

RESOLUTION NO. 10-01
ADOPTED: January 25, 2010
EFFECTIVE AS OF: January 27, 2010

**MASTER CLEAN WATER AND DRINKING WATER BOND RESOLUTION
OF THE
MINNESOTA PUBLIC FACILITIES AUTHORITY
RELATING TO
STATE REVOLVING FUND REVENUE BONDS**

THIS INSTRUMENT WAS DRAFTED BY:
Briggs and Morgan, Professional Association
2200 IDS Center
80 South Eighth Street
Minneapolis, MN 55402

TABLE OF CONTENTS

| | Page |
|--|-------------|
| ARTICLE I STATUTORY AUTHORITY AND DEFINITIONS | 3 |
| Section 1.1 Authority and Purpose | 3 |
| Section 1.2 Contract with Owners and Other Parties | 3 |
| Section 1.3 Definitions..... | 3 |
| Section 1.4 Interpretation..... | 23 |
| Section 1.5 Parties Interested Herein..... | 24 |
| Section 1.6 Law Applicable..... | 24 |
| Section 1.7 Severability | 24 |
| ARTICLE II AUTHORIZATION OF OBLIGATIONS..... | 24 |
| Section 2.1 Authorization of Bonds..... | 24 |
| Section 2.2 Series Resolutions for Bonds..... | 24 |
| Section 2.3 Conditions Precedent to the Issuance of Bonds..... | 27 |
| Section 2.4 Additional Conditions Precedent to the Issuance of Refunding Bonds | 29 |
| Section 2.5 Deposit of Bond Proceeds..... | 31 |
| Section 2.6 Authorization of BANs..... | 32 |
| Section 2.7 Series Resolutions for BANs | 32 |
| Section 2.8 Conditions Precedent to the Issuance of BANs | 32 |
| Section 2.9 Security and Sources of Repayment | 35 |
| Section 2.10 Deposit of BAN Proceeds..... | 35 |
| Section 2.11 Authorization of Subordinate Bonds | 35 |
| Section 2.12 Series Resolutions for Subordinate Bonds..... | 36 |
| Section 2.13 Conditions Precedent to the Issuance of Subordinate Bonds..... | 38 |
| Section 2.14 Additional Conditions Precedent to the Issuance of Refunding Subordinate Bonds..... | 41 |
| Section 2.15 Deposit of Subordinate Bond Proceeds | 43 |
| Section 2.16 Subordinate Pledges..... | 44 |
| Section 2.17 Senior Pledges..... | 44 |
| Section 2.18 Other Obligations..... | 44 |
| Section 2.19 Calculation of Debt Service..... | 45 |
| Section 2.20 Determination of Clean Water Portion and Drinking Water Portion..... | 47 |
| Section 2.21 Transition Provisions | 47 |

| | | |
|--------------|--|----|
| ARTICLE III | FUND AND ACCOUNTS | 53 |
| Section 3.1 | Pledge of Bond Program Revenues and Bond Program Assets..... | 53 |
| Section 3.2 | Agreement to Deposit Revenues, Assets and Obligated State Match | 55 |
| Section 3.3 | Creation of Bond Program Fund..... | 55 |
| Section 3.4 | Loan Account..... | 56 |
| Section 3.5 | Operating Account..... | 58 |
| Section 3.6 | Revenue Account..... | 60 |
| Section 3.7 | Debt Service Account | 61 |
| Section 3.8 | Deficiencies in the Debt Service Account | 63 |
| Section 3.9 | Debt Service Reserve Account | 64 |
| Section 3.10 | Redemption Account | 65 |
| Section 3.11 | Capitalized Interest Account..... | 66 |
| Section 3.12 | Cost of Issuance Account..... | 66 |
| Section 3.13 | Arbitrage Rebate Account..... | 66 |
| Section 3.14 | Supplemental Reserve Account | 66 |
| Section 3.15 | Removal from Pledge and Security Interest | 67 |
| Section 3.16 | Treatment of Loan Prepayments; Recycling..... | 68 |
| ARTICLE IV | LOANS | 68 |
| Section 4.1 | Qualification of Pledged Loans | 68 |
| Section 4.2 | Program..... | 69 |
| Section 4.3 | Enforcement of Pledged Loan Agreements | 70 |
| ARTICLE V | PARTICULAR COVENANTS | 70 |
| Section 5.1 | General..... | 70 |
| Section 5.2 | Payment of Obligations..... | 71 |
| Section 5.3 | Payment of Lawful Charges..... | 71 |
| Section 5.4 | Covenants Regarding Tax-Exempt Status of Interest..... | 71 |
| Section 5.5 | Covenants Regarding Tax Credits | 73 |
| Section 5.6 | Accounts and Reports | 73 |
| Section 5.7 | Compliance with Conditions Precedent..... | 73 |
| Section 5.8 | Further Assurance | 74 |
| Section 5.9 | Powers as to Obligations and Pledge..... | 74 |

| | | |
|--------------|---|----|
| ARTICLE VI | GENERAL TERMS AND PROVISIONS OF BONDS, SUBORDINATE BONDS AND BANS | 74 |
| Section 6.1 | Medium of Payment; Form and Date..... | 74 |
| Section 6.2 | Legends..... | 75 |
| Section 6.3 | Execution and Authentication..... | 75 |
| Section 6.4 | Exchange..... | 75 |
| Section 6.5 | Negotiability, Transfer and Registry..... | 76 |
| Section 6.6 | Transfer..... | 76 |
| Section 6.7 | Regulations for Exchange and Transfer..... | 76 |
| Section 6.8 | Mutilated, Destroyed, Stolen or Lost Bonds, Subordinate Bonds or BANs..... | 76 |
| Section 6.9 | Preparation of Definitive or Temporary Bonds, Subordinate Bonds and BANs..... | 77 |
| Section 6.10 | Extension of Payment..... | 77 |
| Section 6.11 | Money Held for Particular Bonds, Subordinate Bonds and BANs..... | 77 |
| Section 6.12 | Cancellation | 78 |
| Section 6.13 | Obligations Generally..... | 78 |
| ARTICLE VII | REDEMPTION OF BONDS, SUBORDINATE BONDS AND BANS | 78 |
| Section 7.1 | Procedure and Prices..... | 78 |
| Section 7.2 | Selection of Bonds, Subordinate Bonds and BANs to be Purchased or Redeemed..... | 78 |
| Section 7.3 | Home Office Payment..... | 80 |
| Section 7.4 | Notice of Redemption..... | 80 |
| Section 7.5 | Payment and Cancellation of Bonds, Subordinate Bonds and BANs Redeemed and Purchased | 81 |
| ARTICLE VIII | AMENDMENTS | 81 |
| Section 8.1 | Amendments Effective Without Consent | 81 |
| Section 8.2 | Amendments Not Affecting Owners of Obligations | 83 |
| Section 8.3 | Amendments with Consent..... | 83 |
| Section 8.4 | Amendments with Unanimous Consent..... | 84 |
| Section 8.5 | Restriction on Amendments..... | 84 |
| Section 8.6 | Adoption and Filing of Supplemental Bond Resolutions | 85 |
| Section 8.7 | Consent of Owners..... | 85 |
| Section 8.8 | Exclusion of Obligations..... | 86 |
| Section 8.9 | Notation on Obligations..... | 86 |

| | | |
|-----------------|---|----|
| Section 8.10 | Contracts or Indentures | 87 |
| Section 8.11 | Consent of the Commissioner | 87 |
| Section 8.12 | Notices | 87 |
| ARTICLE IX | EVENTS OF DEFAULT AND REMEDIES | 87 |
| Section 9.1 | Events of Default | 87 |
| Section 9.2 | Enforcement by Owners of Outstanding Bonds | 88 |
| Section 9.3 | Remedies Not Exclusive | 88 |
| Section 9.4 | Effect of Waiver and Other Circumstances | 88 |
| Section 9.5 | Right to Enforce Payment of Obligations Unimpaired..... | 88 |
| ARTICLE X | THE FIDUCIARIES | 89 |
| Section 10.1 | Depositories | 89 |
| Section 10.2 | Trustee; Escrow Agent..... | 89 |
| Section 10.3 | Paying Agents | 89 |
| Section 10.4 | Funds Held in Trust | 89 |
| Section 10.5 | Investment and Deposit of Funds | 90 |
| ARTICLE XI | MISCELLANEOUS | 91 |
| Section 11.1 | Defeasance | 91 |
| Section 11.2 | Evidence of Signatures of Owners and Ownership of Obligations..... | 92 |
| Section 11.3 | Date and Other Details of Documents Delivered to Fiduciaries..... | 93 |
| Section 11.4 | No Recourse on Obligations | 94 |
| Section 11.5 | Effective Date | 94 |
| SIGNATURES..... | | 95 |

