
PUBLIC POWER GENERATION AGENCY

WHELAN ENERGY CENTER UNIT 2 GENERAL REVENUE BOND RESOLUTION

Adopted January 4, 2007

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WHELAN ENERGY CENTER UNIT 2 GENERAL REVENUE BOND RESOLUTION

Adopted January 4, 2007

BE IT RESOLVED by the Public Power Generation Agency as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 1.01. Definitions. The following terms shall, for all purposes of the Resolution, have the following meanings:

"Accountant's Certificate" shall mean a certificate signed by an independent certified public accountant or a firm of independent certified public accountants of national reputation, who may be the accountant or firm of accountants who regularly audit the books of the Agency.

"Accreted Value" shall mean with respect to any Capital Appreciation Bonds and to any Convertible Capital Appreciation Bonds prior to the related Current Interest Commencement Date, (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Capital Appreciation Bonds or Convertible Capital Appreciation Bond, and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Accreted Values for such Valuation Dates.

"Act" shall mean the Interlocal Cooperation Act, Sections 18-801 *et seq.*, Reissue Revised Statutes of Nebraska, 1997, as heretofore and hereafter amended from time to time.

"Agency" shall mean the Public Power Generation Agency, a public body corporate and politic of the State created pursuant to the Act, its successors and their assigns.

"Annual Budget" shall mean the annual budget, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in Section 7.09.

"Authorized Officer of the Agency" shall mean the Chair, Vice Chair and Secretary-Treasurer of the Agency, or any other officer or employee of the Agency authorized to perform the act or sign the document in question. Any authorized representative of the Project Construction Manager under the Amended and Restated Project Construction Manager Agreement for Whelan Energy Center Unit 2 between Hastings Utilities and the Agency, dated October 13, 2006, as amended from time to time, shall constitute an Authorized Officer of the Agency for purposes of Section 5.03.

"Bond" or *"Bonds"* shall mean any bond or bonds, as the case may be, authenticated and delivered under and Outstanding pursuant to the Resolution.

"Bondholder" or *"Holder of Bonds"* shall mean any person who shall be the registered owner of any Bond or Bonds.

"Bond Registrar" shall mean the Trustee and any other bank or trust company organized under the laws of any state or national banking association appointed by the Agency to perform the duties of Bond Registrar enumerated in Section 7.03.

"Capital Appreciation Bonds" shall mean any Bonds hereafter issued as to which interest is payable only at the maturity or prior redemption of such Bonds. For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default as provided in Section 8.01 of this Resolution or (iii) computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Agency or the Trustee any notice, consent, request or demand pursuant to the Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Construction Fund" shall mean the Construction Fund established in Section 5.03.

"Convertible Capital Appreciation Bonds" shall mean any Bonds hereafter issued as to which interest is payable only following the Current Interest Commencement Date for such Bonds, as set forth in the Supplemental Resolution under which such Bonds are issued, and at the maturity or prior redemption of such Bonds. For the purposes of (i) receiving payment of the Redemption Price if a Convertible Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Convertible Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default as provided in Section 8.01 of this Resolution or (iii) computing the principal amount of Bonds held by the registered owner of a Convertible Capital Appreciation Bond in giving to the Agency or the Trustee any notice, consent, request or demand pursuant to the Resolution for any purpose whatsoever, the principal amount of a Convertible Capital Appreciation Bond shall be deemed to be its Accreted Value.

"Credit Facility Reimbursement Obligation" shall have the meaning given to such term in Section 2.05.

"Current Interest Commencement Date" shall mean the date specified in a Supplemental Resolution as the date on and from which interest on the Accreted Value of Convertible Capital Appreciation Bonds issued under such Supplemental Resolution will thereafter accrue and be payable on the dates specified in such Supplemental Resolution and otherwise as if such Bonds were Interest Bearing Bonds.

"Debt Service Account" shall mean the Debt Service Account in the Debt Service Fund established in Section 5.02.

"Debt Service Fund" shall mean the Debt Service Fund established in Section 5.02.

"Debt Service Reserve Account" shall mean each Debt Service Reserve Account in the Debt Service Fund established in Section 5.02 pursuant to a Supplemental Resolution.

"Defaulted Interest" with respect to a Series of Bonds shall have the meaning given to such term in the Supplemental Resolution authorizing the issuance of such Series of Bonds.

"Defeasance Securities" shall mean any of the following which are not subject to redemption at the option of anyone other than the holder thereof (except as provided in clause (v) below):

(i) Any Government Obligations.

(ii) To the extent not constituting Government Obligations, obligations of the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration, Federal Home Loan Mortgage Association, Export Import Bank of the United States, United States Postal Service, or any other agency or instrumentality of the United States of America or any corporation wholly owned by the United States of America, which obligations are not subject to redemption prior to maturity at the option of anyone other than the Holder thereof.

(iii) Obligations of the Federal National Mortgage Association.

(iv) Any evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in clause (i), (ii) or (iii) hereof held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the obligations described in clause (i), (ii) or (iii) hereof, as the case may be, and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

(v) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (b) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i), (ii) or

(iii) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i), (ii) or (iii) hereof which have been deposited in such fund along with any cash on deposit in such fund is sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (v) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (v), as appropriate.

(vi) Any agreements with insurance companies or other financial institutions, or subsidiaries or affiliates thereof (hereinafter in this clause (vi) referred to as "Providers"), (a) whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category, without regard to any qualifier, by each Rating Agency or (b) whose obligations under such agreements or contracts shall be unconditionally guaranteed by another insurance company or other financial institution, or subsidiary or affiliate thereof, whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category, without regard to any qualifier, by each Rating Agency, pursuant to which agreements or contracts the Provider shall be absolutely, unconditionally and irrevocably obligated to repay the moneys invested by the Agency and interest thereon at a guaranteed rate, without any right of recoupment, counterclaim or set off. The Provider may have the right to assign its obligations under any such agreement to any other insurance company or other financial institution, or subsidiary or affiliate thereof; provided, however, that such assignee also shall be an insurance company or other financial institution, or subsidiary or affiliate thereof, satisfying the requirements set forth in either subclause (a) or subclause (b) of the preceding sentence.

(vii) Any obligations that would result in the rating of the relevant defeasance escrow in the highest whole rating category, without regard to any qualifier, by each Rating Agency.

(viii) With respect to any Bonds, any other obligations specified in the Supplemental Resolution authorizing such Bonds.

"*Depository*" shall mean any bank or trust company organized under the laws of any state of the United States or any national banking association selected by the Agency and approved in writing by the Trustee (which approval shall not be unreasonably withheld) as a depository of moneys and securities held under the provisions of the Resolution, and may include the Trustee, provided that if the Trustee shall fail to provide such approval, it shall deliver to the Agency a statement of its reasons for such failure.

"Enhancement Facility" shall mean any letter of credit, standby purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any other agreement, securing, providing liquidity for, supporting or enhancing Outstanding Bonds or Subordinated Indebtedness, or any combination of the foregoing, or any agreement relating to the reimbursement thereof whether or not such instrument or agreement has been drawn upon, obtained by the Agency.

"Event of Default" shall have the meaning given to such term in Section 8.01.

"Fiduciary" or *"Fiduciaries"* shall mean the Trustee, the Bond Registrar, the Paying Agents and the Depositaries, or any or all of them, as may be appropriate.

"Fiscal Year" shall mean the then current annual accounting period of the Agency for its general accounting purposes.

"Fitch" shall mean Fitch, Inc., its successors and assigns and if such corporation shall be dissolved or liquidated or shall not longer issue ratings on obligations similar to the Bonds, *"Fitch"* shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or S&P) designated by the Agency, by written notice to the Trustee.

"Fuel Hedge" shall mean a price hedging arrangement entered into by the Agency with respect to its fuel costs.

"Funds" or *"Accounts"* shall mean the funds or accounts, including subaccounts, established pursuant to this Resolution.

"Generally Accepted Accounting Principles" shall mean accounting principles, methods and terminology followed and construed, as nearly as practicable, in conformity with the pronouncements of the Financial Accounting Standards Board or the Governmental Accounting Standards Board, as determined by the Agency.

"General Reserve Account" shall mean the General Reserve Account in the General Reserve Fund established in Section 5.02.

"General Reserve Fund" shall mean the General Reserve Fund established in Section 5.02.

"Government Obligations" shall mean (i) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged and (ii) obligations issued by an entity controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) issued or held in book-entry form on the books of the Department of Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at the option of anyone other than the holder thereof.

"Interest Bearing Bonds" shall mean Bonds as to which interest is payable on each Interest Payment Date.

"Interest Payment Date" shall mean for a Series of Bonds, each interest payment date therefor, commencing on such date, as shall be specified therefor in the Supplemental Resolution authorizing such Bonds.

"Interlocal Agreement" shall mean the Public Power Generation Agency Interlocal Agreement dated as of September 1, 2005, entered into by and among Municipal Energy Agency of Nebraska (NE), Heartland Consumers Power District (SD), Hastings Utilities acting for and on behalf of the City of Hastings (NE), Grand Island Utilities acting for and on behalf of the City of Grand Island (NE) and the City of Nebraska City (NE) acting for and on behalf of Nebraska City Utilities, as hereafter amended and supplemented.

"Investment Securities" shall mean and include any investments that are at the time legal (whether specified, permitted or not prohibited by law) for investment of the Agency's funds and are allowed pursuant to the Agency's investment policy, if any, as in effect on the date of such investment.

"Liquidity Facility Reimbursement Obligation" shall have the meaning given to such term in Section 2.05.

"Maximum Interest Rate" shall mean, with respect to any particular Variable Interest Rate Bonds, a numerical rate of interest, which shall be set forth in the Supplemental Resolution authorizing such Bonds, that shall be the maximum rate of interest such Bonds may at any particular time bear.

"Minimum Interest Rate" shall mean, with respect to any particular Variable Interest Rate Bonds, a numerical rate of interest which may (but need not) be set forth in the Supplemental Resolution authorizing such Bonds, that shall be the minimum rate of interest such Bonds may at any particular time bear.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer issue ratings on obligations of a type similar to the Bonds, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the Agency, by written notice to the Trustee.

"Operating Expenses" shall mean all actual maintenance and operation costs of the Project incurred by the Agency in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, but only if such charges are made in conformity with Generally Accepted Accounting Principles, including amounts reasonably required to be set aside in reserves for items of Operating Expenses the payment of which is not then immediately required.

Operating Expenses include, but are not limited to, expenses for ordinary repairs, renewals and replacements of the Project; salaries and wages; employees' health, hospitalization, pension and retirement expenses; fees for services, materials and supplies; rents, administrative

and general expenses; insurance expenses; legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting and technical services; taxes (except as set forth in the following paragraph); payments in lieu of taxes and other governmental charges; amounts payable under Enhancement Facilities pursuant to the last paragraph of Section 2.05(b); fuel costs, including the transportation and storage of fuel; net payments under Fuel Hedges, other than Settlement Amounts relating thereto; costs of purchased power and transmission service, if any; and any other current expenses or obligations required to be paid by the Agency under the provisions of the Resolution or by law, all to the extent properly allocable to the Project; and the fees and expenses of the Fiduciaries.

Operating Expenses do not include depreciation or obsolescence charges or reserves therefor; amortization of intangibles or other bookkeeping entries of a similar nature; interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the Agency; any payments under a Qualified Hedge Agreement; any Settlement Amounts payable under a Fuel Hedge; unrealized gains and losses from investments, Qualified Hedge Agreements and Fuel Hedges; costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to or retirements from the Project which under Generally Accepted Accounting Principles are properly chargeable to the capital account or the reserve for depreciation; losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the Project; or such property items, including taxes and fuel, which are capitalized pursuant to the then existing accounting practices of the Agency.

"Operating Fund" shall mean the Operating Fund established in Section 5.02.

"Opinion of Counsel" shall mean an opinion in writing signed by an attorney or firm of attorneys (who may be counsel to the Agency) selected by the Agency.

"Option Bonds" shall mean Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

"Outstanding," when used with reference to Bonds, shall mean, as of any date of calculation, Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

- (i) Bonds cancelled by the Trustee at or prior to such date;
- (ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the maturity or redemption date, shall be held in trust under the Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;
- (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III or Section 4.06 or 4.08, or

Section 11.05 (to the extent provided by Section 11.05), unless proof satisfactory to the Trustee is presented that any such first referenced Bonds are held by a bona fide purchaser in due course; and

(iv) Bonds deemed to have been paid as provided in Section 12.01(b).

"Parity Obligations" shall mean (i) any net amount (other than any Settlement Amount) due to a Qualified Hedge Provider under a Qualified Hedge Agreement relating to Bonds; and (ii) any Reimbursement Obligation relating to Bonds to the extent determined by the Agency pursuant to Section 2.05(c).

"Participant" shall mean each party to a Participation Agreement other than the Agency. The Participants currently are Municipal Energy Agency of Nebraska (NE), Heartland Consumers Power District (SD), Hastings Utilities acting for and on behalf of the City of Hastings (NE), the City of Grand Island (NE) and the City of Nebraska City (NE).

"Participation Agreement" shall mean each agreement entered into by and between the Agency and a Participant providing for the Agency to finance, own and operate the Project, for the Participant to pay the Agency's costs relating to the Project and entitling the Participant to a participation share of the capacity and output of the Project, as heretofore and hereafter amended and supplemented. The Participation Agreements currently consist of the Amended and Restated Participation Agreements dated as of October 5, 2006, by and between the Agency and each of Municipal Energy Agency of Nebraska (NE), Heartland Consumers Power District (SD), Hastings Utilities acting for and on behalf of the City of Hastings (NE), the City of Grand Island (NE) and the City of Nebraska City (NE).

"Paying Agent" shall mean any bank or trust company organized under the laws of any state of the United States or any national banking association designated as paying agent for the Bonds of any Series, and its successor or successors hereafter appointed in the manner provided in the Resolution.

"Principal Installment" shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series due whether by their terms or at the option of the Holder on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in Sections 5.07(b) and (f)) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, plus such applicable redemption premiums, if any, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

"Project" shall mean the Whelan Energy Center Unit 2 ("WEC2"), a nominally rated 220 MW coal-fired electric generating facility, the Whelan Energy Center transmission system, the Whelan Energy Center site, and all property, facilities, structures, land, water, fuel,

and any rights or interests therein, together with any other property, facilities, structures, land, water, fuel and any rights or interests related to or in the furtherance of the foregoing, whenever acquired.

