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**POWER AUTHORITY OF THE STATE
OF NEW YORK**

GENERAL RESOLUTION

authorizing

REVENUE OBLIGATIONS

Adopted on February 24, 1998

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GENERAL RESOLUTION

authorizing

REVENUE OBLIGATIONS

BE IT RESOLVED by the Trustees of the Power Authority of the State of New York as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

101. Definitions. The following terms shall, for all purposes of the Resolution, have the following meanings:

"**Act**" means Power Authority Act, Title 1 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended from time to time.

"**Authority**" means Power Authority of the State of New York, the instrumentality organized and existing under the Act.

"**Authorized Investments**" means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Authority's funds pursuant to any law, to the extent permitted under any applicable regulation, guideline and policy of the Authority, as each is in effect from time to time:

(i) any security which is (a) a direct obligation of, or is unconditionally guaranteed by, the United States of America or the State for the payment of which the full faith and credit of the United States of America or the State is pledged or (b) an obligation of an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America;

(ii) any obligation of any state or political subdivision of a state or of any agency or instrumentality of any state or political subdivision ("**Municipal Bond**") which Municipal Bond is fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holder of the Municipal Bond, and which Municipal Bond is rated in the highest Rating Category by at least two Rating Agencies and provided, however, that such Municipal Bond is accompanied by (1) a Counsel's Opinion to the effect that such Municipal Bond is not subject to redemption prior to the date the proceeds of such Municipal Bond will be required for the purposes of the investment being made therein and (2) a report of a nationally recognized independent certified

accountant verifying that the moneys and obligations so segregated are sufficient to pay the principal of, premium, if any, and interest on the Municipal Bond;

(iii) bonds, debentures, notes or other obligations issued or guaranteed by any of the following: Federal National Mortgage Association (including Participation Certificates), Government National Mortgage Association, Federal Financing Bank, Federal Home Loan Mortgage Corporation and Federal Home Loan Banks, Federal Housing Administration, Federal Farm Credit Banks Funding Corporation, Federal Farm Credit Banks, Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, or any other agency controlled by or supervised by and acting as an instrumentality of the United States government;

(iv) obligations of any state of the United States of America or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which shall be rated at the time of the investment in any of the three highest long-term Rating Categories or the highest short-term Rating Category by a Rating Agency;

(v) certificates or other instruments that evidence ownership of the right to payments of principal of or interest on Municipal Bonds, provided that such obligations shall be held in trust by a Bank meeting the requirements for a successor Trustee under Section 710 of the Resolution, and provided further that the payments of all principal of and interest on such certificates or such obligations shall be fully insured or unconditionally guaranteed by, or otherwise unconditionally payable pursuant to a credit support arrangement provided by, one or more financial institutions or insurance companies or associations which at the date of investment shall have an outstanding, unsecured, uninsured and unguaranteed debt issue rated in the highest Rating Category by a Rating Agency or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of and interest on Municipal Bonds, such insurance policy shall result in such Municipal Bonds being rated in the highest Rating Category by a Rating Agency;

(vi) certificates that evidence ownership of the right to payments of principal of or interest on obligations described in clause (i) or (ii), provided that such obligations shall be held in trust by a Bank meeting the requirements for a successor Trustee under Section 710;

(vii) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances of the 25 largest Banks (measured by aggregate capital and surplus) in the United States or commercial paper issued by the parent holding company of any such Bank which at the time of investment has an outstanding unsecured, uninsured and unguaranteed debt issue rated in the highest short-term Rating Category by a Rating Agency (including the Trustee and its parent holding company, if any, if it otherwise qualifies);

(viii) any repurchase agreement or other investment agreement with any Bank as defined in clause (i) or (ii) of the definition thereof or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in clause (i) or (iii) above which securities shall at all times have a market value of not less than the full amount of the repurchase agreement and be delivered to another such Bank, as custodian;

(ix) any agreement or investment agreement with any insurance company or reinsurance company or investment affiliates thereof the obligations of which are rated by a Rating Agency in one of the two highest Rating Categories, which agreement is continuously secured by any one or more of the securities described in clause (i) or (iii) above, which securities shall at all times have a market value of not less than the full amount held or invested pursuant to the agreement and be delivered to a Bank as defined in clause (i) or (ii) of the definition thereof, as custodian;

(x) obligations of any domestic corporation which shall be rated at the time of the investment in either of the two highest long-term Rating Categories or the highest short-term Rating Category by a Rating Agency; and

(xi) any other investment in which the Authority is permitted to invest under applicable law, notwithstanding any limitations set forth in clauses (i) through (x) above.

"Authorized Officer" means any trustee of the Authority or officer of the Authority and any other person authorized by by-laws or resolution of the Authority to perform the act or sign the document in question.

"Bank" means any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank or savings and loan association chartered or organized under the laws of any state of the United States of America, or (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

"Business Day" means any day of the year other than (i) a Saturday or Sunday, (ii) any day on which banks located in New York, New York or the city in which the Principal Office of the Trustee is located are required or authorized by law to remain closed, or (iii) any day on which the New York Stock Exchange is closed.

"Capital Costs" means the Authority's costs of (i) physical construction of or acquisition of real or personal property or interests therein for any Project, together with incidental costs (including legal, administrative, engineering, consulting and technical services, insurance and financing costs), working capital and reserves deemed necessary or desirable by the Authority (including but not limited to costs of supplies, fuel, fuel assemblies and components or interests therein), and other costs properly attributable thereto; (ii) all capital improvements or additions, including but not limited to, renewals or replacements of or repairs, additions, improvements, modifications or betterments to or for any Project; (iii) the acquisition of any other real property, capital improvements or additions, or interests therein, deemed necessary or desirable by the Authority for the conduct of its business; (iv) any other purpose for which bonds, notes or other obligations of the Authority may be issued under the Act or under other applicable State statutory provisions (whether or not also classifiable as an Operating Expense); and (v) the payment of principal, interest, and redemption, tender or purchase price of any (a) Obligations issued by the Authority for the payment of any of the costs specified above, (b) any Obligations issued to refund such Obligations, or (c) Obligations issued to pay capitalized interest; provided, however, that the term Capital Costs shall not include any costs of the Authority relating to a Separately Financed Project.

"**Capital Fund**" means the fund by that name established in Section 502.

"**Commercial Paper Notes**" means any notes issued and outstanding at any time under the Commercial Paper Resolution.

"**Commercial Paper Resolution**" means the Amended and Restated Resolution Authorizing Commercial Paper Notes adopted by the Authority on November 25, 1997, as the same may be amended and supplemented in accordance with its terms.

"**Counsel's Opinion**" means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Authority.

"**Credit Facility**" means any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement thereof, which is obtained by the Authority and is issued by a financial, insurance or other institution and which provides security or liquidity in respect of any Outstanding Obligations or Subordinated Indebtedness.

"**Defeasance Security**" means

(a) an Authorized Investment as specified in clause (i) of the definition thereof, which is not callable or redeemable at the option of the issuer thereof,

(b) any depositary receipt issued by a Bank as custodian with respect to any Defeasance Security which is specified in clause (a) above and held by such Bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal or interest on any such Defeasance Security which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Defeasance Security or the specific payment of principal or interest evidenced by such depositary receipt,

(c) any certificate of deposit specified in clause (vii) of the definition of Authorized Investments in Section 101, including certificates of deposit issued by the Trustee or by a Paying Agent,

(d) an Authorized Investment as specified in clause (ii) of the definition thereof, and

(e) any other security designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing the Obligations authorized by such Supplemental Resolution.

"**Events of Default**" means the events defined as such in Section 1001.

"**Fiduciary or Fiduciaries**" means the Trustee, any Registrar, any Paying Agent, or any or all of them, as may be appropriate.

"**Niagara Project**" means the Authority's Niagara Power Project, located in Lewiston, New York, and all associated equipment, properties, and transmission lines, as described in the Federal Power Commission license issued for such project, as amended.

"**1985 Note Resolution**" means the resolution adopted by the Authority on April 30, 1985 entitled "Resolution Authorizing the Issuance of \$200,000,000 Adjustable Rate Tender Notes," as amended and supplemented in accordance with the terms thereof.

"**1985 Notes**" means any notes issued and outstanding under the 1985 Note Resolution.

"**1998 Revolving Credit Agreement**" means the 1998 Revolving Credit Agreement dated as of April 15, 1998 among the Authority, Morgan Guaranty Trust Company of New York, the other banks named therein, Morgan Guaranty Trust Company of New York, as Administrative Agent, and The Bank of Nova Scotia, as Documentation Agent.

"**1995 Revolving Credit Agreement**" means the 1995 Revolving Credit Agreement dated as of August 1, 1995 among the Authority, Morgan Guaranty Trust Company of New York, the other banks named therein, and Morgan Guaranty Trust Company of New York, as agent.

"**1997 Revolving Credit Agreement**" means the 1997 Revolving Credit Agreement dated as of December 4, 1997 among the Authority, Morgan Guaranty Trust Company of New York, the other banks named therein, and Morgan Guaranty Trust Company of New York, as agent.

"**1974 Bonds**" means any bond or bonds issued in one or more series under the 1974 Resolution.

"**1974 Resolution**" means the General Purpose Bond Resolution adopted by the Authority on November 26, 1974, as amended and supplemented in accordance with the terms thereof.