Resolution No. 10-01

**RESOLUTION PROVIDING FOR THE ISSUANCE
OF STATE REVOLVING FUNDS REVENUE BONDS OF THE
MINNESOTA PUBLIC FACILITIES AUTHORITY**

WHEREAS, the Minnesota Public Facilities Authority (the "Authority") is a duly constituted public body corporate and politic created by the Act (as hereinafter defined) performing the governmental functions and exercising the sovereign powers set forth in the Act;

WHEREAS, the federal government has established a clean water state revolving fund loan program pursuant to the Clean Water Act (as defined herein);

WHEREAS, the State of Minnesota has established a clean water revolving fund pursuant to the Act to be administered by the Authority (the "Clean Water Program");

WHEREAS, the Authority is authorized pursuant to the Act to issue bonds and to issue or incur other obligations in connection with its Clean Water Program;

WHEREAS, the Authority desires to undertake a portion of its Clean Water Program (the "Clean Water Bond Program") through this Master Clean Water and Drinking Water Bond Resolution (as amended or supplemented from time to time the "Master Bond Resolution");

WHEREAS, the Authority has previously undertaken a portion of its Clean Water Program through its Amended and Restated Basic Bond Resolution, Resolution No. 91-19, adopted June 6, 1991 and effective June 6, 1991 (as amended or supplemented from time to time, the "1991 Clean Water Basic Bond Resolution") and has determined not to issue any further series of bonds, including refunding bonds, pursuant to the 1991 Clean Water Basic Bond Resolution;

WHEREAS, the federal government has established a drinking water state revolving fund loan program pursuant to the Drinking Water Act (as defined herein);

WHEREAS, the State of Minnesota has established a drinking water revolving fund pursuant to the Act to be administered by the Authority (the "Drinking Water Program");

WHEREAS, the Authority is authorized pursuant to the Act to issue bonds and other obligations in connection with its Drinking Water Program;

WHEREAS, the Authority desires to undertake a portion of its Drinking Water Program (the "Drinking Water Bond Program", and together with the Clean Water Bond Program, herein referred to as the "Bond Program") through this Master Bond Resolution;

WHEREAS, the Authority has previously undertaken a portion of its Drinking Water Program through its Basic Bond Resolution, Resolution No. 99-05, adopted June 15, 1999 and effective June 15, 1999 (as amended or supplemented from time to time, the "1999 Drinking

Water Basic Bond Resolution") and has determined not to issue any further series of bonds, including refunding bonds, pursuant to the 1999 Drinking Water Basic Bond Resolution;

WHEREAS, the Authority desires to provide for the terms and conditions of, and security for, (i) Obligations (as defined herein) to be issued or incurred in connection with the implementation of its Clean Water Bond Program and (ii) Obligations to be issued or incurred in connection with the implementation of its Drinking Water Bond Program, in both cases through this Master Bond Resolution pursuant to series resolutions related hereto adopted from time to time (a "Series Resolution" and collectively the "Series Resolutions", together with the Master Bond Resolution, as any may be amended or supplemented from time to time, herein referred to as the "Bond Resolution);

WHEREAS, Obligations may be issued or incurred for the Clean Water Bond Program, the Drinking Water Bond Program or both such programs;

WHEREAS, Obligations may be issued and/or secured pursuant to the Bond Resolution, and any Obligation issued and/or secured pursuant to the Bond Resolution may be payable from, and/or secured by, (i) Clean Water Bond Program Revenues and Clean Water Bond Program Assets, (ii) Drinking Water Bond Program Revenues and Drinking Water Bond Program Assets, or (iii) portions of the principal of, and premium, if any, interest on, each Obligation may be payable from such sources;

WHEREAS, the purpose of the Bond Program is to provide an additional source of funds to the Authority to make loans to eligible borrowers at below market interest rates and to provide other financial assistance to eligible participants for the purposes permitted by the Clean Water Program and the Drinking Water Program;

WHEREAS, the Authority is adopting this Master Bond Resolution to provide greater flexibility and efficiency in issuing Obligations to fund the Bond Program;

WHEREAS, the Authority has covenanted in this Master Bond Resolution that it will not issue any Obligations pursuant to the 1991 Clean Water Bond Resolution and the 1999 Drinking Water Bond Resolution;

WHEREAS, since the 1991 Clean Water Bond Resolution and the 1999 Drinking Water Bond Resolution will remain in full force and effect so long as any bonds issued pursuant to the respective resolution remain outstanding, the terms of such resolutions are not amended by this Master Bond Resolution;

WHEREAS, the Authority has provided in this Master Bond Resolution that all Clean Water Loans made or purchased from the proceeds of Obligations issued hereunder or secured hereby shall be pledged first as 1991 Clean Water Bond Program Assets to the payment of the Outstanding 1991 Clean Water Bond Program Bonds and all Drinking Water Loans made or purchased from the proceeds of Obligations issued hereunder or secured hereby shall be pledged first as 1999 Drinking Water Bond Program Assets to the payment of the Outstanding 1999 Drinking Water Bond Program Bonds;

WHEREAS, the Authority has provided herein that the Obligations issued pursuant to this Master Bond Resolution will be secured by and payable from a subordinate pledge of funds available under the 1991 Clean Water Bond Resolution or the 1999 Drinking Water Bond Resolution, as the case may be;

WHEREAS, the Authority has adopted rules, subject to amendment from time to time, for the operation of its Clean Water Program and its Drinking Water Program (the "Rules"); and

WHEREAS, the Authority has determined, and does hereby determine, that all acts and conditions precedent, if any, to the adoption of this resolution have been complied with.

NOW THEREFORE, BE IT RESOLVED BY THE MINNESOTA PUBLIC FACILITIES AUTHORITY, EFFECTIVE ON THE DATE AS PROVIDED IN SECTION 11.5 HEREOF, AS FOLLOWS:

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.1 Authority and Purpose. This resolution is adopted under authority and in accordance with the provisions of the Act, for the purpose of providing loans and other financial assistance in accordance with the Clean Water Act, the Drinking Water Act, the Act and the Rules for the funding, reimbursement or refinancing of eligible costs of construction (i) of public water supplies, (ii) of publicly owned waste water treatment facilities, or (iii) of both public water supplies and publicly owned waste water treatment facilities.

Section 1.2 Contract with Owners and Other Parties. In accordance with the provisions of the Act and in consideration of the purchase and acceptance of Obligations of any Series issued hereunder by any who shall from time to time be Owners thereof, the provisions of this Master Bond Resolution and the applicable Series Resolution shall be a contract of the Authority with the Owners of the Obligations of each Series issued thereunder.

The State has pledged to and agreed with the Owners of Obligations in the Act (MN Statutes § 446A.19) that it will not limit or alter the rights vested in the Authority to fulfill the terms of any agreements made with them, or in any way impair the rights and remedies of the Owners, until the Obligations, together with the interest thereon and on any unpaid installments of principal and premium, if any, and all costs and expenses in connection with any action or proceeding by or on behalf of such Owners are fully paid or deemed paid under the provisions of the Bond Resolution or the provisions of such Other Obligations, as the case may be.

Section 1.3 Definitions. As used in this Master Bond Resolution the following terms are defined to mean, respectively:

1991 Clean Water Basic Bond Resolution: The Authority's Amended and Restated Basic Bond Resolution, Resolution No. 91-19, adopted and effective June 6, 1991, as amended or supplemented from time to time, relating to the issuance of 1991 Clean Water Bond Program Bonds.

1991 Clean Water Bond Program: That portion of the Clean Water Program undertaken by the Authority through, or in connection with, obligations issued or secured pursuant to the 1991 Clean Water Bond Resolution (exclusive of Clean Water Obligations).

1991 Clean Water Bond Program Assets: Those assets pledged to the holders of the 1991 Bond Program Bonds in Section 1.2(3) of the 1991 Clean Water Bond Resolution.

1991 Clean Water Bond Program Bonds: Any bonds issued under the 1991 Clean Water Bond Resolution; provided, however, the term "1991 Clean Water Bond Program Bonds" does not include any "Subordinate Bonds" (as defined in the 1991 Clean Water Bond Resolution).

1991 Clean Water Bond Program Revenues: "Revenues" as defined in Section 103 of the 1991 Clean Water Bond Resolution.

1991 Clean Water Bond Resolution: Collectively, the 1991 Clean Water Basic Bond Resolution and the Authority's resolutions designated as a series resolution adopted from time to time in connection with the issuance of bonds pursuant to the 1991 Clean Water Basic Bond Resolution.

1999 Drinking Water Basic Bond Resolution: The Authority's Basic Bond Resolution, Resolution No. 99-05, adopted June 15, 1999, and effective June 15, 1999 as amended or supplemented from time to time, relating to the issuance of 1999 Drinking Water Bond Program Bonds.

1999 Drinking Water Bond Program: That portion of the Drinking Water Program undertaken by the Authority through, or in connection with, obligations issued or secured pursuant to the 1999 Drinking Water Bond Resolution (exclusive of Drinking Water Obligations).