"Project Agreements" shall mean the Project Construction Manager Agreement and Project Operating Agent Agreement required by the Participation Agreements, and such other agreements as the Agency may from time to time determine to be Project Agreements for the purpose of the Resolution.

"Project Costs" shall mean (i) the Agency's costs, expenses and liabilities paid or incurred, or to be paid or incurred, by the Agency in connection with the planning, engineering, designing, acquiring, constructing, installing, financing, operating, maintaining, retiring, decommissioning and disposing of the Project or any part thereof, renewals, repairs, replacements, modifications and capital additions and betterments of and to the Project, and the obtaining of all governmental approvals, certificates, permits and licenses with respect thereto, including, but not limited to, any good faith or other similar payments or deposits; the cost of acquisition by or for the Agency of real and personal property or any interests therein; costs of physical construction and costs of the Agency incidental to such construction or acquisition; costs of common facilities; costs of environmental control facilities; costs of litigation and judgments; costs of permits and regulatory approvals; costs of water supply and rights thereto; the cost of acquisition of initial fuel or fuel inventory and working capital and reserves therefor and working capital and reserves for reload fuel and for additional fuel inventories; the cost of any indemnity or surety bonds and premiums on insurance during construction; preliminary investigation and development costs; engineering fees and expenses; contractors' fees and expenses; the costs of labor, materials, equipment and utility services and supplies; legal and financial advisory fees and expenses; financing costs including, but not limited to, costs of issuance and premiums for municipal bond insurance; fees and expenses of the Fiduciaries; administration and general overhead expense and costs of keeping accounts and making reports required by the Resolution prior to or in connection with the completion of construction; amounts, if any, required by the Resolution to be paid into the Debt Service Account to provide, among other things, for interest on Bonds during construction or for such longer period of time as may be provided by Supplemental Resolution; amounts, if any, required to be paid into Rebate Accounts, if any, Debt Service Reserve Accounts, if any (including, but not limited to, the payment of costs, fees and expenses of providing a credit facility, insurance policy, surety bond, letter of credit or other support agreement or mechanism obtained by the Agency for deposit therein), the Operating Fund, the Reserve and Contingency Fund or the General Reserve Fund for any of the respective purposes thereof upon the issuance of any Series of Bonds; amounts, if any, required to be paid into the Subordinated Indebtedness Account to provide, among other things, for interest on Subordinated Indebtedness during construction or for such longer period of time as the Resolution or a Supplemental Resolution shall establish; payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Agency, including Bonds and Subordinated Indebtedness, incurred in respect of any of the foregoing; and initial working capital and reserves for any of the above items; and shall include reimbursements to the Agency for any of the above items theretofore paid by or on behalf of the Agency, (ii) the Agency's costs, expenses and liabilities paid or incurred, or to be paid or incurred, by the Agency in connection with the acquisition, transportation and storage of

fuel for the Project or any prepayments thereof or reserves therefor, (iii) working capital and reserves therefor, and (iv) Settlement Amounts.

It is intended that this definition of Project Costs be broadly construed to encompass all costs, expenses and liabilities of the Agency related to the Project and the financing thereof which on the date of adoption of this Resolution or in the future shall be permitted to be funded with the proceeds of Bonds pursuant to State law.

"Prudent Utility Practice" shall mean at a particular time any of the practices, methods and acts, which, in the exercise of reasonable judgment in the light of the facts (including, but not limited to, the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto) known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts. In evaluating whether any manner conforms to Prudent Utility Practice, the parties shall take into account the nature of the Agency under the laws of the State and the statutory duties and responsibilities thereof.

"Qualified Hedge Agreement" means, to the extent from time to time permitted by law, with respect to any Series of Bonds or Subordinated Indebtedness, any financial arrangement (i) which is entered into by the Agency with an entity that is a Qualified Hedge 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 used in an amount equal either to the principal amount of such Series of Bonds or Subordinated Indebtedness as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Series of Bonds or Subordinated Indebtedness), asset, index, price or market linked transaction or agreement, or other exchange or rate protection transaction agreement, or similar transaction (however designated), or any combination thereof, or any option with respect to any of the foregoing, executed by the Agency, (iii) which has been designated as a Qualified Hedge Agreement with respect to such Series of Bonds or Subordinated Indebtedness in a written determination signed by a Authorized Officer of the Agency and delivered to the Trustee, and (iv) which contains such terms addressing the posting and holding of collateral, if any, and such other terms as may be determined by the Agency.

"Qualified Hedge Provider" means, subject to any higher ratings requirement imposed by the Supplemental Resolution under which a Series of Bonds or Subordinated Indebtedness is issued, an entity whose rating with respect to its senior, long term, unsecured debt obligations or deposits, or whose financial program, counterparty, or claims paying ability ratings, at the time of the execution of a Qualified Hedge Agreement, is at least in the third highest whole rating category, without regard to any qualifier, by each Rating Agency (or whose payment obligations under such Qualified Hedge Agreement are guaranteed or insured by such an entity); provided, however, that in the event such entity (or guarantor or insurer, as applicable) shall fail to maintain the foregoing rating, the Qualified Hedge Agreement shall provide for such entity (or guarantor or insurer, as applicable) to post collateral in the form of Investment Securities in respect of any Settlement Amount that may become due to the Agency under the

terms of the Qualified Hedge Agreement, such Settlement Amount and the value of any posted collateral to be determined with such frequency as the Agency may determine.

"Rate Stabilization Account" shall mean the Rate Stabilization Account established in the General Reserve Fund pursuant to Section 5.02.

"Rating Agency" shall mean, at any particular time, each of Fitch, Moody's and S&P who is maintaining a rating on the Bonds at the request of the Agency.

"Rebate Account" shall mean, with respect to a Series of Bonds, the Rebate Account established in the Revenue Fund pursuant to Sections 5.02 and 5.04(b).

"Record Date" shall mean the record date established for a Series of Bonds pursuant to the Supplemental Resolution under which such Series of Bonds is issued.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

"Refunding Bonds" shall mean all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance pursuant to Section 2.04, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 4.06 of Section 11.05.

"Reimbursement Obligation" shall have the meaning given to such term in Section 2.05.

"Reserve and Contingency Fund" shall mean the Reserve and Contingency Fund established in Section 5.02.

"Resolution" shall mean this Whelan Energy Center Unit 2 General Revenue Bond Resolution, as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms hereof.

"Revenue Fund" shall mean the Revenue Fund established in Section 5.02.

"Revenues" shall mean (i) all payments received by the Agency pursuant to the Participation Agreements, (ii) all revenues, income, rents and receipts derived by the Agency from or attributable to the ownership and operation of the Project, including all revenues attributable to the Project or to the payment of the costs thereof received by the Agency under any contract for the sale of power, energy, transmission or other service from the Project or any part thereof or any contractual arrangement with respect to the use of the Project or any portion thereof or the services, output or capacity thereof, (iii) the proceeds of any insurance, including insurance covering business interruption loss relating to the Project, or of contractor's performance or guarantee bonds or other assurances of completion or levels of performance with respect thereto, (iv) the applicable portion of any condemnation awards in connection with the Project, (v) interest received on any moneys or securities held pursuant to the Resolution, and any net gains from any investment thereof, required to be paid into the Revenue Fund, all of

clauses (i) through (v) above as determined in accordance with Generally Accepted Accounting Principles, and (vi) net receipts of the Agency under any Qualified Hedge Agreement entered into in connection with the operation of the Project or with respect to a Series of Bonds issued pursuant to this Resolution. Revenues shall not include amounts drawn on an Enhancement Facility with respect to a Series of Bonds except to the extent provided in the Supplemental Resolution authorizing such Series of Bonds.

"S&P" means Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc., its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer issue ratings on obligations of a type similar to the Bonds, *"S&P"* shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or Moody's) designated by the Agency, by written notice to the Trustee.

"Series" shall mean all of the Bonds authenticated and delivered on original issuance and identified pursuant to this Resolution or the Supplemental Resolution authorizing such Bonds as a separate Series (or, if so provided by such Supplemental Resolution, subseries) of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 4.06 or Section 11.05, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

"Settlement Amount" means the amount, if any, that may become due from a party under a Qualified Hedge Agreement or Fuel Hedge, other than scheduled payments thereunder. Where a Settlement Amount is to be amortized pursuant to the terms of a Qualified Hedge Agreement or Fuel Hedge, the term *"Settlement Amount"* shall refer to any amortizing payments of such Settlement Amount that are then due and payable.

"Sinking Fund Installment" shall mean with respect to a Series of Bonds issued pursuant to Section 2.03 or 2.04, an amount so designated which is established pursuant to Section 2.02(a)(ii)(K).

"State" shall mean the State of Nebraska.

"Subordinated Indebtedness" shall mean any evidence of debt referred to in, and complying with, the provisions of Section 5.12.

"Subordinated Indebtedness Account" shall mean the Subordinated Indebtedness Account in the Debt Service Fund established in Section 5.02.

"Subordinated Obligations" shall mean (i) any net amount due to a Qualified Hedge Provider under a Qualified Hedge Agreement relating to Subordinated Indebtedness, (ii) any Reimbursement Obligation relating to Subordinated Indebtedness to the extent determined by the Agency pursuant to Section 2.05(c), (iii) any Settlement Amount due to a Qualified Hedge Provider under a Qualified Hedge Agreement relating to Bonds, (iv) any Reimbursement Obligation relating to Bonds to the extent determined by the Agency pursuant to Section 2.05(c), and (v) any Settlement Amount due to a provider of a Fuel Hedge.

"Supplemental Resolution" shall mean any resolution supplemental to or amendatory of the Resolution, adopted by the Agency in accordance with Article X.

"Tax Agreement" shall mean the tax compliance agreement or similar agreement executed by the Agency in connection with the issuance of a Series of Bonds, the interest on which is intended to be excluded from gross income for Federal income tax purposes.

"Trustee" shall mean the trustee appointed pursuant to Article IX, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution.

"Valuation Date" shall mean with respect to any Capital Appreciation Bonds, and to any Convertible Capital Appreciation Bonds prior to the related Current Interest Commencement Date, the date or dates set forth in the Supplemental Resolution authorizing such Bonds on which specific Accreted Values are assigned to such Capital Appreciation Bonds or Convertible Capital Appreciation Bonds.

"Variable Interest Rate" shall mean an interest rate to be borne by a Series of Bonds or a maturity or maturities within a Series which may vary or change in accordance with the provisions therefor established in the Supplemental Resolution authorizing such Series.

"Variable Interest Rate Bond" shall mean a Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of issuance of the Series of Bonds of which such Bond is one.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, districts, agencies and bodies.

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

Section 1.02. Authority for this Resolution. This Whelan Energy Center Unit 2 Revenue Bond Resolution is adopted pursuant to the provisions of the Act.

Section 1.03. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Agency and the Holders from time to time of the Bonds; and the pledge and assignment made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Agency shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by this Resolution.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds.

(a) This Resolution authorizes Bonds of the Agency to be designated as "Whelan Energy Center Unit 2 Revenue Bonds." The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Resolution is not limited except as may hereafter be provided in the Resolution or as may be limited by law.

(b) The Bonds, if and when authorized by the Agency pursuant to this Resolution and one or more Supplemental Resolutions, may be issued at one time or from time to time in one or more Series, and the designation thereof, in addition to the name "Whelan Energy Center Unit 2 Revenue Bonds," shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Agency may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

(c) Nothing contained in the Resolution shall be deemed to preclude or restrict the consolidation of two or more separate Series issued pursuant to the provisions of Sections 2.02, 2.03 or 2.04 into a single Series for purposes of issuance and sale of Bonds, provided that at the time of issuance of each separate Series each of the requirements contained in Section 2.03 and 2.04, as applicable to such separate Series, have been met and complied with. Any such consolidation of any Bonds of two or more separate Series for the purposes of sale and issuance shall not prohibit each such Series from being deemed a separate Series for the purposes of Section 12.01 hereof. Except as otherwise provided in this subsection or in such Supplemental Resolution, such a consolidated Series shall be treated as a single Series for all purposes of this Resolution. In the event that separate Series are combined for purposes of issuance and sale, they may be issued under a single Supplemental Resolution notwithstanding any other provision of the Resolution.

Section 2.02. General Provisions for Issuance of Bonds.

(a) All Bonds of each Series shall be executed by the Agency for issuance under the Resolution and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Agency or upon its order, but only upon the receipt by the Trustee of the following documents, all dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(i) With respect to the initial Series of Bonds issued under this Resolution, a copy of this Resolution, certified by an Authorized Officer of the Agency.

