

STANDBY BOND PURCHASE AGREEMENT

among

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Trustee and Paying Agent

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

and

JPMORGAN CHASE BANK,
as Bank

Dated as of

June 1, 2003

Relating to:

\$165,550,000

**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
SPECIAL TAX REVENUE REFUNDING BONDS,
(CITY OF PHILADELPHIA FUNDING PROGRAM),
SERIES OF 2003**

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STANDBY BOND PURCHASE AGREEMENT

This STANDBY BOND PURCHASE AGREEMENT (this "*Agreement*"), dated as of June 1, 2003 among WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee under the Indenture referred to below (together with any successors thereto as such trustee, the "*Trustee*"), PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY, a body corporate and politic organized and existing under and by virtue of the Constitution and laws of the Commonwealth of Pennsylvania (together with any successors thereto, the "*Authority*"), and JPMORGAN CHASE BANK, a banking corporation organized and existing under the laws of the State of New York, as liquidity provider (the "*Bank*").

PREAMBLES

WHEREAS, the Authority has issued \$165,550,000 in aggregate principal amount of its Special Tax Revenue Refunding Bonds(City of Philadelphia Funding Program), Series of 2003 (the "*Bonds*"), 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*") and a Third Supplement to the Amended and Restated Indenture of Trust dated as of June 1, 2003 (the "*Third 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) Resolution No. 2003-04 adopted by the Authority on March 24, 2003 (the "*Resolution*"); and

WHEREAS, the payment of the principal of and interest on the Bonds (including Bank Bonds, as hereinafter defined) is insured by a financial guaranty insurance policy (together with any and all riders and endorsements thereto, the "*Bond Insurance Policy*") issued by Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance corporation (the "*Bond Insurer*"), in favor of the owners of the Bonds (including the Bank as owner of Bonds or Bank Bonds);

WHEREAS, the Bonds are subject to purchase, from time to time, from and at the option of their owners or beneficial owners; and in order to help assure the availability of funds for the payment of the purchase price of the Bonds, the Authority has provided for the remarketing of such Bonds in certain cases, and to the extent such remarketing proceeds are not available, for the purchase of such Bonds by the provider of a liquidity facility, in certain cases;

WHEREAS, the Bank is willing to purchase Bonds tendered by the holders thereof, upon the terms and conditions set forth herein, on or prior to the last day of the Bank Purchase Period (as hereinafter defined);

NOW, THEREFORE, in consideration of the respective agreements contained herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority, the Trustee and the Bank hereby agree and intend to be legally bound as follows:

ARTICLE I DEFINITIONS

SECTION 1.01. Definitions. The following capitalized items have the meanings indicated below unless the context shall clearly indicate otherwise. Other capitalized terms used in this Agreement and not defined herein shall have the meaning given those terms in the Indenture.

“Agreement” means this Standby Bond Purchase Agreement dated as of June 1, 2003, among the Authority, the Trustee and the Bank, as the same may be supplemented and amended from time to time in accordance with its terms.

“Alternate Base Rate” shall mean a fluctuating rate of interest per annum equal to the higher of (i) the Overnight Effective Federal Funds Rate for such day as quoted in the “Composite Closing Quotations for U.S. Government Securities” published by the Federal Reserve Bank of New York plus 0.50% and (ii) the Base Rate. Each change in the Alternate Base Rate shall take effect simultaneously with the corresponding change or changes in the Base Rate or Overnight Effective Federal Funds Rate, as the case may be.

“Alternate Liquidity Facility” means a replacement standby bond purchase agreement or other liquidity facility which has satisfied all of the conditions set forth in Section 310(d) of the Third Supplement.

“Amortization End Date” means, with respect to any Bank Bond, the date on which such Bank Bonds are redeemed in accordance with Article IV of the Third Supplement or are paid in full.

“Amortization Start Date” means the last day of the Bank Purchase Period.

“Authority” has the meaning assigned to that term in the introductory paragraph to this Agreement.

“Authority Representative” shall have the meaning assigned to such term in the Indenture.

“Automatic Suspension Event” means an Event of Default in Section 7.01(b).

“Automatic Termination Event” means an Event of Default described in Section 7.01(a), Section 7.01(c) or Section 7.01(k) hereof or a Final Suspension Event.

