGOVERNMENTAL COOPERATIVE AUTHORITY C/o First Union National Bank
ABA/Bank No.:	053000219
Account No.:	1556597839
Reference:	Trust Operations DDA 500000006439 Attention: Howard Parker 215-670-4541

4. Offices

- (a) The Office of JPMorgan Chase for the Swap Transaction is NEW YORK; and
- (b) The Office of the Counterparty for the Swap Transaction is PHILADELPHIA.

All inquiries regarding confirmations should be sent to:
JPMorgan Chase Bank
4 Metrotech Center
17th Floor
Brooklyn, New York 11245

JPMORGAN SECURITIES INCORPORATED is acting solely as agent for JPMorgan Chase Bank and will have no obligations under this Transaction.

5. Representations.

Each party hereto represents to the other as follows:

- (a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgement and upon advise from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advise or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms



and conditions of a Transaction shall not be considered investment advise or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction.

(b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advise) , and understands and accepts, the terms, the conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

(c) **Status of Parties.** The other party is not acting as a fiduciary for or an advisor to it in respect of that Transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us or by sending to us a letter, telex or facsimile substantially similar to this letter, which letter, telex or facsimile sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms. When referring to this Confirmation, please indicate: JPMorgan Chase Deal Number: 507760.

Yours sincerely,

JPMORGAN CHASE BANK

By:
Name:
Title:

Confirmed as of the
date first above written:

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

By: _____
Name:
Title:

Your Ref No.....

EXHIBIT D

NEW ISSUE-BOOK-ENTRY-ONLY

\$178,675,000

**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 1993A**

Dated: August 15, 1993

Due: As shown on the inside front cover

The Series A Bonds will be issued as fully registered bonds, without coupons in the denominations of \$5,000 or any integral multiple thereof. Interest on the Series A Bonds is payable semiannually on each June 15 and December 15 (each an "Interest Payment Date"), commencing December 15, 1993, by check or draft mailed, or under certain conditions by wire transfer, to the persons in whose names such Series A Bonds are registered at the close of business on the Record Date, which is the last day (whether or not a Business Day) of the calendar month next preceding any Interest Payment Date. The Series A Bonds are being issued pursuant to an Indenture of Trust, as amended and supplemented (the "Indenture"), between the Pennsylvania Intergovernmental Cooperation Authority (the "Authority"), a body corporate and politic organized and existing pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, approved June 5, 1991 (P.L. 9, No. 6) (the "Act"), as a public authority and instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth"), and Meridian Bank, Reading, Pennsylvania (successor trustee by assignment from CoreStates Bank, N.A.), as trustee (the "Trustee"). The principal and redemption premium, if any, of the Series A Bonds will be payable at the principal corporate trust office of the Trustee in Reading, Pennsylvania.

The Series A Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. The Series A Bonds are not subject to acceleration upon the occurrence of an Event of Default (as defined in the Indenture).

The proceeds from the sale of the Series A Bonds will be used to (i) provide for the advance refunding of a portion of the Authority's Special Tax Revenue Bonds (City of Philadelphia Funding Program) Series of 1992, in the aggregate principal amount of \$136,670,000, (ii) make the required deposit to the Debt Service Reserve Fund (as defined herein) in respect of the Series A Bonds, and (iii) pay the costs of issuing the Series A Bonds, all as described herein. See "PLAN OF FINANCE" herein.

The Series A Bonds, when issued, will be registered in the name of Philadep & Co., as nominee for the Philadelphia Depository Trust Company, Philadelphia, Pennsylvania ("PHILADEP"), which will act as securities depository for the Series A Bonds. Purchases of beneficial ownership interests in the Series A Bonds will be made in book-entry-only form. So long as PHILADEP or its nominee, Philadep & Co., is the registered owner, principal of, redemption premium, if any, and interest on, the Series A Bonds is payable directly to Philadep & Co., for redistribution to PHILADEP Participants and in turn to the beneficial owners as described herein. Purchasers of Series A Bonds will not receive physical delivery of certificates representing their ownership interests in the Series A Bonds purchased. See "THE SERIES A BONDS — Book-Entry-Only System" herein.