(ii) A copy of the Supplemental Resolution authorizing such Bonds, certified by an Authorized Officer of the Agency, which, together with any certificate of determination accompanying such Supplemental Resolution as provided by subsection (c) of this Section, shall, among other provisions, specify: (A) the authorized principal amount, designation and Series of such Bonds; (B) the purposes for which such

Series of Bonds is being issued, which shall be one or more of (1) the purpose specified in Section 2.03 or (2) the refunding of Bonds or Subordinated Indebtedness as provided in Section 2.04; (C) the dated date, and the maturity date or dates, of the Bonds of such Series; (D) the interest rate or rates or the manner of determining the interest rate or rates on the Bonds of such Series (other than Variable Interest Rate Bonds) and the Interest Payment Dates therefor, or in the case of Capital Appreciation Bonds or Convertible Capital Appreciation Bonds, the Valuation Dates and the Accreted Value on such dates; (E) if any Bonds of such Series are Variable Interest Rate Bonds, the methods of determining the Variable Interest Rate, a Maximum Interest Rate and, if the Agency so determines, a Minimum Interest Rate applicable thereto and the Interest Payment Dates or method of determining the Interest Payment Dates therefor; (F) if any of the Bonds of such Series are Option Bonds, the terms and conditions of the exercise by the Holders of such Bonds of the tender and/or redemption options granted thereby; (G) the Regular Record Date for the payment of interest on the Bonds of such Series; (H) the denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series; (I) 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 Bonds of such Series; (J) the Redemption Price or Prices, if any, and, subject to Article IV, the redemption terms for the Bonds of such Series; (K) the amount and due date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series, provided that each Sinking Fund Installment due date shall fall upon an Interest Payment Date for such Bonds, subject to any applicable business day convention; (L) if so determined by the Agency, provisions for the sale of the Bonds of such Series; (M) if so determined by the Agency, the creation and provisions for maintenance of a Rebate Account specifically for the Bonds of such Series and the application of moneys therein and any other matters and things relating to such Rebate Account; (N) if so determined by the Agency, the creation and provisions for maintenance of a Debt Service Reserve Account specifically for the Bonds of such Series, and to the extent determined by the Agency for Bonds of any other Series whether or not Refunding Bonds, and the application of moneys therein, the amount (or the method of determining the amount), if any, to be deposited from the proceeds of such Series of Bonds in such Debt Service Reserve Account and any other matters and things relating to such Debt Service Reserve Account as are not contrary to or inconsistent with the Resolution as therefore in effect; (O) the amount, if any, to be deposited from the proceeds of such Series of Bonds in the Reserve and Contingency Fund; (P) the amount, if any, to be deposited from the proceeds of such Series of Bonds in the Operating Fund for reserves for working capital and the acquisition of fuel; (Q) the amount, if any, to be deposited from the proceeds of such Series of Bonds in the General Reserve Fund; (R) the amount, if any, to be deposited from the proceeds of such Series of Bonds in the Construction Fund; (S) the extent to which and the period of time for which investment earnings on and any profit realized from the liquidation of obligations held as part of a Fund or Account established under the Resolution (other than Rebate Accounts or Debt Service Reserve Accounts, if any) shall be transferred to the Debt Service Account to pay interest on such Series of Bonds or the Bonds of any other Series as provided by Section 6.02; (T) if any Bonds of such Series are Variable Interest Rate Bonds or Option Bonds, the pledge under the Resolution, if any, by the Agency, to secure the payment of amounts due to the provider of any Enhancement Facility with respect to

the related Bonds as provided by Section 2.05; (U) the forms of the Bonds of such Series and of the Trustee's certificate of authentication, which forms shall contain such variations, omissions and insertions as are required or permitted by the Resolution; (V) if so determined by the Agency, the securities depository for such Series of Bonds and such matters as are incidental thereto; (W) the matters referred to in Sections 2.04, 2.05, 3.03, 3.08, 3.09, 6.02, 7.11(c), 9.01, 12.01(c) and in the definitions of Defeasance Securities, Parity Indebtedness, Qualified Hedge Provider and Revenues; and (X) such other matters as are not materially contrary to or inconsistent with the Resolution as theretofore in effect.

(iii) A written order as to the delivery of such Bonds, signed by an Authorized Officer of the Agency.

(iv) Except in the case of Refunding Bonds, a certificate of an Authorized Officer of the Agency stating that either (A) no Event of Default has occurred and is continuing under the Resolution or (B) the application of the proceeds of sale of such Series of Bonds as required by the Supplemental Resolution will cure any such Event of Default.

(v) An Opinion of Counsel of recognized standing in the field of law relating to municipal bonds to the effect that (A) the Agency has the right and power under the Act as amended to the date of such Opinion to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Agency, is in full force and effect and is valid and binding upon the Agency 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 Revenues and all rights to receive the same, all of the Agency's rights, title and interests under the Participation Agreements, and certain moneys, securities, Funds and Accounts held or set aside under the Resolution, subject to the application thereof to the purposes and on the conditions permitted by the Resolution; and (C) the Bonds of such Series are valid and binding obligations of the Agency as provided in the Resolution and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and of the Act as amended to the date of such Opinion, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of such Opinion, and in accordance with the Resolution, provided that such Opinion (a) may take exceptions for limitations imposed by or resulting from applicable bankruptcy insolvency, reorganization, moratorium and other laws affecting creditors' rights, or the application of principles of equity relating to or affecting the enforcement of contractual obligations, and (b) need not express any opinion as to the availability of any particular remedy.

(vi) Such further documents, opinions, moneys and securities as are required by the provisions of Section 2.03, 2.04 or 2.05 or Article X or any Supplemental Resolution adopted pursuant to Article X.

(b) The Agency may include either or both the following provisions in a Supplemental Resolution authorizing the issuance of a Series of Bonds as the Agency deems

appropriate, and no such provision shall be deemed to constitute an amendment to the Resolution requiring action under Article X:

(i) So long as an Enhancement Facility relating to any Series of Bonds is in full force and effect, and the issuer of the Enhancement Facility is not in default thereunder, then, in all such events, the Supplemental Resolution for such Series of Bonds may specify that either (A) the issuer of such Enhancement Facility shall be deemed to be the sole Holder of the Outstanding Bonds the payment of which such Enhancement Facility secures or secured when the approval, consent or action of the Holders of such Bonds is required or may be exercised under the Resolution, or (B) the approval, consent or action of the issuer of such Enhancement Facility shall be required in addition to the approval, consent or action of the applicable percentage of the Holders of the Outstanding Bonds the payment of which such Enhancement Facility secures or secured when the approval, consent or action of the Holders of such Bonds is required or may be exercised under the Resolution.

(ii) In the event that the principal, Sinking Fund Installments, if any, purchase price and Redemption Price, if applicable, or interest due on any Outstanding Bonds shall be paid under the provisions of an Enhancement Facility, all covenants, agreements and other obligations of the Agency to the Owners of such Bonds shall continue to exist, and the issuer of the Enhancement Facility shall be subrogated to the rights of such Owners in accordance with the terms of such Enhancement Facility.

(c) Any Supplemental Resolution authorizing Bonds may delegate to any officers or employees of the Agency the determination of any details of such Bonds, within limitations which shall be set forth in such Supplemental Resolution. Any such determination shall be in writing, and each such written determination shall be deemed to be part of the Supplemental Resolution providing for the same.

(d) Except as otherwise provided in or pursuant to Section 2.05 or in the Supplemental Resolution under which a Series of Bonds is issued, all the Bonds of a Series of like maturity shall be identical in all respects. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III, Section 4.06 or Section 4.08, or Section 11.05 (to the extent provided by Section 11.05).

Section 2.03. Bonds Other Than Refunding Bonds.

(a) One or more Series of Bonds may be issued at any time for the purpose of paying all or a portion of the Project Costs of the Project. Bonds of each such Series shall be issued and delivered by the Trustee only upon compliance with the terms and conditions set forth in Section 2.02.

(b) The proceeds, including accrued interest, of each Series of Bonds authorized under this Section 2.03, and capitalized interest, if any, thereon, shall be applied simultaneously with the delivery of such Bonds, as provided in the Supplemental Resolution authorizing such Series.

Section 2.04. Refunding Bonds.

(a) One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund any Outstanding Bonds or outstanding Subordinated Indebtedness. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts under the Resolution required by the provisions of the Supplemental Resolution authorizing such Bonds.

(b) Refunding Bonds of each Series to refund Outstanding Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02) of the following documents, all dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(i) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of any redemption of the Bonds to be refunded on a redemption date or dates specified in such instructions.

(ii) If the Bonds to be refunded do not mature or are not by their terms subject to redemption within the next succeeding 60 days, irrevocable instructions to the Trustee, satisfactory to it, to make due publication of the notice provided for in Section 12.01 to the Holders of the Bonds being refunded.

(iii) Either (A) moneys in an amount sufficient to effect payment of principal and interest at maturity, or of the applicable Redemption Price of the Bonds to be refunded together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (B) Defeasance Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, and any moneys, as shall be necessary to comply with the provisions of Section 12.01(b), which Defeasance Securities and moneys shall be held in trust and used only as provided in said subsection (b).

(c) The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied simultaneously with the delivery of such Bonds for the purposes of making deposits in such Funds and Accounts under the Resolution as shall be provided by the Supplemental Resolution authorizing such Series of Refunding Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Resolution.

(d) In addition, such Supplemental Resolution may establish such provisions as are necessary (i) to comply with the provisions of any Enhancement Facility that are not contrary to or inconsistent with the Resolution as theretofore in effect, (ii) to provide relevant information and notices to the issuer of the Enhancement Facility, and (iii) to provide a mechanism for paying principal and Sinking Fund Installments of and interest on Bonds secured by, or purchased pursuant to, the Enhancement Facility.

Section 2.05. Reimbursement Obligations.

(a) The Agency may enter into agreements with the issuer of any Enhancement Facility providing for, among other things: (i) the payment of fees, costs, expenses and, to the extent permitted by law, indemnities to such issuer, its parent and its assignees and participants in connection with such Enhancement Facility, (ii) the terms and conditions of such Enhancement Facility and the Bonds or Subordinated Indebtedness to which the Enhancement Facility relates, and (iii) the security, if any, to be provided for such Enhancement Facility. Any such agreement may provide for the purchase of Bonds to which the Enhancement Facility relates by the issuer of such Enhancement Facility, with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions of any Bonds so purchased, as shall be specified by the Supplemental Resolution authorizing the issuance of such Bonds.

(b) The Agency may, in an agreement with the issuer of any Enhancement Facility, agree to directly reimburse such issuer (or its assignees and participants, or any agent for the issuer or its assignees) for amounts paid by the issuer of the Enhancement Facility for the payment of the principal of, interest on, and Redemption Price or purchase price of Bonds under the terms of such Enhancement Facility (together with interest thereon, if any, and the amounts and obligations described in the next following two paragraphs, a "Reimbursement Obligation"), whether evidenced by an obligation to reimburse such issuer that is separate from the Agency's obligations on Bonds (a "Credit Facility Reimbursement Obligation") or by modified debt service obligations on Bonds acquired by such issuer (a "Liquidity Facility Reimbursement Obligation"). Notwithstanding anything to the contrary contained in this subsection (b), no Reimbursement Obligation shall be created, for purposes of the Resolution, until amounts are paid under the related Enhancement Facility.

Any Credit Facility Reimbursement Obligation may include interest calculated at a rate higher than the interest rate on the related Bond. Payments pursuant to any advance, term loan or other principal amortization requirements in reimbursement of any such advance or term loan also shall constitute Credit Facility Reimbursement Obligations.

Any Liquidity Facility Reimbursement Obligation evidenced by Bonds of a Series may include interest calculated at a rate higher than the interest rate on other Bonds of such Series. Payments of differential and/or excess interest amounts also shall constitute Liquidity Facility Reimbursement Obligations.

Any Enhancement Facility also may provide for the payment of any fees, costs, expenses, indemnification or other obligations (but not including the obligations contemplated by the three preceding paragraphs) to any provider thereto, its parent and its assignees and participants or any agent therefor.

(c) Any such Enhancement Facility shall be for the benefit of or secure only such Series of Bonds or portions thereof as shall be specified in the applicable Supplemental Resolution, and the related Credit Facility Reimbursement Obligations and Liquidity Facility Reimbursement Obligations shall constitute Parity Obligations or Subordinated Obligations to the extent (i) permitted by the definitions thereof and (ii) provided by such Enhancement Facility or Supplemental Resolution, and otherwise shall be further subordinated to both Parity

Obligations and Subordinated Obligations, in each case unless and except to the extent constituting an Operating Expense.

(d) For purposes of this Section, to the extent provided in a Supplemental Resolution, the term "issuer" of an Enhancement Facility for Bonds of a Series may include, in addition to the actual issuer or issuers thereof, any lender that is a party to, or is a participant in rights created under, such Enhancement Facility.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.01. Medium of Payment; Form and Date; Letters and Numbers.

(a) The Bonds 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.

(b) The Bonds of each Series may be issued only in the form of fully registered Bonds without coupons unless otherwise authorized by a Supplemental Resolution. The Bonds of each Series may be registered in book-entry format as provided in the Supplemental Resolution authorizing such Series.

(c) Each Bond shall be lettered and numbered as provided in the Supplemental Resolution authorizing the Series of which such Bond is a part and so as to be distinguished from every other Bond.

(d) Bonds of each Series shall be dated, and shall bear interest, if any, as provided in the Supplemental Resolution authorizing the Bonds of such Series.

Section 3.02. Legends. The Bonds of each Series 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 Agency prior to the authentication and delivery thereof.

Section 3.03. Execution and Authentication.

(a) The Bonds shall be executed in the name of the Agency by the manual or facsimile signature of its Chair or its Vice Chair, and attested by the manual or facsimile signature of the Secretary-Treasurer or an Assistant Secretary-Treasurer of the Agency, or in such other manner as may be required or permitted by law or by Supplemental Resolution. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the Agency by such persons as at the time of the execution of such Bonds shall be duly authorized or hold the

proper office in the Agency although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

(b) Except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of (i) Bonds, the Bonds of such Series shall bear thereon a certificate of authentication, in such form as provided in the Supplemental Resolution authorizing such Series of Bonds, executed manually by the Trustee and (ii) only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution and no such Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Agency shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered, under the Resolution and that the Holder thereof is entitled to the benefits of the Resolution.

Section 3.04. Transfer, Exchange and Registry.

(a) The Bonds shall be transferable only upon the books of the Agency, which shall be kept for such purposes by the Bond Registrar at its principal corporate trust office, by the registered owner thereof in person or by such registered owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or such registered owner's duly authorized attorney. Upon the transfer of any such registered Bond, the Agency shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series, maturity and interest rate as the surrendered Bond. The Bond Registrar, with the concurrence of the Agency, may designate a different or an additional office where exchange and transfer of Bonds may be effected by the Bond Registrar as provided in this subsection (a) and in subsection (b) below.

(b) The registered owner of any Bond or Bonds of one or more denominations shall have the right to exchange such Bond or Bonds for a new Bond or Bonds of any denomination of the same aggregate principal amount and Series and maturity of the surrendered Bond or Bonds. Such Bond or Bonds shall be exchanged by the Agency for a new Bond or Bonds upon the request of the registered owner thereof in person or by such registered owner's attorney duly authorized in writing, upon surrender of such Bond or Bonds together with a written instrument requesting such exchange satisfactory to the Bond Registrar duly executed by the registered owner or such registered owner's duly authorized attorney.

(c) The Agency and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Agency as the absolute owner of such Bond, whether such Bond 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 Bond and for all other purposes, and all such payments so made to any such registered owner or upon such registered owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Agency nor any Fiduciary shall be affected by any notice to the contrary. The Agency 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.

Section 3.05. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Agency shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Trustee and cancelled or retained by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Agency or the Bond 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. Neither the Agency nor the Bond Registrar shall be required (a) to transfer or exchange Bonds of any Series for a period of 15 days next preceding an Interest Payment Date on the Bonds of such Series or next preceding any selection of Bonds to be redeemed or thereafter until after the first publication or mailing of any notice of redemption; or (b) to transfer or exchange any Bonds called for redemption.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. If any Bond becomes mutilated or is lost, stolen or destroyed, the Agency shall execute and the Trustee shall authenticate and deliver a new Bond of like date of issue, maturity date, principal amount and interest rate per annum as the Bond so mutilated, lost, stolen or destroyed, provided that (i) in the case of such mutilated Bond, such Bond is first surrendered to the Trustee, (ii) in the case of any such lost, stolen or destroyed Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to the Trustee and the Agency together with indemnity satisfactory to the Trustee and the Agency, (iii) all other reasonable requirements of the Trustee and the Agency are complied with, and (iv) expenses in connection with such transaction are paid by the Holder. Any Bond surrendered for exchange shall be cancelled. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Agency, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under the Resolution, in any moneys or securities held by the Agency or any Fiduciary for the benefit of the Holders of the Bonds.