"**Obligations**" means any obligations, issued in any form of debt, authorized by a Supplemental Resolution, including but not limited to bonds, notes, bond anticipation notes, and commercial paper, which are delivered under the Resolution, but such term shall not include any Subordinated Contract Obligation or Subordinated Indebtedness.

"**Operating Expenses**" means the Authority's expenses for operation, maintenance, ordinary repairs and ordinary replacements of any Project, including without limiting the generality of the foregoing, the costs of supplies, fuel, fuel assemblies and components required by the Authority for the operation of any Project (including any payments made pursuant to a "take-or-pay" fuel supply or energy contract that obligates the Authority to pay for fuel, energy or power regardless of whether fuel or energy is delivered or made available for delivery, other than any such contract or portion thereof that is designated by the Authority, pursuant to Section 310, as either as a Subordinated Contract Obligation or a Parity Contract Obligation), administrative expenses, insurance premiums, legal and engineering expenses, consulting and technical services, payments for energy conservation and load management programs, payments relating to fuel or electricity hedging instruments, payments for employee benefits, including payments to savings, pension, retirement, health and hospitalization funds, charges payable by the Authority pursuant to any licenses, orders or mandates from any agency or regulatory body having lawful jurisdiction, any payments in lieu of taxes or other payments to municipal governments agreed to be paid by the Authority and any taxes, governmental charges, and

any other expenses required to be paid by the Authority, all to the extent properly and directly attributable to any Project; financing costs of any Series of Obligations; the expenses, liabilities and compensation of the Fiduciaries required to be paid under the Resolution or pursuant to any agreement executed by the Authority; all costs and expenses associated with or arising out of the research, development (including feasibility and other studies) and/or implementation of any project, facility, system, task or measure deemed desirable or necessary by the Authority; and all other costs and expenses arising out of or in connection with the conduct of Authority business, including those expenses the payment of which is not immediately required, such as those expenses referenced in subsection 2 of Section 503. Notwithstanding the foregoing, Operating Expenses shall not include (i) any costs and expenses attributable to a Separately Financed Project, or (ii) any costs or expenses for new construction or for reconstruction other than restoration of any part of a Project to the condition of serviceability thereof when new.

"Operating Fund" means the fund by that name established in Section 502.

"Outstanding," when used with reference to Obligations or Obligations of a Series, means, as of any date, Obligations or Obligations of such Series theretofore or thereupon being delivered under the Resolution except:

- (i) Any Obligations cancelled at or prior to such date;
- (ii) Obligations the principal and Redemption Price, if any, of and interest on which have been paid in accordance with the terms thereof;
- (iii) Obligations in lieu of or in substitution for which other Obligations shall have been delivered pursuant to Article III or Section 406 or Section 906;
- (iv) Obligations deemed to have been paid as provided in subsection 2 of Section 1101; and
- (v) Put Obligations tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Obligations on the applicable tender date, if the purchase price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Resolution, except to the extent such tendered Put Obligations thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution.

"Owner" or any similar terms, means the registered owner of any Obligation as shown on the books for the registration and transfer of Obligations maintained in accordance with Section 305.

"Parity Contract Obligation" has the meaning provided in subsection 7 of Section 310.

"Parity Debt" means the 1985 Notes, any note issued pursuant to the 1995 Revolving Credit Agreement, and any Parity Contract Obligation, Parity Reimbursement Obligation or Parity Swap Obligation. For purposes of Section 1003, any Parity Debt entered into or issued subsequent to

the date of adoption of this Resolution shall specify, to the extent applicable, the interest and principal components of, or the scheduled payments corresponding to interest under, such Parity Debt.

"Parity Reimbursement Obligation" has the meaning provided in subsection 4 of Section 310.

"Parity Swap Obligation" has the meaning provided in subsection 6 of Section 310.

"Paying Agent" means any paying agent for the Obligations of any Series and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

"Person" means any individual, corporation, firm, partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability company, or other legal entity or group of entities, including a governmental entity or any agency or subdivision thereof.

"Principal Office of the Trustee" means the designated corporate trust office of the Trustee, which office at the date of acceptance by the Trustee of the duties and obligations imposed on the Trustee by the Resolution is The Chase Manhattan Bank, 450 West 33rd Street, New York, New York 10001-2697.

"Project" means any project, facility, system, equipment, or material related to or necessary or desirable in connection with the generation, production, transportation, transmission, distribution, delivery, storage, conservation, purchase or use of energy or fuel, whether owned jointly or singly by the Authority, including any output in which the Authority has an interest, heretofore or hereafter authorized by the Act or by other applicable State statutory provisions; provided, however, that the term "Project" shall not include any Separately Financed Project.

"Purchase Price" means, with respect to any Obligation, 100% of the principal amount thereof plus accrued interest, if any, plus in the case of an Obligation subject to mandatory tender for purchase on a date when such Obligation is also subject to optional redemption at a premium, an amount equal to the premium that would be payable on such Obligation if redeemed on such date.

"Put Obligations" means Obligations which by their terms may be tendered by and at the option of the owner thereof, or are subject to a mandatory tender, for payment or purchase prior to the stated maturity or redemption date thereof.

"Qualified Swap" means, to the extent from time to time permitted by law, with respect to Obligations, any financial arrangement (i) which is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Obligations of the Authority as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, executed by the Authority for the purpose of moderating interest rate fluctuations or otherwise, and (iii) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Swap with respect to such Obligations.

"Qualified Swap Provider" means an entity whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated either (i) at least as high as the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Swap Provider, but in no event lower than any Rating Category designated by each such Rating Agency for the Obligations subject to such Qualified Swap, or (ii) any such lower Rating Categories which each such Rating Agency indicates in writing to the Authority and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding Obligations subject to such Qualified Swap that is in effect prior to entering into such Qualified Swap.

"Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the Obligations at the request of the Authority.

"Rating Category" means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

"Redemption Price" means, with respect to any Obligation, 100% of the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof pursuant to the Resolution.

"Registrar" means any registrar for the Obligations of any Series and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

"Reimbursement Obligation" has the meaning provided in subsection 4 of Section 310.

"Resolution" means this Resolution as from time to time amended or supplemented by Supplemental Resolutions.

"Responsible Officer" means any officer assigned to the corporate trust office of the Trustee, including any managing director, principal, vice president, assistant vice president, assistant treasurer, assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and having direct responsibility for the administration of this Resolution, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"Revenues" means all revenues, rates, fees, charges, rents, proceeds from the sale of Authority assets, proceeds of insurance, and other income and receipts, as derived in cash by or for the account of the Authority directly or indirectly from any of the Authority's operations, including but not limited to the ownership or operation of any Project, but not including any such income or receipts attributable directly or indirectly to the ownership or operation of any Separately Financed Project and not including any federal or state grant moneys the receipt of which is conditioned upon their expenditure for a particular purpose.

"St. Lawrence-FDR Project" means the Authority's St. Lawrence-Franklin D. Roosevelt Power Project, located in Massena, New York, and all associated equipment, properties, and transmission lines, as described in the Federal Power Commission license issued for such project, as amended.

"Separately Financed Project" means any project described as such in Section 203.

"Series" means all of the Obligations delivered on original issuance pursuant to a single Supplemental Resolution and denominated therein a single series, and any Obligations thereafter delivered in lieu of or in substitution therefor pursuant to Article III or Section 406 or Section 906, regardless of variations in maturity, interest rate, or other provisions.

"Short-term Demand Notes" means the notes issued in an aggregate principal amount not to exceed \$150,000,000 outstanding at any time under a resolution of the Authority adopted on December 15, 1994, and any subsequent resolution of the Authority providing for renewal or replacement of the loan arrangements authorized thereby.

"State" means the State of New York.

"Subordinated Contract Obligation" means any payment obligation (other than a payment obligation constituting Parity Debt or Subordinated Indebtedness) arising under (a) any Credit Facility which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee, (b) any Qualified Swap which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee, (c) the 1998 Revolving Credit Agreement, (d) the 1997 Revolving Credit Agreement, (e) the 1995 Revolving Credit Agreement, and (f) any other contract, agreement or other obligation authorized by resolution of the Authority and designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee. Each Subordinated Contract Obligation shall be payable from the Trust Estate subject and subordinate to the payments to be made with respect to the Obligations and Parity Debt, as provided for in Sections 503 and 604, and shall be secured by a lien on and pledge of the Trust Estate junior and inferior to the lien on and pledge of the Trust Estate herein created for the payment of the Obligations and Parity Debt.

"Subordinated Indebtedness" means any Commercial Paper Notes, Short-term Demand Notes, any note issued pursuant to the 1998 Revolving Credit Agreement or the 1997 Revolving Credit Agreement, and any bond, note or other indebtedness authorized by resolution of the Authority and designated as constituting "Subordinated Indebtedness" in a certificate of an Authorized Officer delivered to the Trustee, which shall be payable from the Trust Estate subject and subordinate to the payments to be made with respect to the Obligations and Parity Debt, as provided for in Sections 503 and 604, and which shall be secured by a lien on and pledge of the Trust Estate junior and inferior to the lien on and pledge of the Trust Estate herein created for the payment of the Obligations and Parity Debt.

"Supplemental Resolution" means any resolution supplemental to or amendatory of the Resolution, adopted by, or adopted pursuant to authorization granted by, the Authority in accordance with Article VIII thereof.

"**Taxable Obligations**" means any Obligations which are not Tax-Exempt Obligations.