“Available Commitment” means, on any day, the sum of the Available Principal Commitment and the Available Interest Commitment, in each case, as of such day.

“Available Interest Commitment” initially means \$1,850,532 constituting interest for 34 days on the initial amount of the Available Principal Commitment based upon an assumed rate of interest of twelve percent (12%) per annum calculated on the basis of a year of 365 days and the actual number of days elapsed and thereafter means such amount adjusted from time to time as follows: (a) downward by an amount that bears the same proportion to such amount as the amount of any reduction in the Available Principal Commitment pursuant to clause (a) or (b) of the definition of “Available Principal Commitment” bears to the Available Principal Commitment prior to such reduction; and (b) upward by an amount that bears the same proportion to such amount as the amount of any increase in the Available Principal Commitment pursuant to clause (c) of the definition of “Available Principal Commitment” bears to the Available Principal Commitment prior to such increase; provided, however, that if the Bank agrees, in its sole discretion, to deem Bonds bearing interest at the Term Rate or the Flexible Rate “Eligible Bonds” in accordance with Section 8.18 hereof, the Available Interest Commitment shall be increased to an amount equal to such number of days of interest on the Available Principal Commitment as is required by each Rating Agency rating the Bonds at the time of such proposed conversion to the Term Rate or Flexible Rate based on an assumed rate of interest of twelve percent (12%) per annum and a 365-day year and actual days elapsed, and shall continue to increase and decrease as described above. Any adjustments pursuant to clauses (a) or (b) above shall occur simultaneously with the event requiring such adjustment.

“Available Principal Commitment” initially means \$165,550,000 and thereafter means such amount adjusted from time to time as follows: (a) downward by the amount of any mandatory reduction of the Available Principal Commitment pursuant to Section 2.03; (b) downward by the principal amount of any Bonds purchased by the Bank pursuant to Section 2.01; and (c) upward by the principal amount of any Bonds theretofore purchased by the Bank pursuant to Section 2.01, which are remarketed (or deemed to be remarketed pursuant to Section 2.04(c) hereof) by the Remarketing Agent and for which the Bank has received immediately available funds equal to the principal amount thereof and accrued interest thereon; provided, however, that the sum of (i) the Available Principal Commitment plus (ii) the aggregate principal amount of Bank Bonds shall never exceed \$165,550,000. Any adjustments pursuant to clauses (a), (b) or (c) above shall occur simultaneously with the event requiring such adjustment.

“Bank” means the Bank as defined in the introductory paragraph to this Agreement.

“Bank Bond” means each Bond held by a Bank Bondholder.

“Bank Bondholder” means the Bank (but only in its capacity as owner (which as used herein shall mean beneficial owner if at the relevant time Bank Bonds are Book Entry Bonds) of Bank Bonds pursuant to this Agreement) and any other Person to whom the Bank has sold Bank Bonds pursuant to Section 2.04(a).

“Bank Purchase Date” means a Business Day during the Bank Purchase Period on which the Bank is required to purchase Bonds pursuant to Section 2.01.

“Bank Purchase Period” means the period from the Closing Date to and including the earliest of (a) the Stated Expiration Date then in effect, (b) the date on which no Bonds are Outstanding, (c) 5:00 p.m. on the Substitution Date, (d) the Business Day immediately succeeding the date on which all of the Bonds are converted to a rate other than a Covered Rate, (e) the close of business on the Noticed Termination Date, or (f) the close of business on the date the Available Commitment is reduced to zero or terminated pursuant to Section 2.03 or due to the occurrence of an Automatic Termination Event.

“Bank Rate” means, for each day of determination with respect to any Bank Bond, except as otherwise provided in Section 3.01(a) hereof, (i) for the period from and including the Bond Purchase Date of such Bank Bond through and including the last day of the Bank Purchase Period, the Alternate Base Rate; and (ii) for the period from and including the day immediately following the last day of the Bank Purchase Period to and including the Amortization End Date, the Alternate Base Rate plus one percent (1%); provided that from and after the occurrence of an Automatic Termination Event, the Bank Rate shall mean the Default Rate; provided, however, that the Bank Rate shall never exceed the Maximum Interest Rate.