THE SERIES A BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY ISSUED PURSUANT TO THE ACT AND THE INDENTURE AND ARE PAYABLE SOLELY FROM REVENUES OF THE AUTHORITY DERIVED FROM (i) A ONE AND ONE-HALF PERCENT (1.5%) TAX ON THE SALARIES, WAGES, COMMISSIONS AND OTHER COMPENSATION EARNED BY RESIDENTS OF THE CITY AND ON NET PROFITS EARNED IN BUSINESS, PROFESSIONS AND OTHER ACTIVITIES CONDUCTED BY RESIDENTS OF THE CITY, WHICH TAX IS IMPOSED BY THE CITY PURSUANT TO THE ACT AND AN ORDINANCE ADOPTED BY THE COUNCIL OF THE CITY OF PHILADELPHIA ("CITY COUNCIL") AND APPROVED BY THE MAYOR FOR THE EXCLUSIVE PURPOSES OF THE AUTHORITY, AND (ii) CERTAIN MONIES AND SECURITIES, AND INVESTMENT EARNINGS THEREON, HELD BY THE TRUSTEE IN CERTAIN FUNDS ESTABLISHED UNDER THE INDENTURE. THE ACT PROVIDES THAT THE REVENUES FROM THE FOREGOING TAX ARE THE REVENUES AND PROPERTY OF THE AUTHORITY AND ARE NOT THE REVENUES AND PROPERTY OF THE CITY. SEE "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES A BONDS" HEREIN.

In addition, payment of the principal of and interest on the Series A Bonds (excluding the Series A Bonds scheduled to mature on June 15, 2013 in the aggregate principal amount of \$25,710,000 and bearing interest at the rate of 5.00% originally yielding 5.62%) will be insured by a financial guaranty insurance policy to be issued simultaneously with the delivery of the Series A Bonds by MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION.

PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES A BONDS SCHEDULED TO MATURE ON JUNE 15, 2013 IN THE AGGREGATE PRINCIPAL AMOUNT OF \$25,710,000 AND BEARING INTEREST AT THE RATE OF 5.00%, ORIGINALLY YIELDING 5.62%, WILL NOT BE INSURED.

NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON, THE SERIES A BONDS. THE SERIES A BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, AND NEITHER THE COMMONWEALTH NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS LIABLE FOR THE PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES A BONDS. THE AUTHORITY HAS NO TAXING POWER.

In the opinion of Co-Bond Counsel, under existing law, interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of determining individual or corporate alternative minimum tax, in each case subject to the conditions and limitations described herein. In the opinion of Co-Bond Counsel, interest on the Series A Bonds and the gain from the sale thereof are exempt from Pennsylvania personal income tax and from Pennsylvania corporate net income tax, and the Series A Bonds are exempt from personal property taxes in Pennsylvania. See "TAX EXEMPTION" herein.

The Series A Bonds are offered when, as and if issued by the Authority and delivered to and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, and to the receipt of the approving opinion of Dithworth, Paason, Kalish & Kauffman and Wolf, Block, Schorr and Solis-Cohen, Co-Bond Counsel, both of Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the Authority by Reed Smith Shaw & McClay, Philadelphia, Pennsylvania, General Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by Pepper, Hamilton & Schoetz, Philadelphia, Pennsylvania, Arline Jolles Lotman, Esquire, Philadelphia, Pennsylvania, and Stevens & Lee, a professional corporation, Reading, Pennsylvania, co-counsel to the Underwriters, and by Astor, Weiss & Newman, Philadelphia, Pennsylvania, special counsel to the Underwriters. Certain legal matters will be passed upon for the City by the City Solicitor, and by Blank, Rome, Comisky & McCauley and Singley & Associates, both of Philadelphia, Pennsylvania, special co-counsel to the City. It is anticipated that the Series A Bonds in definitive form will be available for delivery to PHILADEP in Philadelphia, Pennsylvania, on or about September 14, 1993.

Pryor, McClendon, Counts & Co., Inc.

Butcher & Singer

A division of Wheat, First Securities, Inc.

RRZ Public Markets Inc.

R.W. Corby & Co., Inc.

Hopper Soliday & Co., Inc.

Artemis Capital Group, Inc.

Donaldson, Lufkin & Jenrette

INNOVA Securities, Inc.

Merrill Lynch & Co.

The date of this Official Statement is August 19, 1993.

Smith Barney Shearson Inc.

Kidder, Peabody & Co., Inc.

A.H. Williams & Co. Incorporated

Grigsby Brandford & Co., Inc.

Legg Mason Wood Walker, Incorporated

Dolphin & Bradbury Inc.

Janney Montgomery Scott Inc.

Meridian Capital Markets

Bear, Stearns & Co., Inc.

Commonwealth Securities and Investments, Inc.

Drizos Investments Inc.