"**Tax-Exempt Obligations**" means any Obligations the interest on which is intended by the Authority to be generally excluded from gross income for federal income tax purposes and which are designated as Tax-Exempt Obligations in the Supplemental Resolution authorizing such obligations.

"**Trust Estate**" means, collectively:

- (i) all Revenues;
- (ii) the proceeds of sale of Obligations until expended for the purposes authorized by the Supplemental Resolution authorizing such Obligations;
- (iii) all funds, accounts and subaccounts established by the Resolution, including investment earnings thereon; and
- (iv) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Obligations by the Authority, or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times, and to hold and apply the same subject to the terms hereof.

"**Trustee**" means the trustee appointed in accordance with Section 701, and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

102. Rules of Construction.

(a) The singular form of any word used herein, including the terms defined in Section 101, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(b) All references herein to "Articles," "Sections" and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of the Resolution; and the words "herein," "hereof," "hereunder" and other words of similar import refer to the Resolution as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not limit or otherwise affect the meaning, construction or effect of the Resolution or describe the scope or intent of any provisions hereof.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with applicable generally accepted accounting principles as in effect from time to time.

(e) All references herein to agreements or contracts shall be deemed to include any amendments to such agreements or contracts that are approved in accordance with the terms thereof.

(f) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," or similar action hereunder by any party shall, unless the form thereof is specifically provided, be in writing signed by a duly authorized representative of such party with a duly authorized signature.

I03. Authority for the Resolution. The Resolution is adopted pursuant to the provisions of the Act.

I04. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Obligations authorized to be issued under the Resolution by those who shall own the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Obligations; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the Owners of any and all of the Obligations, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Obligations over any other thereof except as expressly provided in or permitted by the Resolution.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF OBLIGATIONS

II01. Authorization of Obligations. The Resolution hereby authorizes Obligations of the Authority to be designated as "Revenue Obligations," "Revenue Bonds," "Revenue Notes," or such other designation as determined by the Authority in the Supplemental Resolution authorizing the Obligations, which Obligations, if and when authorized by the Authority pursuant to one or more Supplemental Resolutions, may be issued in one or more Series, and the designation thereof shall include such further or different appropriate particular designations added to or incorporated in such title for the Obligations of any particular Series, as the Authority may determine. Obligations may be issued as Tax-Exempt Obligations, as Taxable Obligations, as obligations which convert on a particular date or dates from Taxable Obligations to Tax-Exempt Obligations, or as Taxable Obligations which are mandatorily exchangeable on a particular date or dates for Tax-Exempt Obligations, or otherwise as determined by Supplemental Resolution and not contrary to the Resolution as then in effect. Obligations may be issued for any purpose of the Authority authorized by the Act or by other then applicable State statutory provisions and the aggregate principal amount of the Obligations which may be executed and delivered under the Resolution is not limited except as provided in the Resolution or as may be limited by law.

II02. General Provisions for Issuance of Obligations. 1. Obligations may be issued pursuant to a Supplemental Resolution in such principal amount or amounts for each Series as may be specified in such Supplemental Resolution. Obligations shall be authorized by a Supplemental Resolution which shall specify:

- (a) The purpose or purposes for which such Obligations are being issued;
- (b) The authorized principal amount and designation (including Series designation) of such Obligations;
- (c) The date or dates, and the maturity date or dates, of the Obligations;
- (d) Whether the Obligations bear interest, and if so, the interest rate or rates of the Obligations, or the manner of determining such rate or rates and the interest payment dates therefor;
- (e) The denominations of, and the manner of numbering and lettering, the Obligations;
- (f) The Paying Agent or Paying Agents and the place or places of payment of the principal and Redemption Price, if any, of, and interest on, the Obligations;
- (g) The Redemption Price or Prices, if any, and, subject to Article IV, the redemption terms, if any, for the Obligations; and
- (h) The forms of the Obligations and if Obligations are Put Obligations, provisions regarding tender for purchase or redemption thereof and payment of the Purchase or Redemption Price thereof.

2 The Obligations may be sold in one or more installments (each of which shall contain a designation distinguishing it from other installments), and shall be delivered by the Authority under the Resolution but only upon receipt by the Trustee of:

(1) A Counsel's Opinion to the effect that (a) the Authority has the right and power under the Act as amended to the date of such Opinion (or, if the Obligations are issued pursuant to other than applicable State statutory provisions, under such provisions) to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Authority, is in full force and effect, and is valid and binding upon the Authority, and enforceable in accordance with its terms, and no other authorization for the Resolution is required; (b) the Resolution creates the valid pledge which it purports to create of the Trust Estate in the manner and to the extent provided in Section 501; (c) the Obligations are valid, binding, direct and general obligations of the Authority, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Act as amended to the date of such Opinion (and, if the Obligations are issued pursuant to other than applicable State statutory provisions, under such provisions), and such Obligations have been duly and validly authorized and issued in accordance with law and the Resolution; and (d) the Authority has good right and lawful authority under the Act (or, if the Obligations are issued pursuant to other than applicable State statutory provisions; under such provisions) to effectuate the purposes for which the proceeds of such Obligations will be utilized, subject, in the case of Obligations issued for other than refunding purposes, to obtaining such licenses, orders or other authorizations, if any, as, at the date of such Opinion, may be required to be obtained from any agency or regulatory body having lawful jurisdiction in order to effectuate such purposes;

(2) A copy of the Supplemental Resolution authorizing such Obligations, certified by an Authorized Officer;

(3) A written order of the Authority as to the delivery of the Obligations, signed by an Authorized Officer;

(4) Such further documents and moneys as are required by the provisions of Section 203 or Article VIII; and

(5) A certificate of an Authorized Officer to the effect that, upon the delivery of the Obligations, the Authority will not be in default in the performance of the terms and provisions of the Resolution or of any of the Obligations.

3. If Obligations are to be listed on a domestic or foreign stock exchange, the Supplemental Resolution authorizing such Obligations shall delegate to Authorized Officers the authority to take all such actions as they deem necessary or appropriate to comply with the listing requirements of such exchange, including without limitation the appointment of a member of such exchange as listing agent, the publication where required by such exchange of all redemption notices, the appointment of a special clearing agent and paying agent, and the execution of an undertaking letter with such exchange.

II03. Separately Financed Project. Nothing in the Resolution shall prevent the Authority from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness,

other than Obligations, for any project authorized by the Act or by other then applicable State statutory provisions, or from financing any such project from other available funds (such project being referred to herein as a "**Separately Financed Project**"), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, if any, and the Authority's share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project or from other funds withdrawn by the Authority pursuant to paragraph (e) of subsection 1 of Section 503.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF OBLIGATIONS

III01. Medium of Payment; Form and Date. 1. Except as otherwise provided in a Supplemental Resolution authorizing particular Obligations, the Obligations shall be payable, with respect to interest, principal and Redemption Price, 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.

2 Except as may otherwise be provided in a Supplemental Resolution authorizing particular Obligations, Obligations shall be issued in the form of fully registered Obligations without coupons. Obligations, the certificate of authentication, if any, and the form of assignment shall be in substantially the form specified in the Supplemental Resolution authorizing such Obligations with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or thereby or are required by law, and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by the officers executing such Obligations, as evidenced by their execution of the Obligations. Any portion of the text of any Obligation may be set forth on the reverse thereof, with an appropriate reference thereto on the face of such Obligation, or as multiple pages (with or without such a reference). Obligations may be typewritten, printed, engraved, lithographed or otherwise produced.

3 Obligations shall be dated, and shall bear or not bear interest, as provided in the Supplemental Resolution authorizing such Obligations.

III02. Legends. Obligations may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the Authority.

III03. Execution and Authentication. 1. The Obligations shall be executed in the name of the Authority by the manual or facsimile signature of its Chairman or its Vice Chairman and its corporate seal (or a facsimile thereof) shall be affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or facsimile signature of its Secretary, Deputy Secretary, or an Assistant Secretary, or in such other manner as may be required by law or specified in a Supplemental Resolution. In case any one or more of the officers who shall have signed or sealed any of the Obligations shall cease to be such officer before the Obligations so signed and sealed shall have been actually delivered, such Obligations may, nevertheless, be delivered as herein provided, and may be issued as if the Persons who signed or sealed such Obligations had not ceased to hold such offices. Any Obligation may be signed and sealed on behalf of the Authority by such Persons as at the actual time of the execution of such Obligation shall be duly authorized or hold the proper office in the Authority, although at the date of the Obligations such Persons may not have been so authorized or have held such office.

2 Except as may be otherwise provided in a Supplemental Resolution, Obligations of each Series shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Resolution authorizing such Obligations, executed manually by the Trustee. Except as may otherwise be provided in a Supplemental Resolution, only such Obligations as shall bear thereon

such certificate of authentication shall be entitled to any right or benefit under the Resolution and no Obligation 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 Obligation executed on behalf of the Authority shall be conclusive evidence that the Obligation so authenticated has been duly authenticated and delivered under the Resolution and that the Owner thereof is entitled to the benefits of the Resolution.

III04. Interchangeability of Obligations. Obligations, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or his duly authorized attorney, may, at the option of such Owner, be exchanged for an equal aggregate principal amount of Obligations of the same Series, maturity and interest rate of any other authorized denomination.