“Base Rate” means the rate of interest per annum equal to the rate of interest per annum from time to time announced by the Bank as its prime rate (which is not intended to be the lowest rate of interest charged by the Bank in connection with the extensions of credit to its customers). Each change in the Base Rate shall take effect at the time of such change in such prime rate.

“Bond Insurance Policy” means the financial guaranty insurance policy issued by the Bond Insurer guaranteeing the regularly scheduled payment of the principal of and interest (including interest at the Bank Rate) on the Bonds when due (including all endorsements attached thereto) and any replacement Bond Insurance Policy with respect to the Bonds obtained by the Authority with the prior written consent of the Bank.

“Bond Insurer” means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company, and any issuer of any replacement Bond Insurance Policy obtained by the Authority with respect to the Bonds.

“Bond Insurer Event of Insolvency” means the occurrence and continuance of one or more of the following events: (a) the issuance, under the laws of the state of incorporation or organization of the Bond Insurer, of an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution of the Bond Insurer; (b) the commencement by the Bond Insurer of a voluntary case or other proceeding seeking an order for relief, liquidation, rehabilitation, conservation, reorganization or dissolution with respect to itself or its debts under the laws of the state of incorporation or organization of the Bond Insurer or any bankruptcy, insolvency or other similar law now or hereafter in effect including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for itself or any

substantial part of its property; (c) the consent of the Bond Insurer to any relief referred to in the preceding clause (b) in an involuntary case or other proceeding commenced against it; (d) the making by the Bond Insurer of an assignment for the benefit of creditors; (e) the failure of the Bond Insurer to generally pay its debts or claims as they become due; or (f) the initiation by the Bond Insurer of any actions to authorize any of the foregoing.

“**Bonds**” has the meaning assigned to that term in the recitals to this Agreement and shall include, unless the context otherwise requires, all Bank Bonds.

“**Book Entry Bonds**” means the Bonds so long as the book entry system with DTC or any other securities depository is used with respect to the registration and transfer of the Bonds.

“**Business Day**” means any day other than a Saturday, Sunday or a day on which banks located (a) in the city in which the principal corporate trust office of the Trustee is located, (b) in the city in which the office of the Bond Insurer or the Bond Insurer’s custodian at which claims under the Bond Insurance Policy are to be paid (initially, New York, New York) is located, (c) in the city in which the office of the Bank at which drawings hereunder are to be honored is located, (d) in the city in which the corporate trust office of the Trustee at which the Bonds may be tendered for purchase by the holders thereof is located and (e) in the city in which the principal office of the Remarketing Agent is located, are required or authorized to remain closed or on which The New York Stock Exchange is closed, and further, with respect to payments due from the Authority or notices required to be given by the Authority hereunder or under any other Related Document, shall also exclude any day on which the Authority is required or authorized to remain closed.

“**Closing Date**” means the date on which Bonds are initially issued and delivered by the Authority.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time.

“**Confirming Agreement**” means the Confirming Agreement dated as of even date herewith between the Bank and the Trustee, substantially in the form of Exhibit H hereto, as amended from time to time.

“**Conversion Date**” shall mean the date the Bonds, as a result of a written direction by the Authority to convert the interest rate on the Bonds pursuant to the Third Supplement, no longer bear interest at a Covered Rate.

“**Covered Rate**” means the Daily Rate or the Weekly Rate; provided, however, that following the delivery by the Bank of the notice attached hereto as Exhibit G in accordance with Section 8.18 hereof, Covered Rate shall mean the Daily Rate, the Weekly Rate, the Term Rate or the Flexible Rate.

“**Custodian**” means Wachovia Bank, National Association, or any successor thereto appointed pursuant to the terms of the Custody Agreement.

“Custody Agreement” means the Custody Agreement dated as of even date herewith between the Bank and the Custodian, substantially in the form of Exhibit F hereto, as amended from time to time.

“Daily Rate” means the rate of interest in effect from time to time with respect to the Bonds during any Daily Rate Period, as such term is defined in the Third Supplement.

“Default” means the occurrence of any event which, with the passage of time, the giving of notice, or both, would become an Event of Default.

“Defaulted Interest” means accrued interest payable on a Bond which was not paid when due under the terms of the Indenture.

“Default Rate” means the Alternate Base Rate from time to time in effect plus two percent (2.00%); provided, however, that the Default Rate shall never exceed the Maximum Interest Rate. The Default Rate shall change as and when the Alternate Base Rate changes.