WR Lazard, Laidlaw & Mead Incorporated

Goldman, Sachs & Co.

Lehman Brothers

Sturdivant & Co., Inc.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

\$178,675,000

**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION
AUTHORITY**

**SPECIAL TAX REVENUE REFUNDING BONDS
(CITY OF PHILADELPHIA FUNDING PROGRAM)
SERIES OF 1993A**

\$44,935,000 Serial Bonds*

<u>Due (June 15)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
1994	\$3,325,000	2.80%	100%
1995	1,380,000	3.40	100
1996	1,425,000	3.80	100
1997	645,000	4.00	100
1998	665,000	4.05	4.15
1999	695,000	4.20	4.30
2000	735,000	4.35	4.45
2001	750,000	4.50	4.60
2002	775,000	4.60	4.70
2003	5,095,000	4.75	4.85
2004	5,335,000	4.85	4.95
2005	5,595,000	4.95	5.05
2006	5,870,000	5.05	5.13
2007	6,165,000	5.15	5.23
2008	6,480,000	5.25	5.33

\$12,000,000 5.00% Term Bond Due June 15, 2013 at 5.47%*
\$25,710,000 5.00% Term Bond Due June 15, 2013 at 5.62%**
\$96,030,000 5.00% Term Bond Due June 15, 2022 at 5.55%*
 (Plus accrued interest)

* Payment of the principal of and interest on the Series A Bonds, excluding the Series A Bonds scheduled to mature on June 15, 2013 in the aggregate principal amount of \$25,710,000 and bearing interest at the rate of 5.00%, originally yielding 5.62%, will be insured by a financial guaranty insurance policy to be issued simultaneously with the delivery of the Series A Bonds by MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION.



** Payment of the principal of and interest on the Series A Bonds scheduled to mature on June 15, 2013 in the aggregate principal amount of \$25,710,000 and bearing interest at the rate of 5.00%, originally yielding 5.62%, will not be insured.

PLAN OF FINANCE

General

The proceeds from the sale of the Series A Bonds will be used to (i) provide for the advance refunding of the 1992 Bonds of the maturities set forth below, in an aggregate principal amount of \$136,670,000 (the "Refunded 1992 Bonds"), (ii) fund an account in the Debt Service Reserve Fund in respect of the Series A Bonds in an amount equal to \$13,515,500, which amount is equal to the maximum annual debt service requirement on the Series A Bonds, and (iii) pay the costs of issuing the Series A Bonds.

The Refunded 1992 Bonds include all of those listed in the following table:

<u>Maturities</u> <u>(June 15)</u>	<u>Par Amount</u>
2006	\$15,140,000
2012	31,535,000
2022	89,995,000

A portion of the proceeds of the Series A Bonds shall be deposited into an irrevocable trust fund (the "1992 Bonds Escrow Fund") established and held by Meridian Bank, as escrow agent (the "Escrow Agent"), under and pursuant to the terms of an Escrow Deposit Agreement, dated as of August 15, 1993 (the "Escrow Deposit Agreement"), between the Authority and the Escrow Agent. Proceeds of the Series A Bonds deposited into the 1992 Bonds Escrow Fund shall be invested in Government Obligations (as defined in the Indenture). Moneys in the 1992 Bonds Escrow Fund shall be used to pay interest on the Refunded 1992 Bonds to June 15, 2002 and to redeem and pay on June 15, 2002, at a redemption price of 100%, the principal of the Refunded 1992 Bonds then Outstanding. Upon deposit of the necessary funds into the 1992 Bonds Escrow Fund, the Refunded 1992 Bonds will no longer be deemed to be Outstanding under the Indenture.

Financial Condition of the City

The City currently is projecting that it will end Fiscal Year 1993 without a deficit, due to receipt of not more than a \$7.8 million grant from the Authority to fund the Fiscal Year 1993 General Fund deficit. The City's Fiscal Year 1994 General Fund Budget was adopted by City Council on March 11, 1993. The Fiscal Year 1994 General Fund Budget is balanced without a grant from the Authority; provided, however, it is anticipated that the City will receive a \$23.5 million grant from the Authority to finance a program to be undertaken by the City to reduce court backlogs and to accelerate the disposition of litigation pending against the City. For additional information regarding the City's financial condition and the City's five-year financial plan, see "APPENDIX A - CERTAIN INFORMATION CONCERNING THE CITY OF PHILADELPHIA" and "APPENDIX B - SUMMARY OF CITY'S FIVE-YEAR FINANCIAL PLAN" hereto.