III05. Negotiability, Transfer and Registry. All the Obligations issued under the Resolution shall be negotiable, subject to the provisions for registration and transfer contained in the Resolution and in the Obligations. So long as any of the Obligations shall remain Outstanding, the Authority shall maintain and keep, at the office of the Registrar, books for the registration and transfer of Obligations; and, upon presentation thereof for such purpose at said office, the Authority shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Registrar may prescribe, any Obligation entitled to registration or transfer. So long as any of the Obligations remain Outstanding, the Authority shall make all necessary provision to permit the exchange of Obligations at the office of the Registrar.

III06. Transfer of Obligations. 1. Except as may be otherwise provided in a Supplemental Resolution authorizing Obligations in book-entry-only form, each Obligation shall be transferable only upon the books of the Authority, which shall be kept for that purpose at the office of the Registrar, 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 Registrar duly executed by the Owner or his duly authorized attorney. Upon the transfer of any such Obligation, the Authority shall issue in the name of the transferee a new Obligation or Obligations of the same aggregate principal amount, Series, maturity and interest rate as the surrendered Obligation.

2. The Authority and each Fiduciary may deem and treat the Person in whose name any Outstanding Obligation shall be registered upon the books of the Authority as the absolute owner of such Obligation, whether such Obligation shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Obligation and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Obligation 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 the Resolution, in so treating such registered owner.

III07. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Obligations or transferring Obligations is exercised, the Authority shall execute and the Registrar shall deliver Obligations in accordance with the provisions of the Resolution. All Obligations surrendered in any such exchanges or transfers shall forthwith be cancelled by the Registrar. For every such exchange or transfer of Obligations, whether temporary or definitive, the

Authority or the Registrar may 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. The Authority shall not be obliged to make any such exchange or transfer of Obligations during the 20 days next preceding an interest payment date on such Obligations or, in the case of any proposed redemption of such Obligations, next preceding the mailing of notice of such redemption.

III08. Obligations Mutilated, Destroyed, Stolen or Lost. In case any Obligation shall become mutilated or be destroyed, stolen or lost, the Authority shall execute, and thereupon the Registrar shall deliver, a new Obligation of like Series, maturity, interest rate and principal amount as the Obligation so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Obligation, upon surrender and cancellation of such mutilated Obligation, or in lieu of and substitution for the Obligation destroyed, stolen or lost, upon filing with the Registrar evidence satisfactory to the Authority and the Registrar that such Obligation has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Authority and the Registrar with indemnity satisfactory to them and complying with such other reasonable regulations as the Authority and the Registrar may prescribe and paying such expenses as the Authority and Registrar may incur. All Obligations so surrendered to the Registrar shall be cancelled by it. If any such Obligation shall have matured, or if such Obligation shall have been called for redemption or a redemption date pertaining thereto shall have passed, instead of issuing a new Obligation the Authority may cause the same to be paid without surrender thereof upon indemnity satisfactory to the Authority and the Trustee. Any such new Obligations issued pursuant to this Section in substitution for Obligations alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Obligations 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 Obligations issued under the Resolution, in any moneys or securities held by the Authority or the Fiduciary for the benefit of the Owners of Obligations.

III09. Book-Entry-Only System. Notwithstanding any other provision of the Resolution, the Authority may employ a book-entry-only system of registration with respect to any Obligations, and the procedures regarding such registration shall be set forth in the Supplemental Resolution authorizing such Obligations. Any provisions of the Resolution inconsistent with book-entry-only Obligations shall not be applicable to such book-entry-only Obligations.

310. Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt. 1. The Authority may include such provisions in a Supplemental Resolution authorizing the issuance of a Series of Obligations secured by a Credit Facility as the Authority deems appropriate, and no such provisions shall be deemed to constitute an amendment to the Resolution requiring action under Section 801, 802 or 803, including:

(a) So long as a Credit Facility providing security (but not liquidity) is in full force and effect, and payment on the Credit Facility is not in default and the issuer of the Credit Facility is qualified to do business, then, in all such events, the issuer of the Credit Facility shall be deemed to be the sole Owner of the Outstanding Obligations the payment of which such Credit Facility secures when the approval, consent or action of the Owners for such Obligations is required or may be exercised under the Resolution, or, in the alternative, that the approval, consent or action of the issuer of the Credit Facility shall be required in addition to the approval, consent or action of the applicable percentage of the Owners of the

Outstanding Obligations including, without limitation, Section 803 hereof, and following an Event of Default under Section 1001 hereof.

(b) In the event that the principal, sinking fund installments, if any, and Redemption Price, if applicable, and interest due on any Outstanding Obligations shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of the Authority to the Owners of such Obligations shall continue to exist and such issuer of the Credit Facility shall be subrogated to the rights of such Owners in accordance with the terms of such Credit Facility.

2. In addition, such Supplemental Resolution may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the issuer of the Credit Facility, (iii) to provide a mechanism for paying principal installments and interest on Obligations secured by the Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the issuer of a Credit Facility.

3. 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 Obligations affected thereby, and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

4. The Authority may secure such Credit Facility by an agreement providing for the purchase of the Obligations 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, which may include interest calculated at a rate higher than the interest rate on the related Obligation, may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created by Section 501 to secure the Obligations (a "**Parity Reimbursement Obligation**"), but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Obligations, without acceleration, or may constitute a Subordinated Contract Obligation, as determined by the Authority. Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification, or other obligations to any such provider, or any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Obligations, which payments shall be Subordinated Contract Obligations.

5. Any such Credit Facility shall be for the benefit of and secure such Obligations or portion thereof as specified in the applicable Supplemental Resolution.

6. In connection with the issuance of any Obligations or at any time thereafter so long as Obligations remain Outstanding, the Authority may, to the extent from time to time permitted pursuant to law, enter into Qualified Swaps. The Authority's obligation to pay any amount under any Qualified Swap may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien

created by Section 501 to secure the Obligations (a "**Parity Swap Obligation**"), or may constitute a Subordinated Contract Obligation, as determined by the Authority. Parity Swap Obligations shall not include any payments of any termination or other fees, expenses, indemnification or other obligations to a counterparty to a Qualified Swap, which payments shall be Subordinated Contract Obligations.

7. The Authority's obligation to pay that portion of any rates, fees, charges or payments which the Authority is contractually obligated to pay to another entity for fuel, energy or power, for the specific purpose of meeting principal or interest or both on that entity's obligations directly associated with such contract and payable to such entity regardless of whether fuel or energy is delivered or made available for delivery, may be secured by a pledge of, and lien on, the Trust Estate on a parity with the lien created by Section 501 to secure the Obligations (a "**Parity Contract Obligation**"), or may constitute a Subordinated Contract Obligation or an Operating Expense, as determined by the Authority.

8. Parity Debt shall not be a debt of the State and the State shall not be liable thereon, nor shall Parity Debt be payable out of any funds other than those of the Authority pledged therefor pursuant to the Resolution.

ARTICLE IV

REDEMPTION OF OBLIGATIONS

IV01. Privilege of Redemption and Redemption Price. Obligations subject to redemption prior to maturity pursuant to a Supplemental Resolution shall be redeemable, upon written notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms (in addition to and consistent with the terms contained in this Article IV) as may be specified in the Supplemental Resolution authorizing such Obligations.

IV02. Redemption at the Election of the Authority. In the case of any redemption of Obligations at the election of the Authority, the Authority shall give written notice to the Trustee of its election so to redeem, of the redemption date, of the Series, of the principal amounts of the Obligations of each maturity and interest rate of such Series to be redeemed (which Series, maturities, interest rates 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). Such notice shall be given at least 45 days prior to the redemption date or such shorter period as may be provided in the Supplemental Resolution or as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 405 provided, the Authority shall on or prior to the redemption date cause to be paid out to the appropriate Paying Agent or Paying Agents out of moneys available therefor an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, all of the Obligations to be redeemed.

IV03. Redemption Otherwise Than at the Authority's Election. Whenever by the terms of the Resolution, Obligations are required to be redeemed otherwise than at the election of the Authority, the Trustee shall select the Obligations to be redeemed, give the notice of redemption and pay out of moneys available therefor the Redemption Price to the appropriate Paying Agents in accordance with the terms of this Article IV.

IV04. Selection of Obligations to be Redeemed. In the event of redemption of less than all the Outstanding Obligations of like Series, maturity and interest rate, the Trustee shall select, in such manner in its discretion as it shall deem appropriate and fair, the numbers of the Obligations to be redeemed and portions of any thereof to be redeemed in part. Obligations of denominations equal or less than the minimum authorized denomination thereof may be redeemed only as a whole. Obligations of denominations of more than the minimum authorized denomination thereof may be redeemed either as a whole or in part (which part must be an authorized denomination). For the purposes of this Section 404, Obligations, or portions thereof, which have theretofore been selected for redemption shall not be deemed Outstanding.

IV05. Notice of Redemption. When the Trustee shall receive notice from the Authority of its election to redeem Obligations pursuant to Section 402, and when redemption of Obligations is required by the Resolution pursuant to Section 403, the Trustee shall give notice, in the name of the Authority, of the redemption of such Obligations, which notice shall specify the Series, maturities and, if any maturity shall include Obligations bearing different interest rates and all Obligations of such maturity are not being redeemed, interest rate of the Obligations 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 Obligations of any like Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Obligations so to be redeemed, and, in the case of Obligations to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed, and, if applicable, that such notice is conditional and the conditions that must be satisfied. Such notice shall further state that on such date there shall become due and payable upon each Obligation to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Obligations to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by first class mail, postage prepaid, not less than 30 days nor more than 45 days, or for such other period as may be specified in a Supplemental Resolution authorizing a particular Series, before the redemption date, to the Owners of any Obligations or portions of Obligations which are to be redeemed, at their last addresses, if any, appearing upon the registry books. Failure so to mail any such notice to any particular Owner shall not affect the validity of the proceedings for the redemption of Obligations not owned by such Owner and failure of any Owner to receive such notice shall not affect the validity of the proposed redemption of Obligations.

