



**KUTAK ROCK LLP**  
**SUITE 28B**  
**TWO LIBERTY PLACE**  
**50 SOUTH 16<sup>TH</sup> STREET**  
**PHILADELPHIA, PENNSYLVANIA 19102-2519**  
**215-299-4384**  
**FACSIMILE 215-981-0719**  
**www.kutakrock.com**

**ATLANTA**  
**CHICAGO**  
**DENVER**  
**DES MOINES**  
**FAYETTEVILLE**  
**IRVINE**  
**KANSAS CITY**  
**LITTLE ROCK**  
**LOS ANGELES**  
**OKLAHOMA CITY**  
**OMAHA**  
**RICHMOND**  
**SCOTTSDALE**  
**WASHINGTON**  
**WICHITA**

May 14, 2010

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

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

Ladies and Gentlemen:

We have served as special counsel to the City of Philadelphia, Pennsylvania ("City") in connection with matters relating to the issuance by the Pennsylvania Intergovernmental Cooperation Authority ("Authority") of its \$206,960,000, aggregate principal amount, Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2010 ("Bonds").

The Bonds are authorized to be issued by the Authority by virtue of and pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, Act No. 1991-6, approved by the General Assembly of the Commonwealth of Pennsylvania ("Commonwealth") on June 5, 1991, as amended ("Act").

Pursuant to authority granted by the Act, the City has, by ordinance (Bill No. 1437, effective July 1, 1991) adopted by City Council and approved by the Mayor on June 12, 1991 ("Tax Ordinance"), enacted a tax, exclusively for the purposes of the Authority, at the rate of one and one-half percent (1.5%) on the salaries, wages, commissions and other compensation earned by City residents and on the net profits earned in business, professions and other activities conducted by City residents ("Authority Tax").

In the Act, the Commonwealth has pledged to and agreed with each and every obligee of the Authority acquiring bonds of the Authority secured by the Authority Tax that the Commonwealth itself will not, nor will it authorize any government agency levying the Authority Tax to, reduce the rate of such tax until all bonds of the Authority so secured by the pledge of the Authority, together with the interest thereon, are fully paid or provided for. The Act further provides that the terms of the Act as in effect at the time of authorization of the

**KUTAK ROCK LLP**

Goldman, Sachs & Co.

May 14, 2010

Page 2

Bonds constitute an agreement between the Authority and the obligees of the Authority, subject to modification and limitation as provided in the Act. In addition, the Act expressly requires the City to include a pledge similar to that of the Commonwealth described in the first sentence of this paragraph in the Tax Ordinance and prohibits the City from repealing the Tax Ordinance or reducing the rate of the Authority Tax while any bonds of the Authority secured by the Authority's pledge of the Authority Tax are outstanding. Pursuant to the pledge made by the Commonwealth and in furtherance of the agreements of the Commonwealth and the mandates contained in the Act, the City has, in the Tax Ordinance and the Intergovernmental Cooperation Agreement by and between the Authority and the City, dated as of January 8, 1992 ("Cooperation Agreement"), pledged to and agreed with each and every obligee of the Authority secured by the Authority pledge of the Authority Tax that the City will not reduce the rate of, or repeal in whole or in part, the Authority Tax until the principal amount of all bonds of the Authority secured by the Authority Tax, together with interest thereon, is fully paid or provision for such payment is made in accordance with the terms of any agreement between the Authority and any obligee of the Authority.

This opinion is rendered pursuant to Section 9(e)(xiii) of the Bond Purchase Contract, dated May 4, 2010, between the Authority and Goldman, Sachs & Co., as Underwriter ("Purchase Contract"). Terms used herein and not otherwise defined have the meanings ascribed thereto in the Purchase Contract.

As the basis for this opinion, we have examined such statutes and other matters of law, and such documents, instruments and certifications as we have deemed necessary in order to enable us to render this opinion, including, without limiting the generality of the foregoing, the Act, certified copies of the Tax Ordinance and the Cooperation Agreement, and the other documents and instruments listed in the Closing Agenda prepared in respect of the Bonds and filed with the Trustee, and have relied upon the genuineness, truthfulness and completeness of all documents, instruments and certifications examined and the authenticity of all signatures thereon. We have assumed that the Cooperation Agreement has been duly and validly authorized, executed and delivered by the Authority and is a valid and binding obligation of the Authority. We have also relied, in the opinion set forth below, upon the opinion of the City Solicitor of even date herewith with respect to actions taken by the City in connection with the enactment of the Ordinances and the execution and delivery of the Cooperation Agreement.

Based on the foregoing, we are of the opinion that:

1. The City has the power and authority under the Act to levy the Authority Tax exclusively for the purposes of the Authority and the Authority Tax has been duly and validly levied by the City pursuant to the Act and the Tax Ordinance exclusively for the purposes of the Authority.

**KUTAK ROCK LLP**

Goldman, Sachs & Co.  
May 14, 2010  
Page 3

2. As provided in the Act, the proceeds of the Authority Tax are at all times the revenues and property of the Authority, are not property or revenues of the Commonwealth or the City and are not subject to appropriation by either the Commonwealth or the City.

3. The covenants and agreements of the City contained in the Tax Ordinance and in Section 5.02(b) of the Cooperation Agreement are valid and binding obligations of the City, enforceable against the City in accordance with the respective terms thereof, except as enforceability may be affected by bankruptcy, reorganization, insolvency and other laws or legal or equitable principles affecting creditors' rights and remedies and by the exercise of judicial discretion under general principles of equity.

We call your attention to the facts that the imposition of the Authority Tax by the City pursuant to the Act does not constitute the exercise of the general taxing power of the City for City purposes conferred by other acts of the General Assembly of the Commonwealth and that the sole agreement by the City with respect to the Authority Tax is its pledge and agreement not to reduce the rate of the Authority Tax or to repeal the Authority Tax so long as bonds of the Authority secured by the Authority's pledge of the Authority Tax remain outstanding, all in accordance with the pledge of the Commonwealth and the mandates contained in the Act. Accordingly, as provided in the Act, the Bonds do not and shall not at any time constitute a debt or liability of the City of Philadelphia and the obligees of the Authority have no right or claim against any property or revenues of the City nor shall they have any recourse to the City for payment of the Bonds.

This opinion letter is rendered on the basis of federal law and the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof. We undertake no obligation to update or supplement this letter under any circumstance including if, after the date hereof, facts or events come to our attention or changes in law occur which could affect the opinions expressed herein. We express no opinion herein as to any matter not set forth in the numbered sections above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of the preliminary or definitive official statements prepared in respect of the Bonds, including the appendices thereto, and make no representation that we have independently verified the contents thereof. This opinion is furnished solely for your benefit under the Purchase Contract and may not be relied upon by any person or for any other purpose, nor may it be distributed or disclosed to any other person without the prior written consent in each instance of a partner of the undersigned firm.

Very truly yours,



KUTAK ROCK LLP