1999 Drinking Water Bond Program Assets: "Bond Program Assets" as defined in Section 1.3 of the 1999 Drinking Water Bond Resolution.

1999 Drinking Water Bond Program Bonds: Any bonds issued under the 1999 Drinking Water Bond Resolution; provided, however, the term "1999 Drinking Water Bond Program Bonds" does not include any "Subordinate Bonds" or any obligation secured by a "Subordinate Pledge" (as such terms are defined in the 1999 Drinking Water Bond Resolution).

1999 Drinking Water Bond Program Revenues: "Bond Program Revenues" as defined in Section 1.3 of the 1999 Drinking Water Bond Resolution.

1999 Drinking Water Bond Resolution: Collectively, the 1999 Drinking Water Basic Bond Resolution and the Authority's resolutions designated as a series resolution adopted from time to time in connection with the issuance of bonds pursuant to the 1999 Drinking Water Basic Bond Resolution.

Accounts: The various accounts, including the various Subaccounts therein, of the Bond Program Fund established (i) by Section 3.3 or Section 3.15 hereof, as the case maybe, hereof,

(ii) pursuant to a Series Resolution, a Supplemental Resolution or a Tax Compliance Certificate, or (iii) by the Authority in its discretion.

Accreted Value: With respect to any of the Capital Appreciation Obligations, Accreted Value shall mean the total amount of principal thereof and interest thereon as of any Interest Payment Date determined solely by reference to the table of accreted values set forth on the Capital Appreciation Obligations. Except as may be specified in any Series Resolution authorizing a Series of Capital Appreciation Obligations, the Accreted Value as of any date other than those specified in the table of accreted values shall be the sum of: (a) the Accreted Value as of the last Interest Payment Date which is prior to the date as of which the calculation is being made plus (b) interest thereon to the date as of which the calculation is being made at the interest rate per annum applicable to each such Capital Appreciation Obligation.

Act: The Minnesota Public Facilities Authority Act, Minnesota Statutes, Chapter 446A, as amended and in effect on the date hereof and as it may hereafter be amended or supplemented, subject to the State's pledge and agreement referred to in Section 1.2 hereof.

Arbitrage Rebate Account: The account so designated in the Bond Program Fund created pursuant to Section 3.3 hereof.

Authority: The Minnesota Public Facilities Authority, the public body corporate and politic created by the Act and performing the governmental functions and exercising the sovereign powers of the State which are delegated to it therein, and any body, authority, agency or other entity which may hereafter by law succeed to such powers, duties and functions.

Authorized Officer: The Chairman, Vice Chairman or Executive Director of the Authority or any other person authorized by resolution of the Authority to perform the applicable act or sign the applicable document.

Balloon Obligation: A Long-Term Obligation, 25% or more of the original principal of which (i) matures and is not subject to prior mandatory sinking fund redemption or (ii) is subject to mandatory sinking fund redemption or repayment during any Bond Year. Balloon Obligation does not include obligations which otherwise would be classified hereunder as Put Obligations, unless the Authority elects to treat such a Put Obligation as a Balloon Obligation.

BAN: Any bond anticipation note, however denominated, authorized pursuant to Section 2.6 hereof, issued pursuant to a Series Resolution and secured and payable from the sources as set forth in Section 2.9 hereof.

BAN Program Revenues: When and as received, (i) any proceeds of BANs used to fund interest payable on the BANs; (ii) the proceeds of any Obligations issued to refund any BANs; and (iii) any other amounts, if any, specifically pledged by the Authority to the payment of the BANs.

Bond: Any bond or other debt obligation, however denominated, authorized pursuant to Section 2.1 hereof, issued pursuant to a Series Resolution, and payable from, and secured by, the

Senior Pledge of Bond Program Revenues and Bond Program Assets as set forth in Section 3.1 hereof, whether also payable from, or secured by, other sources.

Bond Counsel: A firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of such securities selected by, or on behalf of, the Authority.

Bond Program: The Clean Water Bond Program or the Drinking Water Bond Program.

Bond Program Assets: Clean Water Bond Program Assets or Drinking Water Bond Program Assets.

Bond Program Fund: The Bond Program Fund created in Section 3.3 hereof, including all Accounts and Subaccounts therein.

Bond Program Revenues: Clean Water Bond Program Revenues or Drinking Water Bond Program Revenues.

Bond Resolution: This Master Bond Resolution and all Series Resolutions.

Bond Year: For the purposes of each Projected Revenue Certificate and any other calculation of Revenue Coverage, the twelve-month period beginning on March 2 in any year, and ending on March 1 in the succeeding calendar year, or such other period as may be designated from time to time by the Authority for all Obligations. The Authority may designate different periods as a "bond year" for an issue of Obligations for all purposes under the Code and may make the first and/or last bond years periods shorter than twelve-months.

Borrower: Any entity to which the Authority is permitted to make a Loan as specified from time to time in the Clean Water Act or the Drinking Water Act, as the case may be, and the Act.

Business Day: Any day other than a Saturday, Sunday or other day on which the offices of the State or the offices of the New York Stock Exchange are not open for business.

Capital Appreciation Obligations: Obligations which bear interest which accrues and is compounded on each Interest Payment Date and is payable upon a specified future date, at maturity or upon redemption.

Capitalization Grant: A grant from the EPA made to the Authority pursuant to the Clean Water Act or the Drinking Water Act.

Capitalized Interest Account: The account so designated in the Bond Program Fund created pursuant to such Section 3.3 hereof.

Clean Water: When used to modify other defined terms, means relating to, or issued or incurred in connection with, the Clean Water Program.

Clean Water Act: 33 U.S.C.A. Sections 1381 to 1382, as amended from time to time, and any successor statute.

Clean Water Bond Program: That portion of the Clean Water Program undertaken by the Authority through, or in connection with, Obligations issued or secured pursuant to the Bond Resolution.

Clean Water Bond Program Assets: As of any date, the following:

- (i) The amount of all Pledged Clean Water Capitalization Grants remaining to be drawn down;
- (ii) The outstanding principal amount of all Pledged Clean Water Loans, including Defaulted Pledged Clean Water Loans;
- (iii) All investments and monies on deposit in the Clean Water Subaccounts of the Bond Program Fund;
- (iv) Any other assets expressly pledged by the Authority to the payment of debt service on Clean Water Obligations; and
- (v) So long as the 1991 Clean Water Bond Resolution has not been discharged and satisfied pursuant to Section 1201 (a) thereof, all assets pledged pursuant to Section 102 thereof, other than "Revenues" as defined therein, subject, however, to the prior lien of all Outstanding 1991 Clean Water Bond Program Bonds.

Notwithstanding the foregoing, the following shall not be included in Clean Water Bond Program Assets unless specifically authorized to be so included by subsequent action of the Authority:

- (a) Investments and monies held in any escrow or similar account established pursuant to Section 11.1 hereof and held for the payment of particular Clean Water Obligations, provided that such Clean Water Obligations are no longer deemed Outstanding pursuant to the Bond Resolution.
- (b) Assets pledged to the payment of, or used to pay, all or a portion of the Debt Service on specified Clean Water Other Obligations which have not been pledged to the payment of Debt Service on all Clean Water Obligations.
- (c) All investments and money on deposit in the Arbitrage Rebate Account or the Costs of Issuance Account.

Clean Water Bond Program Revenues: When and as received (or estimated to be received) by the Authority, the following:

- (i) All payments of principal of, and premium, if any, and interest on all Pledged Clean Water Loans, including any Pledged Clean Water Defaulted Loans, in all cases, net of Service Charges, if any;
- (ii) Any amounts withdrawn from the Clean Water Subaccount of the Capitalized Interest Account to pay debt service on Clean Water Bonds;
- (iii) All income and gain, net of losses, from the investment and reinvestment of all amounts on deposit in the Clean Water Subaccount of the Bond Program Fund;
- (iv) All payments received or to be received by the Authority on Clean Water Other Obligations except such payments pledged to the payment of obligations other than Senior Obligations;
- (v) All amounts on deposit in the Clean Water Subaccount of the Supplemental Reserve Account not in excess of the Clean Water Supplemental Reserve Requirement, which are assumed to be received in the periods designated in a Projected Revenue Certificate or a certificate of an Authorized Officer;
- (vi) All other payments, proceeds, rents, charges and income of the Authority, including revenues from the Clean Water Program other than from the Clean Water Bond Program, actually deposited to the Clean Water Subaccount of the Bond Program Fund (other than the Arbitrage Rebate Account), used in any Projected Revenue Certificate in calculating Revenue Coverage or otherwise expressly pledged by the Authority to the payment of Clean Water Debt Service; and
- (vii) So long as the 1991 Clean Water Bond Resolution has not been discharged and satisfied pursuant to Section 1201(a) thereof, all "Revenues" as defined in Section 103 thereof, subject, however, to the prior lien of all Outstanding 1991 Clean Water Bond Program Bonds.