Any notice of optional redemption given pursuant to this Section may state that it is conditional upon receipt by the Trustee of moneys sufficient to pay the Redemption Price of such Obligations or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected Owners of Obligations as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Notice of redemption of any Series of Obligations shall also be sent by the Trustee to such additional Persons as may be specified in the Supplemental Resolution authorizing such Series.

IV06. Payment of Redeemed Obligations. Notice having been given in the manner provided in Section 405, the Obligations or portions thereof so called for redemption shall, subject to the second paragraph of Section 405, 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 Obligations, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of an Obligation, the Authority shall execute and cause to be delivered, upon the surrender of such Obligation, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Obligation so surrendered, at the option of the owner thereof, Obligations of like Series, maturity and interest rate in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Obligations or portions thereof of any like Series, maturity and interest rate to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date interest on the Obligations or portions thereof of such Series, maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Obligations 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 V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

V01. The Lien Created by the Resolution. 1. The Trust Estate is hereby pledged for the payment of the principal and Redemption Price of, and interest on, the Obligations and, on a parity basis, the Parity Debt, in accordance with their terms and the provisions of the Resolution.

2. The pledge shall be valid and binding from and after the date of adoption of the Resolution, and the Trust Estate shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid and binding 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.

V02. Establishment of Funds. The following funds are hereby established:

- (1) Operating Fund, to be held by the Authority, and
- (2) Capital Fund, to be held by the Authority.

The Authority may establish one or more additional funds, accounts or subaccounts by delivering to the Trustee a certificate of an Authorized Officer. The Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of written investment direction from the Authority.

V03. Operating Fund. 1. The Authority shall pay into the Operating Fund all Revenues as and when received. The Authority shall also pay into the Operating Fund such portion of the proceeds of any Series of Obligations which may have been issued to pay Operating Expenses as shall be specified pursuant to the Supplemental Resolution authorizing such Series. Amounts in the Operating Fund shall be paid out, accumulated or withdrawn from time to time for the following purposes and, as of any time, in the following order of priority:

(a0) payment of reasonable and necessary Operating Expenses or accumulation in the Operating Fund as a reserve (i) for working capital, (ii) for such Operating Expenses the payment of which is not immediately required, including but not limited to amounts determined by the Authority to be required as an operating reserve in accordance with subsection 2 of this Section 503, or (iii) deemed necessary or desirable by the Authority to comply with orders or other rulings of an agency or regulatory body having lawful jurisdiction;

(b0) payment of, or accumulation in the Operating Fund as a reserve for the payment of, interest on and the principal or Redemption Price of the Obligations and the payment of Parity Debt, on a parity basis, on their respective due dates or redemption dates, as the case may be;

(c0) payment of principal of and interest on any Subordinated Indebtedness or payment of amounts due under any Subordinated Contract Obligation;

(d) withdrawal and deposit in the Capital Fund; and
(e) withdrawal for any lawful corporate purpose as determined by the Authority, including but not limited to the purchase or redemption of Obligations or Subordinated Indebtedness, provided, that prior to any withdrawal pursuant to this paragraph (e), the Authority shall have determined, taking into account, among other considerations, anticipated future receipts of Revenues or other moneys constituting part of the Trust Estate, that the funds to be so withdrawn are not needed for any of the purposes set forth in paragraphs (a), (b) or (c) above.

Amounts paid out, or withdrawn pursuant to paragraph (e) of this subsection 1, shall be free and clear of the lien and pledge created by the Resolution.

2. The Authority shall from time to time, and in all events prior to any withdrawal of moneys from the Operating Fund pursuant to paragraph (e) of subsection 1 of this Section 503, determine (i) the amount, to be held as a reserve in the Operating Fund, which in the judgment of the Authority is adequate for the purpose of providing for the costs of emergency repairs or replacements essential to restore or prevent physical damage to, and prevent loss of Revenues from, any Project and (ii) the amount, to be held as a reserve in the Operating Fund, which in the judgment of the Authority is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to any Project necessary to keep the same in operating condition or required by any governmental agency having jurisdiction over such Project and to provide a reserve for the retirement from service, decommissioning or disposal of facilities comprising either a Project or a part of a Project.

Amounts in the Operating Fund may in the discretion of the Authority be invested in Authorized Investments. Earnings on moneys and investments in the Operating Fund shall be deposited in the Operating Fund. The Authority may sell any such Authorized Investments at any time and the proceeds of such sale and of all payments of principal or interest received at maturity or upon redemption or otherwise of such Authorized Investments shall be deposited in the Operating Fund.

3. Purchases of Obligations, 1985 Notes or Subordinated Indebtedness from amounts in the Operating Fund shall be made at the direction of the Authority, with or without advertisement and with or without notice to other holders of Obligations, 1985 Notes or Subordinated Indebtedness. Such purchases shall be made at such price or prices as determined by the Authority. If sinking fund installments have been established for the maturities of Obligations purchased by the Authority, then the Authority shall direct the Trustee to credit the principal amount purchased against the applicable sinking fund installments in such order and amounts as determined by the Authority.

4. That amount, if any, set aside by the Authority in one or more reserve accounts in the Operating Fund may be used by the Authority at such time or times and in such amounts as determined by the Authority for the purpose of paying all or a portion of the interest on and the principal or Redemption Price of the Obligations and payment of Parity Debt, on a parity basis, on their respective due dates or redemption dates, as the case may be.

V04. Capital Fund. 1. The Authority shall pay into the Capital Fund the amounts required to be so paid by the provisions of the Resolution and any Supplemental Resolution authorizing the issuance of any Series of Obligations for the purpose of financing Capital Costs, including, without limitation, the portion of the proceeds of any such Obligations specified in such Supplemental

Resolution, except as may be otherwise provided in a Supplemental Resolution with respect to those Capital Costs referenced in clauses (iv) or (v) of the definition thereof.

2. Amounts in the Capital Fund shall be applied solely to the Capital Costs of the Authority. Any amounts in the Capital Fund which are in excess of the amounts required to pay for such costs may at the direction of the Authority be transferred to the Operating Fund. Amounts in the Capital Fund may in the discretion of the Authority be invested in Authorized Investments. Earnings on moneys and investments in the Capital Fund shall be deposited in the Capital Fund. The Authority may, and to the extent required for payments from the Capital Fund shall, sell any such obligations at any time, and the proceeds of such sale, and of all payments of principal or interest received at maturity or upon redemption or otherwise of such obligations shall be deposited in the Capital Fund.

3. When amounts are deposited in the Capital Fund to pay the capitalized cost of interest on Obligations of the Authority, the Authority shall pay from the Capital Fund to the Paying Agent, on or before the date or dates on which interest on such Obligations becomes due and payable, an amount equal to such interest.

4. Notwithstanding the above provisions of this Section, amounts in such Capital Fund must be applied to the payment of principal and Redemption Price of and interest on the Obligations and the payment of Parity Debt, on a parity basis, when due at any time that other moneys are not available therefor.

V05. Debt Service Payments. The Authority shall pay out of the Operating Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Obligations the amount required for the interest payable on such date unless such interest is paid pursuant to subsection 3 or 4 of Section 504, (ii) on or before each principal payment due date for any of the Obligations the amount required for the principal amount payable on such date, and (iii) on or before any redemption date for the Obligations the amount required for the payment of the Redemption Price of and interest on the Obligations then to be redeemed.

V06. Cancellation and Disposition of Obligations. All Obligations that have been paid (whether at maturity or by acceleration, call for redemption, purchase by the Authority, or otherwise) or delivered to the Registrar for cancellation shall be cancelled and not reissued, except as otherwise provided in a Supplemental Resolution with respect to Put Obligations. Unless otherwise directed by the Authority, the Trustee shall treat cancelled Obligations in accordance with its document retention policies.

ARTICLE VI

PARTICULAR COVENANTS OF THE AUTHORITY

The Authority covenants and agrees as follows:

VI01. Payment of Obligations. The Authority shall duly and punctually pay or cause to be paid from the Trust Estate the principal or Redemption Price, if any, of every Obligation and the interest thereon, at the dates and places and in the manner mentioned in the Obligations, according to the true intent and meaning thereof.

VI02. Offices for Servicing Obligations. The Authority shall at all times maintain one or more offices or agencies in the State, where Obligations may be presented for payment, redemption, registration, transfer or exchange, and where notices, demands and other documents may be served upon the Authority in respect of the Obligations or of the Resolution. The Authority hereby appoints the Registrar as its agent to maintain such office or agency for the registration, transfer or exchange of Obligations, and for the service upon the Authority of such notices, demands and other documents. The Authority hereby appoints the Paying Agents in the State as its respective agents to maintain such offices or agencies for the payment or redemption of Obligations. The Authority may also maintain one or more offices or agencies outside of the State for the same purposes.

VI03. Power to Issue Obligations and Create a Lien. The Authority is duly authorized under all applicable laws to create and issue the Obligations and to adopt the Resolution and to pledge the Trust Estate in the manner and to the extent provided in the Resolution. The Trust Estate, except to the extent provided in Sections 501 and 604, is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, and all corporate action on the part of the Authority to that end has been and will be duly and validly taken. The Obligations and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of the Resolution. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge created by this Resolution and all the interests of the Owners of Obligations under the Resolution against all claims and demands of all Persons whomsoever.