Section 3.07. Payment of Interest on Bonds; Interest Rights Preserved. Provisions relating to the payment of interest and Defaulted Interest on any Series of Bonds shall be as provided in the Supplemental Resolution providing for the issuance of such Series of Bonds.

Section 3.08. Book-Entry Format. Notwithstanding any other provision of the Resolution, the Agency may employ a book-entry-only system of registration with respect to any Bonds, and the procedures regarding such registration shall be set forth in a Supplemental Resolution. Any provisions of the Resolution inconsistent with book-entry-only Bonds or the rules or regulations of any securities depository providing such system of regulation shall not be applicable to such book-entry-only Bonds.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Privilege of Redemption and Redemption Price. Bonds of a Series subject to redemption prior to maturity pursuant to this Resolution or a Supplemental Resolution shall be redeemable, upon published notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified in the Resolution or in the Supplemental Resolution authorizing such Series.

Section 4.02. Redemption at the Direction of the Agency. Except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, in the case of any redemption of Bonds at the direction of the Agency, the Agency shall give written notice to the Trustee of its direction so to redeem, of the redemption date, of the Series and of the principal amounts of the Bonds of each maturity of such Series and of the Bonds of each interest rate within a maturity to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Agency in its sole discretion, subject to any limitations with respect thereto contained in the Resolution). Except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, such notice shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 4.05 provided, there shall be paid prior to the redemption date to the appropriate Paying Agents an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed. The Agency shall promptly notify the Trustee in writing of all such payments by it to a Paying Agent.

Section 4.03. Redemption Otherwise Than at the Agency's Direction. Whenever by the terms of the Resolution the Trustee is required or authorized to redeem Bonds otherwise than at the direction of the Agency, the Trustee shall (i) select the Bonds to be redeemed, (ii) give the notice of redemption for and on behalf of and at the expense of the Agency, and (iii) pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV and, to the extent applicable, Section 5.07.

Section 4.04. Selection of Bonds to be Redeemed. Except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, if fewer than all of the Bonds of like maturity of any Series shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that for any Bond (other than a Capital Appreciation Bond or a Convertible Capital Appreciation Bonds) of a denomination of more than the minimum denomination specified in the Supplemental Resolution relating to such Series, the portion of such Bond to be redeemed shall be in a principal amount equal to such minimum denomination or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as

representing that number of Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by the amount of such minimum denomination. For purposes of this Section 4.04, if less than all of the Capital Appreciation Bonds or Convertible Capital Appreciation Bonds of like maturity shall be called for prior redemption, the portion of any Capital Appreciation Bond or Convertible Capital Appreciation Bond of a denomination of more than the minimum maturity amount specified in the Supplemental Resolution relating to such Series, the portion of such Bond to be redeemed shall be in a maturity amount equal to such minimum maturity amount or a multiple thereof, and in selecting portions of such Capital Appreciation Bond or Convertible Capital Appreciation Bond for redemption, the Trustee shall treat each such Capital Appreciation Bond or Convertible Capital Appreciation Bonds as representing that number of Capital Appreciation Bonds or Convertible Capital Appreciation Bonds of such minimum maturity amount which is obtained by dividing the maturity amount of such Capital Appreciation Bond or Convertible Capital Appreciation Bonds to be redeemed in part by the minimum maturity amount specified in such Supplemental Resolution.

Section 4.05. Notice of Redemption. (a) When the Trustee shall receive notice from the Agency of its election or direction to redeem Bonds pursuant to Section 4.02, and when redemption of Bonds is authorized or required pursuant to Section 4.03, the Trustee shall give notice, in the name of, on behalf of and at the expense of the Agency, of the redemption of such Bonds, which notice shall specify the Series, CUSIP number, if any, maturities and interest rates within maturities, if any, of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if fewer than all of the Bonds of any like Series, maturity and interest rate within maturities are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds 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, subject to subsection (b) of this Section. Such notice shall be mailed by the Trustee, postage prepaid, not less than 30 days before the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books.

(b) Any notice of optional redemption (other than redemptions to satisfy mandatory sinking fund requirements) of Bonds may state that it is conditional upon receipt by the Trustee of moneys sufficient to pay the Redemption Price together with accrued interest to the redemption date, 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 if any such other event occurs. Notice of such rescission, failure to fund the Redemption Price or satisfaction of such other condition shall be given by the Trustee to affected Holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event, in the same manner as the conditional notice of redemption was given.

(c) Failure of the registered owner of any Bond which is to be redeemed to receive any notice given pursuant to subsection (a) or (b) of this Section or Section 4.08 shall not affect the sufficiency or validity of the proceedings contemplated thereby.

Section 4.06. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 4.05 or in the manner provided in the Supplemental Resolution authorizing a Series of Bonds, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, if presentation and surrender thereof are required hereby, upon presentation and surrender thereof at the office specified in such notice, such Bonds or portions thereof shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date, all subject to the second paragraph of Section 4.05 hereof. If there shall be drawn for redemption less than all of a Bond, if presentation and surrender thereof are required by the Resolution, the Agency shall execute and the Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bonds so surrendered, at the option of the owner thereof, Bonds 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 Bonds or portions thereof of any like Series, maturity, or of like interest rate within a maturity, 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 given as aforesaid, then, from and after the redemption date interest on the Bonds 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 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 4.07. Cancellation and Destruction of Bonds. Except as may be otherwise provided with respect to Option Bonds in the Supplemental Resolution providing for the issuance thereof, all Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or reduction is made; and such Bonds, together with all Bonds purchased which have been delivered to the Trustee for application as a credit against Sinking Fund Installments and all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with the Agency and the other executed certificate shall be retained by the Trustee.

Section 4.08. Purchase in Lieu of Redemption. Notwithstanding any other provisions of this Article IV, (i) any Bonds subject to optional redemption and cancellation shall also be subject to optional call for purchase and resale by the Agency upon giving the same notices (which shall include the direction to call such Bonds for purchase and resale) that are required in connection with the optional redemption of such Bonds, which notices may be conditional and may be rescinded as with calls for redemption, (ii) the particular Bonds to be called shall be selected in the same manner as Bonds redeemed, (iii) such Bonds shall be called at the same times and at the same prices as are applicable to the optional redemption of such Bonds, and (iv) the Agency shall provide the Bond Registrar with written instructions for the

registration and delivery of the Bonds so purchased. No purchase of Bonds pursuant to this Section shall operate to extinguish the indebtedness of the Agency evidenced thereby or modify the terms of Bonds, and such Bonds shall remain Outstanding under the Resolution.

ARTICLE V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Section 5.01. The Pledge Effectuated by the Resolution.

(a) The Bonds shall be special obligations of the Agency payable solely from and secured as to the payment of the principal and Redemption Price thereof, and interest thereon, in accordance with their terms and provisions of the Resolution solely by (i) the proceeds of sale of the Bonds, (ii) the Revenues and all rights to receive the same, (iii) all rights, title and interests of the Agency under the Participation Agreements and (iv) all Funds and Accounts (except any Rebate Accounts), including the investment income, if any, thereof, and the same hereby are pledged, and a security interest in the same is hereby granted to the Trustee for the benefit of the Holders of the Bonds, as security for such payment subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

(b) The Bonds shall not constitute a debt of any political subdivision (other than the Agency to the extent provided by the Resolution) or of the State, and neither the State nor any political subdivision (other than the Agency to the extent provided by the Resolution) shall be liable thereon.

(c) Nothing contained in the Resolution shall be construed to prevent the Agency from acquiring, constructing or financing through the issuance of its bonds, notes or other evidences of indebtedness any facilities which do not constitute a part of the Project or from securing such bonds, notes or other evidences of indebtedness by a mortgage of the facilities so financed or by a pledge of the revenues therefrom or any lease or other agreement with respect thereto or any revenues derived from such lease or other agreement, provided that such bonds, notes or other evidences of indebtedness shall not be payable out of or secured by the Revenues, the Participation Agreements or any Fund or Account, and neither the cost of such facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Revenues or from any Fund or Account.

Section 5.02. Establishment of Funds and Accounts. The following Funds and Accounts are hereby established:

- (i) Construction Fund, to be held by the Trustee;
- (ii) Revenue Fund, to be held by the Agency, which may include Rebate Accounts;
- (iii) Operating Fund, to be held by the Agency;

(iv) Debt Service Fund, to be held by the Trustee, consisting of a Debt Service Account, each Debt Service Reserve Account, if any, as may be established therein by Supplemental Resolution, and a Subordinated Indebtedness Account;

(v) Reserve and Contingency Fund, to be held by the Agency; and

(vi) General Reserve Fund, to be held by the Agency, consisting of a General Reserve Account and a Rate Stabilization Account.

In addition to the above, the Agency may from time to time establish or cause the Trustee to establish one or more accounts and/or subaccounts in the above-described Funds and Accounts.

Section 5.03. Construction Fund.

(a) There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this Resolution and any Supplemental Resolution, and there may be paid into the Construction Fund, at the option of the Agency, any moneys received for or in connection with the Project by the Agency from any other source, unless required to be otherwise applied as provided by the Resolution. Amounts in the Construction Fund shall be applied to the Project Costs of the Project in the manner provided in this Section.

(b) The proceeds of insurance maintained pursuant to the Resolution against physical loss of or damage to the Project, casualty loss or business interruption loss, or of contractors' performance or guarantee bonds or other assurances of completion or levels of performance with respect thereto, pertaining to the period of construction thereof, shall be paid into the Construction Fund.

(c) The Trustee shall make payments from the Construction Fund, except payments and withdrawals pursuant to Sections 5.03(d) and (f), in the amounts, at the times, in the manner and on the other terms and conditions set forth in this subsection. Before any such payment shall be made, the Agency shall file with the Trustee its requisition therefor, signed by an Authorized Officer of the Agency, stating in respect of each payment to be made (i) the name and address of the person, firm or corporation to whom payment is due and (ii) the amount to be paid, and that the cost or the obligation in the stated amount is a proper charge against the Construction Fund which has not been previously paid. The Trustee shall issue its check for each payment required by such requisition or shall by interbank transfer or other method arrange to make the payment required by such requisition and promptly provide the Agency with written evidence thereof.

(d) The Trustee shall pay from the Construction Fund to the Agency upon its requisitions therefor signed by an Authorized Officer of the Agency, at one time or from time to time, a sum or sums aggregating not more than \$4,000,000 (or such other amount as the Agency shall certify to the Trustee as necessary to allow for the expeditious payment of Project Costs), such sums to be used by the Agency as a revolving fund for the purpose of paying such items of Project Costs as cannot conveniently be paid as in this Section otherwise provided. The Agency agrees that, to the extent it submits requisitions to the Trustee pursuant to this subsection, it shall establish a separate account in its own books and records and shall deposit the requisitioned

funds in a separate account established with its primary financial services provider for the purpose of properly and accurately recording the timing and amount of funds requisitioned from the Construction Fund and the application thereof. So long as the amount in such revolving fund shall at any time be less than \$4,000,000 (or such other amount as shall be certified as aforesaid), such revolving fund shall be reimbursed by the Trustee from time to time for such expenses so paid, by payments from the Construction Fund upon requisitions signed by an Authorized Officer of the Agency specifying the payee and the amount and particular purpose of each payment from such revolving fund for which such reimbursement is requested and certifying that each such amount so paid was necessary for the payment of an item of Project Costs and that such expense could not conveniently be paid except from such revolving fund. In making such reimbursement the Trustee may rely upon such requisitions and accompanying certificates.

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

(f) The completion of acquisition and construction of the Project shall be evidenced by a certificate of an Authorized Officer of the Agency which shall be filed with the Trustee, stating (i) that the Project has been completed, (ii) the date of completion and (iii) the amount, if any, required in the opinion of the signer or signers for the payment of any remaining Project Costs. Upon the filing of such certificate, the balance in the Construction Fund in excess of the amount, if any, stated in such certificate shall be transferred by the Trustee in the following order of priority:

First, upon the direction of an Authorized Officer of the Agency, to one or more Rebate Accounts, the respective amounts set forth in such direction; and

Second, to the General Reserve Fund.

(g) Nothing in this Section 5.03 shall be construed to prevent the Agency from permanently discontinuing the acquisition or construction of any portion of the Project the Project Costs of which is at the time being paid out of the Construction Fund, if and as provided in the Participation Agreement.

Section 5.04. Revenues and Revenue Fund.

(a) All Revenues shall be promptly deposited by the Agency upon receipt thereof to the credit of the Revenue Fund.

(b) The Agency may establish in the Revenue Fund a Rebate Account with respect to any Series of Bonds or Subordinated Indebtedness. Moneys on deposit in the Rebate Account shall be applied by the Agency to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Agency shall determine in accordance with the applicable Tax Agreement to be required by the Code to be rebated or paid to such Department with respect to each Series of Bonds, the interest on which is excludable from gross income for federal income tax purposes, and to pay costs incident to such determination including but not limited to the costs of rebate consultants. Moneys which an

Authorized Officer of the Agency determines to be in excess of the amount required to be so rebated shall be deposited either in the Revenue Fund or in the Construction Fund.

Section 5.05. Operating Fund.

(a) As soon as practicable in each month after the deposit of Revenues in the Revenue Fund and in any case no later than the last business day of such month, the Agency shall withdraw from time to time from the Revenue Fund (other than from any Rebate Accounts therein) and transfer to the Operating Fund a sum or sums which, together with any amount therein not set aside as a general reserve for Operating Expenses, is equal to the Operating Expenses for such calendar month. The Agency may also from time to time transfer additional amounts from the Revenue Fund to the Operating Fund to be set aside as a general reserve for Operating Expenses.

(b) Amounts in the Operating Fund shall be paid out from time to time by the Agency for Operating Expenses.

