

---

---

**NEW YORK CITY MUNICIPAL  
WATER FINANCE AUTHORITY**

**WATER AND SEWER SYSTEM  
GENERAL REVENUE BOND RESOLUTION**

**Adopted November 14, 1985**

Incorporating changes affected by the:  
Third Supplemental Resolution adopted January 22, 1987  
Sixteenth Supplemental Resolution adopted April 1, 1992  
Twenty-second Supplemental Resolution adopted November 10, 1993  
Forty-fourth Supplemental Resolution adopted November 21, 2000  
Fiftieth Supplemental Resolution adopted June 13, 2001  
Sixtieth Supplemental Resolution adopted June 20, 2002  
Sixty-second Supplemental Resolution adopted December 5, 2002



**WATER AND SEWER SYSTEM  
GENERAL REVENUE BOND RESOLUTION**

**WHEREAS**, the New York City Municipal Water Finance Authority (the “Authority”) was created by the New York City Municipal Water Finance Authority Act (the “Act”), Chapter 513 of the Laws of 1984 of the State of New York, as amended by Chapter 514 of the Laws of 1984 of the State of New York (the “State”); and

**WHEREAS**, the New York City Water Board (the “Board”) was created by Chapter 515 of the Laws of 1984 of the State; and

**WHEREAS**, the Act empowers The City of New York (the “City”), among other things, to transfer its water and sewerage system (the “System”) to the Board by deed, lease or other arrangement; and

**WHEREAS**, the Act empowers the Board, among other things, to acquire the System from the City and to fix and collect rates, fees, rents and other charges for the use of, or for services furnished, rendered or made available by the System so as to produce revenues sufficient to place the System on a self-sustaining basis; and

**WHEREAS**, the Act empowers the Authority, among other things, to issue its bonds, notes or other obligations to finance Water Projects (as defined in the Act) and to enter agreements with the Board and the City in connection therewith; and

**WHEREAS**, pursuant to a Lease Agreement dated as of July 1, 1985, by and between the Board and the City (the “Lease”), the Board has acquired a leasehold interest in the System from the City; and

**WHEREAS**, pursuant to a Financing Agreement, dated as of July 1, 1985, by and among the Authority, the Board and the City (the “Agreement”), (a) the Authority, among other things, has agreed to use its best efforts to issue its Bonds from time to time, to finance the Water Projects described, from time to time, in the Agreement, (b) the Board, among other things, has (i) given, granted, sold and conveyed to the Authority, subject to the terms and conditions of this Resolution, the Act and the Agreement with respect to the use and application thereof, all of the Revenues (hereinafter defined) derived by the Board from the operation of the System and (ii) covenanted to set rates, fees and charges, to the extent therein provided, sufficient to, among other things, pay the costs of operating and maintaining the System and to pay the principal of and interest on the bonds, notes or other obligations of the Authority, (c) the City, among other things, has agreed to collect all the rates, fees and charges levied by the Board for the use of the System and to enforce the rules and regulations of the Board with respect to the System and (d) pursuant to the Act and the Agreement, the City shall continue to operate and maintain the System; and

**WHEREAS**, the Authority has heretofore issued its \$5,000,000 Water and Sewer System Initial Series Note, dated July 1, 1985, bearing interest from its date at the rate of 4.75% per annum payable at maturity and maturing on November 1, 1985, as the same may be renewed or extended (the “Prior Note”), to temporarily finance a portion of the costs of the Water Projects described, from time to time, in the Agreement; and

**WHEREAS**, the Authority has determined to authorize the issuance, from time to time, of its water and sewer revenue bonds and to use the proceeds derived from the sale thereof to carry out its corporate purposes under the Act, including, without limitation, financing, in whole or in part, the costs of the Water Projects described, from time to time, in the Agreement and the refunding of bonds, notes or other obligations theretofore issued to finance such costs.

**NOW, THEREFORE**, be it resolved by the Board of Directors of the New York City Municipal Water Finance Authority as follows:

## **ARTICLE I**

### **DEFINITIONS AND INTERPRETATION**

**SECTION 101. Definitions.** In this Resolution the following terms shall have the following meanings unless the context otherwise requires:

**“Account”** shall mean one of the special accounts created and established pursuant to this Resolution.

**“Accountant”** shall mean an independent certified public accountant (or a firm thereof) of recognized standing, selected by the Authority and satisfactory to the Trustee and may be the accountant regularly auditing the books of the City.

**“Act”** shall mean the New York City Municipal Water Finance Authority Act, constituting Title 2A of Article 5 of the Public Authorities Law of the State, as amended.

**“Adjusted Aggregate Debt Service”**, for any Fiscal Year shall mean, as of any date of calculation, the sum of the Adjusted Debt Service for all Series of Bonds Outstanding during such Fiscal Year.

**“Adjusted Debt Service”** for any Fiscal Year and for any Series of Bonds shall mean, as of any date of calculation, the Debt Service for such Fiscal Year with respect to such Series except that, if any Refundable Principal Installment of such Series of Bonds is included in Debt Service for such Fiscal Year, Adjusted Debt Service shall mean Debt Service determined as if such Refundable Principal Installment had been payable over a period extending from the due date of such Refundable Principal Installment through the last date on which such Series of Bonds could have been stated to mature under the Act as in effect on the date of issuance of such Series, in installments which would have required equal annual payments of Principal Installments and interest over such period. Interest deemed payable in any Fiscal Year after the actual due date of any Refundable Principal Installment of any Series of Bonds shall be calculated at the actual interest cost on all Bonds of such Series (using the actuarial method of calculation).

**“Aggregate Debt Service”** shall mean for any Fiscal Year, as of any date of calculation, the sum of the Debt Service for all Bonds Outstanding during such Fiscal Year.

**“Agreement”** shall mean the Financing Agreement, dated as of July 1, 1985, entered into pursuant to Section 1045-i of the Act, by and among the Authority, the Board and the City, as amended by Amendment No. 1, dated as of November 1, 1985 and as the same may be further amended or supplemented.

**“Annual Budget”** shall mean the annual budget of the Board, as amended or supplemented, adopted or in effect for a particular Fiscal Year, as provided in Section 6.4 of the Agreement.

**“Arbitrage Rebate Fund”** shall mean the Arbitrage Rebate Fund established pursuant to Section 510-a thereof.

**“Authority”** shall mean the New York City Municipal Water Finance Authority, a body corporate and politic constituting a public benefit corporation created and existing under and by virtue of the Act.

**“Authority Budget”** shall mean the annual budget of the Authority, as amended or supplemented, adopted or in effect for a particular Fiscal Year, as provided in Section 712 hereof.

**“Authority Expense Fund”** shall mean the Authority Expense Fund established pursuant to Section 502(a) hereof.

**“Authority Expenses”** shall mean all reasonable or necessary current expenses of the Authority, including all salaries, administrative, general, commercial, engineering, advertising, public notice, auditing and legal expenses, insurance and surety bond premiums, fees paid to banks, insurance companies or other financial institutions for the issuance of Credit Facilities, consultants’ fees and charges, payments to pension, retirement, health and hospitalization funds, costs of public hearings, ordinary and current rentals of equipment and other property, lease payments for real property or interests therein, expenses, liabilities and compensation of any Fiduciary and all other expenses necessary incidental or convenient for the efficient operation of the Authority.

**“Authorized Newspaper”** shall mean “The Bond Buyer” or such other newspaper or financial journal which is customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, printed in the English language, containing financial news, and of general circulation in the Borough of Manhattan, City and State of New York.

**“Authorized Representative”** shall mean (i) in the case of both the Authority and the Board, their respective Chairman or Executive Director, or such other person or persons so designated by resolution of the Authority or the Board, as the case may be, and (ii) in the case of the City, the Mayor, unless a different City official is designated herein or in a Supplemental Resolution to perform the act or sign the document in question.

**“Board”** shall mean the New York City Water Board, a body corporate and politic constituting a corporate municipal instrumentality of the State created and existing under and by virtue of the Act.

**“Bond” or “Bonds”** shall mean any bonds, notes or other evidences of indebtedness, as the case may be, authenticated and delivered pursuant to this Resolution and shall also mean any Parity Bond Anticipation Note and any Parity Reimbursement Obligation, but shall not mean Subordinated Indebtedness or other Bond Anticipation Notes.

**“Bond Anticipation Notes”** shall mean any of the Notes issued pursuant to Section 208 hereof.

**“Bond Counsel’s Opinion”** shall mean an opinion signed by Willkie Farr & Gallagher or by any other attorney or firm of attorneys of nationally recognized standing in the field of law relating to revenue bonds of municipalities and public agencies, selected by the Authority and satisfactory to the Trustee.

**“Bond Payment Date”** shall mean each date on which interest or both a Principal Installment and interest shall be due and payable on any of the Outstanding Bonds according to their respective terms.

**“Bond Year”** shall mean, with respect to any Series, the twelve-month period, if any, set forth in a Supplemental Resolution.

**“Bondholder”, “owner” or “holder”** or words of similar import shall mean, when used with reference to a Bond, the person in whose name the Bond is registered.

**“Capitalized Interest”** shall mean, for any particular Series, that portion of the proceeds of the Bonds of such Series, if any, required by the Supplemental Resolution authorizing such Series to be deposited in a sub-account established for such Series in the Capitalized Interest Account in the Debt Service Fund, for the purpose of funding the payment of a portion of the interest on the Bonds of such Series.

**“Capitalized Interest Account”** shall mean the Account by that name established in the Debt Service Fund pursuant to Section 502(c) hereof.

**“Cash Flow Requirement”** shall mean, for each Fiscal Year and as of any date of certification, the amount, certified by the Authority to the Trustee and the Board as provided in the Agreement, equal to the difference between (a) the sum of (i) the estimated Aggregate Debt Service for such Fiscal Year, (ii) the Projected Debt Service for such Fiscal Year, (iii) the estimated Authority Expenses for such Fiscal Year and (iv) the other Required Deposits estimated for such Fiscal Year and (b) (i) if such certification is made prior to the commencement of such Fiscal Year, the amount anticipated by the Authority as of such date of certification to be held by the Trustee, as of the first day of such Fiscal Year, in the Revenue Fund and (ii) if such certification is made after the commencement of such Fiscal Year, the amount described in subclause (i) of this clause (b).

**“Certificate”** shall mean, as the context indicates, either (i) a signed document attesting to or acknowledging the matters therein stated or setting forth matters to be determined pursuant to this Resolution, (ii) the report of an Accountant as to an audit or compliance called for by this Resolution, or (iii) any report of the Consulting Engineer or Rate Consultant as to any matter called for by this Resolution or the Agreement.

**“Chief Accountant”** shall mean, as of any date, the duly appointed and acting Chief Accountant of the City, or such other person duly appointed and authorized to act on behalf of the Chief Accountant, or, if there shall no longer be a Chief Accountant, the duly appointed official of the City succeeding to the duties and functions of the Chief Accountant.

**“City”** shall mean The City of New York.

**“Code”** shall mean the Internal Revenue Code of 1986, as amended, or any successor thereto, as the same may be in effect from time to time.

**“Commissioner”** shall mean, as of any date, the duly appointed and acting Commissioner of Environmental Protection of the City, or such other person duly appointed and authorized to act on behalf of such Commissioner, or, if there shall no longer be such an office, the duly appointed official of the City succeeding to the duties and functions of such Commissioner.

**“Common Account”** shall mean the Common Account established in the Debt Service Reserve Fund pursuant to Section 502(b) hereof.

**“Comptroller”** shall mean the Comptroller of the City or such other person duly appointed and authorized to act on behalf of the Comptroller.

**“Construction Fund”** shall mean the Construction Fund established pursuant to Section 502(a) hereof.

**“Consulting Engineer”** shall mean Metcalf & Eddy of New York, Inc. or such other independent engineer or firm of engineers of recognized standing selected by the Authority and satisfactory to the Board and may include an independent engineer or firm of engineers retained by the City in one or more other capacities.

**“Costs” or “Costs of a Water Project”** shall mean the cost of “construction”, as such term is defined in the Act including, without limiting the generality of the foregoing, the erection, building, alteration, improvement, increase, enlargement, extension, reconstruction, renovation or rehabilitation of the System or a Water Project, the inspection and supervision thereof, the engineering, architectural, legal, fiscal, economic and environmental investigations and studies, surveys, designs, plans, working drawings, specifications, procedures and other actions incidental thereto, the cost of the acquisition of all property; the cost of demolishing, removing or relocating any buildings or structures on lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved or relocated; the cost of all systems, facilities, machinery, apparatus and equipment, financing charges, interest prior to, during and after construction to the extent not paid or provided for from revenues or other sources, the cost of engineering and architectural surveys, plans and specifications; the cost of consultants’ and legal services; the cost of lease guarantee or bond insurance, other expenses necessary, reasonably related or incidental to the construction of such Water Project and the financing of the construction thereof, including the cost of Credit Facilities, the amounts authorized in this Resolution to be paid into any reserve or other special fund from the proceeds of Bonds and the financing of the placing of any Water Project in operation, including reimbursement to any municipality, state agency, the State, the United States of America, or any

other person for expenditures that would be costs of such Water Project hereunder and all claims arising from any of the foregoing.

**“Costs of Issuance”** shall mean all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for the insurance of the payment of the Bonds and any other cost, charge or fee in connection with the original issuance of Bonds.

**“Counterparty”** shall mean an entity whose senior long term debt obligations, or whose obligations under an Interest Rate Exchange Agreement are guaranteed by a financial institution whose senior long term debt obligations, have a rating (at the time the subject Interest Rate Exchange Agreement is entered into) of Aa or better by Moody’s Investors Service Inc. and AA or better by Standard & Poor’s Corporation.

**“Credit Facility”** shall mean a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution which provides for payment of all or a portion of the Principal Installments or interest due on any Series of Bonds or provides funds for the purchase of such Bonds or portions thereof.

**“Debt Service”** for any Fiscal Year or part thereof shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest payable during such Fiscal Year or part thereof on Bonds of such Series (including interest on Parity Bond Anticipation Notes), except to the extent that such interest is to be paid from amounts representing Capitalized Interest and (ii) the Principal Installments of the Bonds of such Series payable during such Fiscal Year or part thereof. Such interest and Principal Installment for such Series shall be calculated on the assumption that (x) no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment thereof upon stated maturity or upon mandatory redemption by application of Sinking Fund Installments and (y) Variable Rate Bonds will bear interest at the greater of (A) the rate or rates which were assumed by the Authority in the Authority Budget for such Fiscal Year to be borne by Variable Rate Bonds during such Fiscal Year or (B) the average rate or rates borne during such Fiscal Year on Variable Rate Bonds Outstanding during the twelve calendar months preceding the date of calculation.

**“Debt Service Fund”** shall mean the Debt Service Fund established pursuant to Section 502(a) hereof.

**“Debt Service Reserve Fund”** shall mean the Debt Service Reserve Fund, and the Accounts therein established pursuant to Section 502(a) hereof.

**“Debt Service Reserve Requirement”** shall mean, as of any date of calculation, and for any Fiscal Year, the amount equal to the maximum Adjusted Aggregate Debt Service in the

current or any future Fiscal Year on all Bonds Outstanding; provided, however, that, if (i) the payment of the Principal Installments of or interest on any Series of Bonds or portion thereof is secured by a Special Credit Facility, (ii) the payment of the Tender Option Price of any Option Bond of a Series is secured by a Special Credit Facility or (iii) the Authority has determined in a Supplemental Resolution authorizing the issuance of a Series of Bond that such Series of Bonds will not be secured by the Common Account in the Debt Service Reserve Fund, the Supplemental Resolution authorizing such Series may specify the Debt Service Reserve Requirement, if any, for the Bonds of such Series.

For the purpose of calculating the Debt Service Reserve Requirement for any Series of Variable Rate Bonds, the maximum Adjusted Debt Service on such Series shall be determined by reference to the Pro Forma Bond Issue for such Series set forth in the Supplemental Resolution authorizing such Series.