Notwithstanding the foregoing, the following shall not be included in Bond Program Revenues unless specifically authorized to be so included by subsequent action of the Authority:

- (a) Amounts, and earnings thereon, held in any escrow or similar account established pursuant to Section 11.1 hereof and held for the payment of particular Clean Water Obligations, providing such Clean Water Obligations are no longer deemed Outstanding pursuant to the Bond Resolution.
- (b) Any income, gain or repayments with respect to any assets pledged to the payment of, or used to pay, all or a portion of the Debt Service on specified any

Clean Water Other Obligations which have not been pledged to the payment of Debt Service on Clean Water Obligations.

- (c) All income and gain, net of losses, from the investment and reinvestment of all amounts on deposit in the Arbitrage Rebate Account, the Cost of Issuance Account.

Clean Water Program: The Authority's program of administering the clean water revolving fund established by the Act, including, without limitation, the making or purchasing loans for, or the providing of other financial assistance in connection with, the funding of eligible costs of the construction, equipping or improving of publicly-owned waste water treatment facilities in accordance with the Clean Water Act and the refunding of Clean Water Obligations, 1991 Clean Water Bond Program Bonds, or other evidences of the indebtedness relating to the Clean Water Program.

Code: The United States Internal Revenue Code of 1986, as amended, and any proposed, temporary or final Treasury Regulations promulgated or applicable thereunder.

Commissioner: The Commissioner of Management and Budget of the State of Minnesota or the Commissioner of any department of the State which is the successor to the duties and rights of the Commissioner of Management and Budget under the Act.

Commitment Obligations: Obligations to repay amounts disbursed pursuant to a commitment from a financial institution or other entity to refinance or purchase when due, tendered or required to be purchased Obligations, and to pay interest payable on amounts disbursed for such purpose, plus any fees payable to such financial institution or other entity for such commitment any expenses and penalties payable in the event of enforcement.

Costs of Issuance: All items of expense payable or reimbursable directly or indirectly by the Authority and related to the authorization, issuance and sale or delivery of Obligations or the making or purchasing of Pledged Loans, or the providing of other financial assistance, from the proceeds thereof; and all other expenditures of the Authority incident to and necessary or convenient to carry out its corporate purposes and powers in any manner relating to, or in connection with, any aspect of the Bond Program or the Bond Resolution.

Costs of Issuance Account: The account so designated in the Bond Program Fund created pursuant to Section 3.3 hereof.

Cross-over Date: With respect to Cross-over Refunding Obligations, the date on which the principal portion of the Cross-over Refunded Indebtedness is paid or redeemed, or on which it is anticipated that such principal portion will be paid or redeemed, from the proceeds of such Cross-over Refunding Indebtedness.

Cross-over Refunded Obligations: Obligations refunded by Cross-over Refunding Obligations.

Cross-over Refunding Obligations: Obligations issued for the purpose of refunding if the proceeds of such Cross-over Refunding Obligations are irrevocably deposited in escrow to secure the payments on the applicable Cross-over Date of the Cross-over Refunded Obligations, and the earnings on such escrow are required to be applied to pay interest on either or both of such Cross-over Refunding Obligations or such Cross-over Refunded Obligations until the Cross-over Date.

Debt Service: Senior Debt Service or Subordinate Debt Service.

Debt Service Account: The account so designated in the Bond Program Fund established pursuant to Section 3.3 hereof.

Debt Service Payment Date: An Interest Payment Date or a Principal Payment Date.

Debt Service Reserve Account: The account so designated in the Bond Program Fund created pursuant in Section 3.3 hereof.

Debt Service Reserve Requirement: As of any date of calculation, the debt service reserve requirement, or the sum of separate debt service reserve requirements, established in the Series Resolutions, if any, as the amount, or aggregate amount, required to be maintained on deposit in the Debt Service Reserve Account for Senior Obligations.

Defaulted Loan: A Loan on which any payment is sixty (60) days in arrears (but not a Loan as to which all defaults have been cured to the satisfaction of the Authority) or any Loan, whether or not any payments are in arrears, to a Borrower which has (i) admitted in writing its inability to pay its debts generally as they become due; or (ii) consented to the appointment of a custodian (as the term is defined in the United States Bankruptcy Code) for a assignment to a custodian of the whole or any substantial part of the Borrower's property, or failed to stay, set aside or vacate within ninety (90) days from the date of entry thereof any order or decree entered by a court of competent jurisdiction ordering such appointment or assignment; or (iii) commenced any proceeding or filed a petition under the provisions of the United States Bankruptcy Code for liquidation, reorganization or adjustment of debtors, or under any insolvency law or other statute of law providing for the modification or adjustment of the rights of creditors or failed to stay, set aside or vacate within ninety (90) days from the date of entry thereof any order or decree entered by a court of competent jurisdiction pursuant to an involuntary proceeding, whether under federal or state law, providing for liquidation or reorganization of such Borrower or modification or adjustment of the rights of creditors.

Delivery Date: The date on which any Obligation is actually delivered to the purchaser thereof or the other party thereto in exchange for consideration.

Depository: Each bank, trust company and national banking association appointed pursuant to Section 10.1 to act as depository of any Account, and any successor thereof designated by or pursuant to Article X.

Drinking Water: When used to modify other defined terms, means relating to, or issued or incurred in connection with, the Drinking Water Program.

Drinking Water Act: The federal Safe Drinking Water Act (PL 93-523), as amended by the Safe Drinking Water Amendments of 1996 (PL 104-182), 42 U.S.C. § j-12 et seq., as amended from time to time, or any successor statute.

Drinking Water Bond Program: That portion of the Drinking Water Program undertaken by the Authority through, or in connection with, Obligations issued or secured pursuant to the Bond Resolution.

Drinking Water Bond Program Assets: As of any date, the following:

- (i) The amount of all Pledged Drinking Water Capitalization Grants remaining to be drawn down;
- (ii) The outstanding principal amount of all Pledged Drinking Water Loans, including Defaulted Pledged Drinking Water Loans;
- (iii) All investments and monies on deposit in the Drinking Water Subaccounts of the Bond Program Fund;
- (iv) Any assets expressly pledged by the Authority to the payment of Debt Service on Drinking Water Obligations; and
- (v) So long as the 1999 Drinking Water Bond Resolution has not been discharged and satisfied pursuant to Section 12.1 thereof, all "Bond Program Assets" as defined in Section 1.3 thereof, subject, however, to the prior lien of all Outstanding 1999 Drinking Water Bond Program Bonds.

Notwithstanding the foregoing, the following shall not be included in Drinking Water Bond Program Assets unless specifically authorized to be so included by subsequent action of the Authority:

- (a) Investments and monies held in any escrow or similar account established pursuant to Section 11.1 hereof and held for the payment of particular Drinking Water Obligations provided that such Drinking Water Obligations are no longer deemed Outstanding pursuant to the Bond Resolution.
- (b) Assets pledged to the payment of, or used to pay, all or a portion of the Debt Service on specified Drinking Water Other Obligations, which have not been pledged to the payment of Debt Service on all Drinking Water Obligations.
- (c) All investments and money on deposit in the Arbitrage Rebate Account and the Costs of Issuance Account.

Drinking Water Bond Program Revenues: When and as received (or estimated to be received) by the Authority, the following:

- (i) All payments of principal of, and premium, if any, and interest on all Pledged Drinking Water Loans, including Pledged Drinking Water Defaulted Loans, in all cases, net of Service Charges, if any;
- (ii) Any amounts withdrawn from the Drinking Water Subaccount of the Capitalized Interest Account to pay debt service on Drinking Water Bonds;
- (iii) All income and gain, net of losses, from the investment and reinvestment of all amounts on deposit in the Drinking Water Subaccount of the Bond Program Fund;
- (iv) All payments received or to be received on Drinking Water Other Obligations except payments pledged to the payment of obligations other than Senior Obligations;
- (v) All amounts on deposit in the Drinking Water Subaccount of the Supplemental Reserve Account not in excess of the Drinking Water Supplemental Reserve Requirement, assumed to be received in the periods designated in a Projected Revenue Certificate or a certificate of the Executive Director;
- (vi) All other payments, proceeds, rents, charges and income of the Authority, including revenues from the Drinking Water Program other than from the Drinking Water Bond Program, actually deposited to the Drinking Water Subaccount of the Bond Program Fund (other than the Arbitrage Rebate Account) used in any Projected Revenue Certificate in calculating Revenue Coverage or otherwise expressly pledged by the Authority to the payment of Drinking Water Debt Service; and
- (vii) So long as the 1999 Drinking Water Bond Resolution has not been discharged and satisfied pursuant to Section 12.1(a) thereof, all "Bond Program Revenues" as defined in Section 1.3 thereof, subject, however, to the prior lien of all Outstanding 1999 Drinking Water Bond Program Bonds.