(c) Amounts in the Operating Fund which the Agency at any time determines to be in excess of the requirements of such Fund shall be applied to make up any deficiencies in the following Funds and Accounts in the order stated: (i) Debt Service Account; (ii) pro rata on the basis of the amounts required to satisfy any deficiencies in any Debt Service Reserve Accounts; (iii) Subordinated Indebtedness Account; and (iv) Reserve and Contingency Fund. Any balance of such excess not so applied shall be deposited in the General Reserve Fund.

Section 5.06. Payments Into Certain Funds. (a) The Agency shall transfer from the Revenue Fund (other than from any Rebate Accounts therein), to the extent available and subject to the prior transfers therefrom to the Operating Fund as provided by Section 5.05, to the Trustee or the Agency, as the case may be, for deposit in the following Funds and Accounts the amounts set forth below, such application to be made in such a manner so as to assure good funds in such Funds and Accounts when needed for the purposes thereof:

(i) to the Debt Service Fund, pro rata on the basis of the amounts required (A) for credit to the Debt Service Account, the amount, if any, required so that the balance in said Account shall equal the amount required for the payment of the Principal Installments and Redemption Price, if any, of and interest on Bonds, and (B) for credit to the Debt Service Account, any Parity Obligations, in each case by no later than the time the next payment therefor is required to be made from the Debt Service Account pursuant to Section 5.07;

(ii) to the extent not expected by the Agency to be required to make deposits required by subparagraph (i) above, to the Debt Service Fund, pro rata on the basis of the amounts required to satisfy any deficiencies in any Debt Service Reserve Accounts, if any, for credit to such respective Debt Service Reserve Accounts;

(iii) to the extent not expected by the Agency to be required to make deposits required by subparagraph (i) or (ii) above, to the Debt Service Fund, for credit to the Subordinated Indebtedness Account, an amount, if any, equal to the sum of amounts required to pay principal or sinking fund installments, if any, of and premiums, if any,

and interest on each issue of Subordinated Indebtedness, whether as a result of maturity or prior call for redemption, as required by the resolution, indenture or other instrument authorizing such issue of Subordinated Indebtedness, and any Subordinate Obligations in each case by no later than the time the next payment therefor is required to be made from the Subordinated Indebtedness Account pursuant to Section 5.12;

(iv) to the extent not expected by the Agency to be required to make deposits required by subparagraph (i), (ii) or (iii) above, to the Rebate Accounts, if any, such respective amounts as may be required for the purposes thereof;

(v) to the extent not expected by the Agency to be required to make deposits required by subparagraph (i), (ii), (iii) or (iv) above, to the Reserve and Contingency Fund the amount, if any, determined by the Agency's Board of Directors to be credited thereto; and

(vi) to the extent not expected by the Agency to be required to make deposits required by subparagraph (i), (ii), (iii), (iv) or (v) above, to the General Reserve Fund, the amount, if any, determined to be transferred thereto.

(b) At such time as the total amount held in the Debt Service Account and, with respect to a Series of Bonds, any applicable Debt Service Reserve Account shall be sufficient to fully pay all Outstanding Bonds in accordance with their terms (including Principal Installments of and interest thereon), no further deposits shall be required to be made into such Accounts.

Section 5.07. Debt Service Fund—Debt Service Account.

(a) With respect to the Bonds, the Trustee shall pay out of the Debt Service Account to the respective Paying Agents (i) on or before each Interest Payment Date for any of the Bonds the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (iii) on or before any redemption date for the Bonds, the amount required for the payment of interest on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Debt Service Account the accrued interest included in the purchase price of Bonds purchased for retirement and the redemption premiums, if any, on any Bonds to be redeemed to the extent not included in Principal Installments or funded from proceeds of Bonds or from the General Reserve Fund pursuant to Section 5.11(b)(ii), in the case of redemptions subject to Section 4.05(b).

(b) On or prior to the 40th day preceding the due date of any Sinking Fund Installment, the Agency may direct the Trustee to apply amounts accumulated in the Debt Service Account with respect to such Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) to the purchase of Bonds of the Series, maturity and interest rate within such maturity for which such Sinking Fund Installment was established, in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of such Sinking

Fund Installment. All purchases of any Bonds pursuant to this subsection (b) shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed by the Agency. As soon as practicable after the 40th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as provided in Section 4.05, on such due date Bonds of the Series, maturity and interest rate within a maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Debt Service Account to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by the Agency from the Operating Fund pursuant to a schedule provided by the Trustee and by the Paying Agents and approved by the Agency. The applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such Sinking Fund Installment date, for the purpose of calculating the amount of such Account.

(c) The amount, if any, deposited in the Debt Service Account from the proceeds of each Series of Bonds shall be set aside in such Fund and applied to the payment of interest on the Bonds of such Series (or Refunding Bonds issued to refund such Bonds) as the same becomes due and payable.

(d) In the event of the refunding of Bonds, the Trustee shall, upon the direction of the Agency, withdraw from the Debt Service Account amounts accumulated therein with respect to Principal Installments of and interest on the Bonds being refunded and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, of and interest on the Bonds being refunded, provided that such withdrawal shall not be made unless (i) immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to Section 12.01(b) and (ii) the amount remaining in the Debt Service Account in the Debt Service Fund after such withdrawal shall not be less than the requirement of such Account pursuant to Section 5.06(a)(i).

(e) The Trustee shall pay out of the Debt Service Account, on or before the date when due, each Parity Obligation.

(f) If at any time Bonds of any Series or maturity for which Sinking Fund Installments shall have been established are (i) purchased or redeemed other than pursuant to subsection (b) of this Section or (ii) deemed to have been paid pursuant to Section 12.01(b) and, with respect to such Bonds which have been deemed paid, irrevocable instructions have been given to the Trustee to redeem or purchase the same on or prior to the due date of the Sinking Fund Installment to be credited under this subsection (f), the Agency may from time to time or at any time by written notice to the Trustee specify the portion, if any, of such Bond so purchased, redeemed or deemed to have been paid and not previously applied as a credit against any Sinking Fund Installments which is to be credited against future Sinking Fund Installments. Such notice shall specify the amounts of such Bonds to be applied as a credit against such Sinking Fund

Installment or Installments and the particular Sinking Fund Installment or Installments against which such Bonds are to be applied as a credit; provided, however, that none of such Bonds may be applied as a credit against a Sinking Fund Installment to become due less than 45 days after such notice is delivered to the Trustee. Except as otherwise provided pursuant to Section 3.09 with respect to Bonds held in book-entry form, all such Bonds to be applied as a credit shall be surrendered to the Trustee for cancellation on or prior to the due date of the Sinking Fund Installment against which they are being applied as a credit. The Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

(g) Whenever the amounts on deposit in the Debt Service Account shall exceed the current requirements thereof, such excess shall, at the direction of an Authorized Officer of the Agency, be transferred by the Trustee to the Agency for deposit in the Revenue Fund.

Section 5.08. Debt Service Fund—Debt Service Reserve Accounts. Amounts on deposit in any Debt Service Reserve Account established for one or more Series of Bonds shall be used and withdrawn as provided in the Supplemental Resolution authorizing the issuance of such Series, and any withdrawals therefrom shall be replenished or reimbursed as provided in the related Supplemental Resolution.

Section 5.09. Debt Service Fund—Subordinated Indebtedness Account.

(a) Subject to Section 5.09(b), the Trustee shall apply amounts in the Subordinated Indebtedness Account (subject to the provisions of, and to the priorities and limitations and restrictions provided in, the resolution, indenture or other instrument securing each issue of Subordinated Indebtedness) to the payment of the amounts required to pay principal or sinking fund installments of and interest on each issue of Subordinated Indebtedness and reserves therefor, in accordance with the provisions of, and subject to the priorities and limitations and restrictions provided in, the resolution, indenture or other instrument authorizing or securing each issue of the Subordinated Indebtedness.

(b) If at any time the amounts in the Debt Service Account or the Debt Service Reserve Accounts, in the latter cases after giving effect to any surety bond, insurance policy, credit facility, letter of credit or other similar obligation deposited in such Accounts, shall be less than the current requirements of such Accounts, respectively, pursuant to Section 5.06 and there shall not be on deposit in the General Reserve Fund or the Reserve and Contingency Fund or, in the case of a deficiency in the Debt Service Account, any applicable Reserve Account, available moneys sufficient to cure such deficiency, then the Trustee shall withdraw from the Subordinated Indebtedness Account and deposit first in the Debt Service Account and second, pro rata on the basis of the amounts required to satisfy deficiencies, the Debt Service Reserve Accounts, the amount necessary (or all the moneys in said Fund, if less than the amount necessary) to make up such deficiencies; provided, however, that amounts on deposit in any debt service reserve established for such Subordinated Indebtedness shall not be subject to such withdrawal.

(c) The Trustee shall pay out of the Subordinated Indebtedness Account, on or before the date when due, each Subordinated Obligation.

(d) Subject to the provisions of, and to the priorities and limitations and restrictions provided in, the resolution, indenture or other instrument securing each issue of Subordinated Indebtedness, or in any Qualified Hedge Agreement or Enhancement Facility with respect to Parity Obligations, amounts in the Subordinated Indebtedness Account which the Agency at any time determines to be in excess of the requirements of such Fund, may, at the direction of the Agency, be transferred to the General Reserve Fund.

Section 5.10. Reserve and Contingency Fund.

(a) Subject to subsection (c) of this Section, amounts in the Reserve and Contingency Fund may be applied to the costs of renewals, replacements, repairs, additions, betterments, enlargements and improvements to the Project and the payment of extraordinary operation and maintenance costs and contingencies, including the costs of scheduled, emergency or other interchange service, payments with respect to the prevention or correction of any unusual loss or damage in connection with the Project or to prevent a loss of revenue therefrom.

(b) No payment of costs described in subsection (c) of this Section shall be made from the Reserve and Contingency Fund if and to the extent that the proceeds of insurance or other moneys recoverable as the result of damage, if any, are available to pay such costs.

(c) If at any time the amounts in the Debt Service Account or the Debt Service Reserve Accounts, if any, shall be less than the current requirements of such Accounts, pursuant to Section 5.06 or the respective Supplemental Resolution, and there shall not be on deposit in the General Reserve Fund available moneys sufficient to cure such deficiencies, then the Agency, upon requisition by the Trustee, shall transfer from the Reserve and Contingency Fund to the Trustee for deposit, first, in the Debt Service Account, and second, pro rata on the basis of the amounts required to satisfy deficiencies, the Debt Service Reserve Accounts, if any, the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiencies.

(d) To the extent not required to meet a deficiency as required in subsection (c) of this Section, if at any time the amount deposited in the Subordinated Indebtedness Account shall be less than the amount required by Section 5.06(a)(iii), and if there shall not be on deposit in the General Reserve Fund available moneys sufficient to cure any such deficiency, then the Agency shall transfer from the Reserve and Contingency Fund to the Subordinated Indebtedness Account an amount (or all the moneys in the Reserve and Contingency Fund if less than the amount required) which, together with the amounts available in the General Reserve Fund, will be sufficient to make up such deficiency.

(e) Any balance of moneys and securities in the Reserve and Contingency Fund not required to meet any such deficiencies in the Debt Service Fund and which are not needed for any of the purposes for which the Reserve and Contingency Fund was established shall be transferred to the Operating Fund, if and to the extent deemed necessary by the Agency

to make up any deficiencies in such Fund, and thereafter any remaining balance shall be deposited in the General Reserve Fund.

Section 5.11. General Reserve Fund.

(a) The Agency shall transfer from the General Reserve Fund moneys in the following amounts and in the following order of priority: (i) to the Operating Fund to make any deficiency in amounts available for Operating Expenses, (ii) to the Debt Service Account and the Debt Service Reserve Accounts, if any, in the Debt Service Fund the amount necessary (or all the moneys in the General Reserve Fund if less than the amount necessary) to make up any deficiencies in payments to said Accounts required by clauses (i) and (ii) of Section 5.06(a), (iii) in the event of any transfer of moneys from any Debt Service Reserve Account to the Debt Service Account, to the Debt Service Reserve Account the amount of the deficiency in such Account resulting from such transfer, (iv) to the Subordinated Indebtedness Account the amount necessary (or all the moneys in the General Reserve Fund if less than the amount necessary) to make up any deficiencies of payments in said Account required by clause (iii) of Section 5.06(a), and (v) to the Reserve and Contingency Fund the amount necessary (or all the moneys in the General Reserve Fund if less than the amount necessary) to make up any deficiencies of payment in said Account required by Section 5.06(a)(v). Such transfers shall be made notwithstanding any other provision of the Resolution requiring deposits in the General Reserve Fund to be applied to the purchase or redemption of Bonds.

(b) Amounts in the General Reserve Fund not required to meet a deficiency as required by subsection (a) of this Section shall, upon determination of the Agency, be applied to or set aside for any one or more of the following:

(i) payment into the Revenue Fund, the Construction Fund or any other Fund or Account;

(ii) the purchase or redemption of any Bonds, and expenses in connection with the purchase or redemption of any Bonds, or any reserves which the Agency determines shall be required for such purposes;

(iii) the purchase or redemption of any Subordinated Indebtedness, and expenses in connection with the purchase or redemption of any Subordinated Indebtedness, or any reserves which the Agency determines shall be required for such purposes;

(iv) payments of the items of cost described in Section 5.10(a);

(v) increases in working capital requirements;

(vi) deposit in the Rate Stabilization Account the amount, if any, determined by the Agency's Board of Directors to be credited to such Account;

(vii) deposit in a special account in the General Reserve Fund which may be created by the Agency for a termination or decommissioning reserve; and

(viii) any other lawful purpose of the Agency related to the Project;

provided that, subject to the provisions of subsection (a) of this Section, amounts deposited in the General Reserve Fund and required by the Resolution to be applied to the purchase or redemption of Bonds shall be applied to such purpose.

(c) Upon any purchase or redemption pursuant to this Section of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established, there shall be credited toward each such Sinking Fund Installment thereafter to become due an amount determined as provided in Section 5.07.

(d) Each month the Agency shall transfer from the Rate Stabilization Account of the General Reserve Fund to the Revenue Fund the amount, if any, budgeted for credit to such Fund for the then current month as set forth in the current Annual Budget, or the amount, if any, otherwise determined by the Agency to be credited to such Fund for the month. The Agency may also apply amounts on deposit in the Rate Stabilization Account to pay Operating Expenses or debt service on the Bonds, or for other purposes that enable the Agency to, or facilitate the Agency's ability to, provide services to the Participants at stable and economic rates.