**“Defeasance Obligations”** shall mean:

(A) any non-callable bonds or other obligations which as to principal and interest constitute direct obligations of, or are guaranteed by the United States of America, including obligations of any agency thereof or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America to the extent unconditionally guaranteed by the United States of America; or

(B) any other non-callable receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in subclause (A) of this clause;

provided, however, that, when used in connection with any Bond authorized to be issued by a Supplemental Resolution adopted on or after June 1, 2001, such term also means:

(C) a non-callable obligation of the United States of America which has been stripped by the United States Department of the Treasury itself or by any Federal Reserve Bank (not including “CATS,” “TIGRS” and “TRS” unless the Authority obtains Rating Confirmation with respect to the Bond to be defeased);

(D) the interest component of REFCORP bonds for which separation of principal and interest is made by request of the Federal Reserve Bank of New York in book–entry form;

(E) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision (i) the interest on which is excludable from gross income under Section 103 of the Code, (ii) that, at the time an investment therein is made or such obligation is deposited in any fund or account established pursuant to Section 1201 hereof, is rated in the highest rating category of the

Rating Agencies, (iii) that is not subject to redemption prior to maturity other than at the option of the holder thereof or either (1) has irrevocably been called for redemption or (2) as to which irrevocable instructions have been given to call such obligation on a stated future date and (iv) the timely payment of the principal or redemption price thereof and interest thereon is fully secured by a fund consisting only of cash or obligations described in clauses (A), (B), (C), (D), (E) and (F), which fund may be applied only to the payment of the principal or and interest and redemption premium, if any, on the obligation secured thereby; and

(F) a non-callable note, bond, debenture, mortgage or other evidence of indebtedness that, at the time acquired, is (i) issued or guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association, the Federal Farm Credit System or any other instrumentality of the United States of America and (ii) rated in the highest rating category of the Rating Agencies;

provided, further, that the term “Defeasance Obligations” shall not mean any interest in a unit investment trust or a mutual fund.

**“Depository”** shall mean any bank or trust company selected by the Board or the Authority, as the case may be, as a depository of moneys to be held under the provisions of the Agreement or this Resolution, and may include the Trustee.

**“Director”** shall mean, as of any date, the duly appointed and acting Director of Management and Budget of the City, or the person duly appointed and authorized to act on behalf of such Director, or, if there shall no longer be such an office, the duly appointed official of the City succeeding to the duties and functions of such Director.

**“Disbursement Request”** shall mean the written request signed by an Authorized Representative of the Authority and required to be delivered to the Trustee pursuant to Section 503 hereof to effect disbursements from the Construction Fund and shall be in substantially the form set forth in Exhibit A hereto.

**“Event of Default”** shall mean any event specified in Section 1001 hereof.

**“Fiduciary”** shall mean the Trustee or any Paying Agent or Depository.

**“Financial Guaranties”** shall mean one or more of the following: (i) irrevocable, unconditional and unexpired letters of credit issued by banking institutions the senior long-term debt obligations of which (or the holding company of any such banking institution) have (at the time of issue of such letter of credit) a rating of Aa2 or better by Moody’s Investors Service Inc. and AA or better by Standard & Poor’s Corporation; or (ii) an irrevocable and unconditional policy or policies of insurance in full force and effect issued by municipal bond insurers the obligations insured by which are eligible for a rating of Aa or better by Moody’s Investors Service Inc. and AA or better by Standard & Poor’s Corporation; in each case providing for the payment of sums for the payment of Principal Installments of and interest on Bonds in the manner provided in Section 508; and providing further that any Financial Guaranty of the type described in (i) above must be drawn upon, on a date which is at least thirty (30) days prior to the

expiration date of such Financial Guaranty, in an amount equal to the deficiency which would exist if the Financial Guaranty expired, unless a substitute Financial Guaranty is acquired prior to such expiration date as provided in a related Supplemental Resolution.

**“Fiscal Year”** shall have the meaning ascribed to such term in the Agreement.

**“Fixed Rate Bond”** shall mean, as of any date of determination, any Bond bearing interest at a fixed rate for the remainder of its term.

**“Fund”** shall mean any fund established pursuant to Section 502 hereof.

**“Interest Rate Exchange Agreement”** shall mean any financial arrangement (i) that is entered into by the Authority with an entity that is a Counterparty at the time the arrangement is entered into; (ii) which provides that the Authority shall pay to such entity an amount based on the principal amount of a Series of Bonds, and that such entity shall pay to the Authority an amount based on the principal amount of such Series of Bonds, in each case computed in accordance with a formula set forth in such agreement, or that one shall pay to the other any net amount due under such arrangement; (iii) which has been designated in writing to the Trustee by an Authorized Representative of the Authority as an Interest Rate Exchange Agreement with respect to a Series of Bonds and (iv) which, in the opinion of Bond Counsel, will not adversely effect the exclusion of interest on Bonds from gross income for the purposes of federal income taxation.

**“Investment Securities”** shall mean and include any of the following securities, if and to the extent the same are at the time legal investments by the Authority of the funds to be invested therein and conform to the policies set forth in any investment guidelines adopted by the Authority and in effect at the time of the making of such investment:

(i) direct obligations of, or obligations guaranteed as to principal and interest by, the State or direct obligations of any agency or public authority thereof, provided such obligations are rated, at the time of purchase, in one of the two highest rating categories by each Rating Agency then maintaining a rating on Outstanding Bonds;

(ii) (A) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are guaranteed by the United States of America, including obligations of any agency thereof or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America to the extent unconditionally guaranteed by the United States of America or (B) any other receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in subclause (A) of this clause (ii);

(iii) obligations of any agency, subdivision, department, division or instrumentality of the United States of America; or obligations fully guaranteed as to interest and principal by any agency, subdivision, department, division or instrumentality of the United States of America;

(iv) banker's acceptances or certificates of deposit issued by a commercial bank (A) whose long-term debt obligations are rated by each Rating Agency then maintaining a rating on the Outstanding Bonds at least equal to the rating on Outstanding Bonds that are not insured or otherwise secured by a Credit Facility or a Special Credit Facility, (B) that has its principal place of business within the State and (C) that has capital and surplus of more than \$100,000,000;

(v) corporate securities, including commercial paper and fixed income obligations, which are, at the time of purchase, rated by each Rating Agency then maintaining a rating on Outstanding Bonds, in its highest rating category for comparable types of obligations;

(vi) repurchase agreements collateralized by securities described in clauses (ii) or (iii) above with any registered broker/dealer or with any domestic commercial bank whose long-term debt obligations are rated "investment grade" by each Rating Agency then maintaining a rating on Outstanding Bonds, provided that (1) a specific written repurchase agreement governs the transaction, (2) the securities are held, free and clear of any lien, by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee, (3) the repurchase agreement has a term of thirty days or less, or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within five business days of such valuation, (4) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102% and (5) the repurchase agreement meets the guidelines then applicable to such investments of each Rating Agency then maintaining a rating on Outstanding Bonds;

(vii) investment agreements or guaranteed investment contracts<sup>1</sup> with any financial institution whose senior long term debt obligations, or whose obligations under such an investment agreement or guaranteed investment contract, are guaranteed by a financial institution whose senior long term debt obligations, have a rating (at the time such agreement or contract is entered into) in one of the two highest rating categories for comparable types of obligations by each Rating Agency then maintaining a rating on the Bonds;

(viii) money market funds rated in the highest rating category for comparable types of obligations by each Rating Agency then maintaining a rating on the Bonds; and

---

<sup>1</sup> Pursuant to a letter agreement, dated November 17, 1993, the Authority agreed not to invest moneys in an investment agreement or guaranteed investment contract without the prior written consent of Municipal Bond Investors Assurance Corporation.

(ix) municipal obligations, the payment of principal and redemption price, if any, and interest on which is irrevocably secured by obligations of the type referred to in clauses (i), (ii) or (iii) above and which obligations have been deposited in an escrow arrangement which is irrevocably pledged to the payment of such municipal obligations and which municipal obligations are rated in the highest rating category for comparable types of obligations by each Rating Agency then maintaining a rating on the Bonds.

**“Lease”** shall mean the Agreement of Lease, dated as of July 1, 1985, by and between the Board, as lessee, and the City, as lessor, of the System, as amended by Amendment No. 1 dated as of November 1, 1985 and as the same may be further amended or supplemented.

**“Local Water Fund”** shall mean the special fund by that name established by the Act in the custody of the Board.

**“Mayor”** shall mean the Mayor of the City or such other person duly appointed and authorized to act on behalf of the Mayor.

**“Minimum Monthly Balance”** shall mean, for each Series of Bonds Outstanding, the monthly amount calculated in accordance with Section 4.3(a) of the Agreement.

**“Operating Expenses”** shall have the meaning ascribed thereto in the Agreement.

**“Operation and Maintenance Reserve Fund”** shall mean the fund by that name established by, and held in the custody of the Board pursuant to the Agreement.

**“Option Bonds”** shall mean Bonds which by their terms may be tendered by and at the option of the owner thereof for purchase or payment by the Authority prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the owner thereof.

**“Outstanding”**, when used with reference to Bonds, shall mean, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under this Resolution except:

(a) any Bonds cancelled by the Trustee at or prior to such date;

(b) any Bond (or portion thereof) for the payment or redemption of which there shall be set aside and held in trust hereunder either:

(i) moneys in an amount sufficient to pay when due the Principal Installments or Redemption Price thereof, together with all accrued interest,

(ii) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as are necessary to provide moneys (whether as principal or interest) in an amount sufficient to pay when due the Principal Installments or Redemption Price thereof, together with all accrued interest, or

(iii) any combination of (i) and (ii) above,

and, if such Bond or portion thereof is to be redeemed, for which notice of redemption has been given as provided in Article VI, or the applicable Supplemental Resolution, or provision satisfactory to the Trustee has been made for the giving of such notice;

(c) any Bond in lieu of or in substitution for which other Bonds have been authenticated and delivered; and

(d) any Bond deemed to have been paid as provided in Section 1201(b).

**“Parity Bond Anticipation Notes”** shall mean Bond Anticipation Notes the interest on which is payable from and secured by a pledge of the Revenues on a parity with all other Bonds.

**“Parity Reimbursement Obligation”** shall mean a Reimbursement Obligation, the payment of which is secured by a pledge of, and a lien on, Revenues on a parity with the lien created by Section 501 hereof.

**“Paying Agent”** shall mean any paying agent for the Bonds of any Series, and its successor or successors and any other person which may at any time be substituted in its place pursuant to this Resolution.

**“Principal Installment”** shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds (including (x) any amount designated in, or determined pursuant to, the applicable Supplemental Resolution, as the “principal amount” with respect to any Bonds which do not pay full current interest for all or any part of their term, (y) the Tender Option Price of any Option Bonds which may be tendered to the Authority for purchase or payment prior to the stated maturity thereof in accordance with the terms of the Supplemental Resolution authorizing such Option Bonds, unless such amount is secured by a Credit Facility which is not in default and (z) the principal amount of any Parity Reimbursement Obligation) of such Series due (or so tendered for purchase or payment) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for Bonds of such Series, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date; provided, however, that Principal Installment shall not include the principal of Parity Bond Anticipation Notes.

**“Prior Note”** shall have the meaning accorded such term in the preambles to this Resolution.

**“Prior Resolution”** shall mean the Water and Sewer System General Revenue Bond Resolution adopted by the Authority on June 26, 1985.

**“Pro Forma Bond Issue”** shall mean, when used with reference to the Debt Service Reserve Requirement for a Series of Variable Rate Bonds, the hypothetical fixed rate long term bond issue set forth in the Supplemental Resolution authorizing such Series, having (i) the same maturities (and sinking fund provisions, if any) as the Series of Variable Rate Bonds to which it relates and (ii) such interest rate or rates as the Authority shall reasonably deem to be the

equivalent of the rates which would have been borne by such Series of Variable Rate Bonds if such Series had been issued as a Series of Fixed Rate Bonds.

**“Projected Debt Service”** for any Fiscal Year or part thereof shall mean, as of any date of calculation and with respect to any Projected Series of Bonds, an amount, certified by the Authority to the Trustee and the Board, as provided in the Agreement, equal to the Debt Service estimated by the Authority to be payable during such Fiscal Year or part thereof on such Projected Series.

**“Projected Series of Bonds” or “Projected Series”** shall mean any Series of Bonds described in an Authority Budget as anticipated to be issued in the Fiscal Year to which such Authority Budget relates.

**“Rate Consultant”** shall mean the firm of Arthur Young or such other independent accountant or firm of independent accountants, or a management consultant or firm of management consultants, or independent engineer or firm of independent engineers which, in any case, shall be of recognized standing in the field of water and sewer system consulting (and who may be the firm then serving as the Consulting Engineer), selected by the Authority and satisfactory to the Board.

**“Rating Agencies”** shall mean Moody’s Investors Service Inc. and Standard & Poor’s Corporation and their respective successors and assigns.

**“Record Date”** shall mean, unless otherwise determined by a Supplemental Resolution for a particular Series of Bonds, the first day of any calendar month in which there occurs a Bond Payment Date.

**“Redemption Price”** shall mean, when used with respect to a Bond or portion thereof, the principal amount thereof plus the applicable premium, if any, payable upon either optional or mandatory redemption thereof pursuant to this Resolution.

**“Refundable Principal Installment”** shall mean any Principal Installment for any Series of Bonds which the Authority intends to pay with moneys which are not Revenues, provided that such intent shall have been expressed in the Supplemental Resolution authorizing such Series of Bonds and provided further that such Principal Installment shall be a Refundable Principal Installment only until the date of adoption of the Authority Budget in the Fiscal Year immediately preceding the Fiscal Year in which such Principal Installment comes due unless the Authority has delivered to the Trustee a certificate of an Authorized Representative that it has made provision for the payment of such Principal Installment from a source other than Revenues.

**“Refunding Bond”** shall mean any Bond authenticated and delivered on original issuance pursuant to Section 206 or Section 207 for the purpose of refunding any Outstanding Bonds, or thereafter authenticated and delivered in lieu of or substitution for such Bond pursuant to this Resolution.

**“Reimbursement Obligation”** shall mean the obligation of the Authority described in Section 209(b) hereof to directly reimburse the issuer of a Credit Facility for amounts paid by

such issuer thereunder, whether or not such obligation to so reimburse is evidenced by a promissory note or other similar instrument.

**“Required Deposits”** shall mean, for any Fiscal Year, amounts, if any, payable into the Authority Expense Fund, the Debt Service Reserve Fund and the Subordinated Indebtedness Fund, but only to the extent such payments are required to be made from Revenues pursuant to this Resolution.

**“Resolution”** shall mean this Water and Sewer System General Revenue Bond Resolution, adopted by the Authority on November 14, 1985, as the same may be amended or supplemented by a Supplemental Resolution.

**“Revenue Fund”** shall mean the Revenue Fund established pursuant to Section 502(a).

**“Revenues”** shall mean (a) all the rents, fees, charges, payments and other income and receipts derived by the Board from users of the System, together with all operating aid therefor from any governmental entity, Federal, State or local, to the Board, (b) investment proceeds and proceeds of insurance received by the Board (other than the proceeds of insurance with respect to the damage or destruction of all or any portion of the System), (c) Subsidy Payments derived by the Authority, (d) amounts derived by the Authority from a Counterparty pursuant to an Interest Rate Exchange Agreement, and (e) investment proceeds derived from amounts on deposit in the Funds and Accounts established hereunder that are deposited or retained in the Revenue Fund or the Local Water Fund, but shall not include (w) amounts required to be refunded because of billing or payment errors, (x) any amount attributable to any of the foregoing sources described in clause (a) which (i) is expressly excluded by the Agreement or the Lease, or (ii) is derived from a use of the System not directly related to the supply, treatment and distribution of water to the consumers thereof or the collection, disposal or treatment of sewage, (y) any amount from any governmental entity, Federal, State or local, in aid of or for or with respect to the Costs of Water Projects, other than subsidy Payments, or (z) (i) fines (excluding interest on late payments which shall constitute Revenues), (ii) amounts from the use of water to generate electricity, (iii) amounts from the State as a result of mandatory water discharges from reservoirs or (iv) amounts from the granting of easements, licenses, rights-of-way or other interests in the real property constituting a part of the System.

**“Series” or “Series of Bonds”** shall mean all of the Bonds authenticated and delivered on original issuance identified pursuant to the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to this Resolution regardless of variations in maturity, interest rate or other provisions.

**“Sinking Fund Installment”** shall mean, as of any particular date of calculation, the amount required by this Resolution to be paid by the Authority on a future date for the retirement of Outstanding Bonds which are stated to mature subsequent to such future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond.

**“Special Account”** shall mean one or more of the Special Accounts established in the Debt Service Reserve Fund by a Supplemental Resolution pursuant to Section 502(b).

**“Special Credit Facility”** shall mean, with respect to any Series of Bonds or portion thereof, a Credit Facility (a) which provides funds for (i) the direct payment of the Principal Installments of and interest on such Bonds when due or (ii) the payment of the Principal Installments of and interest on such Bonds in the event amounts otherwise pledged to the payment thereof are not available when due or (iii) the payment of the Tender Option Price of any Option Bond which may be tendered to the Authority for purchase or payment in accordance with the Supplemental Resolution authorizing such Option Bond (in any case, regardless of whether such Credit Facility provides funds for any other purpose) and (b) which (i) requires the Authority to directly reimburse the issuer of such Credit Facility for amounts paid thereunder and (ii) provides that such obligation is a Parity Reimbursement Obligation.