Notwithstanding the foregoing, the following shall not be included in the Drinking Water Bond Program Revenues:

- (a) Amounts, and earnings thereon, held in any escrow or similar account established pursuant to Section 11.1 hereof and held for the payment of particular Drinking Water Obligations, providing such Drinking Water Obligations are no longer deemed Outstanding pursuant to the Bond Resolution,
- (b) Any income, gain or repayments with respect to any assets pledged to the payment of, or used to pay, all or a portion of the Debt Service on specified

Drinking Water Other Obligations, which have not been pledged to the payment of Debt Service on all Drinking Water Obligations.

- (c) All income and gain, net of losses, from the investment and reinvestment of all amounts on deposit in the Arbitrage Rebate Account and the Cost of Issuance Account.

Drinking Water Program: The Authority's program of administering the drinking water revolving fund established by the Act, including, without limitation, the making or purchasing loans for, or the providing of other financial assistance in connection with, the funding of eligible costs of the construction, equipping or improving of public water supply systems in accordance with the Drinking water Act and the refunding of Drinking Water Obligations, 1999 Drinking Water Bond Program Bonds or other evidences of indebtedness relating to the Drinking Water Program.

EPA: The United States Environmental Protection Agency.

Exposure on Guaranteed Debt: For each Bond Year, an amount equal to the sum of 100% of the aggregate amounts payable in such Bond Year on all obligations of the primary obligor which are guaranteed; provided however, that if the Authority has not been required, by reason of its Guaranty, to make any payments in respect of the obligations which are guaranteed within the immediately preceding twenty-four (24) months or since the date of the incurrence of the guarantee, whichever is less as determined by an Officer's Certificate of the Authority, Exposure on Guaranteed Debt means an amount equal to \$0.00.

Favorable Opinion of Bond Counsel: When used in connection with any action, an opinion of Bond Counsel to the effect that such action will not adversely affect the excludability from gross income, for federal tax purposes, of interest paid on any of the applicable Tax – Exempt Bonds.

Fiduciary or Fiduciaries: A Trustee, Depository or a Paying Agent, if any, other than the Authority.

Fiscal Year: The period of twelve (12) calendar months commencing on July 1 and ending on June 30, or such other 12 month period designated by the Authority as its fiscal year from time to time.

Government Obligations: Any of the following investments:

- (1) Direct general obligations of the United States.
- (2) Obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States. An opinion of the Attorney General of the United States may be relied upon in determining whether a specified obligation is so guaranteed by the United States.

Guaranty: An obligation guaranteeing, or in effect, guaranteeing any obligation of any primary obligor in any manner, whether directly or indirectly, including, but not limited to, obligations incurred through an agreements, contingent or otherwise: (1) to purchase such obligations or any property constituting security thereof; (2) to advance or supply funds: (i) for the purchase or payment of such obligation, or (ii) to maintain working capital or other balance sheet condition; (3) to purchase securities or other property or services primarily for the purpose of assuring the owner of such obligation of the ability of the primary obligor to make payments of the obligation; or (4) otherwise to assure the owner of such obligation against loss in respect thereof.

Hedge Agreement: An interest rate swap, cap, collar, floor, forward, or other hedging agreements, arrangements or security, however denominated, expressly identified pursuant to its terms as being entered into in connection with and in order to hedge interest rate fluctuation on all or a portion of any Obligation including, without limitation, an Interest Rate Swap Agreement.

Interest Payment Date: Each date upon which interest on any Bonds or Other Obligations is stated to become due and payable.

Interest Rate Swap Agreement: A Hedge Agreement whereby, directly or indirectly, the Authority is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by the counterparty calculated by applying a fixed or a floating rate of interest on the same notional amount and amounts, if any, due as a result of the termination of such agreement, which arrangement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof.

Issue Date: The stated date from which interest on any Obligation initially accrues, as specified in such obligation. The Issue Date may or may not be the Delivery Date.

Legislative Auditor: The Legislative Auditor of the State of Minnesota, empowered to act pursuant to Minnesota Statutes, Sections 3.971-3.978 as then in effect.

Liquidity Facility: A letter of credit, line of credit, standby bond purchase agreement, or other liquidity guarantee of a third party which provides for the payment of the purchase price of Put Obligations.

Loan: Any loan to a Borrower in connection with the Clean Water Program or the Drinking Water Program.

Loan Account: The account so designated in the Bond Program Fund established pursuant to Section 3.3 hereof.

Loan Agreement: A loan agreement, security purchase or regulatory agreement between the Authority and the Borrower pursuant to which a Loan is made or relating to the Clean Water Program or the Drinking Water Program Loan.

Loan Payment: Any money received as payment of regularly scheduled debt service on a Loan.

Loan Prepayment: Any money received as a payment of principal, interest thereon, or premium, if any, on a Loan in excess of Loan Payments.

Long-Term Obligations: Obligations (which also may constitute Balloon Obligations or Put Obligations) having an original stated maturity or term greater than one year or renewable at the option of the debtor for a period greater than one year from the date of original issuance.

Master Bond Resolution: This resolution as from time to time amended, supplemented or restated, including all Supplemental Resolutions, but excluding all Series Resolutions.

Minimum Investments Rating: With respect to Permitted Investments for deposit to the Debt Service Reserve Account and so long as any Outstanding Bonds are rated "AAA", "Aaa" or the an equivalent long-term rating by any Rating Agency, each Permitted Investment for the Debt Service Reserve Account shall be rated at the time of investment at least "AA-", "Aa3" or an equivalent long-term rating by at least one Rating Agency. In the event that no Outstanding Bonds are rated "AAA", "Aaa" or an equivalent long-term rating by any one Rating Agency, each Permitted Investment for the Debt Service Reserve Account may have such lower ratings at the time of investment as will not adversely affect the then current ratings by all Rating Agencies on the then Outstanding Senior Obligations. Permitted Investments for deposit to the Debt Service Reserve Account with an original maturity of less than one year or subject to purchase or redemption at the option of the holder thereof within one year must have the equivalent short-term rating at the time of investment to those long-term ratings set forth above.

Net Subordinate Debt Service: For any period, Subordinate Debt Service less any pledged sources of repayment which do not constitute Bond Program Revenues.

Obligated State Match: The State Match, or that portion of the State Match, (i) which, by designation in a Projected Revenue Certificate or other separate action of the Authority, the Authority has obligated itself to use to make or purchase Pledged Loans (either generally or by reference to specific Pledged Loans) or (ii) which the Authority has actually used to use to make or purchase a Pledged Loan.

Obligations: Bonds or Other Obligations.

Officer's Certificate: A certificate signed by an Authorized Officer.

Operating Account: The account so designated in the Bond Program Fund established pursuant to Section 3.3 hereof.

Opinion of Counsel: A written legal opinion signed by any attorney or firm of attorneys (who may be counsel to or of counsel to the Authority, including, without limitation, the Office of the Attorney General of the State of Minnesota, or an attorney or firm of attorneys selected or employed by or on behalf of the Authority) licensed to practice in the state in which he or it maintains an office, selected or employed by the Authority.

Other Obligations: Any obligations of the Authority, other than Bonds, which the Authority expressly makes payable from and/or secured by, in whole or in part, all or a portion of the Bond Program Assets and Bond Program Revenues. Other Obligations may be secured by a Senior Pledge or a Subordinate Pledge and includes Subordinate Bonds and BANs. Other Obligations may include, without limitation, Hedge Agreements, Liquidity Facilities, loan agreements, revolving credit agreements, guaranties, other derivatives, letter of credit reimbursement agreements, reimbursement agreements in connection with surety bonds and insurance policies, remarketing agreements, lines of credit, credit facilities and other similar agreements.

Outstanding: As of any particular date with respect to Bonds, any Bond theretofore delivered except (i) a Bond canceled by the Authority or by any other Fiduciary, and (ii) a Bond for the payment or redemption of which either money or Investments in the amounts of the maturities and otherwise as described and required under Section 11.1 have been deposited with one or more Fiduciaries in trust (whether upon or prior to the maturity or redemption date of the Bond) and, except in the case of a Bond to be paid at maturity, of which notice of redemption has been given or provided for in accordance with Section 11.1, (iii) a Bond in lieu of or in substitution for which another Bond has been delivered pursuant to Article VI or Section 7.5 or 9.6, and (iv) to the extent and for the purpose set forth in such sections, a Bond described in Sections 7.3, 9.2 or 9.5.

As of any particular date with respect to Other Obligations, any Obligation which has not been (i) paid in full, (ii) defeased in accordance with its terms, (iii) defeased in substance with Government Obligations which are not Bond Program Assets, (iv) cancelled by a reversing transaction; (v) amended to be no longer secured by, or payable from, in whole or in part, Bond Program Assets, or (vi) terminated in accordance with its terms without any remaining liability for payments by the Authority.