Section 5.12. Subordinated Indebtedness. The Agency may, at any time, or from time to time, issue Subordinated Indebtedness payable out of, and which may be secured by a pledge of and security interest in, such amounts in the Subordinated Indebtedness Account or the General Reserve Fund as may from time to time be available for the purpose of payment thereof; provided, however, that (i) such Subordinated Indebtedness shall be issued for one or more of the purposes set forth in Section 5.11(b) and the proceeds of such Subordinated indebtedness shall be applied only for such purpose or purposes and (ii) any pledge and assignment shall be, and shall be expressed to be, subordinate in all respects to the pledge and assignment of the Revenues, moneys, securities and Funds and Accounts created by the Resolution as security for the Bonds; provided, however, that any debt service reserve established for such Subordinated Indebtedness shall not be subject to the pledge of the Revenues, moneys, securities and Funds and Accounts (except the Subordinated Indebtedness Account and General Reserve Fund as aforesaid) created by the Resolution as security for the Bonds.

Section 5.13. Compliance with Tax Agreements. All transfers of proceeds or deemed proceeds of Bonds held in a Fund or Account to another Fund or Account pursuant to this Article V shall comply with applicable Tax Agreements.

ARTICLE VI

DEPOSITARIES OF MONEYS; INVESTMENT OF FUNDS AND ACCOUNTS

Section 6.01. Depositaries.

(a) All moneys held by the Trustee under the provisions of the Resolution shall be deposited with the Trustee and the Trustee may deposit such moneys with one or more Depositaries appointed by the Agency and approved by the Trustee (which approval may not be

unreasonably withheld) in trust for the Trustee. All moneys held by the Agency under the Resolution shall be deposited in one or more Depositories in trust for the Agency. All moneys deposited under the provisions of the Resolution with the Trustee or any Depository shall be held in trust and applied only in accordance with the provisions of the Resolution, and each of the Funds established by the Resolution shall be a trust fund for the purposes thereof.

(b) Each Depository shall be a bank or trust company organized under the laws of any state of the United States or a national banking association which is willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the Resolution.

Section 6.02. Investment of Certain Funds. Moneys held in the Debt Service Account and the Debt Service Reserve Accounts, if any, shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities which mature or are subject to redemption at the option of the holder not later than at such times as shall be necessary to provide moneys when needed for payments to be made from such Accounts, and in the case of any Debt Service Reserve Account not later than 10 years from the date of such investment unless invested under an investment agreement that permits withdrawals without penalty when needed for the purpose of such Debt Service Reserve Account. Subject to the terms of any resolutions, indentures or other instruments securing any issue of Subordinated Indebtedness, moneys in the Subordinated Indebtedness Account shall be invested and reinvested to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from said Fund. Moneys held in the Revenue Fund (including any Rebate Accounts), the Operating Fund and the Construction Fund may be invested and reinvested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Moneys in the Reserve and Contingency Fund and the General Reserve Fund may be invested in Investment Securities which mature within five years from the date of such investment, and in any case the Investment Securities in such Funds shall mature not later than such times as shall be necessary to provide moneys when needed to provide payments from such Funds.

The Trustee shall make all such investments of moneys held by it in accordance with written instructions received from any Authorized Officer of the Agency, except if an Event of Default has occurred and is continuing, in which event the Trustee shall make such investments as are proper.

The Agency may instruct the Trustee, in making any investment in any Investment Securities with moneys in any Fund or Account established under the Resolution, to combine such moneys with moneys in any other Fund or Account, but solely for purposes of making such investment in such Investment Securities.

Nothing in the Resolution shall prevent any Investment Securities acquired as investments of funds held under the Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

Obligations purchased as an investment of moneys in any Fund or Account established under the Resolution shall be deemed at all times to be a part of such Fund or Account; provided, however, that any net investment earnings thereon and any profit realized from the liquidation of such investment shall be credited to the Revenue Fund except that earnings, profits and losses with respect to investments in the Construction Fund and any Debt Service Reserve Accounts and Rebate Accounts shall be retained in the Construction Fund and such Debt Service Reserve Accounts and Rebate Accounts, respectively, except to the extent otherwise provided by the Supplemental Resolution authorizing related Bonds and also except as provided by the following paragraph.

To the extent that this Resolution or a Supplemental Resolution authorizing the issuance of a Series of Bonds so provides, net investment earnings on and any profit realized from the liquidation of obligations held as part of a Fund or Account (other than any Rebate Accounts) shall be transferred, for such period of time as this Resolution or such Supplemental Resolution shall specify, to the Debt Service Account to pay interest on the Series of Bonds authorized thereby or the Bonds of any other Series.

Section 6.03. Valuation and Sale of Investments. Computation of the amount in any Fund or Account created under the provisions of the Resolution for any purpose provided in the Resolution shall be determined as of the end of each Fiscal Year.

In computing such amounts, obligations purchased as an investment of moneys shall be valued (i) as required by an investment policy of the Agency then in effect, a certified copy of which shall have been delivered to the Trustee and not revoked in writing delivered to the Trustee, or (ii) otherwise (A) if such obligations mature or are redeemable at the option of the holder thereof in less than seven years from the date of valuation, at the amortized cost of such obligations, exclusive of accrued interest, or if (B) such obligations do not mature or are not redeemable at the option of the holder thereof in less than seven years from the date of valuation, in which case such obligations shall be valued at the amortized cost of such obligations or at the market price thereof, whichever is lower, exclusive of accrued interest, in the case of both clauses (A) and (B) above with any accrued interest paid from such moneys in connection with the purchase of any obligation included in the value thereof until the interest on such obligation is paid.

Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption, any obligation so purchased as an investment whenever it shall be requested in writing by an Authorized Officer of the Agency so to do or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund held by it. The Trustee shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment.

Section 6.04. Compliance with Tax Agreements. The investment of proceeds or deemed proceeds of Bonds held in Funds and Accounts pursuant to this Article VI shall comply with applicable Tax Agreements.

ARTICLE VII

PARTICULAR COVENANTS OF THE AGENCY

The Agency covenants and agrees with the Trustee and the Bondholders as follows:

Section 7.01. Payment of Bonds. The Agency shall duly and punctually pay or cause to be paid, but solely from the sources provided by Section 5.01, the principal or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner mentioned in the Bonds, according to the true intent and meaning thereof.

Section 7.02. Extension of Payment of Bonds. The Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the funding of such Bonds, claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Resolution, to the benefit of the Resolution or to any payment out of Revenues or Funds or Accounts established by the Resolution, including the investments, if any, thereof, pledged under the Resolution or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to the Resolution) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Agency to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 7.03. Offices for Servicing Bonds. The Agency shall at all times maintain one or more agencies where Bonds may be presented for registration, transfer or exchange, and for the service upon the Agency of notices, demands and other documents as provided with respect to each Series of Bonds as specified in the Supplemental Resolution authorizing the issuance of such Series of Bonds. The Agency hereby appoints the Trustee as initial Bond Registrar to maintain an agency for the registration, transfer or exchange of Bonds, and for the service upon the Agency of such notices, demands and other documents and the Trustee shall continuously maintain or make arrangements to provide such services. The Agency hereby appoints the Paying Agent or Agents as its respective agents to maintain such agencies for the payment or redemption of Bonds.

Section 7.04. Further Assurance. At any and all times the Agency shall, as far as it may be authorized by law, comply with any reasonable request of the Trustee to pass, make, do, execute, acknowledge and deliver all such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the Agency may become bound to pledge or assign.

Section 7.05. Power to Issue Bonds and Pledge Revenues and Other Funds. The Agency is duly authorized under all applicable laws to create and issue the Bonds and to adopt the Resolution and to pledge, assign and grant a security interest in the Revenues and all rights to receive the same, all of the Agency's rights, title and interests under the Participation Agreements and other moneys, securities, Funds and Accounts purported to be pledged by the Resolution in the manner and to the extent provided in the Resolution. Except to the extent otherwise provided in the Resolution, the Revenues, the Participation Agreements and other moneys, securities and funds so pledged and assigned are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment created by the Resolution, and all corporate or other action on the part of the Agency to that end has been and will be duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the Agency in accordance with their terms and the terms of the Resolution. The Agency shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and assignment of the Revenues, the Participation Agreements and other moneys, securities and funds pledged under the Resolution and all the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

Section 7.06. Creation of Liens; Disposition of Property.

(a) The Agency shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a pledge or assignment of any of the Agency's rights, title or interests under the Participation Agreements, the Revenues or rights to receive the same or other moneys, securities, Funds or Accounts held or set aside by the Agency or by the Fiduciaries under the Resolution and shall not create or cause to be created any lien or charge on the Revenues, the Participation Agreements or such moneys, securities or funds; provided, however, that nothing contained in the Resolution shall prevent the Agency from issuing, if and to the extent permitted by law, (i) evidences of indebtedness (A) payable out of moneys in the Construction Fund as part of the Project Costs of the Project, or (B) payable out of, or secured by a pledge and assignment of, Revenues to be received on and after such date as the pledge of the Revenues provided in the Resolution shall be discharged and satisfied as provided in Section 12.01, or (ii) Subordinated Indebtedness as provided in Section 5.12.

(b) The Agency will not sell, assign, lease or otherwise dispose of the Project or any substantial portion thereof unless it determines that such disposition would not materially adversely affect the rights or security of the Holders under the Resolution; provided, however, that the Agency may permanently discontinue the acquisition or construction of any portion of the Project as provided in Section 5.03(g). For so long as any Participation Agreement is in effect, the Agency will not sell, or permit the sale of, any capacity or energy of the Project except as provided in or permitted by the Participation Agreements, or consent to the sale, lease, mortgage or other disposal of the Project or any substantial portion thereof other than in accordance with or as permitted by the Participation Agreements.

Section 7.07. Annual Budget. The Agency shall prepare and promptly file with the Trustee such budgets as are required by the Participation Agreements.

Section 7.08. Operation and Maintenance of Project. The Agency shall at all times use its best efforts to operate or cause to be operated the Project properly and in an efficient and economical manner, consistent with the Project Agreements and Prudent Utility Practice, and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed 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 use its best efforts to cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Project may be properly and advantageously conducted.

Section 7.09. Rates, Fees and Charges.

(a) The Agency has, and will have as long as any Bonds are Outstanding, good right and lawful power to establish and collect rates, fees and charges with respect to the use and the sale of the capacity, output or service of the Project subject to the terms of Project Agreements or other contracts relating thereto.

(b) The Agency shall at all times establish and collect rates, fees and charges under the Participation Agreements and shall otherwise charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the Project in each Fiscal Year, as shall be required to provide Revenues at least sufficient in each Fiscal Year, together with other available funds (including amounts on deposit in the Rate Stabilization Account), for the payment of:

- (i) Operating Expenses during such Fiscal Year;
- (ii) the amount required to be paid during such Fiscal Year into the Debt Service Account, net of payments to the Agency under Qualified Hedge Agreements;
- (iii) the amount, if any, to be paid during such Fiscal Year into any Debt Service Reserve Accounts established by a Supplemental Resolution or Supplemental Resolutions.
- (iv) the amount, if any, required to be paid during such Fiscal Year into the Subordinated Indebtedness Account;
- (v) the amount, if any, required to be paid during such Fiscal Year into the Reserve and Contingency Fund;
- (vi) the amount, if any, required to be deposited during such Fiscal Year in the General Reserve Fund; and
- (vii) the amount, if any, required to pay all other charges or liens whatsoever payable out of Revenues during such Fiscal Year.

Promptly upon any material change in the circumstances which were not contemplated at the time such rates and charges were most recently reviewed but not less frequently than once each Fiscal Year, the Agency shall review the rates and charges so established and shall promptly

revise such rates and charges as necessary to comply with the foregoing requirements, provided that such rates and charges shall in any event produce money sufficient to enable the Agency to comply with all of its covenants under the Resolution.

Section 7.10. Participation Agreements and Project Agreements; Amendment.

(a) The Agency shall collect, or cause to be collected, and forthwith deposit, or cause to be deposited, in the Revenue Fund all amounts payable to it pursuant to the Participation Agreements or payable to it pursuant to any other contract for the sale or use of output, capacity or other service from the Project. The Agency shall enforce the provisions of the Participation Agreements and duly perform its covenants and agreements thereunder. The Agency will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with any Participation Agreements which will reduce or which will in any manner impair or adversely affect the rights of the Agency thereunder or materially impair or adversely affect the rights or security of the Bondholders under the Resolution; provided that (i) action taken by the Agency or Participants upon a Participant default under the Participation Agreements resulting in a change of entitlement shares thereunder shall not constitute such a rescission or amendment or such an action, (ii) extension of the term of any Participation Agreement shall not constitute such a rescission or amendment and (iii) in connection with any addition to the Project, the Agency may supplement or amend a Participation Agreement to provide for the sale or use by the Agency or others of the output, capacity or service of the Project in any manner which does not reduce or in any manner impair or adversely affect the rights of the Agency thereunder or materially impair or adversely affect the rights or security of the Bondholders under the Resolution. Any action taken by the Agency in violation of the covenants contained in this subsection (a) shall be null and void as to the Agency and any other party to a Participation Agreement.

(b) The Agency shall enforce the provisions of the Project Agreements and duly perform its covenants and agreements thereunder. The Agency will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with any such Project Agreement which will in any manner materially impair or adversely affect the rights of the Agency thereunder or the rights or security of the Bondholders under the Resolution.

Section 7.11. Maintenance of Insurance.

(a) The Agency shall at all times use its best efforts to keep or cause to be kept the properties of the Project which are of an insurable nature and of the character usually insured by those operating facilities similar to the Project insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained. The Agency shall at all times use its best efforts to maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the Project. Insurance maintained pursuant to the Project Agreements shall be deemed in compliance with this subsection (a) if such insurance otherwise complies with the requirements of this Section. To the extent that such insurance is not maintained pursuant to any

Project Agreement, the Agency shall only be required to obtain such insurance if the same is available at reasonable rates and upon reasonable terms and conditions.

(b) The Agency shall also use its best efforts to maintain or cause to be maintained any additional or other insurance which it shall deem necessary or advisable to protect its interests and those of the Bondholders.

(c) Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the Agency, or may be in the form of self issuance by the Agency, unless otherwise required by the Project Agreements. The Agency agrees that it will establish pursuant to a Supplemental Resolution such fund or funds or reserves as are necessary to provide for its share of any such self-insurance. The Supplemental Resolution establishing such fund or funds or reserves shall set forth the amounts to be included in such fund or funds or reserves, the entity to hold such fund or funds or reserves and any other matters and things relative to such fund or funds or reserves that are not contrary to or inconsistent with this Resolution.