VI04. Creation of Liens, Issuance of Subordinated Indebtedness, Subordinated Contract Obligations and Debt. The Authority shall not issue any bonds or other evidences of indebtedness, other than the Obligations and Parity Debt as provided herein, secured by a pledge of the Trust Estate and shall not create or cause to be created any lien or charge on the Trust Estate except to the extent provided in Section 501; provided, however, that the Authority may, at any time, or from time to time, incur Subordinated Indebtedness or enter into Subordinated Contract Obligations payable out of, and which may be secured by a pledge of, such amounts as may from time to time be available for the purpose of the payment thereof in accordance with paragraph (c) of subsection 1 of Section 503 and such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for payment of the Obligations and provided further, however, that nothing contained in the Resolution shall prevent the Authority from issuing (i) bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution to finance a Separately Financed Project, (ii) 1974 Bonds in lieu of or in substitution for other 1974 Bonds pursuant to Sections 307 through 310 or Sections 406 or 906 of the 1974 Resolution, or (iii) other bonds, notes,

or other obligations or evidences of indebtedness under another and separate resolution payable from, among other sources, those moneys withdrawn by the Authority from the Operating Fund pursuant to paragraph (e) of subsection 1 of Section 503.

VI05. Operation and Maintenance. The Authority shall at all times operate or cause to be operated each Project in a sound and economical manner and shall maintain, preserve and keep the same or cause the same to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted; provided, however, that nothing herein contained shall be construed to prevent the Authority from ceasing to operate or maintain, or from leasing or disposing of, any Projects (other than, subject to the renewal of all operating licenses, the Niagara and St. Lawrence-FDR Projects) if, in the judgment of the Authority it is advisable to lease, dispose of, or not to operate and maintain the same and the operation thereof shall not be essential to the maintenance and continued operation of the rest of the Authority's Projects, and provided further, however, the sale-leaseback or the lease-leaseback of any Project or other similar contractual arrangements, the effect of which is that the Authority continues to retain as part of the Trust Estate the Revenues from such Project, shall not constitute a lease or disposition of such Project for purposes of this Section 605.

VI06. Rates and Fees. The Authority shall at all times maintain rates, fees or charges, and any contracts entered into by the Authority for the sale, transmission or distribution of power shall contain rates, fees or charges, sufficient, together with other moneys available therefor (including the anticipated receipt of proceeds of sale of Obligations or other bonds, notes, or other obligations or evidences of indebtedness of the Authority that will be used to pay the principal of Obligations issued in anticipation of such receipt, but not including any anticipated or actual proceeds from the sale of any Project), (i) to pay all Operating Expenses of the Authority, (ii) to pay the debt service on all Obligations then Outstanding and the debt service on all Subordinated Indebtedness then outstanding, and all Parity Debt and Subordinated Contract Obligations, all as the same respectively become due and payable, and (iii) to maintain any reserve established by the Authority pursuant to the Resolution, in such amount as may be determined from time to time by the Authority in its judgment.

VI07. Accounts and Reports. 1. The Authority shall keep proper books of record and account of its operations, including operation of its Projects. Such books of account are to be audited at least annually by independent certified public accountants experienced in public finance and electric utility accounting selected by the Authority. A copy of each audit report, annual balance sheet and income and expense statement shall be filed with the Trustee and sent to any Owner filing with the Authority a written request therefor.

2. The Authority shall annually, within six months after the close of each calendar year (or, if not available by such date, when and if available), file with the Trustee, and otherwise as provided by law, a copy of an annual report for such year relating to the Projects of the Authority, accompanied by the opinion of the accountants specified in subsection 1 of this Section.

VI08. General. 1. 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 law and the Resolution, in accordance with the terms of such provisions.

2. Upon the date of issuance of any of the Obligations, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Obligations shall exist, have happened and have been performed and the issuance of such Obligations, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by the laws of the State.

3. The Authority covenants not to issue any additional 1974 Bonds, except as otherwise provided in clause (ii) of the last sentence of Section 604.

ARTICLE VII

CONCERNING THE TRUSTEE, PAYING AGENTS AND THE REGISTRAR

VII01. Trustee; Appointment and Acceptance of Duties. Prior to the delivery of any Obligations, the Authority shall appoint a Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Authority a written acceptance thereof.

VII02. Duties and Liability of the Trustee.

(a) Prior to the occurrence of an Event of Default of which a Responsible Officer of the Trustee has written notice hereunder, and after the curing of any Event of Default which may be occurred:

(1) the Trustee 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 the Resolution against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Resolution; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee is under a duty to examine same to determine whether or not they conform to the requirements of the Resolution.

(b) In case an Event of Default of which a Responsible Officer of the Trustee has written notice hereunder has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Resolution, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use in the conduct of such Person's own affairs.

(c) No provision of the Resolution shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this subsection (c) shall not be construed to limit the effect of subsection (a) of this section 702;

(2) the Trustee is not liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it is proven that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee is not liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of the applicable percentage of Obligations then Outstanding relating to 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 under the Resolution;

(4) no provision of the Resolution shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that the repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it;

(5) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit;

(6) the Trustee shall not be charged with knowledge of an Event of Default unless a Responsible Officer or the Trustee shall have received written notice from an Owner or the Authority;

(7) the Trustee shall not be under any obligation to take any action that is discretionary hereunder absent written direction from the Authority;

(8) neither the Trustee nor any of its directors, officers, employees or agents shall be personally liable for any action taken, suffered or omitted by the Trustee in good faith and believed by it to be authorized or within the discretion or rights of powers conferred upon the Trustee by this Resolution; and

(9) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians, or nominees and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, attorney, custodians or nominees appointed with due care by it hereunder.

(d) Whether or not expressly so provided, every provision of the Resolution relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section 702.

(e) In the event that the Trustee is also acting as Paying Agent or Registrar hereunder, the rights and protections afforded to the Trustee pursuant to this Article VII shall also be afforded to the Paying Agent and Registrar.

VII03. Paying Agents and Registrars; Appointment and Acceptance of Duties.

1. The Authority shall appoint one or more Paying Agents and Registrars for the Obligations of any Series in the Supplemental Resolution authorizing such Obligations, and may at any time or from time to time appoint one or more other Paying Agents and Registrars in the manner and subject to the conditions set forth in Section 713 for the appointment of a successor Paying Agent or Registrar. The Trustee or Authority may be appointed a Paying Agent or Registrar. Unless otherwise provided in a Supplemental Resolution, the Trustee shall also serve as Registrar.

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

VII04. Responsibilities of Fiduciaries. The recitals of fact contained in the Resolution and in the Obligations 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 the Resolution or of any Obligations issued thereunder or in respect of the security afforded by the Resolution, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Obligations for value or the application of the proceeds thereof or the application of any moneys paid to the Authority. 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 the Resolution, or for any losses incurred upon the sale or redemption of any securities purchased for or held in any Fund under the Resolution, except in each case for its own willful misconduct, negligent action or negligent failure to act.

VII05. Evidence on Which Fiduciaries May Act. 1. 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 it under the Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the 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 Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution; 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.

3. Except as otherwise expressly provided in the 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 Officer.

VII06. Compensation. The Authority shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the 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 the Resolution.

The Authority further agrees to indemnify and save each Fiduciary and its officers, directors, agents, and employees 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. The obligations of this Section 706 shall survive the discharge of this Resolution.

VII07. Certain Permitted Acts. Any Fiduciary may become the owner of any Obligations 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 depository 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 Owners of Obligations 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 Obligations or any other obligations of the Authority or the Resolution, whether or not any such committee shall represent the Owners of a majority in principal amount of the Obligations then Outstanding.

VII08. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the Authority and mailing notice thereof to the Owners of the Obligations, specifying the date when such resignation shall take effect, at least 45 days prior to the effective date, provided that such resignation shall take effect upon the later of (i) the day specified in such notice and (ii) the day a successor shall have been appointed by the Authority or the Owners of Obligations as provided in Section 710.

VII09. 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 Owners of a majority in principal amount of the Obligations then Outstanding or their attorneys-in-fact duly authorized, excluding any Obligations held by or for the account of the Authority. In addition, so long as no Event of Default shall have occurred and be continuing hereunder and the Trustee is not pursuing any right or remedy available to it pursuant to Section 1001, the Trustee may be removed by the Authority at any time for failure to provide reasonably acceptable services, failure to charge reasonably acceptable fees or any other reasonable cause, all as determined by a certificate of an Authorized Officer filed with the Trustee. Any such removal shall not be effective until a successor shall have been appointed by the Authority or the Owners of Obligations as provided in Section 710.

710. Appointment of Successor Trustee. 1. 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 of 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 Owners of a majority in principal amount of the Obligations then Outstanding, excluding any Obligations held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Owners of Obligations 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; provided, nevertheless, that unless a successor Trustee shall have been appointed by the Owners of Obligations as aforesaid, the Authority by a duly executed written instrument signed by an Authorized Officer of the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Owners of Obligations as authorized in this Section 710. The Authority shall mail notice of any such appointment made by it to all Owners within 20 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 Owners of Obligations.

2. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the Authority written notice as provided in Section 708 or after a vacancy in the office of the Trustee

shall have occurred by reason of its inability to act, the Trustee or the Owner of any Obligation 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.