**“State”** shall mean the State of New York.

**“Subordinated Indebtedness”** shall mean any bond, note or other evidence of indebtedness issued by the Authority in furtherance of its corporate purposes under the Act and payable from the Subordinated Indebtedness Fund.

**“Subordinated Indebtedness Fund”** shall mean the Subordinated Indebtedness Fund established pursuant to Section 502.

**“Subordinated Indebtedness Requirement”** shall mean any amount required to be deposited in the Subordinated Indebtedness Fund by resolution of the Authority, including all payments with respect to Subordinated Indebtedness payable out of, or secured by a pledge of, amounts held in the Subordinated Indebtedness Fund.

**“Subsidy Payments”** shall mean amounts payable to the Authority from any governmental entity, Federal, State or local, in connection with Bonds of the Authority.

**“Supplemental Resolution”** shall mean a resolution of the Authority authorizing the issuance of a Series of Bonds or otherwise amending or supplementing this Resolution, adopted in accordance with Article VIII.

**“Surplus Fund”** shall mean the Surplus Fund established pursuant to Section 502(a).

**“System”** shall mean the “Water System” and the “Sewer System” as such quoted terms are defined in Sections 1045-b(14) and (21) of the Act.

**“Tender Option Price”** shall mean, with respect to any Option Bond tendered for purchase or payment in accordance with the Supplemental Resolution authorizing such Option Bond, an amount equal to the principal amount of such Option Bond plus the interest accrued and unpaid thereon to the date of such tender.

**“Trustee”** shall mean Citibank, N. A., and its successor or successors and any other person which may at any time be substituted in its place pursuant to this Resolution.

**“Variable Rate Bond”** shall mean, as of any date of determination, any Bond on which the interest rate borne thereby may vary during any part of its remaining term.

**“Water Project”** shall have the meaning ascribed thereto in Section 1045-b(20) of the Act, including any sewerage facility, water facility or water and sewerage facility as described therein and constituting a part of the System.

**SECTION 102. Interpretation.** In this Resolution, unless the context otherwise requires:

(1) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Resolution.

(2) The terms “hereby”, “hereof”, “herein”, “hereunder” and any similar terms, as used in this Resolution, refer to this Resolution, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this Resolution.

(3) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(4) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(5) Words importing the redemption or redeeming or calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond.

(6) Any headings preceding the texts of the several Articles and Sections of this Resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference, and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

(7) Wherever in this Resolution the consent of the Trustee shall be required, such consent shall include the consent of any person who shall at the time be the holder of all the Outstanding Bonds, but only if there be such a person and if such person shall have consented within a reasonable period of time.

(8) This Resolution shall be governed by and construed in accordance with the applicable laws of the State.

(9) Any publication to be made under the provisions of this Resolution in successive weeks or on successive dates may be made in each instance upon any business day of the week and need not be made in the same Authorized Newspaper for any or all of the successive publications but may be made in different Authorized Newspapers. If, because of the temporary or permanent suspension of the publication or general circulation of any of the Authorized Newspapers or for any other reason, it is impossible or impractical to publish any notice pursuant to this Resolution in the manner herein provided, then such publication in lieu thereof as shall be made by or with the approval of the Trustee shall constitute a sufficient publication of such notice.

(10) The date upon which any Sinking Fund Installment is required to be made pursuant to this Resolution or a Supplemental Resolution authorizing the issuance and delivery of Bonds shall be deemed to be the date upon which such Sinking Fund Installment is payable and the Outstanding Bonds to be retired by application of such Sinking Fund Installment shall be deemed to be the Bonds entitled to such Sinking Fund Installment.

(11) Wherever in this Resolution reference is made to Bonds being “tendered for purchase or payment” such reference shall also include Bonds tendered to any person designated in a Supplemental Resolution to receive such tenders.

(12) Any reference to the payment of a Bond shall be a reference to the payment of the Principal Installments or Redemption Price thereof and interest thereon.

(b) Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Authority, the Fiduciaries and the Bondholders any right, remedy or claim under or by reason of this Resolution of any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Authority, shall be for the sole and exclusive benefit of the Authority, the Fiduciaries and the Bondholders.

(c) If any one or more of the covenants or agreements provided herein on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements, shall be deemed separable from the remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.

**SECTION 103. Revocation of Prior Resolution; Transfer of Funds.** (a) The Prior Resolution is hereby revoked, rescinded and cancelled and, from and after the date of delivery of the initial Series of Bonds under this Resolution, shall have no further force or effect for any purpose whatsoever.

(b) Any moneys or securities held by the Authority in any of the Funds and Accounts established under the Prior Resolution shall, on the date of delivery of the initial Series of Bonds under this Resolution, be credited to the Trustee for deposit in the Funds and Accounts established hereunder in accordance with the written direction of an Authorized Representative of the Authority delivered to the Trustee on or prior to the date of authentication and delivery of the initial Series of Bonds hereunder; provided, however, that any moneys or securities in the “Authority Expense Fund” established pursuant to the Prior Resolution shall be credited to the Authority Expense Fund established hereunder.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF BONDS

**SECTION 201. Authorization of Bonds.** This Resolution creates an issue of bonds of the Authority to be designated as “Water and Sewer System Revenue Bonds” and creates a continuing pledge and lien to secure the full and final payment of the principal or Redemption Price of and interest on all the Bonds. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Resolution is not limited except as provided in this Resolution or as may be limited by law.

**SECTION 202. Resolution to Constitute Contract.** In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Authority with the holders of Bonds and shall be deemed to be and shall constitute a contract between the Authority, the Trustee and the holders from time to time of the Bonds. The pledge hereof and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the holders of any and all such Bonds, each of which, regardless of the time or times of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in this Resolution.

**SECTION 203. Obligation of Bonds.** The Bonds shall be payable solely from the special funds provided for such payment pursuant to the Act and this Resolution, and the Bonds shall not in any respect be a general obligation of the Authority or constitute an indebtedness of the State, the City or the Board within the meaning of any statutory or Constitutional provision. The Bonds shall be special obligations of the Authority payable solely from Revenues and other amounts as described herein.

**SECTION 204. Authorization of Bonds in Series; Limitation on Issuance of Bonds Prior to July 1, 1986.** (a) In order to provide sufficient funds for the Costs of Water Projects or for the purpose of refunding any Bonds or any bonds, notes or other obligations issued either by the Authority or the City to pay the capital costs of the System, Bonds of the Authority are hereby authorized to be issued from time to time without limitation as to amount except as herein provided or as may be limited by law and such Bonds shall be issued subject to the terms, conditions and limitations established in this Resolution and in one or more Series as hereinafter provided. Nothing herein contained shall preclude the consolidation into a single Series for purposes of issuance and sale of Bonds otherwise permitted by this Resolution to be issued at the same time in two or more separate Series, but for the purpose of satisfying the requirements of Section 206 or 207 hereof, as the case may be, the Bonds otherwise permitted by this Resolution to be issued as a separate Series shall be considered separately as if the Bonds were in fact to be issued as a separate Series. In the event that separate Series are combined for purposes of issuance and sale, they may be issued under a single Supplemental Resolution.

(b) Notwithstanding any other provision of this Resolution to the contrary, from and after the date of adoption of this Resolution to and including June 30, 1986, the Authority shall not issue, and the Trustee shall not authenticate and deliver, any Series of Bonds, if, after giving effect to the issuance of such Series of Bonds, the total principal amount of all Bonds Outstanding during such period would exceed \$400,000,000.

**SECTION 205. Issuance and Delivery of Bonds.** After their authorization by a Supplemental Resolution, Bonds of a Series may be executed by or on behalf of the Authority and delivered to the Trustee for authentication and, upon compliance with the requirements, if any, set forth in such Supplemental Resolution and with the requirements of Section 206 or Section 207, as the case may be, the Trustee shall thereupon authenticate and deliver such Bonds to or upon the order of the Authority.

**SECTION 206. Conditions Precedent to Delivery of a Series of Bonds.** The Bonds of a Series shall be executed by the Authority for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Authority or upon its order, but only upon the receipt by the Trustee of:

(a) a Bond Counsel's Opinion to the effect that (i) the Authority has the right and power to adopt this Resolution under the Act; (ii) this Resolution has been duly and lawfully adopted by the Authority and is enforceable against the Authority except as may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and the unavailability of equitable remedies; (iii) this Resolution creates the valid pledge which it purports to create of the Revenues and proceeds of Bonds on deposit in any of the Funds held by the Trustee hereunder, subject to the application thereof to the purposes and on the conditions permitted by this Resolution, the Act, and the Agreement; (iv) the Bonds of such Series are valid and binding special obligations of the Authority, enforceable in accordance with their terms and the terms of this Resolution except as limited by bankruptcy, insolvency or other laws affecting creditors' rights and the unavailability of equitable remedies or the application of equitable principles; and (v) all conditions required by the Resolution precedent to the issuance of the Bonds have been met and upon the execution, authentication and delivery thereof, the Bonds of such Series will have been duly and validly authorized and issued in accordance with the Act and this Resolution;

(b) a written order as to the delivery of such Bonds, signed by an Authorized Representative of the Authority;

(c) a copy of the Supplemental Resolution authorizing such Series, certified by an Authorized Representative of the Authority, which shall specify:

(i) the authorized principal amount and Series designation of such Bonds, the Bond Year, if any, for such Series and the Credit Facility, if any, related thereto, and if such Credit Facility is a Special Credit Facility, the Special Account, if any, to be established in the Debt Service Reserve Fund;

(ii) the purposes for which such Series is being issued, which shall be one or more of the following: (1) the making of deposits into the Construction Fund, (2) the making of deposits in the amounts, if any, required by this Resolution or such Supplemental Resolution into any of the Funds and Accounts established pursuant to Article V of this Resolution or in the Operation and Maintenance Reserve Fund or (3) the refunding of the Prior Note, any Outstanding Bonds, Bond Anticipation Notes, Subordinated Indebtedness, or outstanding bonds of the City issued to pay capital costs of the System;

(iii) the date, and the maturity date or dates (which, in the case of all Bonds other than Parity Bond Anticipation Notes, shall be June 15 of such year of maturity), of the Bonds of such Series;

(iv) if such Bonds will pay current interest for all or any part of their term, the interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates, the Bond Payment Dates therefor and the method of payment thereof and, if such Bonds will not pay full current interest for all or any part of their term, the rate or rates to be borne by, the method of accrual or compounding, if any, and the other terms and conditions of such Bonds including the designation, or manner of determining, the "principal amount" of such Bonds;

(v) if any Bonds of such Series are Variable Rate Bonds, the limitation, if any, on the numerical rate or rates of interest which such Bonds may bear at any time and the terms of the Pro Forma Bond Issue applicable thereto;

(vi) the minimum denomination of, and the manner of dating, numbering and lettering, the Bonds of such Series, but such Bonds shall be in denominations equal to the minimum denomination or any multiple thereof or as may otherwise be authorized by such Supplemental Resolution;

(vii) the place or places of payment of the Bonds of such Series or the manner of appointing and designating the same;

(viii) if any Bonds of such Series are redeemable, the Redemption Prices and the redemption terms for the Bonds of such Series;

(ix) the amount and due date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series, but the due date of any Sinking Fund Installment shall be June 15th;

(x) if so determined by the Authority, provisions for the sale of the Bonds of such Series;

(xi) if any of the Bonds of such Series are Option Bonds, (A) the terms and conditions of the exercise by the owners thereof of the payment options granted thereby and (B) the authorization of the Credit Facility, if any, relating thereto;

(xii) the forms of the Bonds of such Series and of the Trustee's certificate of authentication;

(xiii) the respective amounts, if any, to be deposited from the proceeds of such Series, in the sub-account for such Series established in the Capitalized Interest Account in the Debt Service Fund pursuant to Section 502(c), in the Debt Service Reserve Fund, including the Financial Guaranties, if any, therefor, and in the Operation and Maintenance Reserve Fund;

(xiv) the Principal Installments, if any, for such Series which will be Refundable Principal Installments together with a schedule showing the Adjusted Debt Service for such Series; and

(xv) any other provisions deemed advisable by the Authority as shall not conflict with the provisions hereof;

(d) (i) in the case of the initial Series of Bonds issued hereunder, an executed copy of the Agreement and the Lease; and, (ii) in the case of any subsequent Series of Bonds, an executed copy of any amendment or supplement to the Agreement or the Lease not theretofore delivered to the Trustee;

(e) for deposit in the Construction Fund, the balance of the proceeds of such Series;

(f) in case of each Series of Bonds issued prior to July 1, 1986, except the initial Series of Bonds, a Certificate of an Authorized Representative of the Authority showing that the total principal amount of Bonds Outstanding, after giving effect to the issuance of such Series of Bonds, will not exceed \$400,000,000;

(g) except in the case of any Series of Bonds issued hereunder prior to July 1, 1986 and any Series of Refunding Bonds issued pursuant to Section 207, a Certificate of an Authorized Representative of the Authority setting forth (i) the Revenues for either of the last two full Fiscal Years immediately preceding the Fiscal Year in which such Bonds are to be issued and (ii) the Aggregate Debt Service during such Fiscal Year for which Revenues are set forth pursuant to clause (i) excluding from Aggregate Debt Service any Principal Installment or portion thereof which was paid from sources other than Revenues and (iii) the sum of the Operating Expenses and the Required Deposits for such Fiscal Year, and showing that the amount set forth in (i) is at least equal to the sum of (x) an amount equal to 115% of the amount set forth in (ii) and (y) an amount equal to 100% of the amount set forth in (iii);

(h) except in the case of any Series of Bonds issued hereunder prior to July 1, 1986 and any Series of Refunding Bonds issued pursuant to Section 207, a Certificate of the Consulting Engineer setting forth the projected Operating Expenses for each of the five (5) Fiscal Years following the Issuance of such Series of Bonds, plus the Fiscal Year in which such Bonds are issued;

(i) except in the case of any Series of Bonds issued hereunder prior to July 1, 1985 and any Series of Refunding Bonds issued pursuant to Section 207, a Certificate, signed by an Authorized Representative of the Authority setting forth the estimated Required Deposits for each of the five (5) Fiscal Years following the issuance of such Series of Bonds, plus the Fiscal Year in which such Bonds are issued;

(j) except in the case of any Series of Bonds issued hereunder prior to July 1, 1985 and any Series of Refunding Bonds issued pursuant to Section 207, a Certificate of the Rate Consultant (i) setting forth the estimated Revenues for each of the five Fiscal Years following the issuance of such Series of Bonds, plus the Fiscal Year in which such Bonds are issued, after giving effect to any increases or decreases in rates, fees and charges projected for such Fiscal Years and (ii) showing for each such Fiscal Year that the estimated Revenues for such Fiscal Year will be at least equal to the sum of (A) 115% of the maximum estimated Adjusted Aggregate Debt Service in any future Fiscal Year on all Bonds Outstanding (including the Bonds then to be issued) and (B) 100% of the sum of the projected Operating Expenses and Required Deposits, as shown on the Certificate of the Consulting Engineer delivered pursuant to paragraph (h) above and the Certificate of the Authority delivered pursuant to paragraph (i) above, respectively;

(k) except in the case of Refunding Bonds issued pursuant to Section 207, a Certificate of each of the respective Authorized Representatives of the Authority, the Board and City, each dated as of the date of such delivery, stating that (i) the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Resolution, (ii) the Board is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Agreement or the Lease and (iii) the City is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Agreement or the Lease;

(l) a Certificate signed by an Authorized Representative of the Authority setting forth the Cash Flow Requirement as of such date;

(m) in the case of the initial Series of Bonds issued hereunder, the written direction of an Authorized Representative of the Authority required pursuant to Section 103;

(n) in the case of any Series for which Capitalized Interest has been provided by the Supplemental Resolution authorizing such Series (i) the written direction of an Authorized Representative of the Authority to establish the sub-account for such Series in the Capitalized Interest Account in the Debt Service Fund and (ii) the amount of the proceeds of such Series to be deposited therein; and

(o) such further documents and moneys as are required by the provisions of Article VIII or any Supplemental Resolution adopted Pursuant to Article VIII.