“Default Tender” means a mandatory tender of the Bonds pursuant to Section 304(a)(iv) of the Third Supplement as a result of the Bank’s delivery of a Notice of Termination to the Trustee pursuant to Section 7.02(c).

“Deferred Interest” has the meaning given in Section 3.01(c).

“Deferred Interest Fee Amount” has the meaning given in Section 3.01(c).

“Differential Interest Amount” means, with respect to any Bank Bond, the excess of (a) interest which has accrued and could actually be paid on such Bank Bond at the Bank Rate, as determined in accordance with Section 3.01, up to but excluding the Business Day on which such Bank Bond is purchased from the Bank Bondholder of such Bank Bond pursuant to Section 2.04(b), less (b) the interest accrued on such Bank Bond received by the Bank Bondholder of such Bank Bond as part of the Sale Price.

“Dollars” and **“\$”** shall mean the lawful currency of the United States of America.

“DTC” means The Depository Trust Company.

“Eligible Bonds” means any Bonds bearing interest at a Covered Rate other than Bonds owned by, for the account of, or on behalf of the Authority.

“Event of Default” has the meaning given in Section 7.01.

“Extended Bank Purchase Period” has the meaning given in Section 3.04(b).

“Facility Fee” has the meaning given in Section 2.05.

“Final Suspension Event” has the meaning given in Section 7.02(a).

“Fiscal Year” for any Person means any consecutive 12-month period selected as such Person’s fiscal year.

“Fitch” means Fitch, Inc., its successors and assigns.

“Flexible Rate” means the rate or rates of interest in effect from time to time with respect to the Bonds during any Flexible Rate Period, as such term is defined in the Third Supplement.

“Governmental Authority” means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, tribunal, agency, bureau, court or entity (including the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind any of the parties to this Agreement at law.

“Indebtedness” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all obligation of such Person to purchase securities (or other assets) that arise out of or in connection with the sale of the same or substantially similar securities or assets, (f) all obligations of such Person to reimburse any bank or any other Person in respect of amounts paid under a letter of credit or any other similar instrument, (g) all Indebtedness of others secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person and (h) all guarantees by such Person of Indebtedness of other Persons.

“Indenture” has the meaning assigned to such term in the recitals to this Agreement.

“Insurer Adverse Change” occurs when the financial strength ratings assigned to the Bond Insurer by Moody’s, S&P and Fitch shall fall below “Aa3”, “AA-” and “AA-”, respectively, and such financial strength ratings shall remain below “Aa3”, “AA-” and “AA-”, respectively, for a period of 90 consecutive days.

“Interest Component” has the meaning given in Section 2.01.

“Interest Payment Date” with respect to Bonds which are not Bank Bonds, shall have the meaning assigned in the Third Supplement and, with respect to Bank Bonds, means each of the days described in Section 3.03.

“Materially Adverse Effect” means (a) with respect to any Person, a materially adverse effect upon such Person’s business, assets, liabilities, financial condition, results of operations or business prospects, and (b) with respect to any agreement or obligation, a materially adverse effect upon the binding nature, validity or enforceability of such agreement or obligation.

“Maximum Interest Rate” means the lesser of (a) twenty-five percent (25%) per annum and (b) the Maximum Lawful Rate.

“Maximum Lawful Rate” means the maximum non-usurious rate of interest on the relevant obligation permitted by applicable law.

“Moody’s” means Moody’s Investors Service, its successors and assigns.

“Noticed Termination Date” has the meaning given in Section 7.02(c).

“Notice of Bank Purchase” means, in the case of a purchase of Eligible Bonds by the Bank pursuant to Section 301 of the Third Supplement, a notice in the form of Exhibit A hereto, and in the case of a mandatory purchase of Eligible Bonds pursuant to Section 303(a) or 304(a) of the Third Supplement, a notice in the form of Exhibit B hereto; provided, that if the Bank delivers the notice referred to in Section 8.18 hereof, the term “mandatory purchase” as used herein shall include Bonds bearing interest at a Term Rate or a Flexible Rate which are subject to mandatory purchase in accordance with the Third Supplement. Notwithstanding the foregoing, in the event this Agreement terminates as a result of an Automatic Termination Event, the Bonds shall not be purchased by the Bank under this Agreement on the date of such termination.