As of any particular date with respect to 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds, "Outstanding" as defined in the 1991 Clean Water Bond Resolution or the 1999 Drinking Water Bond Resolution, as the case may be.

Owner: As of any date, the person or entity (i) in whose name the ownership of any Bond, Subordinate Bond or BAN is registered on the books of the Authority established pursuant to Section 6.5 hereof, (ii) in whose name the ownership of any Other Obligation is registered on the books of the Authority established pursuant to the Other Obligation, or (iii) with respect to Other Obligations not in the form of a bond, note or similar debt instrument for which the Authority maintains registration books, the other contracting party or parties to the Other Obligations.

Paying Agent: Any paying agent for any Series of Obligations appointed by the Authority pursuant to Section 10.3, and its successors during the term of such appointment.

Permitted Investments: Any of the following which, at the time of purchase, are legal investments under the laws of the State for moneys held hereunder:

- (1) Government Obligations.

- (2) Bonds, debentures, participation certificates or notes issued or fully and unconditionally guaranteed by any agency or corporation which has been or may hereafter be created by or pursuant to an Act of Congress as an agency or instrumentality of the United States (including but not limited to the fully guaranteed portion of an obligation partially guaranteed by any of the foregoing, if the Authority's ownership of such portion is accepted in writing by an officer of the guaranteeing agency or instrumentality).
- (3) Evidences of ownership in investments described in (1) or (2) above.
- (4) Direct and general obligations of any state within the United States or any political subdivision of any such state, which, with respect to such obligations credited to the Debt Service Reserve Account, at the time of purchase are rated the Minimum Investments Rating or higher.
- (5) Certificates of deposit, whether negotiable or non-negotiable, issued by any national banking association or by a bank or trust company organized under the laws of any state, or interest-bearing time deposits with any such institutions, or an obligation of the parent corporation of any such institution, provided that either (i) the principal amount thereof is fully insured by the Federal Deposit Insurance Corporation or, to the extent not so insured, is continuously secured by the deposit with the State Board of Investments, as custodian, of securities described in any of clauses (1) through (5), inclusive, having an aggregate market value at least equal to the amount not so insured, together with a written undertaking satisfactory to the State Board of Investments that the aggregate value of all securities so deposited will be so maintained, on which undertaking the Authority shall be entitled to rely; or (ii) the institution issuing the certificate of deposit or accepting the time deposit or issuing the obligation has a combined capital and surplus (or, with respect to the parent company, has stockholders' equity or capital and retained earnings) of at least \$50,000,000, and whose long-term unsecured debt is rated the Minimum Investments Rating or higher at the time of purchase.
- (6) A guaranteed investment agreement, in such form as will not adversely affect the rating on the Bonds, entered into by or on behalf of the Authority and, with respect to Permitted Investments credited to the Debt Service Reserve Account, issued, guaranteed or insured by a financial institution or institutions, one of whose credit capacity or long-term debt obligations, as applicable, is at the time of execution thereof rated the Minimum Investments Rating or higher.
- (7) Repurchase agreements of any securities with any financial institutions; provided, however, that such repurchase agreements shall have a term of not more than one year and shall be fully secured as to principal, by obligations described in clauses (1), (2) and (3) above, the fair market value of which (inclusive of accrued interest) shall be determined not less

frequently than daily and shall each be maintained in an amount not less than 102% of such principal, or not less frequently than weekly and maintained at 103%, or not less frequently than monthly and maintained at 106%; and provided further, that (1) there is a perfected first security interest on behalf of the Authority or the State Board of Investment on behalf of the Authority under the Uniform Commercial Code, or the book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. as amended, supplemented or any successor provisions in the obligations securing such repurchase agreements and (2) a bank, trust company or savings and loan association shall hold the obligations securing such repurchase agreement and the securities subject to the repurchase agreement.

- (8) Prime commercial paper of a United States corporation, financing company or banking institution (having original maturities of not more than 365 days) which, in the case of commercial paper credited to the Debt Service Reserve Account, is rated the Minimum Investments Rating or higher at the time of purchase.
- (9) Shares of a money market mutual fund or other collective investment fund registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, having assets of at least \$100,000,000 and which is rated in the highest rating category for such type of shares by any Rating Agency at the time of purchase.
- (10) Notwithstanding any other investments set forth herein or any limitations thereon, any authorized investment for the State Board of Investment as set forth in Minnesota Statutes, Section 11A.24, subdivisions 1 through 4, inclusive, as from time to time amended or supplemented or any successor law, including any pooled or combined investment funds established for the State Board of Investment and containing only those authorized investments as set forth above whether such combined investment funds are established pursuant to Minnesota Statutes, Sections 11A.14 and 11A.20 or any other provision of law and including, without limitation, that pooled investment fund commonly known as "Treasurer's Invested Cash"; provided, however, such other investments credited to the Debt Service Reserve Account are rated the Minimum Investments Rating or higher at the time of purchase.

Pledged: When used to describe an asset or revenues means those assets or revenues, or that portion of such assets or revenues, subject to the senior or subordinate pledge and grant of a security interest set forth in Section 3.1 hereof.

Principal Installment: With respect to any particular date an amount equal to the sum of (i) the principal amount or Accreted Value of Outstanding Obligations, as the case may be, which mature on such date, reduced by the aggregate amount of any Sinking Fund Installments

payable before that date toward the retirement of such Outstanding Obligations, as the case may be, (ii) the amount of any Sinking Fund Installment payable on such date toward the retirement of any Outstanding Obligations, and (iii) any other amount (other than payments or portions thereof expressly designated as interest or determined by the Authority to be interest) payable on an Other Obligation.

Principal Payment Date: The date on which a Principal Installment of an Obligation is payable as stated in such Obligation.

Projected Revenue Certificate: An Officer's Certificate setting forth, as of any particular date:

- (1) A schedule of estimated Bond Program Revenues, excluding any payments with respect to Defaulted Loans, available in the current and each future Bond Year.
- (2) A schedule of estimated Senior Debt Service due and payable in the current and each future Bond Year.
- (3) A schedule of estimated Net Subordinate Debt Service due and payable in the current and each future Bond Year.
- (4) A schedule showing Revenue Coverage for Senior Obligations for the current and each future Bond Year.
- (5) A schedule showing Revenue Coverage for Subordinate Obligations for the current and each future Bond Year.
- (6) A schedule of all Pledged Capitalization Grants and the outstanding unpaid balance thereof.
- (7) A schedule of all outstanding Pledged Loans and the outstanding and unpaid balance thereof.
- (8) A schedule of all Obligated State Matches and the outstanding balance thereof.

In estimating the foregoing, the Authority shall make the following assumptions: (i) cash disbursements from the Pledged Capitalization Grant shall be made on a schedule assumed by the Authority to be reasonable at the time the projections are made; (ii) invested funds shall yield an investment return no greater than the average actual return at the time of the projection, and shall be invested until such time as they are to be applied to the purpose for which they are accumulated; and (iii) Service Charges shall be collected for the remaining term of each Loan at the rate in effect at the time of the calculation. The assumed investment return for the first Projected Revenue Certificate delivered after the adoption of this Master Bond Resolution shall be no greater than the average actual return at the time of the projection on comparable

investments in the 1991 Clean Water Bond Program and the 1999 Drinking Water Bond Program.

Put Date: (i) any date on which an Owner of Put Obligation may elect to have such Put Obligation paid, purchased or redeemed by or on behalf of the underlying obligor prior to its stated maturity date or (ii) any date on which Put Obligation is required to be paid, purchased or redeemed from the Owner by or on behalf of the underlying obligor prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund or other than by reason of acceleration upon the occurrence of an Event of Default.

Put Obligations: Other Obligations which (i) are payable or required to be purchased or redeemed, at the option of the holder thereof, by or on behalf of the underlying obligor prior to its stated maturity date or (ii) are required to be purchased or repurchased by or on behalf of the underlying obligor from the holder thereof prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund or other than by reason of acceleration upon the occurrence of an event of default.

Rating Agency: Any nationally-recognized rating agency then maintaining a rating with respect to the Bonds at the request of the Authority.

Rebate Amount: At any given time, one hundred percent (100%) of the amount calculated to then be owed to the United States Treasury pursuant to Section 148(f)(2) of the Code assuming such date is a "computation date".

Redemption Account: The account so designated in the Bond Program Fund established pursuant to Section 3.3 hereof.

Redemption Price: The principal amount of an Obligation or portion thereof to be redeemed before maturity plus the applicable premium, if any, payable upon redemption thereof in accordance with its terms.

Revenue Account: The account so designated in the Bond Program Fund established pursuant to Section 3.3 hereof.

Revenue Coverage: For any specified period, with respect to Senior Obligations, the percentage determined by dividing Bond Program Revenues (excluding any unpaid required payments with respect to Defaulted Loans) by Senior Debt Service, and, with respect to Subordinate Obligations, the percentage determined by dividing Bond Program Revenues (excluding any unpaid required payments with respect to Defaulted Loans) by the aggregate Senior Debt Service and Net Subordinate Debt Service.