**SECTION 207. Conditions Precedent to Delivery of Refunding Bonds.** (a) One or more Series of Refunding Bonds may be issued pursuant to this Section 207 at any time to refund any Outstanding Bonds provided that (i) average annual Debt Service on such Series of Refunding Bonds shall not exceed the average annual Debt Service on the Bonds to be refunded and (ii) the maximum Debt Service in any Fiscal Year on such Series of Refunding Bonds shall not exceed the maximum Debt Service in any Fiscal Year on the Bonds to be refunded, all as shown in a Certificate signed by an Authorized Representative of the Authority and delivered to the Trustee prior to the authentication and delivery of such Series of Refunding Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts required by the provisions of the Supplemental Resolution authorizing such Bonds.

(b) All Refunding Bonds of a Series issued under this Section 207 shall be executed by the Authority for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Authority or upon its order, but only upon the receipt by the Trustee (in addition to the documents required by Section 206(a), (b), (c), (d), (e) and (1) and subsection (a) of this Section 207) of:

(i) irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be redeemed on a redemption date or dates specified in such instructions;

(ii) if the Bonds to be refunded are not to be redeemed within the next succeeding sixty (60) days, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of any refunding of such Bonds on a specified date prior to their maturity, as provided in Article VI and Section 1201;

(iii) either (A) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment of the Principal Installments and the applicable Redemption Price, if any, of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date thereof, as the case may be, or (B) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of Section 1201, which Defeasance Obligations and moneys shall be held in trust and used only as provided in Section 1201; and

(iv) such further documents and moneys as are required by the provisions of Article VIII or any Supplemental Resolution adopted pursuant to Article VIII.

**SECTION 208. Bond Anticipation Notes.** Whenever the Authority shall authorize the issuance of a Series of Bonds, the Authority may, by resolution, authorize the issuance of notes (and renewals thereof) in anticipation of such Series. The principal of and interest on such notes and renewals thereof shall be payable from the proceeds of such notes or from the proceeds of the sale of the Series of Bonds in anticipation of which such notes are issued. The proceeds of

such Bonds may be pledged for the payment of the principal of and interest on such notes and any such pledge shall have a priority over any other pledge of such proceeds created by the Resolution. The Authority may also pledge the Revenues to the payment of the interest on, and subject to Section 707, the principal of such notes. A copy of the Resolution of the Authority authorizing such notes, certified by an Authorized Representative of the Authority, shall be delivered to the Trustee following its adoption, together with such other information concerning such notes as the Trustee may reasonably request.

**SECTION 209. Credit Facilities.** (a) In connection with the issuance of any Series of Bonds hereunder, the Authority may obtain or cause to be obtained one or more Credit Facilities providing for payment of all or a portion of the Principal Installments, or Redemption Price or interest due or to become due on such Bonds, providing for the purchase of such Bonds by the issuer of such Credit Facility or providing funds for the purchase of such Bonds by the Authority. In connection therewith the Authority may enter into such agreements with the issuer of such Credit Facility providing for, *inter alia*: (i) the payment of fees and expenses to such issuer for the issuance of such Credit Facility; (ii) the terms and conditions of such Credit Facility and the Series of Bonds affected thereby; and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

(b) The Authority may secure such Credit Facility by an agreement providing for the purchase of the Series of Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Authority in the applicable Supplemental Resolution. The Authority may also in an agreement with the issuer of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility, together with interest thereon (the "Reimbursement Obligation"); provided, however, that no Reimbursement Obligation shall be created, for purposes of this Resolution, until amounts are paid under such Credit Facility. Any such Reimbursement Obligation (a "Parity Reimbursement Obligation") may be secured by a pledge of, and a lien on, Revenues on a parity with the lien created by Section 501 hereof. Any such Parity Reimbursement Obligation shall be deemed to be a part of the Series of Bonds to which the Credit Facility which gave rise to such Parity Reimbursement Obligation relates.

(c) Any such Credit Facility shall be for the benefit of and secure such Series of Bonds or portion thereof as specified in the applicable Supplemental Resolution.

### ARTICLE III

#### GENERAL TERMS AND PROVISIONS OF BONDS

**SECTION 301. Title of Bonds.** Subject to the provisions of Section 302, each Bond shall be entitled, shall bear such letters or numbers and such Series designation as shall be determined in the Supplemental Resolution authorizing the Bonds of the Series of which such Bond is one.

**SECTION 302. Legends.** The Bonds of each Series shall contain or have endorsed thereon a statement to the effect that neither the State nor the City or the Board shall be liable thereon and that such Bond shall not constitute indebtedness of the State, the City or the Board within the meaning of any statutory or Constitutional provision and may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Resolution as may be necessary or desirable to comply with custom or otherwise as may be determined by the Authority prior to delivery thereof.

**SECTION 303. Place and Medium of Payment: Form.** Unless otherwise determined by a Supplemental Resolution authorizing a particular Series of Bonds, each Bond shall be payable at the principal corporate trust office of the Trustee, and any Paying Agent appointed or provided for such Bond, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The Bonds of each Series shall be issued in the form of fully registered bonds without coupons payable to a named person or registered assigns; provided, however, if the Authority shall deliver or cause to be delivered to the Trustee an opinion of Bond Counsel to the effect that the issuance of a Series of Bonds in coupon form payable to bearer will not adversely affect the exemption from federal income taxation of the interest thereon, the Authority may adopt a Supplemental Resolution also providing for the issuance of Bonds in coupon form payable to bearer, together with such modifications to this Resolution as are necessary and appropriate for such Series of Bonds. The Authority may provide in an applicable Supplemental Resolution for the issuance of one or more Series of Bonds in book-entry form, together with such modifications to this Resolution as are necessary and appropriate for such Series of Bonds.

**SECTION 304. Payment of Interest.** Interest on the Bonds of each Series shall be payable in the manner provided in the Supplemental Resolution authorizing the issuance of such Series to the person in whose name such Bonds are registered, as shown on the registry books of the Authority kept for such purpose at the office of the Trustee, at the close of business on the Record Date, or as otherwise provided in the Supplemental Resolution authorizing the issuance of such Series of Bonds.

**SECTION 305. Interchangeability of Bonds.** Upon surrender thereof at the principal corporate trust office of the Trustee, as registrar, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his duly authorized attorney, Bonds may, at the option of the owner thereof and upon payment by such owner of any charges which the Trustee may make as provided in Section 307, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity, of any of the authorized denominations.

**SECTION 306. Negotiability, Transfer and Registry.** (a) Each Bond shall be transferable only upon the books of the Authority, which shall be kept for that purpose at the principal corporate trust office of the Trustee, by the owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by such owner or his duly authorized attorney. Upon such transfer, the Authority shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, Series and maturity as the surrendered Bond.

(b) The Authority and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Authority as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of such Bond and for all other purposes and all such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary. The Authority agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under this Resolution, in so treating any such registered owner.

**SECTION 307. Regulations With Respect to Exchanges and Traders.** In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds whether temporary or definitive, the Authority or the Trustee may, as a condition precedent to the privilege of making such exchange or transfer, make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Authority nor the Trustee shall be required to transfer or exchange Bonds of any Series for a period of fifteen days next preceding the first publication or mailing of any notice of redemption or to transfer or exchange any Bonds called for redemption.

**SECTION 308. Bonds Mutilated, Destroyed, Stolen or Lost.** In any case any Bond shall become mutilated or be destroyed, stolen or lost, the Authority shall execute, and thereupon the Trustee shall authenticate and deliver a new Bond of like Series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Authority and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Authority and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Authority and the Trustee may prescribe and paying such expenses as the Authority and Trustee may incur. All Bonds so surrendered to the Trustee shall be cancelled by it. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Resolution, in any moneys or securities held by the Authority or the Fiduciaries for the benefit of the Bondholders.

**SECTION 309. Preparation of Definitive Bonds, Temporary Bonds.** (a) Until the definitive Bonds of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 310, and, upon the request of the Authority, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof and as to interchangeability and registration of Bonds, as permitted by law, one or more temporary Bonds

substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued in such denominations as may be authorized by the Authority, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender therefor of such temporary Bonds the Trustee shall authenticate and, without charge to the holder thereof, deliver in exchange therefor, definitive Bonds of the same aggregate principal amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Resolution.

(b) If the Authority shall authorize the issuance of temporary Bonds in more than one denomination, the holder of any temporary Bond or Bonds may, at his option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount, Series and maturity of any other authorized denomination or denominations, and thereupon the Authority shall execute and the Trustee shall authenticate and, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges provided for in Section 308, shall deliver a temporary Bond or Bonds of like aggregate principal amount, Series and maturity in such other authorized denomination or denominations as shall be requested by such holder.

(c) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

**SECTION 310. Execution and Authentication.** (a) After their authorization by a Supplemental Resolution, Bonds of a Series may be executed by or on behalf of the Authority and delivered to the Trustee for authentication. The Bonds shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of the Chairman or Executive Director of the Authority and the corporate seal of the Authority (or a facsimile thereof) shall be thereunto affixed imprinted, engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of the Secretary of the Authority, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bond of a Series may be signed and sealed on behalf of the Authority by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the Authority, although at the date of the Bonds of such Series such person may not have been so authorized to have held such office or employment.

(b) The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Resolution authorizing such Bonds, executed manually by the Trustee. No Bond shall be entitled to any right or benefit under this Resolution or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly

authenticated and delivered under this Resolution and that the owner thereof is entitled to the benefits hereof.

**SECTION 311. Inapplicability of Article.** The provisions of this Article III shall not apply to any Parity Reimbursement Obligation, unless any one or more of the provisions hereof are made applicable by the Supplemental Resolution authorizing the Series of Bonds of which such Parity Reimbursement Obligation is deemed to be a part pursuant to Section 209 hereof.

## ARTICLE IV

### APPLICATION OF BOND PROCEEDS

**SECTION 401. Application of Bond Proceeds; Deposits to the Debt Service Reserve Fund.** (a) The proceeds (including accrued interest) of sale of the Bonds of each Series shall be applied simultaneously with the delivery of such Bonds for the purposes of making deposits in the Funds and Accounts, and in the Operation and Maintenance Reserve Fund, as shall be provided by the Supplemental Resolution authorizing such Series and all amounts not otherwise deposited shall be deposited in the Construction Fund; provided, however, that in the case of Refunding Bonds, all such amounts not otherwise deposited shall be applied to the refunding purposes thereof in the manner provided in such Supplemental Resolution.

(b) From the proceeds of the sale of each Series of Bonds, there shall be deposited in the Debt Service Reserve Fund the amount, if any, necessary to make the amount on deposit in such Fund equal to the Debt Service Reserve Requirement, after giving effect to the issuance of such Series of Bonds. All amounts so deposited shall be credited to the Common Account in the Debt Service Reserve Fund, unless the Supplemental Resolution authorizing a Series of Bonds has established a Special Account in the Debt Service Reserve Fund, as provided in Section 502(b). In such event, such Supplemental Resolution shall set forth the amount of the proceeds of such Series to be deposited in the Special Account and the amount, if any, to be deposited in the Common Account.

## ARTICLE V

### FUNDS AND ACCOUNTS

**SECTION 501. The Pledge Effected by this Resolution.** There are hereby pledged for the payment of the Bonds, in accordance with their terms and the provisions of this Resolution, subject only to the provisions of this Resolution, the Act and the Agreement permitting the application thereof for or to the purposes and on the terms and conditions herein and therein set forth: (i) all Revenues; (ii) all moneys or securities in any of the Funds and Accounts, except that moneys or securities on deposit in a Special Account are pledged only to the Series of Bonds to which such Account relates and moneys or securities on deposit in the Common Account are pledged only to the Bonds for which a Special Account has not been established pursuant to Section 502(b) hereof; and (iii) all other moneys and securities to be received, held or set aside by the Authority or by any Fiduciary pursuant to this Resolution.

The Act provides that (i) the pledges made hereby are valid, binding and perfected from the time when they are made and property so pledged shall immediately be subject to the lien of such pledges without any physical delivery thereof or further act, (ii) the lien of such pledges shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof and (iii) no instrument by which such pledges are created nor any financing statement need be recorded or filed. Accordingly, no financing statements have been or will be filed. Based upon the foregoing, the Authority represents that under the laws of the State (i) this Resolution creates valid and binding pledges in favor of the Holders from time to time of the Bonds, enforceable in accordance with the terms hereof, (ii) the pledges made hereby and each pledge made to secure obligations of the Authority which, by the terms hereof, are prior to or of equal rank with such pledge are and shall be prior to any judicial lien hereafter imposed on the property pledged hereby to enforce a judgment against the Authority on a simple contract and (iii) no instrument by which such pledges are created nor any financing statement need be recorded or filed in order to establish or maintain such priority. The Authority further represents that, the Authority has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Revenues or any other property pledged hereby that is prior to or of equal rank with the pledge made hereby and neither the Revenues nor any other property pledged hereby have been described in any financing statement. Except as expressly permitted by Section 7.07 hereof, the Authority shall not hereafter make or suffer to exist any pledge or assignment of, lien on or security interest in the Revenues or other property pledged hereby that is prior to or of equal rank with the pledge made hereby, or file any financing statement describing any such pledge, assignment, lien or security interest, except in connection with pledges, assignments, liens or security interests expressly permitted hereby.

(b) As further security for the payment of the principal or Redemption Price of and interest on the Bonds, the Authority hereby assigns, transfers and pledges to the Trustee all of its rights and interests under and pursuant to the Agreement (excluding rights to notice and other procedural rights, its rights to indemnification and rights and interests not material to bondholders), including, without limiting the generality of the foregoing, the present and continuing right (i) to make claim for, collect or cause to be collected, receive or cause to be received, from the Board, all Revenues thereunder, (ii) to bring actions and proceedings thereunder for the enforcement thereof, and (iii) to do any and all things which the Authority is or may become entitled to do under the Agreement; provided that the assignment made hereby shall not impair or diminish any obligation of the Authority under the Agreement.

**SECTION 502. Establishment of Funds and Accounts.** (a) The following Funds are hereby established:

- (1) Construction Fund;
- (2) Revenue Fund;
- (3) Debt Service Fund;
- (4) Authority Expense Fund;
- (5) Debt Service Reserve Fund;
- (6) Subordinated Indebtedness Fund;
- (7) Surplus Fund; and
- (8) Arbitrage Rebate Fund.

(b) There is hereby established in the Debt Service Reserve Fund a separate Account to be known as the “Common Account.” In addition, any Supplemental Resolution (i) which provides for a Special Credit Facility to secure the payment of the Principal Installments of and interest on the Bonds authorized thereby, (ii) which provides for a Special Credit Facility to secure the payment of the Tender Option Price of any Option Bonds authorized thereby, or (iii) wherein the Authority has determined that the Series of Bonds authorized thereby will not be secured by the Common Account in the Debt Service Reserve Fund, may establish one or more “Special Accounts” in the Debt Service Reserve Fund.

(c) There is hereby established in the Debt Service Fund a separate account to be known as the “Capitalized Interest Account”. The Trustee shall, upon receipt of a written direction signed by an Authorized Representative of the Authority, establish, in the Capitalized Interest Account, a sub-account for each Series of Bonds for which Capitalized Interest has been provided by the Supplemental Resolution authorizing such Series.

(d) In addition to the Accounts established in subsections (b) and (c) above, the Trustee shall, at the request of the Authority, establish within any Fund held by the Trustee such Accounts as shall be designated in the written instructions of an Authorized Representative of the Authority and shall in like manner establish within any Account such sub-accounts for the purposes of such Accounts as shall be so designated.

(e) Unless otherwise expressly provided in this Resolution, all of the Funds and Accounts shall be held by the Trustee, except the Authority Expense Fund, which shall be held by the Authority.

(f) Notwithstanding anything else herein contained, the Trustee is authorized and directed to make withdrawals and transfers from the Funds and Accounts established hereunder, free and clear of the pledge and lien of this Resolution, and to take any other actions, in either case as necessary or desirable in order to comply with the terms of any agreement entered into upon or after the date of issuance of the Authority’s Fiscal 1987 Series A Bonds providing for the rebate of certain arbitrage earnings to the United States.

**SECTION 503. Construction Fund.** (a) There shall be deposited from time to time in the Construction Fund any amount required to be deposited therein pursuant to this Resolution or the Agreement and any other amounts received by the Authority for or in connection with the System and determined by the Authority to be deposited therein, which are not otherwise required to be applied in accordance with this Resolution.

(b) The proceeds of insurance, if any, maintained by the Board or the City against physical loss of or damage to the System, or of contractors’ performance bonds with respect thereto, pertaining to the period of construction of any Water Project, shall be paid into the Construction Fund.

(c) Except as otherwise provided in this Section 503 and in Section 514(b), amounts in the Construction Fund shall be expended only to pay Costs (including Costs of Issuance) in the manner provided in this Section.