Section 7.12. Reconstruction; Application of Insurance Proceeds.

(a) If any useful portion of the Project shall be damaged or destroyed, the Agency shall, as expeditiously as possible, continuously and diligently pursue or cause to be pursued the reconstruction or replacement thereof, unless it is determined under the provisions of the Project Agreements that such reconstruction and replacements are not to be undertaken. The proceeds of any insurance paid on account of such damage or destruction, other than any business interruption loss insurance or insurance proceeds deposited in the Construction Fund pursuant to Section 5.03(b) unless held and applied under the Project Agreements, shall be held by the Agency in a special account and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement. Pending such application, such proceeds may be invested by the Agency in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement or may be invested as otherwise provided for under the Project Agreements. Interest earned on such investments shall be deposited in the General Reserve Fund. The proceeds of any insurance not applied within 36 months after receipt thereof by the Agency to repairing or replacing damaged or destroyed property, or in respect of which notice in writing of intention to apply the same to the work of repairing or replacing the property damaged or destroyed shall not have been given to the Trustee by the Agency within such 36 months, or which the Agency shall at any time notify the Trustee are not to be so applied, shall be deposited in the General Reserve Fund unless otherwise applied or to be applied in accordance with the Project Agreements.

(b) The proceeds of business interruption loss insurance, if any, shall be paid into the Revenue Fund to the extent not required by Section 5.03(b) to be deposited into the Construction Fund.

Section 7.13. Accounts and Reports.

(a) The Agency shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project and each Fund and Account established under the Resolution and relating to its costs and charges under the Participation Agreements and the Project Agreements, and which, together with all Participation Agreements and Project Agreements and all other books and papers of the Agency, including insurance policies, relating to the Project, shall during regular business hours be subject to the inspection of the Trustee and the Holders of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

(b) The Trustee shall advise the Agency after the end of each calendar month of the transactions during such monthly period relating to each Fund and Account held by it under the Resolution.

(c) The Agency shall annually, within 120 days after the close of each Fiscal Year (the first such report to be filed with respect to the Fiscal Year ending December 31, 2007) file with the Trustee, and otherwise as provided by law, a financial statement in reasonable detail for the preceding Fiscal Year showing the Revenues, all expenditures from the Revenues for operation and maintenance of the Project and other expenditures from the Revenues applicable to the Project, together with a balance sheet in reasonable detail reflecting the financial condition of the Agency, including the balances of all funds relating to the Project as of the end of such Fiscal Year, which financial statement and balance sheet shall be accompanied by an Accountant's Certificate.

(d) The Agency shall file with the Trustee (i) forthwith upon becoming aware of any Event of Default or default in the performance by the Agency of any covenant, agreement or condition contained in the Resolution, a certificate signed by an appropriate Authorized Officer of the Agency and specifying such Event of Default or default and (ii) within 120 days after the end of each Fiscal Year, commencing with the Fiscal Year ending December 31, 2007, a certificate signed by an appropriate Authorized Officer of the Agency stating that, to the best of such Authorized Officer's knowledge and belief, the Agency has kept, observed, performed and fulfilled each and every one of its covenants and obligations contained in the Resolution and there does not exist at the date of such certificate any default by the Agency under the Resolution or any Event of Default or other event which, with the lapse of time specified in Section 8.01, would become an Event of Default, or, if any such default or Event of Default or other event shall so exist, specifying the same and the nature and status thereof.

(e) The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Resolution shall be available for the inspection of Bondholders at the office of the Trustee that may be designated from time to time for such purpose, and shall be mailed to each Bondholder who shall file a written request therefor with the Agency and the Trustee. The Agency and/or the Trustee may charge for such reports, statements and other documents, a reasonable fee to cover reproduction, handling and postage.

Section 7.14. Payment of Taxes and Charges. The Agency will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon or relating to the Project or upon the rights, revenues, income, receipts and other moneys, securities and funds of the Agency relating to the Project when the same shall become due (including all rights, moneys and other property transferred, assigned or pledged under the Resolution), and all lawful claims for labor and material and supplies relating to the Project, except those taxes, assessments, charges or claims which the Agency shall in good faith contest by proper legal proceedings if the Agency shall in all such cases have set aside on its books reserves deemed adequate with respect thereto.

Section 7.15. Pledge of State.

(a) The State does hereby pledge to and agree with the Holders of any Bonds and with those persons who may enter into contracts with the Agency under the Act that the State will not alter, impair, or limit the rights thereby vested until the Bonds, together with applicable interest, are fully met and discharged and such contracts are fully performed. Nothing contained in the Act shall preclude such alteration, impairment, or limitation if and when adequate provisions are made by law for the protection of the Holders of the Bonds or persons entering into contracts with the Agency.

(b) The provisions of subsection (a) of this Section are included in the Resolution pursuant to the authority to do so contained in Section 13-826, Reissue Revised Statutes of Nebraska, 1997.

Section 7.16. General.

(a) The Agency 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 Agency under the provisions of the Act and the Resolution.

(b) Upon the date of authentication and delivery of any of the Bonds, 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 Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Agency, shall comply in all respects with the applicable laws of the State of Nebraska.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

Section 8.01. Events of Default. Each of the following events is hereby defined as and declared to be and shall constitute an Event of Default:

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

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment, when and as such interest installment or Sinking Fund Installment shall become due and payable;

(c) if default shall be made by the Agency in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution or in the Bonds contained, and such default shall have continued for a period of 60 days after written notice specifying such default and requiring that it shall have been remedied is given to the Agency by the Trustee or to the Agency and to the Trustee by the Holders of not less than 25% in principal amount of the Bonds Outstanding; or

(d) if the Agency shall become insolvent or fail generally to pay its debts as they become due, or make any general assignment for the benefit of creditors or apply for, consent to or acquiescence in, the appointment of a trustee or receiver for itself or any part of its property, or shall take any action to authorize or effect any of the foregoing; or in the absence of any such application, consent or acquiescence, a trustee or receiver shall be appointed for it or for a substantial part of its property and shall not be discharged within a period of 30 days.

Section 8.02. Accounting and Examination of Records After Default. If an Event of Default shall have happened and shall not have been remedied, (i) the books of records and accounts of the Agency and all other records relating to the Project shall during regular business hours be subject to the inspection and use of the Trustee and of its agents and attorneys and (ii) the Agency, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under the Resolution for such period as shall be stated in such demand.

Section 8.03. Application of Revenues and Other Moneys After Default.

(a) If an Event of Default shall have happened and shall not have been remedied, the Agency, upon the demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, all moneys, securities and funds then held by the Agency in any Fund and Account, including all Rebate Accounts, under the Resolution, and (ii) all Revenues as promptly as practicable after receipt thereof.

(b) During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, funds and Revenues (i) received by the Trustee pursuant to any right given or action taken under the provisions of this Article and (ii) held by the Trustee pursuant and subject to the terms and conditions of this Resolution, as follows and in the following order:

(i) **Expenses of Fiduciaries**—to the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries;

(ii) **Arbitrage Rebate**—to deposit to the Rebate Accounts all amounts required to be deposited therein as determined by the Trustee in compliance with applicable Tax Agreements;

(iii) **Operating Expenses**—to the payment of the amounts required for reasonable and necessary Operating Expenses and for the reasonable renewals, repairs

and replacements of the Project necessary in the judgment of the Trustee to prevent a loss of Revenues. For this purpose the books of records and accounts of the Agency relating to the Project shall at all times be subject to the inspection of the Trustee and its representatives and agents during the continuance of such Event of Default;

(iv) ***Principal or Redemption Price of and Interest on Parity Obligations***—to the payment of the interest and principal or Redemption Price then due on the Bonds, and the interest and principal components of other Parity Obligations, as follows:

(A) ***Interest.*** To the payment to the persons entitled thereto of all installments of interest on Bonds, and the interest component of any other Parity Obligations, then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, 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

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

(v) ***Principal or Redemption Price of and Interest on Subordinated Obligations***—to the payment of the interest and principal or redemption price then due on Subordinated Indebtedness, and the interest and principal components of other Subordinated Obligations, as follows:

(A) ***Interest.*** To the payment to the persons entitled thereto of all installments of interest on Subordinated Indebtedness, and the interest component of any other Subordinated Obligations, then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Subordinated Indebtedness theretofore called for redemption, 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

(B) ***Principal or Redemption Price.*** To the payment to the persons entitled thereto of the unpaid principal or redemption price of any Subordinated Indebtedness which shall have become due, whether at maturity or by call for redemption or acceleration, and the principal component of any other

Subordinated Obligations, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Subordinated Indebtedness and such principal components due on any date, then to the payment thereof ratably, according to the amounts of principal or redemption price or principal component due on such date, to the persons entitled thereto, without any discrimination or preference.

(c) If and whenever all overdue installments of interest on all Bonds and Subordinated Indebtedness, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums payable by the Agency under the Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds, other Parity Obligations, Subordinated Indebtedness and other Subordination Obligations, which shall then be payable, shall either be paid by or for the account of the Agency, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made thereof, the Trustee shall pay over to the Agency all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee), and thereupon the Agency and the Trustee shall be restored, respectively, to their former positions and rights under the Resolution. No such payment over to the Agency by the Trustee nor such restoration of the Agency and the Trustee to their former positions and rights shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

Section 8.04. Appointment of Receiver. If an Event of Default shall have happened and shall not have been remedied, the Trustee shall have the right to apply in an appropriate proceeding for the appointment of a receiver of the Project with power to operate and maintain the Project, collect, receive and apply all Revenues and prescribe rates, tolls and charges, in the same way and manner that the Agency might do. Whenever all defaults in the payment of principal of, and interest on the Bonds and all defaults under the Resolution or the Bonds shall be made good, such receiver shall be discharged by the court and shall surrender control of the Project to the Agency.

Section 8.05. Proceedings Brought by Trustee.

(a) If an Event of Default shall have happened and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Holders of not less than a majority in principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Holders of the Bonds 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 any remedy granted under the Act, or for an accounting against the Agency as if the Agency 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.

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

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

(d) Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under 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 any Event of Default.

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

Section 8.06. Restriction on Bondholder's Action.

(a) No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless such Holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the Holders of at least a majority in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Resolution or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by such Holder's or Holders' 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 Holders of the Outstanding Bonds, subject only to the provisions of Section 7.02.

(b) Nothing in the Resolution or in the Bonds contained shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and premium, if any, and interest on the Bonds to the respective Holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of such Holder's Bond.

Section 8.07. Remedies Not Exclusive; No Acceleration. (a) No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law, including under the Act, or in equity or by statute on or after the date of adoption of the Resolution.

(b) Notwithstanding anything else in the Resolution to the contrary, but except as provided by Section 10.01(f), the principal of and interest on Bonds and Subordinated Indebtedness shall not be subject to acceleration as a result of the occurrence of an Event of Default.

Section 8.08. Effect of Waiver and Other Circumstances.

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

(b) The Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Holders of all of the Bonds waive any past default under the Resolution and its consequences, except a default in the payment of interest on or principal of or premium, if any, on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 8.09. Notice of Default. The Trustee shall mail to each Holder of Bonds then Outstanding at such Holder's address, if any, appearing on the registry books of the Agency, notice of the occurrence of any Event of Default, provided that, except in the case of an Event of Default described in subsections (a) and (b) of Section 8.01, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the best interests of the Bondholders.

ARTICLE IX

CONCERNING THE FIDUCIARIES

Section 9.01. Trustee; Appointment and Acceptance of Duties. The Trustee under the Resolution shall be appointed by or pursuant to the Supplemental Resolution authorizing the initial Series of Bonds. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution and all other agreements with the Agency by executing and delivering to the Agency a written acceptance thereof, and by executing such acceptance, the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Bonds thereafter to be validly issued, but only, however, upon the terms and conditions set forth in the Resolution.

Section 9.02. Paying Agents; Appointment and Acceptance of Duties.

(a) The Agency shall appoint one or more Paying Agents for the Bonds of each Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 9.13 for a successor Paying Agent. The Trustee may be appointed a Paying Agent.

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

(c) Unless otherwise provided by Supplemental Resolution or designated in writing to the Agency, the principal corporate trust offices of the Paying Agents are designated as the respective offices or agencies of the Agency for the payment of the interest on and principal or Redemption Price of the Bonds.

Section 9.03. Responsibilities of Fiduciaries.

(a) The recitals herein and in the Bonds contained shall be taken as the statements of the Agency, and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representation as to the validity or sufficiency of the Resolution or of any Bonds issued thereunder or as to the security afforded by the Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciary in accordance with the provisions of the Resolution to or upon the order of the Agency or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of Section 9.03(b), no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Resolution. In case an Event of Default has

occurred (which has not been cured) 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 under the circumstances in the conduct of such person's own affairs. Any provision of the Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 9.03.

Section 9.04. Evidence on Which Fiduciaries May Act.

(a) Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of the Resolution, shall examine such instrument to determine whether it conforms to the requirements of the Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may reasonably consult with counsel, who may or may not be of counsel to the Agency, 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.

(b) 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 of the Agency, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution upon the faith thereof, but in its discretion, the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as may seem reasonable to it.

(c) 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 Agency to any Fiduciary shall be sufficiently executed in the name of the Agency by an Authorized Officer of the Agency.

Section 9.05. Compensation. The Agency shall pay or cause to be paid to each Fiduciary from time to time pursuant to such schedule 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 other persons not regularly in its employ, incurred in and about the performance of their powers and duties under the Resolution, and each Fiduciary shall have a lien therefor on any and all funds at any time held by it under the Resolution. Subject to the provisions of Section 9.03, the Agency further agrees to indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence, misconduct or default.

Section 9.06. Certain Permitted Acts. Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or

directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

Section 9.07. Resignation of Trustee. The Trustee may at any time resign and be discharged from the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the Agency specifying the date when such resignation shall take effect, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Agency or the Bondholders as provided in Section 9.09, in which event such resignation shall take effect immediately on the appointment of such successor.

Section 9.08. Removal of Trustee. The Trustee may be removed at any time with or without cause by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Agency. The Agency may remove the Trustee at any time, except during the existence of an Event of Default, with or without cause in the sole discretion of the Agency, by filing with the Trustee an instrument signed by an Authorized Officer of the Agency. The Trustee's rights to indemnity and amounts then due and payable shall survive any such removal.

Section 9.09. Appointment of Successor Trustee.