Estimated Application of Series A Bond Proceeds

The application of the proceeds of the Series A Bonds is estimated to be as follows:

Deposit to 1992 Bonds	
Escrow Fund(a)	\$150,407,158.16
Debt Service Reserve Fund Deposit (b)	13,515,500.00
Financing Costs (c)	<u>\$ 14,752,341.84</u>
Proceeds of Series A Bonds	<u>\$178,675,000.00</u>

- (a) The 1992 Bonds Escrow Fund is an irrevocable trust fund established and held by the Escrow Agent under and pursuant to the terms of the Escrow Deposit Agreement.
- (b) The deposit to the Series A Bonds Account of the Debt Service Reserve Fund established under the Indenture is equal to the maximum annual debt service requirement on the Series A Bonds.
- (c) Includes legal, accounting, financial advisory, verification, printing, insurance and rating fees, underwriters' discount, original issue discount and miscellaneous fees and expenses.

THE SERIES A BONDS

General

The Series A Bonds will be dated August 15, 1993, will be payable as to interest at the rates and on the dates, and will mature in the amounts and on the dates set forth on the inside front cover hereof. Purchases of beneficial interests in the Series A Bonds may be made in denominations of \$5,000 or integral multiples thereof. Descriptions of the provisions regarding redemption, transfer and payment of the Series A Bonds are set forth below.

THE SERIES A BONDS ARE NOT SUBJECT TO ACCELERATION UPON THE OCCURRENCE OF AN EVENT OF DEFAULT.

PHILADEP will serve as securities depository under a book-entry-only system for the Series A Bonds. Unless such system is discontinued, the provisions described under "Book-Entry-Only System" below (including provisions regarding payments to and transfers by the owners of beneficial interests in the Series A Bonds) will be applicable to the Series A Bonds. If such system is discontinued, the provisions described under "Discontinuance of Book-Entry-Only System" below will be applicable.

Optional Redemption

The Series A Bonds due on or prior to June 15, 2003 are not subject to optional redemption prior to maturity. The Series A Bonds due on or after June 15, 2004 are subject to optional redemption on or after June 15, 2003 in whole or in part at any time, and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount thereof, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

The Series A Bonds maturing on June 15, 2013 and on June 15, 2022 are subject to mandatory sinking fund redemption prior to maturity on June 15 of each of the following years and in the following amounts, respectively, in direct order of maturity and within a maturity (treating the Series A Insured Bonds and the Series A Uninsured Bonds maturing on June 15, 2013 as separate maturities for this purpose) as chosen by the Trustee by lot, at the principal amount thereof plus accrued interest, or through purchase as hereinafter provided:

Series A Insured Bonds Maturing June 15, 2013

<u>Year</u>	<u>Amount</u>
2009	\$ 2,160,000
2010	2,280,000
2011	2,400,000
2012	2,520,000
2013(a)	2,640,000

Series A Uninsured Bonds Maturing June 15, 2013

<u>Year</u>	<u>Amount</u>
2009	\$ 4,665,000
2010	4,885,000
2011	5,125,000
2012	5,380,000
2013(a)	5,655,000

Series A Insured Bonds Maturing June 15, 2022

<u>Year</u>	<u>Amount</u>
2014	\$ 8,710,000
2015	9,145,000
2016	9,600,000
2017	10,080,000
2018	10,585,000
2019	11,120,000
2020	11,670,000
2021	12,255,000
2022(a)	12,865,000

(a) Final Maturity.

Prior to May 1 of each year in which Series A Bonds are subject to mandatory sinking fund redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase, from moneys deposited in the Series A Bonds Sinking Fund Account, of as many Series A Bonds then subject to mandatory sinking fund redemption as can be purchased in the open market or pursuant to offers made at the time by the Bondholders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund).

Notice of Redemption

When the Authority shall determine to redeem Series A Bonds, upon prior written notice to the Trustee of the redemption date and the principal amount of Series A Bonds to be redeemed, or whenever the Trustee shall be required to redeem Series A Bonds from moneys in the Series A Bonds Sinking Fund Account, without action on the part of the Authority, the Trustee, at the Authority's expense, shall cause a notice of redemption, setting forth certain information as specified in the Indenture, to be mailed to the Bondholders. Such notice shall also state the redemption price and the date fixed for redemption, that on such date the Series A Bonds called for redemption will be due and become payable at the principal corporate trust office of the Trustee, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of all Series A Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Series A Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption, without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Trustee, such notice shall be conditioned upon the