(d) The Trustee shall make payments from the Construction Fund, except payments and withdrawals pursuant to subsection (e) of this Section 503 and subsection (b) of Section 514, in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this subsection. Before any such payment (other than a payment to reimburse the City) shall be made, the Authority shall file with the Trustee its Disbursement Request therefor (in the form set forth in Exhibit A-1), signed by an Authorized Representative of the Authority, stating in respect of each payment to be made (i) the name and address of the person, firm or corporation to whom payment is due, (ii) the amount to be paid, and (iii) the particular item of Cost to be paid and that the Cost in the stated amount is a proper charge against the Construction Fund which has not been previously paid. If such payment is to reimburse the City for Costs theretofore paid (other than from the Construction Fund), such Disbursement Request (in the form set forth in Exhibit A-2) shall have attached thereto the request and certification of the Chief Accountant of the City (in the form set forth in Schedule A-2). The Trustee shall issue its check for each payment required by such Disbursement Request or shall by interbank transfer or other method arrange to make payment required by such Disbursement Request and promptly provide the Authority, the Board and the City with written evidence thereof.

(e) Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor in any of the other Funds and Accounts established under this Resolution, amounts in the Construction Fund shall be applied to the payment of the Principal Installments of and interest on Bonds when due.

(f) Nothing in this Section 503 shall be construed to prevent the Board or the City from permanently discontinuing the acquisition or construction of any portion of the System the Cost of which is at the time being paid out of the Construction Fund, if the provisions of Section 6.3 of the Agreement have been complied with.

**SECTION 504. Revenue Fund.** (a) The Authority shall cause all Revenues received either from the Board pursuant to the Agreement or otherwise to be paid to the Trustee who shall promptly upon receipt deposit the same in the Revenue Fund and shall, on the first day of each month, deliver to the Trustee the Certificate of its Authorized Representative described in Section 4.2(e) of the Agreement. There shall also be deposited in the Revenue Fund all other amounts required by this Resolution or the Agreement to be so deposited.

**SECTION 505. Payments Into Certain Funds.** (a) As soon as practicable in each month after the deposit of Revenues the Trustee shall, from the amounts in the Revenue Fund, make the following deposits in the following order:

FIRST: to the Debt Service Fund all such amounts until the total on deposit therein in such month equals the Minimum Monthly Balance for such month for all Series of Bonds Outstanding;

SECOND: from the balance remaining in such month after making the deposits required by paragraph FIRST, to the Authority Expense Fund the entire balance until the total on deposit therein in such month is equal to the product obtained by multiplying (A) the sum of (i) the Authority Expenses for the then current Fiscal Year as set forth in the Authority Budget, plus (ii) if included in the Authority Budget for the then current Fiscal

Year, an amount (the “Reserve for Expenses”) equal to one-sixth (1/6th) of such Authority Expenses by (B) a fraction, the numerator of which is twelve (12) minus the number of full months (excluding the month of calculation) remaining in the Fiscal Year and the denominator of which is twelve (12);

THIRD: from the balance, if any remaining after making the deposits required by paragraphs FIRST and SECOND, to the Debt Service Reserve Fund, first, to the credit of the Common Account therein the amount, if any, necessary to make the total on deposit in such Fund and credited to the Common Account equal to the Debt Service Reserve Requirement for the Bonds to which such Common Account relates, or, the entire balance if less than sufficient and second, from the balance of such deposit, if any, remaining after crediting the Common Account as aforesaid, to the credit of each Special Account an amount equal to the Debt Service Reserve Requirement for the Bonds to which each such Special Account relates; provided, however, that if the balance remaining is less than sufficient to credit in full each Special Account, credit shall be made pro rata among all Special Accounts in the same ratio as the Debt Service Reserve Requirement related to each Special Account bears to the sum of the Debt Service Reserve Requirements for all the Bonds related to Special Accounts; and

FOURTH: from the balance, if any, remaining after making the deposits required by paragraphs FIRST, SECOND, and THIRD, to the Subordinated Indebtedness Fund the amount required to be deposited in such Fund for such month in accordance with the Authority Budget or the entire balance if less than sufficient.

(b) Beginning with the first day of each Fiscal Year, the Trustee shall calculate the amounts deposited in the Revenue Fund on a daily basis until the Trustee determines that the total of all amounts deposited therein during such Fiscal Year is at least equal to the Cash Flow Requirement. On such determination date the Trustee is hereby directed to give the notice to the Authority and the Board provided in Section 4.3 (b) of the Agreement. Thereafter, during such Fiscal Year, no further Revenues shall be paid to the Trustee for deposit in the Revenue Fund pursuant to paragraph FOURTH of Section 4.2(c) of the Agreement; provided, however, if the Authority shall thereafter certify, to the Board and the Trustee, an amended Authority Budget for such Fiscal Year showing a Cash Flow Requirement in excess of the Cash Flow Requirement last certified for such Fiscal Year, the Trustee shall resume its calculation of the amounts deposited in the Revenue Fund on a daily basis until the Trustee determines that the total of all amounts deposited therein during such Fiscal Year is at least equal to the Cash Flow Requirement, as amended. On such date as the Trustee determines that the amounts so deposited at least equal the amended Cash Flow Requirement, the Trustee is hereby directed to again give the notice to the Authority and the Board provided in Section 4.3(b) of the Agreement. Thereafter, during such Fiscal Year, no further Revenues shall be paid to the Trustee for deposit in the Revenue Fund pursuant to paragraph FOURTH of Section 4.2(c) of the Agreement, unless the Authority thereafter, in such Fiscal Year, again certifies an amended Authority Budget showing a Cash Flow Requirement in excess of the Cash Flow Requirement theretofore certified in such Fiscal Year.

**SECTION 506. Debt Service Fund.** (a) The Trustee shall, for each Series of Bonds Outstanding, pay (i) on each Bond Payment Date, (l) from the moneys on deposit in the Debt

Service Fund the amounts required for the payment of the Principal Installments, if any, due on such Date and (2) from the moneys on deposit in the Debt Service Fund, including the moneys credited to the sub-account, if any, established for such Series in the Capitalized Interest Account in such Fund, the interest due on such Date and (ii) on any redemption date or date of purchase, the amounts required for the payment of accrued interest on Bonds to be redeemed or purchased on such date unless the payment of such accrued interest shall be otherwise provided.

(b) The amounts accumulated in the Debt Service Fund for each Sinking Fund Installment may, and if so directed by an Authorized Representative of the Authority shall, be applied (together with amounts with respect to interest on the Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Installment as follows:

(1) to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable for such Bonds when such Bonds are redeemable by application of such Sinking Fund Installment plus unpaid interest accrued to the date of purchase, such purchases to be made by the Trustee as directed in writing by an Authorized Representative of the Authority; or

(2) to the redemption of such Bonds pursuant to Article VI, if then redeemable by their terms, at or below the Redemption Price referred to in clause (1) above.

(c) Upon the purchase or redemption of any Bond pursuant to subsection (b) of this Section, an amount equal to the principal amount of the Bond so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited against future Sinking Fund Installments in direct chronological order.

(d) As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, pursuant to Section 603, on such due date, Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Bonds of such Series and maturity. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to Pay the applicable Redemption Price thereof on the redemption date. The Trustee shall apply to the redemption of the Bonds on each such redemption date, the amount required for the redemption of such Bonds.

**SECTION 507. Authority Expense Fund.** (a) Amounts credited to the Authority Expense Fund shall be applied by the Authority, from time to time, to the payment of Authority Expenses in accordance with the Authority Budget.

(b) Amounts credited to the Authority Expense Fund which the Authority at any time determines to be in excess of an amount equal to the sum of (i) the unpaid Authority Expenses for such Fiscal Year, plus (ii) the Reserve for Expenses, if such amount was included in the Authority Budget for such Fiscal Year, shall be applied to make up any deficiencies in the

following Funds and Accounts in the order stated: the Debt Service Fund; the Debt Service Reserve Fund; and the Subordinated Indebtedness Fund. Any balance of such excess not so applied shall be transferred by the Authority to the Trustee for credit to the Revenue Fund.

(c) If and to the extent provided in a Supplemental Resolution authorizing Bonds of a Series, amounts from the proceeds of such Bonds may be credited to the Authority Expense Fund and set aside therein as specified in the Supplemental Resolution for any purpose of such Fund.

(d) Any amount remaining on deposit in the Authority Expense Fund on the last day of each Fiscal Year (except the Reserve for Expenses, if any) shall be withdrawn by the Authority and transferred to the Trustee for deposit in the Revenue Fund.

**SECTION 508. Debt Service Reserve Fund.** (a) Amounts on deposit in each of the Accounts in the Debt Service Reserve Fund shall be applied, to the extent other funds are not available therefor pursuant to this Resolution, to pay the Principal Installments of, and interest on the Bonds to which such Account relates when due. Amounts so applied shall be derived first, from cash or Investment Securities on deposit therein and, second, from draws or demands on Financial Guaranties held as a part thereof upon the terms and conditions set forth in any such Financial Guaranty or as set forth in the Supplemental Resolution setting forth such Financial Guaranty.

(b) If, as of June 30 of each year, the amount in any Account in the Debt Service Reserve Fund exceeds the applicable Debt Service Reserve Requirement after giving effect to any Financial Guaranty deposited in such Fund, the Trustee shall, on the first business day of the following Fiscal Year, withdraw from such Account the amount of any excess therein over the applicable Debt Service Reserve Requirement as of the date of such withdrawal for deposit into (i) the Arbitrage Rebate Fund, the amount estimated by the Authority to be required by the Code to be rebated to the Department of the Treasury, (ii) the Surplus Fund, the amount required to be deposited therein in accordance with the Authority Budget, and (iii) the Revenue Fund, the amount of any excess then remaining in the Debt Service Reserve Fund over the applicable Debt Service Reserve Requirement. If, as of February 1 of each year the amount in any Account in the Debt Service Reserve Fund is less than the applicable Debt Service Reserve Requirement and, to the extent that such deficiency has not been made up by May 1 of such year by either (i) deposits pursuant to Section 505, 510 or 510-a or (ii) an increase in the market value of the securities therein or (iii) a combination of (i) and (ii), the Authority shall, in its Authority Budget for the ensuing Fiscal Year, include the amount necessary to make up such deficiency as a Required Deposit.

(c) Whenever the amount (exclusive of Financial Guaranties) in all of the Accounts in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay all Outstanding Series of Bonds in accordance with their respective terms, the funds on deposit in the Debt Service Reserve Fund shall be transferred to the Debt Service Fund and applied to the redemption or payment at maturity of all Bonds Outstanding.

(d) In lieu of the required deposits and transfers to any Account in the Debt Service Reserve Fund, the Authority may cause to be deposited in any such Account Financial Guaranties in an amount equal to the difference between the applicable Debt Service Reserve Requirement and the sums, if any, then on deposit in such Account or being deposited in such Account concurrently with such Financial Guaranties. The Financial Guaranties shall be payable (upon the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the Debt Service Reserve Account and applied to the payment of a Principal Installment of or interest on any Bonds and such withdrawal cannot be met by amounts on deposit in the Debt Service Reserve Fund. If a disbursement is made pursuant to Financial Guaranties, the Authority shall be obligated either (i) to reinstate the maximum limits of such Financial Guaranties or (ii) to deposit into the applicable Series Account, funds in the amount of the disbursement made under such Financial Guaranties, or a combination of such alternatives, as shall provide that the amount in such Account equals the applicable Debt Service Reserve Requirement.

(e) In the event of the refunding of any Bonds, the Trustee shall, upon the written direction of the Authority, withdraw from the Account related to the Bonds to be refunded all or any portion of amounts accumulated therein with respect to the Bonds to be refunded and deposit such amounts as provided in such written direction; provided that such withdrawal shall not be made unless (i) immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to Section 1201, and (ii), after giving effect to any amounts being simultaneously deposited therein the amount remaining in each Account after such withdrawal shall not be less than the applicable Debt Service Reserve Requirement.

**SECTION 509. Subordinated Indebtedness Fund.** (a) Amounts on deposit in the Subordinated Indebtedness Fund shall be applied by the Trustee solely to the maintenance of reserves for, or the payment of, Subordinated Indebtedness, or as otherwise provided by the resolution of the Authority authorizing each issue of Subordinated Indebtedness.

(b) If at any time the amounts in the Debt Service Fund or in any Special Account in the Debt Service Reserve Fund shall be less than the current requirements thereof, the Trustee shall withdraw from the Subordinated Indebtedness Fund and deposit in the Debt Service Fund or the Debt Service Reserve Fund, as the case may be, the amount necessary (or all the moneys in said Fund, if less than the amount necessary) to make up such deficiency.

(c) If, as of the last day of any Fiscal Year, any amount remains on deposit in the Subordinated Indebtedness Fund such amount shall be transferred to the Revenue Fund.

**SECTION 510. Surplus Fund.** (a) The Trustee shall, on each Bond Payment Date, apply moneys credited to the Surplus Fund in the following amounts: (i) to the Debt Service Fund the amount, if any, necessary (or all the moneys in the Surplus Fund if less than the amount necessary) to make up any deficiency in the amount required to be on deposit in such Fund and (ii) to the Debt Service Reserve Fund the amount, if any, necessary (or all the moneys in the Surplus Fund if less than the amount necessary) to make up any deficiency in the amount required to be on deposit in any Account in such Fund. Such transfer shall be made notwithstanding any other provisions of this Resolution requiring deposits in such Funds.

(b) All amounts on deposit in the Surplus Fund on the last day of any Fiscal Year shall be withdrawn by the Trustee from such Fund and transferred to the Board for deposit in the Local Water Fund.

**SECTION 510-a Arbitrage Rebate Fund.** (a) Amounts on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the written direction of an Authorized Representative of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as such Authorized Representative shall determine to be required by the Code to be rebated to the United States of America.

(b) Notwithstanding the provisions of subsection (a) of this Section 510-a, the Trustee shall, on each Bond Payment Date, apply moneys credited to the Arbitrage Rebate Fund in the following amounts: (i) to the Debt Service Fund the amount, if any, necessary (or all the moneys in the Arbitrage Rebate Fund if less than the amount necessary) to make up any deficiency in the amount required to be on deposit in the Debt Service Fund and (ii) to the Debt Service Reserve Fund the amount, if any, necessary (or all the moneys in the Arbitrage Rebate Fund if less than the amount necessary) to make up any deficiency in the amount required to be on deposit in any Account in the Debt Service Reserve Fund. Such transfer shall be made notwithstanding any other provisions of this Resolution requiring deposits in such funds.

(c) Amounts on deposit in the Arbitrage Rebate Fund which an Authorized Representative of the Authority may determine to be in excess of the amount required to be maintained therein for the purposes of such Fund shall be transferred and paid by the Trustee to the Surplus Fund in accordance with the written direction of such Authorized Representative.

**SECTION 511. Subordinated Indebtedness.** The Authority may, at any time, or from time to time, issue Subordinated Indebtedness payable out of, and which may be secured by a pledge of and lien on such amounts in the Subordinated Indebtedness Fund as may from time to time be available for the purpose of payment thereof as provided in Section 509; provided, however, that (i) such Subordinated Indebtedness shall be issued only for any one or more of the purposes set forth in Section 206(c)(ii) and the proceeds of such Subordinated Indebtedness shall be applied only for such purpose or purposes, and (ii) any pledge of or lien on amounts held by the Trustee shall be, and shall be expressed to be, subordinate in all respects to the pledge created by this Resolution as security for the Bonds.

**SECTION 512. Depositaries.** (a) All moneys or securities held by the Trustee under the provisions of this Resolution shall constitute trust funds and the Trustee may, and shall, if directed in writing by an Authorized Representative of the Authority, deposit such moneys or securities with one or more Depositaries in trust for the Trustee. Moneys or securities held by the Authority in the Authority Expense Fund shall be held in trust and shall be deposited by the Authority with one or more Depositaries in trust for the Authority. All moneys or securities deposited under the provisions of this Resolution with the Trustee or any Depositary shall be held in trust and applied only in accordance with the provisions of this Resolution, and each of such Funds established by this Resolution shall be a trust fund for the purposes thereof. The Authority and the Trustee shall instruct each Depositary that any moneys or securities credited to a Fund or an Account hereunder which are deposited with such Depositary shall be identified to

be part of such Fund or Account and subject to the pledge in favor of the Trustee created under this Resolution. Prior to the first deposit of any moneys or securities with each Depository, the Authority and the Trustee shall obtain from such Depository its agreement to serve as agent of the Trustee in holding such moneys or securities in pledge in favor of the Trustee and the contract or other written instrument between the Authority and such Depository governing the establishment and operation of such account shall provide the moneys or securities from time to time deposited with such Depository shall be held by such Depository as such agent in pledge in favor of the Trustee; provided that, except as otherwise expressly provided herein, the Authority shall be permitted at any time to make withdrawals from and write checks or other drafts against any account held by the Authority and established with such Depository and apply the same for the purposes specified in this Resolution and, subject to Section 514 hereof, the Authority shall be permitted to invest amounts in any such account in Investment Securities.

