

**RESTRICTED BOND RETIREMENT ACCOUNT AGREEMENT  
BY AND BETWEEN  
THE CITY OF PITTSBURGH, PENNSYLVANIA  
AND  
THE INTERGOVERNMENTAL COOPERATION AUTHORITY FOR  
CITIES OF THE SECOND CLASS**

This Restricted Retirement Bond Account Agreement dated as of March 11, 2009 (the “Agreement”) is by and between the City of Pittsburgh, Pennsylvania (the “City”) and the Intergovernmental Cooperation Authority for Cities of the Second Class (“ICA”).

WHEREAS, on October 20, 2008 the ICA approved the City’s 2009-2013 Five Year Plan subject to the condition, inter alia, that the City would ~~irrevocably~~ deposit \$45,370,743 into a restricted fund on or before December 31, 2008, which fund would be used, subject to mutual Agreement between the ICA and the City, solely to retire, redeem, or purchase certain outstanding bonds of the City, thereby accelerating the reduction of the City’s debt service obligations; and

WHEREAS, the City and the ICA desire to enter into this Agreement to further define and clarify the parties’ obligations in connection with this transaction.

NOW, THEREFORE, intending to legally bound, the City and the ICA, hereby covenant and agree as follows:

1. As of December 31, 2008, the City and the ICA have established a restricted account within the Debt Service Reserve Fund to be called the “City of Pittsburgh Restricted Debt Fund” (the “Fund”).

2. On or before December 31, 2008, the City shall ~~irrevocably~~ transfer \$45,370,743 from its unrestricted general funds into the Fund. These monies, together with any investment earnings thereon, shall be accounted for separately from any other City funds, and are restricted for the sole purpose of reducing the City’s outstanding debt liabilities. No expenditures may be made from the Fund, except pursuant to the prior written consent of the ICA and the City, acting through the Mayor or the City’s Director of Finance, as designee of the Mayor.

3. Funds on deposit in the Fund (including any investment earnings thereon) shall be used solely to (a) retire or redeem general obligation bonds of the City (the “Bonds”), or (b) purchase Bonds in the secondary market. In no event shall funds be disbursed from the Fund without the prior written consent of the ICA and the City. ~~Further,~~ ~~†~~ The amounts deposited into the Fund shall not diminish or otherwise reduce the City’s existing debt service obligations to make current deposits (i.e., include same in its annual Budget) with respect to the Bonds as set forth in the Five Year Plan, provided however, that, if necessary, the City may apply all or any portion of the Fund to reduce the annual general fund debt service requirements so as to bring the ~~Plan Budget~~ into balance. In all events, any such action as described in this Paragraph shall be subject to the prior written approval of the ICA and the City. Furthermore, pursuant to the written approval of the ICA, the Mayor and the City Council of the City of Pittsburgh,

expenditures may be made for purposes other than retirement, redemption or purchase of outstanding general obligation bonds of the City.

4. The City and the ICA shall consult on a regular basis with respect to the financial feasibility of retiring, redeeming or purchasing the City GO Bonds.

5. In the event that the ICA or the Director of Finance of the City identifies Bonds which are financially appropriate to retire, redeem or purchase, the City, with the prior written consent of the ICA and City, shall proceed with such retirement, redemption or purchase, and the City shall apply funds on deposit in the Fund for such retirement, redemption or purchase pursuant to applicable law, and/or any applicable Agreements relating to such retirement, redemption or purchase.

6. The Fund shall be invested in ~~short-term~~ liquid investments in order that such funds shall be available to accomplish the purposes set forth herein.

7. This Agreement shall continue in full force and effect until the earlier of all amounts in the Fund have been disbursed as provided herein, or the legal existence of the ICA has terminated. If all amounts in the Fund have not been disbursed as of the time of termination of the legal existence of the ICA, all remaining amounts shall be used solely, and for no other purpose whatsoever, to retire, redeem or purchase, in whole or in part, the City's outstanding general obligation bonds.

8. This Agreement shall only be amended by the written agreement of the parties hereto.

WITNESS the due execution hereof, as of the 11<sup>th</sup> day of March, 2009.

CITY OF PITTSBURGH

INTERGOVERNMENTAL  
COOPERATION AUTHORITY FOR  
CITIES OF THE SECOND LASS

By: \_\_\_\_\_  
Director of Finance

By: \_\_\_\_\_