“Notice of Termination” has the meaning given in Section 7.02(c).

“Official Statement” means, collectively the Preliminary Official Statement, dated June 5, 2003 and the final Official Statement dated June 12, 2003, prepared in connection with the initial sale and delivery of the Bonds, and any amendment and supplement thereto.

“Outstanding” with respect to the Bonds, shall have the same meaning assigned to such term as in the Third Supplement.

“Payment Date” means, with respect to any Bank Bond, the earliest to occur of (i) the Amortization End Date, (ii) the Conversion Date, (iii) the date on which no Bonds are Outstanding, and (iv) the effective date of an Alternate Liquidity Facility.

“Payment Office” has the meaning given in Section 3.04.

“Participant” has the meaning given in Section 8.02.

“Person” means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or a political subdivision or an agency or instrumentality thereof.

“Pledged Revenues” shall have the meaning assigned to such term in the Indenture.

“Property” means any and all rights, title and interest in and in any and all property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired.

“Purchase Contract” means the bond purchase agreement relating to the initial sale and delivery on the Closing Date of the Bonds by the Authority to the underwriters of the Bonds.

“Purchase Price” with respect to any Eligible Bond or portion thereof on a Bank Purchase Date therefor, means the unpaid principal amount thereof plus accrued interest thereon, other than Defaulted Interest, to but excluding such Bank Purchase Date, in each case without premium; provided that if the applicable Bank Purchase Date is an Interest Payment Date, interest payable on such Bond on such Interest Payment Date shall not be taken into account in the computation of the Purchase Price payable by the purchaser of such Bond and; provided further that the aggregate amount of Purchase Price constituting the Interest Component shall not exceed the amount specified in Section 2.01.

“Rating Agency” means Moody’s, S&P or Fitch.

“Rating Category” means one of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical or other modifier.

“Reimbursement Obligations” means obligations and liabilities of the Authority to the Bank arising under this Agreement other than the Authority’s obligations to pay the principal of and interest on the Bank Bonds in accordance with the terms thereof.

“Related Documents” means this Agreement, the Confirming Agreement, the Indenture, the Bonds, the Purchase Contract, the Bond Insurance Policy, the Custody Agreement and the Remarketing Agreement, as the same may be amended or modified from time to time in accordance with their respective terms and the terms hereof.

“Remarketing Agent” means Raymond James & Associates, Inc. and its successors and assigns, or any alternate remarketing agent appointed for the Bonds with the prior written consent of the Bank.

“Remarketing Agreement” means the Remarketing Agreement, dated as of June 1, 2003, between the Authority and the Remarketing Agent, as the same may be modified or amended, and if the Remarketing Agent has been replaced by a successor remarketing agent, any similar agreement between the Authority and such successor remarketing agent.

“Resolution” has the meaning assigned to such term in the recitals to this Agreement.

“Sale Price” has the meaning given in Section 2.04(b).

“S&P” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., its successors and assigns.

“Stated Expiration Date” means the later of (a) 5:00 p.m. on June 14, 2004, or, if such day is not a Business Day, the next preceding Business Day to such day, and (b) 5:00 p.m. on the

last day of any extension of such date pursuant to Section 3.04 or, if such day is not a Business Day, the next preceding Business Day to such day.

“Substitution Date” means the date on which an Alternate Liquidity Facility has satisfied all of the conditions in Section 310(d) of the Third Supplement and becomes effective.

“Tendered Bonds” means, as of any date, Eligible Bonds which are tendered or deemed tendered for purchase pursuant to Section 301(a), Section 303(a) or Section 304(a) of the Third Supplement and which, in any case, the Remarketing Agent has not remarketed; provided, however, that following the delivery by the Bank of the notice attached hereto as Exhibit G in accordance with Section 8.18 hereof, “Tendered Bonds” shall include Eligible Bonds which are tendered or deemed tendered for purchase pursuant to the Third Supplement and which the Remarketing Agent has not remarketed.

“Term Rate” means the rate of interest in effect from time to time with respect to the Bonds during any Term Rate Period, as such term is defined in the Third Supplement.

“Third Supplement” has the meaning assigned to such term in the recitals to this Agreement.

“Trustee” shall have the meaning assigned to such term in the recitals to this Agreement.