(b) Each Depository holding moneys or securities in trust for the Trustee shall be a bank or trust company organized under the laws of the State or a national banking association (having its principal office within the State), having capital stock, surplus and undivided earnings aggregating at least \$100,000,000 (or such greater amount as set forth in a Supplemental Resolution) and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of this Resolution.

(c) Each Depository holding moneys or securities in trust for the Authority shall be as described in (b) above, except that no amounts shall be deposited with any Depository in excess of the greater of (i) 2% of its capital, surplus and undivided earnings or (ii) \$100,000 (or such larger amount as may then be insured by the Federal Deposit Insurance Corporation).

(d) Moneys and securities credited to any Fund or Account may be commingled with moneys and securities credited to other Funds or Accounts for the purposes of establishing checking or other bank accounts for purposes of investing funds or otherwise; provided, however, the Trustee and the Authority shall at all times maintain or cause to be maintained accurate books and records reflecting the amounts credited to the respective Funds and Accounts held by them. All withdrawals from any commingled moneys or securities shall be charged against the proper Fund or Account and no moneys shall be withdrawn from commingled moneys if there is not on credit to the Fund or Account to be charged sufficient funds to cover such withdrawal.

**SECTION 513. Deposits.** (a) All Revenues and other moneys held by any Depository under this Resolution may be placed on demand or time deposit, if and as directed by the Authority, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. All such moneys deposited with a Fiduciary, acting as a Depository, may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Authority and acceptable to such Fiduciary, on time deposit, provided that such moneys on deposit be available for use at the time when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar condition or as required by law.

(b) All moneys deposited with the Trustee and each Depository shall be credited to the particular Fund or Account to which such moneys belong.

**SECTION 514. Investment of Certain Funds.** (a) Moneys held in the Debt Service Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities of the type described in clauses (ii), (iii) or (vi) of the definition of Investment Securities in Section 101, which mature not later than at such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Subject to Section 508(d) hereof, moneys held in the Debt Service Reserve Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities which mature not later than at such times as shall be necessary to provide moneys when needed for payment to be made from such Fund. Subject to the terms of any resolutions, indentures, or other instruments securing any issue of Subordinated Indebtedness, moneys in the Subordinated Indebtedness Fund shall be invested and reinvested to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from said Fund. Moneys held in the Revenue Fund, the Authority Expense Fund, the Construction Fund, the Arbitrage Rebate Fund and the Surplus Fund may be invested and reinvested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. The Trustee shall make all such investments of moneys held by it in accordance with the direction of an Authorized Representative of the Authority given either in writing, which may be sent by electronic transmission of a facsimile, or by telephonic communication subsequently confirmed in writing. In making any investment in any Investment Securities with moneys in any Fund or Account established under this Resolution, the Authority may, and may instruct the Trustee to, combine such moneys with moneys in any other Fund or Account, but solely for purposes of making such investment in such Investment Securities.

(b) Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in the Funds and Accounts, other than the Construction Fund, the Debt Service Reserve Fund and the Arbitrage Rebate Fund, shall be paid into the Revenue Fund as and when received. Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in (i) the Debt Service Reserve Fund shall be paid into the Arbitrage Rebate Fund, the Surplus Fund or the Revenue Fund, as provided in Section 508(b); (ii) the Arbitrage Rebate Fund shall remain in such Fund; and (iii) the Construction Fund shall be paid quarterly, on the fifteenth day of each July, October, January and April of each Fiscal Year, to the Board for deposit in the Local Water Fund; provided, however, that no such payment of interest from the Construction Fund shall be made unless the Trustee shall receive (A) the direction of an Authorized Representative of the Authority to make such payment given either in writing, which may be sent by electronic transmission of a facsimile, or by telephonic communication subsequently confirmed in writing and (B) a Certificate of an Authorized Representative of the Authority stating that, as of the date thereof, there has been deposited in the Revenue Fund during such Fiscal Year an amount equal to the Cash Flow Requirement.

**SECTION 515. Valuation and Sale of Investments.** Obligations purchased as an investment of moneys in any Fund created under the provisions of this Resolution shall be

deemed at all times to be a part of such Fund and any profit realized from the liquidation of such investment shall be credited to such Fund and any loss resulting from the liquidation of such investment shall be charged to such Fund.

In computing the amount in any Fund, obligations purchased as an investment of moneys therein shall be valued at the amortized cost of such obligations or the market value thereof, whichever is lower. As used herein the term "amortized cost," when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (i) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (ii) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until interest on such obligation is paid. Such computation shall be made annually on June 30 for all Funds and also on February 1 for the Debt Service Reserve Fund and at such other times as the Authority shall determine or as may be required by this Resolution.

Except as otherwise provided in this Resolution, the Trustee shall sell at the best price obtainable, or present for redemption, any obligation so purchased as an investment whenever it shall be requested in writing by an Authorized Representative of the Authority so to do. Whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund held by the Trustee, the Trustee shall sell at the best price obtainable or present for redemption such obligation or obligations designated by an Authorized Representative of the Authority necessary to provide sufficient moneys for such payment or transfer; provided, however, that if the Authority fails to provide such designation promptly after request thereof by the Trustee, the Trustee may in its discretion select the obligation or obligations to be sold or presented for redemption. The Trustee shall not be liable or responsible for any loss resulting from the making of any such investment or the sale of any obligation in the manner provided above.

## **ARTICLE VI**

### **REDEMPTION OF BONDS**

The provisions contained in the following Sections of this Article VI are applicable to each Series of Bonds, except as may be otherwise set forth in a Supplemental Resolution authorizing any such Series.

**SECTION 601. Privilege of Redemption and Redemption Price.** Bonds subject to redemption prior to maturity pursuant to a Supplemental Resolution shall be redeemable, upon published notice as provided in this Article, at such times, at such Redemption Prices and upon such terms as may be specified in the Supplemental Resolution.

**SECTION 602. Redemption at the Election of the Authority.** In the case of any redemption of Bonds otherwise than as provided in Section 603, the Authority shall give written notice to the Trustee of the election so to redeem, of the redemption date, of the Series, of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in any Supplemental Resolution authorizing a Series of Bonds). Such notice shall be given at least forty-five days prior to the redemption date. If, on the date of the receipt of such notice, the Trustee does not hold in the Debt Service Fund (in addition to the amounts required to be therein on deposit to pay the Debt Service due and payable during the remainder of the then current Fiscal Year on each Series of Bonds which will remain Outstanding) an amount sufficient to pay the Redemption Price of the Bonds to be redeemed and to pay the interest accrued and unpaid on such Bonds to the designated redemption date, the Trustee shall not be required to give the notice provided for in Section 605.

**SECTION 603. Redemption Otherwise Than at Authority Election.** Whenever by the terms of this Resolution or a Supplemental Resolution, Bonds are required to be redeemed otherwise than at the election of the Authority, the Authority may nonetheless select the Series of Bonds, the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in this Resolution or a Supplemental Resolution) and in the event the Authority does not notify the Trustee of such Series, maturities and principal amounts to be redeemed on or before the 60th day preceding the redemption date, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and apply the moneys available therefor to redeem on the redemption date at the Redemption Price therefor, together with accrued interest to the redemption date, all of the Bonds to be redeemed.

**SECTION 604. Selection of Bonds to be Redeemed.** In the event of redemption of less than all the Outstanding Bonds of like Series and maturity, the Trustee shall select, in such manner in its discretion as it shall deem appropriate and fair, the numbers of the Bonds to be redeemed. For the purposes of this Section, Bonds which have theretofore been selected for redemption shall not be deemed Outstanding.

**SECTION 605. Conditional Redemption.** When the Trustee shall receive notice from the Authority of its election to redeem Bonds pursuant to Section 602, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the numbers or other distinguishing marks of such Bonds so to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof,

together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail a copy of such notice by first-class mail, postage prepaid, not less than thirty days before the redemption date, to the owners of the Bonds which are to be redeemed, at their last addresses appearing upon the registry books. If any of the Bonds Outstanding are at the time in coupon form payable to bearer, such notice shall also be given by publication once a week for at least two successive weeks in an Authorized Newspaper, the first such publication to be not less than thirty days nor more than sixty days prior to such redemption date.

Notwithstanding the foregoing, if with respect to the Bonds authorized to be issued pursuant to a Supplemental Resolution adopted on or after June 20, 2002, the redemption of bonds is subject to the condition that the redemption price shall become due and payable on the redemption date only if moneys sufficient to accomplish such redemption are held by the Trustee on the scheduled redemption date the notice of redemption shall state such condition.

**SECTION 606. Payment of Redeemed Bonds.** Notice having been given in the manner provided in Section 605, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice such Bonds shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Bonds of any like Series and maturity to be redeemed together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds of such Series and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

## ARTICLE VII

### PARTICULAR COVENANTS

The Authority covenants and agrees with the Trustee and the holders of the Bonds as follows:

**SECTION 701. Payment of Bonds.** The Authority shall duly and punctually pay or cause to be paid (but solely from the sources herein provided) the Principal Installment or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds.

**SECTION 702. Offices for Servicing Bonds.** The Authority shall at all times maintain an office or agency where Bonds may be presented for registration, transfer or exchange, and where notices, presentations and demands upon the Authority in respect of the Bonds or of this Resolution may be served. The Authority hereby appoints the Trustee as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds and for the service of

such notices, presentations and demands upon the Authority. The Authority shall at all times maintain one or more offices or agencies in the Borough of Manhattan, City and State of New York, where the Bonds may be presented for payment.

**SECTION 703. Further Assurance.** At any and all times the Authority shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular, the rights, assets, revenues and other moneys, securities, funds and property hereby pledged or assigned, or intended so to be, or which the Authority may become bound to pledge or assign.

**SECTION 704. Power to Issue Bonds and Pledge Revenues.** The Authority is duly authorized under all applicable laws to authorize and issue the Bonds and to adopt this Resolution and to pledge the Revenues and assets purported to be pledged and assigned hereby in the manner and to the extent herein provided. The Revenues and assets so pledged and assigned are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created hereby and all corporate or other action on the part of the Authority to that end has been and will be duly and validly taken. The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable special obligations of the Authority in accordance with their terms and the terms of this Resolution. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other assets, including rights therein and in the Agreement pledged and assigned under this Resolution and all the rights of the Bondholders under this Resolution against all claims and demands of all persons whomsoever.

**SECTION 705. Tax Covenants.** Upon the issuance of a Series of Bonds which is issued upon or after the date of issuance of the Authority's Fiscal 1987 Series A Bonds, the Authority shall provide, by agreement or otherwise, for any required rebate of arbitrage earnings to the United States. The Authority covenants to comply with the terms of any such agreement; provided, that the Authority need not comply with any such agreement (or term therein) if the Authority shall be furnished with an opinion of Bond Counsel to the effect that such compliance is not necessary to preserve the exemption from federal income taxes of interest on the Bonds to which such agreement relates.

**SECTION 706. Accounts and Periodical Reports and Certificates.** The Authority shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions under this Resolution and which, together with all other books and papers of the Authority, shall at all reasonable times be subject to the inspection of the Trustee or the representative, duly authorized in writing, of the holder or holders of not less than 25% in principal amount of the Bonds then Outstanding.

**SECTION 707. Indebtedness and Liens.** The Authority shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds. Bond Anticipation Notes and Subordinated Indebtedness and Parity Reimbursement Obligations, secured by a pledge of or other lien or charge on the Revenues and shall not create or cause to be created any lien or

charge on such Revenues or on any amounts held by any Fiduciary, under this Resolution; but this Section shall not prevent the Authority from issuing notes payable from the proceeds of Bonds or bonds or notes or other obligations for the corporate purposes of the Authority payable out of, or secured by a pledge of, Revenues to be derived on and after such date as the pledge of the Revenues provided in this Resolution shall be discharged and satisfied as provided in Section 1201, or from issuing bonds or notes or other obligations for the corporate purposes of the Authority which are payable out of or secured by the pledge of amounts available therefor in the Local Water Fund after satisfaction, in each Fiscal Year, of the Cash Flow Requirement for such Fiscal Year, and which recite on their face that such pledge of said amounts is and shall be in all respects subordinate to the provisions of this Resolution and the lien and pledge created by this Resolution.

**SECTION 708. Consulting Engineer.** The Authority shall, until the Bonds and the interest thereon shall have been paid or provision for such payment shall have been made, for the purpose of performing and carrying out the duties imposed on the Consulting Engineering by this Resolution, the Agreement or the Lease, employ an independent engineer or engineering firm having a nationwide and favorable repute for skill and experience in such work and, except in the case of the firm serving as Consulting Engineer at the time of the adoption of this Resolution, who shall be acceptable to the Trustee; provided, however, that the acceptance of the Trustee shall not be unreasonably withheld, and if the Trustee shall fail to so accept, it shall deliver to the Authority a statement of its reasons for such failure. In rendering any report, certificate or opinion required pursuant to this Resolution, the Agreement, or the Lease, the Consulting Engineer may rely upon information, certificates, opinions or reports required to be provided by others pursuant to this Resolution, and upon other sources which the Consulting Engineer considers reliable, and other considerations and assumptions as deemed appropriate by the Consulting Engineer.

**SECTION 709. Rate Consultant.** The Authority shall, until the Bonds and the interest thereon shall have been paid or provision for such payment shall have been made, for the purpose of performing and carrying out the duties imposed on the Rate Consultant by this Resolution, the Agreement or the Lease, employ an independent accountant or firm of independent accountants, or a management consultant or management consulting firm, or independent engineer or engineering firm, having, in any case, a nationwide and favorable repute for skill and experience in such work and, except in the case of the firm serving as the Rate Consultant at the time of the adoption of this Resolution, who shall be acceptable to the Trustee; provided, however, that the acceptance of the Trustee shall not be unreasonably withheld, and if the Trustee shall fail to so accept, it shall deliver to the Authority a statement of its reasons for such failure. In rendering any report, certificate or opinion required pursuant to this Resolution, the Agreement or the Lease, the Rate Consultant may rely upon information, certificates, opinions or reports required to be provided by others pursuant to this Resolution, and upon other sources which the Rate Consultant considers reliable, and other considerations and assumptions as deemed appropriate by the Rate Consultant.

**SECTION 710. General.** The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and this Resolution in accordance with the terms of such provisions.

**SECTION 711. Agreement of the State.** In accordance with Section 1045-t of the Act, the Authority agrees, for and on behalf of the State, that the State will not alter or limit the rights vested by the Act in the Authority or the Board to fulfill the terms of any agreement made with or for the benefit of the Bondholders, or in any way impair the rights and remedies of Bondholders, until the Bonds, together with the interest thereon, with interest on any unpaid installment of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

**SECTION 712. Authority Budget .** (a) The Authority shall, on or before May 1, in each Fiscal Year, adopt and file with the Trustee, the Board and the City, a copy of the Authority Budget, duly certified by an Authorized Representative of the Authority, showing the estimated Cash Flow Requirement (including the amount of each item constituting a component thereof, on a monthly basis) for the ensuing Fiscal Year, together with the estimated Revenues, other than Revenues to be received from the Board pursuant to the Agreement, expected to be received by the Authority in the ensuing Fiscal Year, and any other information required to be set forth therein by this Resolution or the Agreement. Such Authority Budget may set forth such additional information as the Authority may determine or as the Board or the City may request.

(b) If for any reason the Authority shall not have adopted the Authority Budget before such May 1, the Authority Budget for the then current Fiscal Year shall be deemed to be the Authority Budget for the ensuing Fiscal Year until a new Authority Budget is adopted.

(c) The Authority may at any time adopt an amended Authority Budget for the then current or ensuing Fiscal Year, but no such amended Authority Budget shall supersede any prior Budget until the Authority shall have filed with the Trustee, the Board and the City a copy of such amended Authority Budget.

**SECTION 713. Cash Flow Requirement; Statement of Revenues.** On the first day of each month after the adoption of the Authority Budget for any Fiscal Year, the Authority shall recalculate the Cash Flow Requirement for such Fiscal Year. If any such recalculation results in the determination of a Cash Flow Requirement in excess of the Cash Flow Requirement set forth in the then current Authority Budget, the Authority shall adopt and file an amended Authority Budget in accordance with Section 712(c).