3. Any Trustee appointed under the provisions of this Section 710 in succession to the Trustee shall be a Bank, as defined in clause (i) or (ii) of the definition thereof, doing business and having its principal office in the State and maintaining an office in The City of New York, and having a capital and surplus aggregating at least \$500,000,000, if there be such a Bank 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 the Resolution.

711. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under the 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 the 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 successor Trustee shall promptly notify the Registrar and the Paying Agents of its appointment as Trustee.

712. 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 as defined in clause (i) or (ii) of the definition thereof, and, in the case of any successor Trustee, shall meet the requirements of paragraph 3 of Section 710, in the case of a successor Paying Agent, shall meet the requirements of paragraph 1 of Section 713, and shall be authorized by law to perform all the duties imposed upon it by the Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

713. Resignation or Removal of Paying Agent or Registrar and Appointment of Successor. 1. Any Paying Agent or Registrar may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least 60 days' written notice to the Authority, the Trustee, and the other Paying Agents or Registrar, as the case may be. Any Paying Agent or Registrar may be removed at any time by an instrument filed with such Paying Agent or Registrar and the Trustee and signed by the Authority. Any successor Paying Agent or Registrar shall be appointed by the Authority, with the approval of the Trustee, and (subject to the requirements of Section 602) shall be a Bank as defined in clause (i) or (ii) of the definition thereof, having a capital and surplus aggregating at least \$10,000,000, or a clearing agency, registered with the Securities and Exchange

Commission, which is 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 the Resolution.

2. 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.

3. In the event of the resignation or removal of any Registrar, such Registrar shall transfer and deliver all records, certificates and documents held by it as Registrar 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 Registrar, the Trustee shall act as such Registrar.

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

VIII01. 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 without the consent of or notice to any Owner, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer or, if adopted prior to the appointment of a Trustee pursuant to Section 701, upon its adoption, shall be duly effective in accordance with its terms:

- (1) To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the delivery on original issuance of Obligations or the issuance of other evidences of indebtedness;
- (2) To add to the covenants and agreements of the Authority in the Resolution other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;
- (3) To add to the limitations and restrictions in the Resolution other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;
- (4) To surrender any right, power or privilege reserved to or conferred upon the Authority by the Resolution;
- (5) To authorize Obligations of a Series and, in connection therewith, specify and determine the matters and things mentioned or referred to in Section 202, and also any other matters and things relative to such Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect (including, without limitation, to provide in the Supplemental Resolution authorizing such Obligations that either all or certain specified references in the Resolution to principal or Redemption Price of such Obligations shall be deemed to include reference, on a parity basis, to the Purchase Price of such Obligations) or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Obligations;
- (6) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Resolution, of any additional security other than that granted or pledged under the Resolution;
- (7) To modify, amend or supplement the Resolution in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or to permit the qualification of the Obligations for sale under the securities laws of any of the states of the United States of America, and, if the Authority so determines, to add hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar Federal statute;

(8) To comply with such regulations and procedures as are from time to time in effect relating to establishing and maintaining a book-entry-only system; or

(9) To modify any of the provisions of the Resolution in any other respect whatever, provided that (a) such modification is to be effective prior to the issuance of any Obligations, or (b) (i) such modification shall be, and be expressed to be, effective only after all Obligations 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 Obligations delivered on original issuance after the date of the adoption of such Supplemental Resolution and of Obligations issued in exchange therefor or in place thereof.

VIII02. Supplemental Resolutions Effective Upon Consent of 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 without the consent of or notice to any Owner, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer and (ii) the filing with the Trustee and 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 the Resolution; or

(2) To insert such provisions, or to make such other amendments to the Resolution, as are necessary or desirable which are not materially adverse to the rights under the Resolution of the Owners of Obligations.

VIII03. Supplemental Resolutions Effective with Consent of Owners of Obligations. At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Owners of Obligations 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 Officer and upon compliance with the provisions of said Article IX, shall become fully effective in accordance with its terms as provided in said Article IX.

VIII04. General Provisions. 1. The 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 VIII and Article IX. Nothing in this Article VIII or Article IX contained shall affect or limit the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

2. 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 Owners of Obligations, 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 when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms.

3. 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 Counsel's Opinion) that such Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

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

ARTICLE IX

AMENDMENTS

IX01. Mailing. Any provision in this Article for the mailing of a notice or other paper to Owners of Obligations shall be fully complied with if it is mailed postage prepaid only (i) to each registered owner of Obligations then Outstanding at his address, if any, appearing upon the registry books of the Authority, and (ii) to the Trustee.

IX02. Powers of Amendment. Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Owners, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 903, (i) of the Owners of a majority in principal amount of the Obligations Outstanding at the time such consent is given, and (ii) in case less than all of the Obligations then Outstanding are affected by the modification or amendment, of the Owners of a majority in principal amount of the Obligations so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as particular Obligations remain Outstanding, the consent of the Owners of such Obligations shall not be required and such Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Obligations under this Section. No such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal of any Outstanding Obligation 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 Owner of such Obligation, (b) reduce the percentages or otherwise affect the classes of Obligations the consent of the Owners of which is required to waive an Event of Default or otherwise effect any such modification or amendment, (c) create a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, without the consent of the Owners of all such Obligations, (d) create a lien prior to or on parity with the lien of the Resolution, without the consent of the Owners of all of the Obligations then Outstanding, or (e) change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, an Obligation shall be deemed to be affected by a modification or amendment of the Resolution if the same materially and adversely affects the rights of the Owner of such Obligation. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment particular Obligations would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Owners of Obligations.

IX03. Consent of Owners of Obligations. 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 the Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to the Owners (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 (a) there shall have been filed with the Trustee (i) the written consents of Owners of the percentages of Outstanding Obligations specified in Section 902 and (ii) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or

permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (b) a notice shall have been mailed to Owners as hereinafter in this Section 903 provided. Any such consent, including without limitation any consent provided by the initial purchaser of an Obligation from the Authority, shall be binding upon the Owner of the Obligations giving such consent and, anything in Section 1102 to the contrary notwithstanding, upon any subsequent Owner of such Obligations and of any Obligations issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof). At any time after the Owners of the required percentages of Obligations shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that the Owners of such required percentages of Obligations 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 Owners of the required percentages of Obligations and will be effective as provided in this Section 903, may be given to Owners of Obligations by the Authority by mailing such notice to Owners of Obligations (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 903 provided). The Authority shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section 903 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 Owners of all Obligations at the expiration of 40 days after the filing with the Trustee of the proof of the mailing of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 40-day period; provided, however, that any Fiduciary and the Authority during such 40-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

IX04. Modifications by Unanimous Consent. The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Owners of Obligations may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Resolution and the consent of the Owners of all of the Obligations then Outstanding, such consent to be given as provided in Section 903 except that no notice to Owners of Obligations shall be required; provided, however, that 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 Owners of Obligations.

IX05. Exclusion of Obligations. Obligations 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 Obligations provided for in this Article, and the Authority shall not be entitled with respect to such Obligations to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Obligations so to be excluded.

IX06. Notation on Obligations. Obligations delivered after the effective date of any action taken as in Article VIII or this Article 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 Owner of any Obligation Outstanding at such effective date and presentation of his Obligation for the purpose at the Principal Office of the Trustee suitable notation shall be made on such Obligation by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Obligations so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared and delivered, and upon demand of the Owner of any Obligation then Outstanding shall be exchanged, without cost to such Owners of Obligations for Obligations of the same Series, maturity and interest rate then Outstanding, upon surrender of such Obligations.

ARTICLE X

EVENTS OF DEFAULT; REMEDIES ON DEFAULT

X01. Events of Default. If one or more of the following events ("Events of Default") shall happen, that is to say,

(i) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Obligation when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise,

(ii) if default shall be made in the due and punctual payment of any installment of interest on any Obligation, when and as such interest installment shall become due and payable, and such default shall continue for a period of 30 days,

(iii) if default shall be made by the Authority in the performance or observance on its part of any other of the covenants, agreements or conditions contained in the Resolution or in the Obligations, and such default shall continue for a period of 60 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Owners of a majority in principal amount of the Obligations Outstanding, provided, however, that if such default shall be such that it cannot be corrected within such 60 day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected,

(iv) if the Authority (1) files a petition seeking a composition of indebtedness under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State; (2) consents to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Authority or any substantial portion of its property; (3) makes any assignment for the benefit of creditors; (4) admits in writing its inability generally to pay its debts generally as they become due; or (5) takes action in furtherance of any of the foregoing, or

(v) if (1) a decree or order for relief is entered by a court having jurisdiction of the Authority adjudging the Authority a bankrupt or insolvent or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition in respect of the Authority in an involuntary case under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State; (2) a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Authority or of any substantial portion of its property is appointed; or (3) the winding up or liquidation of its affairs is ordered and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days,

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Obligations shall have already become due and payable, either the Trustee (by notice in writing to the Authority), or the Owners of twenty-five percent (25%) in principal amount of the Obligations then Outstanding (by notice in writing to the Authority and the Trustee), may declare the principal of all the Obligations 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 the Resolution or in any of the Obligations contained to the contrary notwithstanding. The right of the Trustee or of the Owners of twenty-five percent (25%) in principal amount of the Obligations to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Obligations shall have matured by their terms, all overdue installments of interest upon the Obligations, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under the Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Obligations 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 Obligations or under the 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 Owners of a majority in principal amount of the Obligations 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 Owners, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Owners of a majority in principal amount of the Obligations 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.