“Weekly Rate” means the rate of interest in effect from time to time with respect to the Bonds during any Weekly Rate Period, as such term is defined in the Third Supplement.

“written” or **“in writing”** means any form of written communication or a communication by means of telecopier or other telecommunication device capable of creating a writing.

SECTION 1.02. Interpretation. In this Agreement, (i) the singular includes the plural and the plural the singular; (ii) words importing any gender include the other genders; (iii) references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; (iv) the word “including” shall be deemed to be followed by the words “without limitation”; (v) a reference to a Person includes its permitted successors and permitted assigns; (vi) a reference to an agreement, instrument or document shall include such agreement, instrument or document as the same may be amended, modified or supplemented from time to time in accordance with its terms and as permitted hereby; and (vii) all references to time shall mean Eastern time, unless otherwise specified.

All references to Sections shall be deemed references to Sections of this Agreement unless the context shall otherwise require.

SECTION 1.03. Accounting Matters. All accounting terms used herein without definition shall be interpreted in accordance with generally accepted accounting principles, and except as otherwise expressly provided herein all accounting determinations required to be made pursuant to this Agreement shall be made in accordance with generally accepted accounting principles.

ARTICLE II COMMITMENT TO PURCHASE; FEES; AMORTIZATION

SECTION 2.01. Commitment to Purchase Bonds. The Bank agrees, subject to the terms and conditions contained in this Agreement and provided no Automatic Suspension Event or Automatic Termination Event has occurred and is continuing, to extend credit to the Authority through the purchase, solely with its own funds, of Tendered Bonds and any Bonds subject to purchase on a Bank Purchase Date, for the Bank's own account, from time to time during the Bank Purchase Period at the Purchase Price. The aggregate principal amount (or portion thereof) of any Bond purchased by the Bank on any Bank Purchase Date shall be an authorized denomination applicable to Bonds bearing interest at a Covered Rate, and in any case the aggregate principal amount of all Bonds purchased on any Bank Purchase Date shall not exceed the Available Principal Commitment in effect on such purchase date. The aggregate amount of the Purchase Price comprising interest on the Bonds (the "Interest Component") purchased on any Bank Purchase Date shall not exceed the lesser of (i) the Available Interest Commitment on such date and (ii) the actual aggregate amount of interest accrued on each such Bond, other than Defaulted Interest, but to and excluding such Bank Purchase Date; provided that if the applicable Bank Purchase Date is an Interest Payment Date, the amount described in this clause (ii) shall be reduced by the amount of interest payable on each such Bond on such Interest Payment Date. Any Bonds so purchased on a Bank Purchase Date shall thereupon constitute Bank Bonds and shall, from the date of such purchase and while they continue to be Bank Bonds, bear interest at the Bank Rate as from time to time in effect; provided that from and after an Automatic Termination Event, Bank Bonds shall bear interest at the Default Rate, and have such other characteristics of Bank Bonds as set forth in this Agreement and in the Third Supplement. The Bank has no obligation to purchase Bonds other than as expressly provided in this Agreement.

SECTION 2.02. Method of Purchase. The Trustee and Paying Agent shall give telephonic notice to the Bank (a) by 11:00 a.m. on the Business Day following the receipt of each tender notice pursuant to Section 301(c) of the Third Supplement, except for Bonds in the Daily Rate, and (b) by 3:00 p.m. on the Business Day prior to the date on which Bonds are subject to mandatory tender pursuant to Section 303(a) or Section 304(a) of the Third Supplement. The Trustee or the Paying Agent shall give telephonic notice to the Bank by 10:30 a.m. on the applicable Bank Purchase Date if it expects that Eligible Bonds are to be purchased by the Bank. If by 11:00 a.m. on the applicable Bank Purchase Date, the Bank receives a notice substantially in the form of Exhibit A or Exhibit B to this Agreement, as the case may be (any such notice to be referred to as a "Notice of Bank Purchase"), the Bank will, during the Bank Purchase Period, transfer not later than 1:00 p.m. on the Bank Purchase Date to the Trustee, in funds to be available as specified in such Notice of Bank Purchase, an amount equal to the aggregate Purchase Price of such Bonds. The Bank shall not have any responsibility for, or incur