On the first day of each month after the adoption of the Authority Budget for any Fiscal Year, the Authority shall also recalculate the estimated Revenues, other than Revenues to be received from the Board pursuant to the Agreement, expected to be received by the Authority in the ensuing Fiscal Year. If any such recalculation results in the determination of such Revenues that is less than the amount set forth in the then current Authority Budget, the Authority shall adopt and file an amended Authority Budget in accordance with Section 712(c).

**SECTION 714. Enforcement and Amendment of Agreement and Lease.** The Authority shall enforce or cause to be enforced the provisions of the Agreement and the Lease and duly perform its covenants and agreements under the Agreement. The Authority will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with the Agreement or the Lease except in accordance with Article X of the Agreement.

## ARTICLE VIII

### SUPPLEMENTAL RESOLUTIONS

#### **SECTION 801. Supplemental Resolutions Effective Upon Filing With the Trustee.**

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted by the Authority, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Representative, shall be fully effective in accordance with its terms:

(1) to close this Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(2) to add to the covenants and agreements of the Authority in this Resolution other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(3) to add to the limitations and restrictions in this Resolution other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(4) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in this Resolution;

(5) to authorize Bonds of a Series and, in connection therewith specify and determine the matters and things referred to in Section 206, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds including, without limiting the generality of the foregoing, provisions amending or modifying the Resolution to provide for the issuance of Bonds in book-entry form or in coupon form payable to bearer;

(6) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of the Revenues or of any other moneys, securities or funds;

(7) to modify any of the provisions of this Resolution to permit compliance with any amendment to Section 103 of the Internal Revenue Code of 1954, as amended (the "Code") if, in the opinion of Bond Counsel failure to so modify the Resolution would adversely affect the ability of the Authority to issue Bonds the interest on which is exempt from federal income taxation; or

(8) to modify any of the provisions of this Resolution in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after

all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof.

**SECTION 802. Supplemental Resolutions Effective Upon Consent of Trustee.** (a) For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Representative, and (ii) the filing with the Authority of an instrument in writing made by the Trustee consenting thereto shall be fully effective in accordance with its terms:

(1) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in Resolution; or

(2) to insert such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable and are not contrary to or inconsistent with this Resolution as theretofore in effect; or

(3) to provide for additional duties of the Trustee.

(b) Any such Supplemental Resolution may also contain one or more of the purposes specified in Section 801, and in that event, the consent of the Trustee required by this Section shall be applicable only to those provisions of such Supplemental Resolution as shall contain one or more of the purposes set forth in subsection (a) of this Section.

**SECTION 803. Supplemental Resolutions Effective With Consent of Bondholders.** At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders in accordance with and subject to the provisions of Article IX, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Representative and upon compliance with the provisions of Article IX, shall become fully effective in accordance with its terms as provided in said Article.

**SECTION 804. General Provisions.** (a) This Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article and Article IX, Nothing in this Article or Article IX contained shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 703 or the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument which elsewhere in this Resolution it is provided shall be delivered to said Fiduciary.

(b) Any Supplemental Resolution referred to and permitted or authorized by Sections 801 and 802 may be adopted by the Authority without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution filed with the Trustee shall be accompanied by a Bond Counsel's Opinion stating that such Supplemental Resolution has

been duly and lawfully adopted in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution, and is valid and binding upon the Authority.

(c) The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Section 801, 802 or 803 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Bond Counsel's Opinion) that such Supplemental Resolution is authorized or permitted by the provisions of this Resolution.

(d) No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

## ARTICLE IX

### AMENDMENTS

**SECTION 901. Mailing and Publication of Notice of Amendment.** (a) Any provision in this Article for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed, by first-class mail, postage prepaid only (i) to each owner of Bonds then Outstanding at his address appearing upon the registry books, and (ii) to the Trustee.

(b) Any provision in this Article for publication of a notice or other matter shall require the publication thereof only in the Authorized Newspapers.

**SECTION 902. Powers of Amendment.** Any modification or amendment of this Resolution or of the rights and obligations of the Authority and of the holders of the Bonds hereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 903, (i) of the holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Bonds of such Series so affected and Outstanding at the time such consent is given; except that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Resolution if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the

foregoing powers of amendment Bonds of any particular Series or maturity would be affected by any modification or amendment hereof and any such determination shall be binding and conclusive on the Authority and all holders of Bonds. For the purposes of this Section, the holders of the Bonds may include the initial holders thereof, regardless of whether such Bonds are being held for immediate resale.

**SECTION 903. Consent of Bondholders.** (a) The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 902, to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to Bondholders and shall be published in the Authorized Newspapers at least once a week for two successive weeks (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of holders of the percentages of Outstanding Bonds specified in Section 902 and (b) a Bond Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed in accordance with the provisions of this Resolution, is authorized or permitted hereby and is valid and binding upon the Authority, and (ii) a notice shall have been published as hereinafter provided in this Section. The Authority may fix a record date for purposes of determining Bondholders entitled to consent to a proposed Supplemental Resolution.

(b) Any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such bond or any bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof).

(c) At any time after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Board and the Trustee a written statement that holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required percentages of Bonds and will be effective as provided in this Section, shall be given to Bondholders by the Authority by mailing such notice to Bondholders and, if at the time any of such Bonds are in coupon form payable to bearer, by publishing the same in the Authorized Newspapers at least once not more than ninety days after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed. The Board shall file with the Trustee proof of the giving of such notice. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the holders of all Bonds upon the filing with the Trustee of the proof of the giving of such last mentioned notice.

**SECTION 904. Modifications by Unanimous Consent.** The terms and provisions of this Resolution and the rights and obligations of the Authority and of the holders of the Bonds may be modified or amended in any respect upon the adopting and filing of a Supplemental Resolution and the consent of the holders of all the Bonds then Outstanding, such consent to be given as provided in Section 903 except that no notice to Bondholders either by mailing or publication shall be required; but no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders.

**SECTION 905. Exclusion of Bonds.** Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, or Article X and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article or Article X. At the time of any consent or other action taken under this Article or Article X, the Authority shall furnish the Trustee a Certificate of an Authorized Representative, upon which the Trustee may rely, describing all Bonds so to be excluded.

**SECTION 906. Notation on Bonds.** Bonds authenticated and delivered after the effective date of any action taken as in Article VIII or this Article provided may, and, if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the holder of any Bond then Outstanding shall be exchanged for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds with all unpaid coupons, if any, appertaining thereto.

## **ARTICLE X**

### **REMEDIES ON DEFAULT**

**SECTION 1001. Events of Default.** If one or more of the following events (in this Resolution called “Events of Default”) shall occur, that is to say,

(1) a default in the due and punctual payment of a Principal Installment or the Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or upon call for redemption, or otherwise; or

(2) a default in the due and punctual payment of any installment of interest on any Bond, when and as such interest installment shall become due and payable; or

(3) default by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part or on the part of the Authority in this

Resolution, any Supplemental Resolution or in the Bonds contained, and such default shall continue for a period of forty-five days after written notice thereof stating that such notice is a "Notice of Default" to the Authority by the Trustee or to the Authority and to the Trustee by the holders of not less than a majority in principal amount of the Bonds Outstanding; or

(4) a default under the Agreement or the Lease by the Board or the City shall have occurred and be continuing for a period of forty-five days after written notice thereof stating that such notice is a "Notice of Default" to the Authority, the Board and the City by the Trustee, or to the Authority, the Board, the City and the Trustee by the holders of not less than a majority in principal amount of Bonds Outstanding; or

(5) if the Authority shall file a petition or otherwise seek relief under any federal or State bankruptcy or similar law;

then, upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the holders of not less than a majority in principal amount of the Bonds Outstanding the Trustee shall, in any such case, unless the principal of all the Bonds then Outstanding shall already have become due and payable, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this Resolution or in any of the Bonds contained to the contrary notwithstanding. The right of the Trustee to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of principal and interest upon the Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under this Resolution (except the interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under this Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the holders of a majority in principal amount of the Bonds Outstanding, by written notice to the Authority and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted without a direction from the holders of the Bonds as aforesaid at the time of such request, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the holders of a majority in principal amount of the Bonds then Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default and its consequences shall *ipso facto* be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

**SECTION 1002. Accounting and Examination of Records After Default.** (a) The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Authority shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys.

(b) The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under this Resolution for such period as shall be stated in such demand.

**SECTION 1003. Application of Revenues and Other Moneys After Default.** (a) The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, any moneys, securities and funds then held by the Authority, the Board, or a Depository in any Fund or Account under this Resolution or the Agreement, and (ii) as promptly as practicable after receipt thereof, the Revenues.

(b) During the continuance of an Event of Default, the Trustee shall apply such Revenues and the income therefrom as follows and in the following order:

(1) to the payment of the reasonable and proper charges and expenses of the Trustee;

(2) to the payment of the interest and principal or Redemption Price then due on the Bonds as follows:

(i) unless the principal of all of the Bonds shall be due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) if the principal of all of the Bonds shall be due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any

other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(c) If and when all overdue installments of interest on all Bonds, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the Authority under this Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under this Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Authority all such Revenues then remaining unexpended in the hands of the Trustee (except Revenues deposited or pledged, or required by the terms of this Resolution to be deposited or pledged, with the Trustee), and thereupon the Authority and the Trustee shall be restored, respectively, to their former positions and rights under this Resolution, and all Revenues shall thereafter be applied as provided in Article V. No such payment over to the Authority by the Trustee or resumption of the application of Revenues as provided in Article V shall extend to or affect any subsequent default under this Resolution or impair any right consequent thereon.

**SECTION 1004. Proceedings Brought by Trustee.** (a) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, if the Trustee shall deem it advisable, may proceed to protect and enforce its rights and the rights of the holders of the Bonds under this Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Resolution.

(b) All rights of action under this Resolution may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

(c) The holders of a majority in principal amount of the Bonds at the time Outstanding, may direct by instrument in writing the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

(d) Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under this Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in this Resolution and provided to be

exercised by the Trustee upon the occurrence of an Event of Default; and, as a matter of right against the Authority, without notice or demand and without regard to the adequacy of the security for the Bonds, the Trustee shall, to the extent permitted by law, be entitled to the appointment of a receiver of the moneys, securities and funds then held by the Authority in any Fund or Account under this Resolution and, subject to application of the Revenues, with all such powers as the court or courts making such appointment shall confer; but notwithstanding the appointment of any receiver, the Trustee shall be entitled to retain possession and control of and to collect and receive income from, any moneys, securities and funds deposited or pledged with it under this Resolution or agreed or provided to be delivered or pledged with it under this Resolution.

(e) Regardless of the happening of an Event of Default, the Trustee shall have the power to, but (unless requested in writing by the holders of a majority in principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity) shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Resolution by any acts which may be unlawful or in violation of this Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

**SECTION 1005. Restriction on Bondholders' Action.** (a) No holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Resolution or the execution of any trust under this Resolution or for any remedy under this Resolution, unless such holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the holders of at least a majority in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in this Section or to institute such action, suit proceeding in its own name, and unless such holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request within a reasonable time; it being understood and intended that no one or more holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by this Resolution, or to enforce any right under this Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of this Resolution shall be instituted, had and maintained in the manner provided in this Resolution and for the equal benefit of all holders of the Outstanding Bonds.

(b) Nothing in this Resolution or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any holder to enforce such payment of his Bond.

**SECTION 1006. Remedies Not Exclusive.** No remedy by the terms of this Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to

every other remedy given under this Resolution or existing at law or in equity or by statute on or after the date of adoption of this Resolution.

**SECTION 1007. Effect of Waiver and Other Circumstances.** (a) No delay or omission of the Trustee or of any Bondholder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescence therein; and every power and remedy given by this Article to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

(b) Prior to the declaration of maturity of the Bonds as provided in Section 1201, the holders of a majority in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the holders of all of the Bonds waive any past default under this Resolution and its consequences, except a default in the payment of interest on or principal or Redemption Price of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

**SECTION 1008. Trustee to Exercise Powers of Statutory Trustee.** The Trustee shall be and hereby is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 1045-p of the Act and the right of the Bondholders to appoint a trustee pursuant to Section 1045-p of the Act is hereby abrogated in accordance with the provisions of Section 1045-o(4)(i) of the Act, provided, however, that any action, suit or proceeding brought by or on behalf of the Bondholders pursuant to this Resolution or the Bonds shall be brought only in the Supreme Court of the State in and for New York County.

## ARTICLE XI

### CONCERNING FIDUCIARIES

**SECTION 1101. Trustee; Appointment and Acceptance of Duties.** Citibank, N.A. is hereby appointed Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing the certificate of authentication endorsed upon the Bonds, and, by executing such certificate upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in this Resolution.

**SECTION 1102. Paying Agents; Appointment and Acceptance of Duties.** (a) The Authority may appoint one or more Paying Agents for the Bonds of any Series in the Supplemental Resolution, and the Authority may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 1113 for the appointment of a successor Paying Agent. The Trustee may be appointed a Paying Agent.

(b) Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the Authority and to the Trustee a written acceptance thereof.

**SECTION 1103. Responsibilities of Fiduciaries.** The recitals of fact in this Resolution and in the Bonds contained shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Resolution or of any Bonds issued thereunder or in respect of the security afforded by this Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Authority or for any losses incurred upon the sale or redemption of any securities purchased for or held in any Fund or Account under this Resolution. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be liable in connection with the performance of its duties under this Resolution except for its own willful misconduct, negligence or default. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Resolution and no implied covenants or obligations shall be read into this Resolution against the Trustee.

**SECTION 1104. Evidence on Which Fiduciaries May Act.** (a) Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by such Fiduciary under this Resolution in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter proved or established prior to taking or suffering any action under this Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of an Authorized Representative of the Authority, the Board or the City, as the case may be, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

(c) Except as otherwise expressly provided in this Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Authority to any Fiduciary shall be sufficiently executed if executed in the name of the Authority by an Authorized Representative.

**SECTION 1105. Compensation.** The Authority shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution. The Authority further agrees to indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its willful misconduct, negligence or bad faith.

**SECTION 1106. Certain Permitted Acts.** Any Fiduciary may become the owner of any Bonds or any other obligations of the Authority with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as Depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or the holders of any other obligations of the Authority or to effect or aid in any reorganization growing out of the enforcement of the Bonds or any other obligations of the Authority or this Resolution, whether or not any such committee shall represent the holders of a majority in principal amount of the Bonds then Outstanding.

**SECTION 1107. Resignation of Trustee.** The Trustee may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two successive calendar weeks in an Authorized Newspaper, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority or the Bondholders as provided in Section 1109, in which event such resignation shall take effect immediately on the appointment of such successor, **provided, however,** that no such resignation shall take effect unless and until the appointment of a Successor Trustee in accordance with the provisions of Section 1109 hereof has become effective.

**SECTION 1108. Removal of Trustee.** The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority. The Authority may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the Authority, by filing an instrument signed by an Authorized Representative of the Authority; **provided, however,** that the diligent pursuit of its responsibilities shall not be cause for the removal of the Trustee by the Authority. In no event however, shall the removal of the Trustee take effect unless and until a Successor Trustee appointed in accordance with the provisions of Section 1109 hereof has become effective.

**SECTION 1109. Appointment of Successor Trustee.** (a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; but (unless a successor Trustee shall have been appointed by the Bondholders as aforesaid) the Authority by a duly executed written instrument signed by an Authorized Representative shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders as authorized in this Section. The Authority shall publish notice of any such appointment made by it once in each week for two consecutive calendar weeks, in an Authorized

Newspaper, the first publication to be made within twenty days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the Bondholders.

(b) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five days after the Trustee shall have given to the Authority written notice as provided in Section 1107 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(c) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company organized under the laws of any state or a national banking association, and having a capital and surplus aggregating at least \$100,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

**SECTION 1110. Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify any Paying Agent of its appointment as Trustee.

**SECTION 1111. Merger or Consolidation.** Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and, in the case of any successor Trustee, shall meet the requirements of paragraph (c) of Section 1109, in the case of a successor Paying Agent, shall meet the requirements of paragraph (a) of Section 1113, and shall be authorized by

law to perform all the duties imposed upon it by this Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

**SECTION 1112. Adoption of Authentication.** In case any of the Bonds contemplated to be issued under this Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in this Resolution provided that the certificate of the Trustee shall have.