Rules: The rules of the Authority adopted pursuant to State law with respect to the Clean Water Program and the Drinking Water Program, as may be amended from time to time.

Senior Debt Service: For any period, the interest and Principal Installments becoming due during such period on Outstanding Senior Obligations to the extent such amounts are payable pursuant to the Senior Pledge.

Senior Obligations: Obligations to the extent payable from, or secured by, a Senior Pledge, including, without limitation, all Bonds.

Senior Pledge: Any senior pledge as defined in Section 3.1(a) hereof and made as permitted by Sections 2.1 and 2.17 hereof. All Bonds are secured by a Senior Pledge.

Serial Bonds; Serial Obligations: Bonds or Obligations so designated in a Series Resolution.

Series: All Obligations originally issued in a simultaneous transaction as a single series, regardless of variations in maturity, interest rate or other provisions, and any Obligation thereafter delivered pursuant of the terms of the Obligation in lieu of or substitution for any of such Obligation.

Series Resolution: A resolution of the Authority authorizing the issuance of Obligations pursuant to Article II.

Service Charge: The servicing fee, if any, imposed by the Authority as permitted pursuant to Section 4.2(d) hereof, which servicing fee shall be deducted from Loan repayments of Pledged Loans before depositing such Loan repayments in the Revenue Account. Provided the Service Charge complies with the limitations set forth in Section 4.2(d), the Service Charge shall be deemed to not constitute a payment of principal and interest on the Pledged Loan for the purposes of complying with the provisions of the Clean Water Act, the Drinking Water Act and the Act requiring deposit of such principal and interest to the Clean Water Revolving Loan Fund required pursuant to the Clean Water Act, the Drinking Water Revolving Loan Fund pursuant to the Drinking Water Act or to the Bond Program Fund required pursuant to the Act, provided, however, this provision shall in no manner alter the characterization of the Loan repayments for the Borrower.

Sinking Fund Installment: Any amount of money required by or pursuant to a Series Resolution to be paid on a specified date by the Authority toward the retirement of any particular Term Obligations before maturity.

State: The State of Minnesota.

State Board of Investment: The Minnesota State Board of Investment created by Article XI, Section 8 of the Constitution of the State, acting pursuant to Minnesota Statutes, Chapter 11A or any successor or assigns.

State Match: In any year, the appropriation from the State to the Authority for the purposes of the Clean Water Program and/or the Drinking Water Program, as the case may be.

Subaccounts: The various Subaccounts of the Accounts of the Bond Program Fund established by Section 3.3 hereof pursuant to a Series Resolution, a Supplemental Resolution or a Tax Compliance Certificate, or by the Authority in its discretion.

Subordinate Bonds: Any subordinate bonds issued pursuant to Section 2.11 of this Master Bond Resolution, which obligations do not constitute Bonds.

Subordinate Debt Service: For any period, the interest and Principal Installments and other amounts becoming due during such period on Outstanding Subordinate Obligations to the extent such amounts are payable pursuant to the Subordinate Pledge.

Subordinate Obligations: Other Obligations to the extent payable from, or secured by, a Subordinate Pledge, including, without limitation, all Subordinate Bonds.

Subordinate Pledge: Any subordinate pledge as defined in Section 3.1(b) hereof and made as permitted by Sections 2.11, 2.12, 2.13 and 2.16 of this Master Bond Resolution.

Supplemental Reserve Account: The account so designated in the Bond Program Fund established pursuant to Section 3.3 hereof.

Supplemental Reserve Requirement: The amount, if any, specified in Officer's Certificate or a Projected Revenue Certificate as necessary to be on deposit in the Supplemental Reserve Account, if any, used to provide Revenue Coverage of at least the applicable requirements set forth in the Bond Resolution.

Supplemental Resolution: Any resolution of the Authority amending or supplementing the Bond Resolution, adopted and becoming effective in accordance with the terms of Article VIII. To the extent to which a Series Resolution contains, as a matter of convenience, such an amendment or supplement, such provisions of the Series Resolution shall be considered a Supplemental Resolution.

Tax Compliance Certificate: The certificate or certificates delivered in connection with the issuance of each Series of Obligations subject to the arbitrage and rebate rules of Code Section 148, so designated, or if otherwise designated, the certificate or certificates which constitute an arbitrage certificate within the meaning of the Code and otherwise deal with facts and expectations relating to the exclusion from gross income for federal tax purposes of interest on any such Obligations, all as from time to time amended. The term "Tax Compliance Certificate" shall also include any similar certificate required by the Code or otherwise used in connection with the issuance of Obligations which are entitled to tax credits or have other tax advantaged attributes.

Tax Regulations: Any proposed, temporary or final Treasury Regulations promulgated pursuant to or applicable under the Code.

Term Bonds; Term Obligations: Bonds or Obligations so designated in a Series Resolution and subject to Sinking Fund Installments.

Verification Agent: A certified public accountant or firm of certified public accountants, or a financial advisory firm in the business of providing consulting services to public agencies, municipalities, governmental subdivisions, etc., in the issuance of their debt obligations, designated by the Authority to act as such from time to time.

Yield Reduction Amount: Any amount paid to the United States to reduce the yield on investments for yield restriction purposes pursuant to Section 1.148-5(c) of the tax regulations, as they may be amended from time to time.

Section 1.4 Interpretation. The following principles govern the interpretation of other words and phrases used in this Master Bond Resolution:

- (1) Articles, sections, paragraphs and clauses mentioned by number only are those so numbered which are contained in this Master Bond Resolution.
- (2) Captions, titles or headings preceding any article or section herein, and any table of contents or index attached hereto, are solely for convenience of reference and are not part of this Master Bond Resolution and shall not affect its meaning, construction or effect.
- (3) Terms such as "herein", "hereunder", "hereby", "hereto" and "hereof" refer to this Master Bond Resolution and not to any particular section thereof unless so indicated; "heretofore" and "hereafter" mean before and after the date of adoption of this resolution, respectively.
- (4) Words importing the masculine gender include the feminine and neuter genders.
- (5) Words importing the maturity of a Bond do not include or connote the becoming due of such Bond upon redemption thereof prior to maturity pursuant to the Bond Resolution or the payment of the Redemption Price thereof.
- (6) Words importing persons include firms, associations and corporations.
- (7) Words importing the redemption or redeeming or calling for redemption of a Bond do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond.
- (8) Words importing the singular number include the plural number, and vice versa.
- (9) Whenever the Bond Resolution requires that the Authority or an Authorized Officer "file" a document, the document is to be filed at the office of the Executive Director of the Authority and is available for public inspection by the Owner of any Obligation or other interested person during regular business hours of the Authority.
- (10) Whenever the Bond Resolution provides for an action to be taken or a determination to be made by the Authority, such action may be taken or determination made on behalf of the Authority by an Authorized Officer.

- (11) "Or" is not intended to be exclusive, but to permit or encompass one, more or all of the alternatives disjoined.

Section 1.5 Parties Interested Herein. Nothing in this Master Bond Resolution expressed or implied is intended or shall be construed to confer upon or to give to any person, other than the Authority, the Fiduciaries and the Owners of the Obligations, any right, remedy or claim under or by reason of this Master Bond Resolution or any covenant, stipulation, obligation, agreement or condition therein, all of which shall be for the sole and exclusive benefit of the Authority, the Fiduciaries and the Owners.

Section 1.6 Law Applicable. The interpretation and construction of this Bond Resolution are governed by the internal laws of Minnesota.

Section 1.7 Severability. If any provision, covenant or agreement in this Bond Resolution on the part of the Authority or any Fiduciary to be performed, or any application thereof to any particular circumstances, should be contrary to law, it shall be deemed separable from and shall in no way affect the validity of any other provision, covenant, or agreement contained in or application of the Bond Resolution or the Obligations.

ARTICLE II

AUTHORIZATION OF OBLIGATIONS

Section 2.1 Authorization of Bonds. In order to provide sufficient funds for the Clean Water Program and the Drinking Water Program, Bonds of the Authority payable from, and secured by, a Senior Pledge of Bond Program Assets and Bond Program Revenues as set forth in Section 3.1 hereof and designated as "State Revolving Fund Revenue Bonds" are authorized to be issued from time to time without limitation as to amount except as provided by law, this Bond Resolution or subsequent amendment to this Bond Resolution. The issuance of Bonds shall be issued subject to the terms, conditions and limitations established in this Master Bond Resolution and in one or more Series Resolutions adopted by the Authority. The adoption of each Series Resolution is subject to the consent of the Commissioner if required by law as set forth in Section 8.11 of this Master Bond Resolution. Each Series of Bonds shall bear a letter or number designation sufficient to distinguish it from any other Series. Bonds of any Series may be authorized to be issued in the form of Serial Bonds or Term Bonds or both.