any liability in respect of, any act, or any failure to act, by the Trustee or the Paying Agent which results in the failure of the Trustee or the Paying Agent (y) to credit the appropriate account with funds made available by the Bank pursuant to this Section or (z) to effect the purchase of Bonds for the account of the Bank with such funds pursuant to this Section. The Bank shall purchase any Bonds it is required to purchase with its own funds and purchase payments shall be made in immediately available funds. The Bonds purchased with amounts made available under this Agreement shall be registered in the name of the Bank or its designee and shall be held as Bank Bonds in trust by the Trustee for the benefit of the Bank or such designee as the Bank may elect, but upon the written request of the Bank shall be promptly delivered by the Trustee to the Bank or its designee. As long as Bonds are Book Entry Bonds, the Bank shall be shown as the beneficial owner of Bonds purchased by the Bank pursuant to this Agreement on the books and records of the Trustee and DTC. Amounts made available under this Agreement which are not so used to purchase Bonds will be returned to the Bank by the Paying Agent no later than 4:00 p.m. on the applicable Bank Purchase Date.

SECTION 2.03. Reduction of Commitment.

(a) Mandatory Reduction of Commitment. Upon (i) any redemption, repayment or other payment pursuant to the Indenture of all or any portion of the principal amount of the Bonds (other than Bank Bonds) so that such Bonds shall cease to be Outstanding under the Third Supplement or (ii) the close of business on the Business Day immediately succeeding the Conversion Date, the aggregate Available Principal Commitment of the Bank shall automatically be reduced by the principal amount of such Bonds so redeemed, repaid, defeased or otherwise deemed paid or so converted, as the case may be, and the Available Interest Commitment shall also be simultaneously reduced. The Authority shall provide to the Bank a copy of any direction to redeem Bonds delivered to the Trustee pursuant to Section 401(d)(ii) of the Third Supplement on the same date such direction is provided to the Trustee, and the Trustee shall notify the Bank (with a copy to the Authority) within two (2) Business Days of such redemption, repayment, defeasance or other payment or conversion.

(b) Voluntary Termination of Commitment. The Authority may terminate this Agreement, at any time, by substituting an Alternate Liquidity Facility for this Agreement upon thirty (30) days' prior written notice to the Bank; provided that (A) the provider of an Alternate Liquidity Facility shall agree, in a manner acceptable to the Bank, to purchase on the Substitution Date any Bank Bonds, not otherwise remarketed, held by or on behalf of a Bank Bondholder at a purchase price equal to the principal amount of such Bank Bonds plus accrued interest thereon at the interest rate at which the Bonds are remarketed and (B) any Deferred Interest, Deferred Interest Fee Amounts and any other amounts payable to the Bank or any Bank Bondholder hereunder or in respect to the Bank Bonds shall have been paid in full. The Available Commitment shall automatically terminate on the expiration of the Bank Purchase Period.

(c) No Other Reduction or Termination. Except as specifically provided in this Section 2.03, no Person shall have the right to reduce or terminate the Available Commitment.

SECTION 2.04. Sale of Bank Bonds.

(a) **Right to Sell Bank Bonds.** The Bank shall have the right to sell Bank Bonds to any Person at any time subject, however, to the express terms of this Agreement. The Bank agrees that such sales (other than sales made pursuant to Section 2.04(b)) will be made only to institutional investors or other entities or individuals which customarily purchase commercial paper or tax-exempt securities in large denominations. The Bank agrees to notify the Authority, the Trustee and the Remarketing Agent promptly of any such sale (other than a sale made pursuant to Section 2.04(b)) and, if such Bank Bond is a Book Entry Bond, specifying the account at DTC to which such Bank Bond is credited; and to notify the transferee in writing that such Bond is no longer an Eligible Bond so long as it remains a Bank Bond and that there may not be a short-term investment rating assigned to such Bond so long as it remains a Bank Bond. Any Bank Bondholder purchasing a Bank Bond from the Bank shall be deemed to have agreed (i) not to sell such Bank Bond to any Person except the Bank or a purchaser identified by the Remarketing Agent pursuant to Section 2.04(b) and (ii) if such Bank Bond is a Book Entry Bond, to give all notices in the manner and by the time required by DTC to exclude such Bank Bond from mandatory tenders of Bonds while it remains a Bank Bond. Prior to selling a Bank Bond to a Bank Bondholder, the Bank shall obtain a written acknowledgment from such Bank Bondholder stating that such Bank Bondholder has no right to tender the Bank Bond.