(a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or 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 Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Agency, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Agency and the predecessor Trustee; provided, nevertheless, that unless a successor Trustee shall have been appointed by the Bondholders as aforesaid, the Agency by a duly executed written instrument signed by an Authorized Officer of the Agency shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders as authorized in this Section. Any successor Trustee appointed by the Agency shall, immediately and without further act, be superseded by a Trustee appointed by the Bondholders.

(b) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the Agency written notice as provided in Section 9.07 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) Each successor shall signify its acceptance in the manner contemplated by Section 9.01.

(d) Any Trustee appointed under the provisions of this Section 9.09 in succession to the Trustee shall be a bank or trust company or national banking association having capital stock, surplus and undivided earnings aggregating at least \$50,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

Section 9.10. 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 Agency, 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 Agency, or of the successor Trustee, execute, acknowledge and deliver such instrument 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 Agency be reasonably required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, power 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 Agency. The Agency shall promptly notify the Paying Agents of the appointment of any such successor Trustee.

Section 9.11. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and shall be authorized by law to perform all 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.

Section 9.12. Adoption of Authentication. In case any of the Bonds contemplated to be issued under the Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in the Resolution provided that the certificate of the Trustee shall have.

Section 9.13. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least 60 days' written notice to the Agency, the Trustee and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Agency. Any successor Paying Agent shall be appointed by the Agency and shall be a bank or trust company organized under the laws of any state of the United States or national banking association, having capital stock, surplus and undivided earnings aggregating at least \$50,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

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

ARTICLE X

SUPPLEMENTAL RESOLUTIONS

Section 10.01. 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 of the Agency may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Agency, shall be fully effective in accordance with its terms:

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

(b) To add to the covenants and agreements of the Agency in the Resolution, other covenants and agreements to be observed by the Agency which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(c) To add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Agency which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(d) To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Section 2.02, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(e) To confirm, as further assurance, any pledge or assignment under and the subjection to any security interest, pledge or assignment created or to be created by, the

Resolution, of the Revenues, of the Participation Agreements or of any other moneys, securities or funds;

(f) to surrender any right, power or privilege reserved to or conferred upon the Agency by the Resolution, including without limitation any reserved rights and remedies of Bondholders or the Trustee following an Event of Default;

(g) To authorize the establishment of a fund or funds to enable the Agency to self-insure against the risks and hazards relating to the Project and the interests of the Agency and of the Bondholders as described in Section 7.12;

(h) To authorize Subordinated Indebtedness and, in connection therewith, specify and determine any matters and things relative to such Subordinated Indebtedness which are not contrary or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Subordinated Indebtedness;

(i) 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 Bonds or Subordinated Indebtedness for sale under the securities laws of any of the states of the United States of America, and, if the Agency so determines, to add hereto such other terms, conditions and provisions as may be permitted by said Trustee Indenture Act of 1939 or similar Federal statute;

(j) to comply with regulations and procedures as are from time to time in effect relating to any book-entry only system, whether within or without the United States, for the registration of beneficial ownership interests in Bonds or Subordinated Indebtedness;

(k) to comply with additional requirements that a Rating Agency may impose in order to issue or maintain a rating on the Bonds, provided that any Supplemental Indenture, the purpose of which is to effect such changes shall be effective only upon delivery to the Agency and the Trustee of an Opinion of Bond Counsel that such changes shall not adversely affect the validity of the Bonds or the exclusion of interest on the Bonds from the gross income of the Holders thereof for federal income tax purposes;

(l) to modify any of the provisions of the Resolution in any other respect whatever with respect to any Bonds, provided that (i) (A) such modification relates only, and is to be effective prior to the issuance of, such Bonds, or (B) such modification relates only, and is to be effective only upon the remarketing of, such Bonds in connection with an optional or mandatory tender thereof for purchase by or on behalf of the Agency or purchase in lieu of redemption pursuant to Section 4.08, and (ii) such modification is disclosed in an offering or reoffering document applicable to such issuance or remarketing; or

(m) to modify any of the provisions of the Resolution in any other respect whatever, provided that such modification shall be and shall be expressed to be, effective only after all Bonds Outstanding, and outstanding or unpaid Qualified Hedge Agreements and Reimbursement Obligations at the date of the execution and delivery of such Supplemental Resolution, shall cease to be Outstanding or owing, as the case may be.

Section 10.02. 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 executed and delivered by the Agency which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Agency, and (ii) the filing with the Agency of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(i) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or

(ii) To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to the Resolution as theretofore in effect.

Section 10.03. Supplemental Resolutions Effective With Consent of Bondholders. At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders in accordance with and subject to the provisions of Article XI, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Agency and upon compliance with the provisions of said Article XI, shall become fully effective in accordance with its terms as provided in said Article XI.

Section 10.04. General Provisions.

(a) 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 X and Article XI. Nothing in this Article X or Article XI contained shall affect or limit the right or obligation of the Agency to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 7.04 or the right or obligation of the Agency to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

(b) Any Supplemental Resolution referred to and permitted or authorized by Sections 10.01 and 10.02 may be adopted by the Agency without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. Except for a Supplemental Resolution adopted pursuant to Section 10.01(d), the copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by an Opinion of Counsel 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 Agency in accordance with its terms.

(c) The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Section 10.01, 10.02 or 10.03 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 that such Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

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

ARTICLE XI

AMENDMENTS

Section 11.01. Mailing and Publication. Any provision in this Article for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid only (i) to each registered owner of Bonds then Outstanding at such registered owner's address, if any, appearing upon the registry books of the Agency, (ii) to each Holder of any Bond payable to bearer who shall have filed with the Trustee an address for notices, and (iii) to the Trustee.

Section 11.02. Powers of Amendment. In addition to amendments permitted by Article X hereof, any modification or amendment of the Resolution and of the rights and obligations of the Agency and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 11.03 (i) of the Holders of not less than a majority in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of not less than a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment 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 any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary, without its written assent thereto. For the purposes of this Section 11.02, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity would be adversely affected by any modification or amendment of this Resolution and any such determination shall be binding and conclusive on the Agency and all Holders of Bonds.

Section 11.03. Consent of Bondholders. The Agency may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 11.02 to take effect when and as provided in this Section 11.03. The Agency may fix a record date for purposes of determining Bondholders entitled to consent to a proposed

Supplemental Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Agency to Bondholders, but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section 11.03 provided. Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (i) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 11.02 and (ii) an Opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Agency in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Agency and enforceable in accordance with its terms, provided that such Opinion (a) may take exceptions for limitations composed by or resulting from applicable bankruptcy insolvency, reorganization, moratorium and other laws affecting creditors' rights, or the application of principles of equity relating to or affecting the enforcement of contractual obligations, and (b) need not express any opinion as to the availability of any particular remedy. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.02. A certificate or certificates executed by the Trustee and filed with the Agency stating that it has examined such proof and that such proof is sufficient in accordance with Section 12.02 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 12.02 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 11.03 provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 12.02. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Agency to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Agency a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Agency on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 11.03, may be given to Bondholders by the Agency by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 11.03 provided). The Agency shall file with the Trustee proof of the mailing thereof. A record, consisting of the certificates or statements required or permitted by this Section 11.03 to be made by 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 Agency, the Fiduciaries and the Holders of all Bonds 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 Agency during such 40-day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

Section 11.04. Modifications by Unanimous Consent. The terms and provisions of the Resolution and the rights and obligations of the Agency and the Holders of the Bonds thereunder may be modified or amended in any respect upon the execution and filing by the Agency of a Supplemental Resolution and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 11.03 except that no notice to Bondholders by mailing shall be required; provided, however, that no such modifications or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders.

Section 11.05. Exclusion of Bonds. Bonds owned or held by or for the account of the Agency shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article XI, and the Agency shall not be entitled with respect to such Bonds 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 Agency shall furnish the Trustee a certificate of an Authorized Officer of the Agency, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 11.06. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in Article X or this Article XI provided may, and if the Agency so determines shall, bear a notation by endorsement or otherwise in form approved by the Agency and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and presentation of such Holder's Bond for the purpose to the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Agency shall so determine, new Bonds so modified as in the opinion of the Trustee and the Agency to conform to such action shall be prepared, authenticated and delivered and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series, maturity and interest rate then Outstanding, upon surrender of such Bonds. Any action taken as in Article X or this Article XI provided shall be effective and binding upon all Bondholders notwithstanding that the notation is not endorsed on all Bonds.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Defeasance.

(a) If the Agency shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the pledge of any Revenues, the Participation Agreements and other moneys and securities pledged under the Resolution and all covenants, agreements and other obligations of the Agency to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Agency to be prepared and filed with the Agency and, upon the request of the Agency, shall execute and deliver to the Agency all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Agency all moneys or securities held by them pursuant to the Resolution which are not required for the payment of principal or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption.

If the Agency shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Outstanding Bonds of a particular Series, or of a particular maturity within a Series, the principal or Redemption Price and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of the Agency to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied; provided, however, that the foregoing shall not affect any accrued liabilities of the Agency to Fiduciaries or with respect to amounts payable from any Rebate Accounts.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the Agency of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in Section 12.01(a). All Outstanding Bonds of any Series, or of any maturity within a Series, shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in Section 12.01(a) if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Agency shall have given to the Trustee irrevocable instructions accepted in writing by the Trustee to mail as provided in Article IV notice of redemption of such Bonds on said date, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities (including any Defeasance Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, or deposit with the Trustee, shall be sufficient to pay when due the principal or Redemption Price, applicable and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption

within the next succeeding 60 days, the Agency shall have given the Trustee in form satisfactory to it irrevocable instructions to mail a notice to the Holders of such Bonds at their last addresses, if any, appearing upon the registry books, that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 12.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price on said Bonds. Any notice mailed pursuant to the preceding sentence with respect to Bonds that constitute less than all of the Outstanding Bonds of any maturity within a Series shall specify the letter and number or other distinguishing mark of each such Bond. The mailing of any notice required by this subsection (b) shall not be a condition precedent to the payment of Bonds in accordance with this Section and the failure so to mail any notice shall not affect the validity of the proceedings for the payment of Bonds in accordance with this Section. 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 and interest on said Bonds, provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Agency as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Agency, as received by the Trustee, free and clear of any trust, lien or pledge. For the purpose of this Section, Defeasance Securities shall mean and include only such securities which shall not be subject to redemption prior to their maturity other than at the option of the owner thereof.

(c) Variable Interest Rate Bonds and Option Bonds shall be deemed to have been paid in accordance with the second sentence of subsection (b) of this Section 12.01 as shall be specified in the Supplemental Resolutions authorizing the issuance thereof.

(d) Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any principal or Redemption Price, if any, of the Bonds which remain unclaimed for five (5) years after the date when such principal, Redemption Price, if any, or interest shall 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 five (5) years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such principal, Redemption Price, if any, or interest shall become due and payable, shall, at the written request of the Agency, be repaid by the Fiduciary to the Agency, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Agency for the payment of such Bonds; provided, however, that before being required to make any such payment to the Agency, the Fiduciary shall, at the expense of the Agency, mail notice to the affected Bondholders at their last addresses, if any, appearing upon the registry books, 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 such notice, the balance of such moneys then unclaimed will be

returned to the Agency; and provided further, however, that such moneys shall be paid to the State Treasurer or other State office or officer if and to the extent required by the Uniform Disposition of Unclaimed Property Act as enacted in the State from time to time or other applicable State law.

Section 12.02. Evidence of Signatures of Bondholders and Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor and shall be signed or executed by such Bondholders in person or by their attorneys 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 Bonds, 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:

(i) The fact and date of the execution by any Bondholder or such Bondholder's attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgements 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 signature guarantee, certificate or affidavit shall also constitute sufficient proof of such officer's or member's authority.

(ii) The amount of Bonds transferable by delivery held by any person executing any instrument as a Bondholder, the date of such person's holding of such Bonds, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depository wherever situated, showing at the date therein mentioned that such person exhibited to such member or officer or had on deposit with such depository the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository with respect to Bonds owned by it, if acceptable to the Trustee.

(b) The ownership of Bonds registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same, shall be proved by the registry books.

(c) Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Agency or any Fiduciary in accordance therewith.

Section 12.03. Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

Section 12.04. Preservation and Inspection of Documents. All documents received by any 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 Agency, any other Fiduciary and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

Section 12.05. Parties Interested Herein; References to Qualified Hedge Agreements and Enhancement Facilities; Resolution to Remain Outstanding. 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 Agency, the Fiduciaries, the Holders of the Bonds, the providers of Qualified Hedge Agreements and the issuers of Enhancement Facilities 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 Agency shall be for the sole and exclusive benefit of the Agency, the Fiduciaries, and the Holders of the Bonds, the Holders of the Bonds, the providers of Qualified Hedge Agreements and the issuers of Enhancement Facilities.

Any provision of this Resolution regarding any Qualified Hedge Agreements or Enhancement Facilities shall be deemed ineffective with respect to the respective provider or issuer thereof if such Qualified Hedge Agreement or Enhancement Facility is no longer in effect and no amount due and owing by the Agency is in default thereunder.

Notwithstanding anything to the contrary in this Resolution, this Resolution shall remain outstanding and in full force and effect for so long as any Qualified Hedge Agreement or Enhancement Facility remains in full force and effect or any obligation is owed by the Agency thereunder.

Section 12.06. No Recourse on the Bonds. No member of the Agency or of its Board of Directors, no officer, employee or agent of the Agency, and no person executing Bonds, shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Bonds.

Section 12.07. Notices to Rating Agencies. The Trustee shall promptly mail notice to each Rating Agency of the occurrence of any of the following events of which it has actual knowledge or has been informed in writing: (i) any amendment or supplement to the Resolution; (ii) any removal or resignation of the Trustee or any appointment of a successor Trustee; and (iii) any redemption or defeasance of all Outstanding Bonds.

Section 12.08. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in the Resolution on the part of the Agency or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of the Resolution.

Section 12.09. Repeal of Inconsistent Resolutions. Any resolution of the Agency, and any part of any resolution, inconsistent with the Resolution is hereby repealed to the extent of such inconsistency.

Section 12.10. Holidays. 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 day that is a business day, with the same force and effect as if done on the nominal date provided in the Resolution, and no interest shall accrue for the period from and after such nominal date.

Section 12.11. Governing Law. This Resolution shall be interpreted, governed by and construed under the laws of the State, including the Act, as if executed and to be performed wholly within the State.

Section 12.12. Headings Not Binding. The headings or titles of the several articles and sections of this Resolution, and in any table of contents appended to copies of this Resolution, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Resolution.

Adopted this 4th day of January, 2007.