**SECTION 1113. Resignation or Removal of Paying Agent and Appointment of Successor.** (a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty days' written notice to the Authority and the Board, the Trustee, and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Authority. Any successor Paying Agent shall be appointed by the Authority, with the approval of the Trustee, and (subject to the requirements of Section 1102) shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having a capital and surplus aggregating at least \$100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

(b) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

## ARTICLE XII

### MISCELLANEOUS

**SECTION 1201. Defeasance.** (a) If the Authority shall pay or cause to be paid to the holders of all Bonds then Outstanding, the Principal Installments and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then, at the option of the Authority, expressed in an instrument in writing signed by an Authorized Representative and delivered to the Trustee, the covenants, agreements and other obligations of the Authority to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all moneys, securities and funds held by them pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(b) Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section. Subject to the provisions of subsection (c) of this Section, any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee irrevocable instructions accepted in writing by the Trustee to publish as provided in Article VI notice of redemption of such Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Authority as hereinafter provided prior to the publication of such notice of redemption) on said date, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal installments of and/or the interest on which when due, without reinvestment, will, as verified by the report of a firm of nationally recognized independent certified public accountants, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the Principal Installments or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not to be redeemed within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in the Authorized Newspapers a notice to the holders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 1201 and stating such maturity or redemption date upon which moneys are to be available for the payment of the Principal Installments or Redemption Price, if applicable, on said Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Authority as hereinafter provided prior to the publication of the notice of redemption referred to in clause (i) hereof). The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 1201 to the retirement of said Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Bonds, all in the manner provided in this Resolution. Notwithstanding anything herein to the contrary, but subject to the provisions of subsection (e) hereof, the Trustee shall continue to serve in its capacity as Trustee hereunder with respect to the Bonds for which provision for payment has been made in accordance with this subsection (b) until such Bonds have been redeemed or paid at maturity and any instrument pursuant to which the irrevocable instructions referred to in this subsection (b) are given shall expressly so provide. The irrevocable instructions to the Trustee must also contain a provision that the Trustee is not released or discharged until all the said Bonds are actually redeemed or paid at maturity.

The Trustee shall, if so directed by the Authority (x) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 1201 which are not to be redeemed prior to their maturity date or (y) prior to the publication of the notice of redemption referred to in clause (i) above with respect to any Bonds deemed to have been paid in accordance with this Section 1201 which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Bonds and redeem or sell Defeasance Obligations so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however,

that the Trustee shall receive an Accountant's Certificate showing that the moneys and Defeasance Obligations remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient to pay when due the Principal Installment or Redemption Price, if applicable, and interest due or to become due on all Bonds, in respect of which such moneys and Defeasance Obligations are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be and a Bond Counsel's Opinion to the effect that such redemption or sale of such Defeasance Obligations will not adversely affect the exemption of the interest on such Bonds from federal income taxation and that such redemption or sale otherwise complies with the provisions of this Resolution. The directions given by the Authority to the Trustee referred to in the preceding sentence shall also specify the portion, if any, of such Bonds so purchased and cancelled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 1201 upon their maturity date or dates and the portion, if any, of such Bonds so purchased and cancelled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 1201 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases and cancellations of Bonds as provided in this Section 1201 the total amount of moneys and Defeasance Obligations remaining on deposit with the Trustee under this Section 1201 is in excess of the total amount which would have been required to be deposited with the Trustee or such date in respect of the remaining Bonds in order to satisfy clause (ii) of this subsection (b) of Section 1201, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any lien or pledge securing said Bonds or otherwise existing under this Resolution. Except as otherwise provided in this subsection (b) of Section 1201 and subsection (c) of this Section 1201, neither Defeasance Obligations nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under this Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested at the written direction of an Authorized Representative of the Authority in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any lien or pledge securing said Bonds or otherwise existing under this Resolution.

(c) For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Obligations and moneys, if any, in accordance with the second sentence of subsection (b) of Section 1201, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Investment Securities on deposit with the Trustee for the

payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Rate Bond in order to satisfy the second sentence of subsection (b) of Section 1201, the Trustee shall, if requested, by the Authority, pay the amount of such excess to the Authority free and clear of any lien or pledge securing the Bonds or otherwise existing under this Resolution.

(d) Option Bonds shall be deemed to have been paid in accordance with the second sentence of subsection (b) of this Section 1201 only if, in addition to satisfying the requirements of clauses (i) and (iii) of such sentence, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the holders of such Bonds upon the exercise of any options provided to the holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to subsection (b) of this Section, the options originally exercisable by the holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this subsection (d). If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under this Resolution.

(e) Anything in this Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Fiduciary may, at the expense of the Authority, cause to be published at least twice, at an interval of not less than 7 days between publications, in the Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

**SECTION 1202. Evidence of Signatures of Bondholders and Ownership of Bonds.**

(a) Any request, consent, revocation of consent or other instrument which this Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys-in-fact appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorneys, shall be sufficient for any purpose of this Resolution (except as otherwise therein expressly provided) if made in any manner satisfactory to the Trustee. Proof of the holding of Bonds on any date shall be provided by the registration books of the Authority maintained by the Trustee.

(b) Any request or consent by the owner of any Bond shall bind all future owners of such Bond and any Bond issued in exchange therefor in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

**SECTION 1203. Moneys Held for Particular Bonds.** The amounts held by any Fiduciary for the payment due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the holders of the Bonds entitled thereto.

**SECTION 1204. Preservation and Inspection of Documents.** All documents received by any Fiduciary under the provisions of this Resolution shall be retained in its possession and shall be subject at all reasonable time to the inspection of the Authority, any other Fiduciary, and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

**SECTION 1205. Parties Interested Herein.** Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Authority, the Fiduciaries, and the holders of the Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation thereof; and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Fiduciaries, and the holders of the Bonds.

**SECTION 1206. No Recourse on the Bonds.** No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Resolution against any member or officer of the Authority or any person executing the Bonds.

**SECTION 1207. Successors and Assigns.** Whenever in this Resolution the Authority is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in this Resolution contained by or on behalf of the Authority shall bind and enure to the benefit of its successors and assigns whether so expressed or not.

**SECTION 1208. Severability of Invalid Provisions.** If any one or more of the covenants or agreements provided in this Resolution on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Resolution.

**SECTION 1209. Payments on Saturdays, Sundays and Holidays.** In any case where the date of any payment required to be made under this Resolution shall be a Saturday or a Sunday or shall be, at the place designated for such payment a legal holiday or a day on which banking institutions are authorized by law to close, then such payment shall not be made on such date but shall be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close.

**SECTION 1210. Effective Date.** This Resolution shall take effect, after its adoption, upon its execution by the Mayor and the Comptroller.

Approved this 4th day  
of December, 1985 by:

/s/ EDWARD I. KOCH  
Edward I. Koch  
*Mayor*

/s/ HARRISON J. GOLDIN  
Harrison J. Goldin  
*Comptroller*

## **EXHIBIT A**

Consisting of Exhibit A-1 and accompanying  
Schedule A-1 and Exhibit A-2 and  
accompanying Schedule A-2



SCHEDULE A-1

DISBURSEMENT SCHEDULE

TO STATEMENT NO. REQUESTING AND AUTHORIZING  
DISBURSEMENT OF FUNDS FROM CONSTRUCTION FUND  
PURSUANT TO SECTION 503 OF WATER AND SEWER SYSTEM  
GENERAL RESOLUTION OF THE NEW YORK CITY  
MUNICIPAL WATER FINANCE AUTHORITY

PAYEE

AMOUNT

PURPOSE\*

---

\* If disbursement is to pay Costs of Water Projects, insert Project Number from Appendix A to Financing Agreement. If disbursement is to pay Costs of Issue, identify specific Costs to be paid.

EXHIBIT A-2

FORM OF DISBURSEMENT REQUEST (CITY)

STATEMENT NO. REQUESTING DISBURSEMENT OF FUNDS FROM  
THE CONSTRUCTION FUND PURSUANT TO SECTION 503 OF THE NEW  
YORK CITY MUNICIPAL WATER FINANCE AUTHORITY WATER AND  
SEWER SYSTEM GENERAL REVENUE BOND RESOLUTION

Pursuant to Section 503 of the Resolution, the undersigned Authorized Representative of the Authority hereby requests and authorizes Citibank, N.A., as Trustee to pay to the Chief Accountant of the City out of the moneys on deposit in the Construction Fund the sum set forth in the Request and Certification of such Chief Accountant attached hereto as Schedule A-2.

In connection with the foregoing, the undersigned hereby certifies that:

- (a) The amount requested hereunder is properly payable out of the Construction Fund in accordance with the terms and conditions of the Resolution and has not formed the basis for any disbursement heretofore made from the Construction Fund; and
- (b) This Disbursement Request and all attachments hereto, including the Request and Certification of the Chief Accountant, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

Capitalized terms used herein and not otherwise defined shall have the respective meanings in the Resolution and Financing Agreement.

This        day of        , 19    .

\_\_\_\_\_  
Authorized Representative

SCHEDULE A-2

REQUEST AND CERTIFICATION OF  
CHIEF ACCOUNTANT

TO: New York City Municipal Water Finance Authority

DATED: \_\_\_\_\_

The undersigned, duly appointed and acting Chief Accountant of the City, pursuant to Section 503 of the Resolution and Section 4.3 of the Financing Agreement, hereby requests the disbursement of funds in the Construction Fund in the amount of \$

The undersigned hereby certifies in accordance with Section 503 of the Resolution that this Disbursement Request is made to reimburse the City for Costs of Water Projects heretofore paid and incurred by the City; that no request has heretofore been made in respect of such Costs of Water Projects; and that the Costs of Water Projects for which reimbursement is sought hereunder were incurred for Water Projects identified in Appendix A to the Financing Agreement as amended to the date hereof, [a copy of which is annexed to this Request and Certification] (or) [which has been previously certified to you on \_\_\_\_\_, 19\_\_].\*

Capitalized terms used herein and not otherwise defined shall have the respective meanings accorded such terms in the Resolution and the Financing Agreement.

IN WITNESS WHEREOF, I have set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

\_\_\_\_\_  
Chief Accountant of  
The City of New York

\* Delete provision not applicable.

## TABLE OF CONTENTS

	<u>Page</u>
<b>ARTICLE I DEFINITIONS AND INTERPRETATION</b>	
SECTION 101. Definitions.....	2
SECTION 102. Interpretation.....	16
SECTION 103. Revocation of Prior Resolution; Transfer of Funds.....	17
<b>ARTICLE II AUTHORIZATION AND ISSUANCE OF BONDS</b>	
SECTION 201. Authorization of Bonds.....	18
SECTION 202. Resolution to Constitute Contract.....	18
SECTION 203. Obligation of Bonds.....	18
SECTION 204. Authorization of Bonds in Series; Limitation on Issuance of Bonds Prior to July 1, 1986.....	18
SECTION 205. Issuance and Delivery of Bonds.....	19
SECTION 206. Conditions Precedent to Delivery of a Series of Bonds.....	19
SECTION 207. Conditions Precedent to Delivery of Refunding Bonds.....	23
SECTION 208. Bond Anticipation Notes.....	23
SECTION 209. Credit Facilities.....	24
<b>ARTICLE III GENERAL TERMS AND PROVISIONS OF BONDS</b>	
SECTION 301. Title of Bonds.....	24
SECTION 302. Legends.....	25
SECTION 303. Place and Medium of Payment: Form.....	25
SECTION 304. Payment of Interest.....	25
SECTION 305. Interchangeability of Bonds.....	25
SECTION 306. Negotiability, Transfer and Registry.....	25
SECTION 307. Regulations With Respect to Exchanges and Traders.....	26
SECTION 308. Bonds Mutilated, Destroyed, Stolen or Lost.....	26
SECTION 309. Preparation of Definitive Bonds, Temporary Bonds.....	26
SECTION 310. Execution and Authentication.....	27
SECTION 311. Inapplicability of Article.....	28
<b>ARTICLE IV APPLICATION OF BOND PROCEEDS</b>	
SECTION 401. Application of Bond Proceeds; Deposits to the Debt Service Reserve Fund.....	28
<b>ARTICLE V FUNDS AND ACCOUNTS</b>	
SECTION 501. The Pledge Effected by this Resolution.....	28
SECTION 502. Establishment of Funds and Accounts.....	29
SECTION 503. Construction Fund.....	30
SECTION 504. Revenue Fund.....	31
SECTION 505. Payments Into Certain Funds.....	31
SECTION 506. Debt Service Fund.....	32
SECTION 507. Authority Expense Fund.....	33
SECTION 508. Debt Service Reserve Fund.....	34

SECTION 509. Subordinated Indebtedness Fund. ....	35
SECTION 510. Surplus Fund. ....	35
SECTION 510-a Arbitrage Rebate Fund. ....	36
SECTION 511. Subordinated Indebtedness. ....	36
SECTION 512. Depositories. ....	36
SECTION 513. Deposits. ....	37
SECTION 514. Investment of Certain Funds. ....	38
SECTION 515. Valuation and Sale of Investments. ....	38

ARTICLE VI REDEMPTION OF BONDS

SECTION 601. Privilege of Redemption and Redemption Price. ....	40
SECTION 602. Redemption at the Election of the Authority. ....	40
SECTION 603. Redemption Otherwise Than at Authority Election. ....	40
SECTION 604. Selection of Bonds to be Redeemed. ....	40
SECTION 605. Notice of Redemption. ....	40
SECTION 606. Payment of Redeemed Bonds. ....	41

ARTICLE VII PARTICULAR COVENANTS

SECTION 701. Payment of Bonds. ....	41
SECTION 702. Offices for Servicing Bonds. ....	41
SECTION 703. Further Assurance. ....	42
SECTION 704. Power to Issue Bonds and Pledge Revenues. ....	42
SECTION 705. Tax Covenants. ....	42
SECTION 706. Accounts and Periodical Reports and Certificates. ....	42
SECTION 707. Indebtedness and Liens. ....	42
SECTION 708. Consulting Engineer. ....	43
SECTION 709. Rate Consultant. ....	43
SECTION 710. General. ....	43
SECTION 711. Agreement of the State. ....	44
SECTION 712. Authority Budget . ....	44
SECTION 713. Cash Flow Requirement; Statement of Revenues. ....	44
SECTION 714. Enforcement and Amendment of Agreement and Lease. ....	44

ARTICLE VIII SUPPLEMENTAL RESOLUTIONS

SECTION 801. Supplemental Resolutions Effective Upon Filing With the Trustee. ....	45
SECTION 802. Supplemental Resolutions Effective Upon Consent of Trustee. ....	46
SECTION 803. Supplemental Resolutions Effective With Consent of Bondholders. ....	46
SECTION 804. General Provisions. ....	46

## ARTICLE IX AMENDMENTS

SECTION 901. Mailing and Publication of Notice of Amendment.....	47
SECTION 902. Powers of Amendment.....	47
SECTION 903. Consent of Bondholders.....	48
SECTION 904. Modifications by Unanimous Consent.....	49
SECTION 905. Exclusion of Bonds.....	49
SECTION 906. Notation on Bonds.....	49

## ARTICLE X REMEDIES ON DEFAULT

SECTION 1001. Events of Default.....	49
SECTION 1002. Accounting and Examination of Records After Default.....	50
SECTION 1003. Application of Revenues and Other Moneys After Default.....	51
SECTION 1004. Proceedings Brought by Trustee.....	52
SECTION 1005. Restriction on Bondholders' Action.....	53
SECTION 1006. Remedies Not Exclusive.....	53
SECTION 1007. Effect of Waiver and Other Circumstances.....	54
SECTION 1008. Trustee to Exercise Powers of Statutory Trustee.....	54

## ARTICLE XI CONCERNING FIDUCIARIES

SECTION 1101. Trustee; Appointment and Acceptance of Duties.....	54
SECTION 1102. Paying Agents; Appointment and Acceptance of Duties.....	54
SECTION 1103. Responsibilities of Fiduciaries.....	55
SECTION 1104. Evidence on Which Fiduciaries May Act.....	55
SECTION 1105. Compensation.....	55
SECTION 1106. Certain Permitted Acts.....	56
SECTION 1107. Resignation of Trustee.....	56
SECTION 1108. Removal of Trustee.....	56
SECTION 1109. Appointment of Successor Trustee.....	56
SECTION 1110. Transfer of Rights and Property to Successor Trustee.....	57
SECTION 1111. Merger or Consolidation.....	57
SECTION 1112. Adoption of Authentication.....	58
SECTION 1113. Resignation or Removal of Paying Agent and Appointment of Successor.....	58

## ARTICLE XII MISCELLANEOUS

SECTION 1201. Defeasance.....	58
SECTION 1202. Evidence of Signatures of Bondholders and Ownership of Bonds.....	61
SECTION 1203. Moneys Held for Particular Bonds.....	62
SECTION 1204. Preservation and Inspection of Documents.....	62
SECTION 1205. Parties Interested Herein.....	62
SECTION 1206. No Recourse on the Bonds.....	62
SECTION 1207. Successors and Assigns.....	62
SECTION 1208. Severability of Invalid Provisions.....	62
SECTION 1209. Payments on Saturdays, Sundays and Holidays.....	62
SECTION 1210. Effective Date.....	63