(b) **Sales by Remarketing Agent.** The Bank and each other Bank Bondholder, by the acceptance by each of a Bank Bond, hereby authorize the Remarketing Agent to sell Bank Bonds purchased pursuant to Section 2.02 on behalf of the Bank or such Bank Bondholder pursuant to the Indenture and in accordance with applicable securities law at a price equal to the principal amount thereof plus unpaid accrued interest thereon to but excluding the date such Bank Bonds are to be sold pursuant to this Section 2.04(b) at the interest rate to be borne by the Bonds after such sale or, if less, the Bank Rate (the "Sale Price"). If less than all Bank Bonds are remarketed on any date, the Bank Bonds having the highest aggregate amount of Deferred Interest payable shall be deemed to be remarketed first. Any sale of a Bank Bond pursuant to this Section 2.04(b) shall be without recourse to the seller and without representation or warranty of any kind. The Bank agrees to deliver and, by its acceptance of a Bank Bond, each other Bank Bondholder agrees to deliver (but only upon receipt by the Bank or such other Bank Bondholder of dollars (in immediately available funds) in the amount of the Sales Price) to the Trustee each certificate representing a Bank Bond sold by it pursuant to this Section 2.04(b), including without limitation certificates representing Bank Bonds which are deemed to have been delivered in accordance with the provisions of the Indenture. If Bank Bonds are Book Entry Bonds, upon receipt by the Bank or such other Bank Bondholder of the Sales Price, the Trustee shall cause the purchaser of such Bank Bonds to be shown as the beneficial owner of such Bonds on the books and records of the Trustee and DTC.

(c) **Right to Retain Bonds.** (i) Notwithstanding the foregoing or anything else contained in this Agreement, the Bank and each other Bank Bondholder shall have the right, by not less than two (2) Business Days' prior written notice to the Remarketing Agent, to elect not to sell the Bank Bonds or any portion thereof pursuant to Section 2.04(b); provided that such election may not be exercised if the Bank or such other Bank Bondholder has received written notice from the Remarketing Agent that such Bank Bonds have been remarketed. If the Bank elects not to sell the Bank Bonds, the Bonds will no longer be considered Bank Bonds and the

Bank, or such other Bank Bondholder, as an owner of any Bonds other than as Bank Bonds, shall have the same rights as owners of Bonds under the Indenture, other than the right to require purchase of such Bonds from proceeds of an advance under this Agreement.

(ii) After any sale of Bank Bonds by the Remarketing Agent pursuant to Section 2.04(b) and payment to the applicable Bank Bondholder of the outstanding principal and interest accrued on the Bank Bonds so sold, or any election by a Bank Bondholder not to sell such Bank Bonds or any portion thereof through the Remarketing Agent pursuant to Section 2.04(c), such Bank Bonds so sold or as to which such election is made, shall from such sale date or upon such election cease to be considered Bank Bonds under this Agreement and will cease to bear interest at the Bank Rate and shall bear interest at the applicable interest rate for Bonds other than Bank Bonds and the Available Commitment shall be increased by the same amount as would be the case if such Bank Bonds had been remarketed.

(d) Payment of Differential and Deferred Interest Fee Amounts. Following any sale of Bank Bonds, pursuant to Section 2.04(b) or otherwise, or any election to retain Bank Bonds as Bonds pursuant to Section 2.04(c), the Bank shall retain the right to receive payment from the Authority of any accrued Differential Interest Amount and any Deferred Interest Fee Amounts and interest thereon as provided in this Agreement and in the Third Supplement. Any Differential Interest Amount and any Deferred Interest Fee Amount payable on Bank Bonds sold by the Remarketing Agent shall be payable by the Authority to the Bank on the earlier of (i) the occurrence of an Automatic Suspension Event or Automatic Termination Event and (ii) the Interest Payment Date next succeeding the applicable Purchase Date or if the Purchase Date is an Interest Payment Date, then on such Purchase Date.

(e) Redemption of Bank Bonds. The Authority shall cause the Trustee to first redeem Bank Bonds prior to any redemption of any other Bonds under Section 401 of the Third Supplement.