X02. Accounting and Examination of Records after Default. 1. 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 and all other records relating to all projects and facilities of the Authority shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys, including the engineer or firm of engineers appointed pursuant to Section 1003.

2. 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 the Trust Estate for such period as shall be stated in such demand.

X03. Application of Revenues and Other Moneys after Default. 1. 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 to the Trustee (i) forthwith, all moneys, securities and funds then held by the Authority in any fund or account under the Resolution, and (ii) as promptly as practicable after receipt thereof, the Revenues.

2. 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:

(i) to the payment of the reasonable and proper charges and expenses of the Trustee (including legal fees and expenses) and of any engineer or firm of engineers selected by the Trustee pursuant to this Article;

(ii) to the payment of the amounts required for reasonable and necessary Operating Expenses, including reasonable and necessary reserves and working capital, and for the reasonable repair and replacement of the Projects, and to the extent necessary to prevent loss

of Revenues, as may be certified to the Trustee by an independent engineer or firm of engineers of recognized standing (who may be an engineer or firm of engineers retained by the Authority for other purposes) selected by the Trustee. For this purpose the books of record and account of the Authority shall at all times be subject to the inspection of such engineer or firm of engineers during the continuance of such Event of Default;

(iii) to the payment of the interest and principal or Redemption Price then due on the Obligations, and the interest and principal components of Parity Debt, as follows:

(a) unless the principal of all of the Obligations shall have become or have been declared due and payable,

First: To the payment to the Persons entitled thereto of all installments of interest then due on the Obligations and the interest component of Parity Debt, 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 Obligations and the principal component of Parity Debt, 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 Obligations and the principal component of Parity Debt, 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;

(b) if the principal of all of the Obligations shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Obligations and the principal and interest components of Parity Debt, 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 Obligation or Parity Debt over any other Obligation or Parity Debt, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

3. If and whenever all overdue installments of interest on all Obligations, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the Authority under the Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Obligations 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 the Resolution or the Obligations 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, and thereupon the Authority and the Trustee shall be restored, respectively, to their former positions and rights under the 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 the Resolution or impair any right consequent thereon.

X04. Proceedings Brought by Trustee. 1. 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 Owners of Obligations under the 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 the Resolution.

2. All rights of action under the Resolution may be enforced by the Trustee without the possession of any of the Obligations 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.

3. The Owners of a majority in principal amount of the Obligations 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 Owners of Obligations not parties to such direction.

4. Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in the 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 Obligations, the Trustee shall, to the extent permitted by law, be entitled to the appointment of a receiver of the Trust Estate, 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 the Resolution or agreed or provided to be delivered to or deposited or pledged with it under the Resolution.

5. Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Owners of a majority in principal amount of the Obligations 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 the Resolution by any acts which may be unlawful or in violation of the 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 Owners of Obligations.

X05. Restriction on Action by the Owners of Obligations. 1. No Owner shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless such Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the Owners of at least twenty-five percent (25%) in principal amount of the Obligations 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 or proceeding in its own name, and unless such Owners 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 Owners of Obligations shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Resolution, or to enforce any right under the Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Resolution shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Owners of the Outstanding Obligations.

2. Nothing in the Resolution or in the Obligations 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 Obligations to the respective Owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Owner to enforce such payment of his Obligation.

X06. Remedies not Exclusive. No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Owners of Obligations 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 the Resolution or existing at law or in equity or by statute on or after the date of adoption of the Resolution.

X07. Effect of Waiver and Other Circumstances. 1. No delay or omission of the Trustee or of any Owner 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 Owners of Obligations may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Owners of Obligations.

2. Prior to the declaration of maturity of the Obligations as provided in Section 1001, the Owners of a majority in principal amount of the Obligations at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Owners of all of the Obligations waive any past default under the Resolution and its consequences, except a default in the payment of interest on or principal of or premium on any of the Obligations. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

ARTICLE XI

MISCELLANEOUS

XI01. Defeasance. 1. If the Authority shall pay or cause to be paid to the Owners of all Obligations then Outstanding the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Authority, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Authority to the Owners of Obligations 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 money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of Obligations not theretofore surrendered for such payment or redemption.

2. Outstanding Obligations or any portion thereof 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 1 of this Section either (A) as provided in the Supplemental Resolution authorizing their issuance or (B) if (a) in case any of said Obligations are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article IV of the Resolution notice of redemption on said date of such Obligations, (b) there shall have been irrevocably deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, to pay when due, the principal or Redemption Price, if applicable, and interest due and to become due on such Obligations on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Obligations are not by their terms maturing or are not subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Obligations that the deposit required by (b) above has been made with the Trustee and that said Obligations are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on such Obligations. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities 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 Obligations; provided that any moneys on deposit with the Trustee, (i) to the extent such moneys 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 Obligations or otherwise existing under the Resolution, and (ii) to the extent such moneys will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient, together with any moneys available to the Trustee for such purpose, to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Obligations on and prior to such redemption date or maturity date thereof, as the case may be.

3. Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of the principal or Redemption Price of or interest on any of the Obligations which remain unclaimed for 2 years after the date when such principal, Redemption Price, or interest, respectively, 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 2 years after the date of deposit of such moneys if deposited with the Fiduciary after the date when such principal, Redemption Price, or interest, respectively, became 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 Owners of Obligations shall look only to the Authority for the payment of such principal, Redemption Price, or interest, respectively. Notwithstanding the foregoing or anything in the Resolution to the contrary, any moneys held by a Fiduciary in trust for the payment and discharge of any Obligations which remain unclaimed after such moneys were to be applied to the payment of such Obligations in accordance with the Resolution may be applied in accordance with the provisions of the Abandoned Property Law of the State, being Chapter 1 of the Consolidated Laws of the State or any successor provision thereto, and upon such application, the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of Obligations shall look only to the Authority or the Comptroller of the State for the payment of such Obligations. Before being required to make any such payment to the Authority or to apply such moneys in accordance with the Abandoned Property Law of the State, the Fiduciary shall, at the expense of the Authority, cause to be mailed to the Owners entitled to receive such moneys 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 mailing, the balance of such moneys then unclaimed will be returned to the Authority or applied in accordance with the Abandoned Property Law of the State, as the case may be.

XI02. Evidence of Signatures of Owners of Obligations and Ownership of Obligations. 1. Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Owners of Obligations may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners of Obligations in Person or by their attorneys-in-fact appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any Person of the Obligations shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Owner or his attorney-in-fact of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a Bank or of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership such certificate or affidavit shall also constitute sufficient proof of his authority;

(2) The ownership of Obligations and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

2. Any request or consent by the Owner of any Obligation shall bind all future owners of such Obligation in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

XI03. Moneys Held for Particular Obligations. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Obligations shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of Obligations entitled thereto.

XI04. General Regulations as to Moneys and Funds. 1. Each of the Funds established by the Resolution shall be a trust fund for the purposes thereof.

2. All Revenues and other moneys of the Authority held or set aside under the Resolution shall, until paid over to the Fiduciaries or otherwise invested or applied as provided in the Resolution, be deposited by the Authority in its name, on demand or time deposit, in such Banks as shall be selected by the Authority. Any Revenues and other moneys held by any Fiduciary under the Resolution shall be deposited in such Banks as the Authority may select. Any such deposit 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, and without any duty to inquire into whether any withdrawals of such funds are in accordance with or might violate any of the provisions of the Resolution. Such deposits shall be continuously secured by the obligations of the United States of America or of the State, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits, which obligations shall be segregated in trust for the account of the Authority, or shall be otherwise held as the Authority and the depository may agree. Securities deposited with the Federal Reserve Bank to secure all trust accounts of a depository shall be deemed to comply with the foregoing requirement.

3. Unless otherwise specified in a Supplemental Resolution authorizing the issuance of Obligations, 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, and all such deposits shall be continuously secured by the obligations of the United States of America or of the State which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits. Securities deposited with the Federal Reserve Bank to secure all trust accounts of the Fiduciary shall be deemed to comply with the foregoing requirement. 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 conditions or as required by law.

XI05. Preservation and Inspection of Documents. All documents received by a Fiduciary under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, any other Fiduciary, and any Owners of Obligations and their agents and their representatives, any of whom may make copies thereof.

XI06. Parties Interested Herein. Nothing in the 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 Owners of Obligations, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof, and all the covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of the Authority

shall be for the sole and exclusive benefit of the Authority, the Fiduciaries, and the Owners of Obligations.

XI07. No Recourse on the Obligations. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Obligations or for any claim based thereon or on the Resolution against any member, officer, or employee of the Authority or any Person executing the Obligations.

XI08. Successors and Assigns. Whenever in the 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 the Resolution contained by or on behalf of the Authority shall bind and ensure to the benefit of its successors and assigns whether so expressed or not.

XI09. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Resolution, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in the Resolution and no interest shall accrue on the payment so deferred during the intervening period.

1110. Severability of Invalid Provisions. If any provision of the Resolution is held to be in conflict with any applicable statute or rule of law, or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other part or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatsoever.

The invalidity of any one or more phrases, sentences, clauses or Sections of the Resolution shall not affect the remaining portions of the Resolution, or any part hereof.

1111. Governing Law. The Resolution shall be governed by and interpreted in accordance with internal laws of the State without regard to conflicts of laws principles.

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