Section 2.2 Series Resolutions for Bonds. Each Series Resolution shall include a determination by the Authority that it is necessary to issue the Series of Bonds in the principal amount authorized thereby to provide sufficient funds to be used and expended for the Clean Water Program and/or the Drinking Water Program, and shall specify and determine as to that Series:

- (1) The authorized principal amount.
- (2) The purposes for which the proceeds (and any funds directed by the Series Resolution to be contributed to the Bond Program from any other source)

may be used, which shall be to provide funds for one or more of the following:

- (i) For the making or purchasing of Pledged Loans or reimbursing the Authority for Loans previously made from other funds, which Loans shall then become Pledged Loans.
 - (ii) For the financing of Loans previously made by the Authority, including the retirement of any other obligations issued for that purpose.
 - (iii) For the refunding of Outstanding Obligations, the 1991 Clean Water Bond Program Bonds or, the 1999 Drinking Water Bond Program Bonds, including any or all interest and redemption premiums thereon.
 - (iv) For the providing of other financial assistance as provided for, and permitted by, the Clean Water Act or the Drinking Water Act, as the case may be.
 - (v) For deposit into the Capitalized Interest Account.
 - (vi) For deposit into the Debt Service Reserve Account.
 - (vii) Incident to these purposes, for the funding of a discount and payment of Costs of Issuance and the deposit of amounts determined by or pursuant to the Series Resolution to be credited and paid into the Bond Program Fund.
 - (viii) For deposit into other Accounts, as determined by the Authority.
- (3) A provision determining, or providing for the determination of, the portions of each Bond of the Series authorized constitutes a Clean Water Bond and a Drinking Water Bond.
 - (4) A provision determining, or providing for the determination of, the amounts to be deposited to the Accounts of the Bond Program Fund or otherwise applied from the proceeds of the Bonds or other authorized monies.
 - (5) The procedures, certifications and warranties, if any, in addition to those otherwise established by the Authority, to be established in the making or purchasing of Loans or the provision of other financial assistance from the proceeds of the Bonds proposed to be issued.
 - (6) The form, title, designation, and manner of numbering and lettering of the Series.

- (7) The Issue Date, the date or dates of maturity and the denominations of the Bonds of the Series.
- (8) If such Bonds will pay current interest for all or any part of their term, the interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates, the Interest Payment Dates therefor and the method of payment thereof and, if such Bonds will not pay full current interest for all or any part of their term, the rate or rates to be borne by, the method of accrual or compounding, if any, and the other terms and conditions of such Bonds including the designation, or manner of determining, the "principal amount" of such Bonds. If any Bonds of such Series are to bear interest at a variable rate, the limitation, if any, on the rate or rates of interest which such Bonds may bear at any time.
- (9) The Bonds which are Term Bonds (if any) and those which are Serial Bonds (if any).
- (10) The Redemption Price or Prices, the redemption date or dates, the method of selection of the Bonds to be redeemed, and other terms of redemption (if any).
- (11) The Paying Agent or Agents, subject to Section 10.3 hereof, if the Paying Agent is to be other than the Authority.
- (12) The amount and date of each Sinking Fund Installment, if any, required to be paid.
- (13) The purchasers and terms of sale or the manner in which the Bonds are to be sold and provisions for the sale thereof.
- (14) The additional Subaccounts to be established within the respective Accounts, if any.
- (15) Provisions relating to the tax status of the interest on the Series.
- (16) If any of the Bonds of such Series are Put Obligations, (A) the terms and conditions of the exercise by the Owners thereof of the tender options granted thereby and the mandatory tender options to which such Bonds are subject, and (B) the authorization of the Liquidity Facility, if any, relating thereto.
- (17) Establish the additional, if any, Debt Service Reserve Requirement for the Series of Bonds.
- (18) Establish the additional, if any, Supplemental Reserve Requirement for the Series of Bonds.

- (19) Any other provisions deemed advisable by the Authority, not in conflict with or in substitution for the provisions of the Bond Resolution.

Section 2.3 Conditions Precedent to the Issuance of Bonds.

- (a) After authorization by a Series Resolution and compliance with all requirements set forth therein, Bonds of a Series may be executed on behalf of the Authority and delivered to the purchasers or underwriters thereof, but only upon and subject to the further conditions stated in this Section.
- (b) The Authority shall have received an Opinion of Counsel substantially to the effect that:
 - (i) This Master Bond Resolution and the applicable Series Resolution have been duly adopted by the Authority and are valid and binding upon it and enforceable in accordance with their terms, subject to customary exceptions as to enforceability.
 - (ii) The Bond Resolution creates the valid pledge which it purports to create.
 - (iii) The principal amount of the Series of Bonds to be issued and other obligations theretofore issued by the Authority and then outstanding does not exceed any legal limitation.
- (c) The Authority shall have received a manually signed approving opinion of Bond Counsel concerning the validity and binding nature of the Series of Bonds being issued.
- (d) The Authority shall cause to be prepared:
 - (1) An Officer's Certificate stating:
 - (i) the amounts of the proceeds of the Series of Bonds (and any other funds) to be credited to the respective Accounts and/or Subaccounts of the Bond Program Fund at the time of delivery of the Series;
 - (ii) the initial determination of the portion of each Bond being issued that is a Clean Water Bond and the portion that is a Drinking Water Bond; and
 - (iii) that the provisions required in Section 2.4 of this Master Bond Resolution have been complied with, in the event that the Series Resolution directs the refunding of any Outstanding Bonds or Other Obligations.

- (2) A Projected Revenue Certificate giving effect to the issuance of such Series of Bonds and the making or purchasing of the Loans to be made from the proceeds of such Bonds and showing Revenue Coverage for Senior Obligations at least equal to one hundred and ten percent (110%), for the current and each future Bond Year, and Revenue Coverage for Subordinate Obligations at least equal to one hundred percent (100%) for the current and each future Bond Year. If at the time of delivering the Projected Revenue Certificate, there is a Supplemental Reserve Requirement in excess of \$-0-, the Projected Revenue Certificate shall include a schedule allocating the amount of the Supplemental Reserve Requirement among the Bond Years covered by such Projected Revenue Certificate.
- (3) In lieu of preparing the Projected Revenue Certificate required by (2) above of this Section 2.3(d) if the proceeds of the Bonds proposed to be issued are to be used to refund Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds, at the option of the Authority (i) an Officer's Certificate showing that scheduled regular Debt Service on the proposed refunding Bonds is less than or equal to such payments for the Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds to be refunded in each applicable Bond Year, or (ii) an Officer's Certificate showing that the aggregate scheduled Debt Service on the then proposed refunding Bonds is less than or equal to the aggregate of such scheduled Debt Service on the Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds to be refunded and a Projected Revenue Certificate showing Revenue Coverage for Senior Obligations and Subordinate Obligations in the current and each future Bond Year of at least equal to one hundred percent (100%) after taking into effect the proposed refunding.
- (4) So long as there are Outstanding 1991 Clean Water Bond Program Bonds or Outstanding 1999 Drinking Water Bond Program Bonds, in addition to the Projected Revenue Certificate required by (2) or (3) above of this Section 2.3(d), projected revenue certificates as required under the 1991 Clean Water Bond Resolution, the 1999 Drinking Water Bond Resolution or both, as applicable, to issue the Bonds proposed to be issued as "Subordinate Bonds" thereunder.
- (5) In the event the proceeds of the proposed issuance of Bonds are being used to refund BANs, in lieu of preparing the Projected Revenue Certificate required by (2) or (3) above of this Section 2.3(d), an Officer's Certificate showing that the Debt Service for each Bond Year on the proposed refunding Bonds is less than or equal to the Debt Service for the assumed Bond issue in the Projected Revenue Certificate prepared in

connection with the issuance of BANs pursuant to Section 2.8(c)(2) or (3) hereof.

- (6) In the event the proceeds of the Bonds are being used to refund BANs and the Authority is not able to deliver a Projected Revenue Certificate and/or Officer's Certificates showing the required results pursuant to (2), (3), (4) or (5) of this Section 2.3 (d), in lieu of preparing such Project Revenue Certificate and/or Officer's Certificate, an Officer's Certificate to such effect and to the effect that the Authority does not have other legally available funds sufficient to pay the Debt Service on the BANs when due.
- (e) The Authority shall determine and certify in an Officer's Certificate:
- (1) That it has received or prepared the documents listed in paragraphs (b), (c) and (d) of this Section and required by the applicable Series Resolution.
 - (2) That the amounts in the Clean Water Subaccount and the Drinking Water Subaccount of the Debt Service Reserve Account as of the date of delivery of the Bonds are at least equal to the Debt Service Reserve Requirement, if any, effective after the issuance of the Bonds, as computed by the Authority which computation, absent manifest error, shall be determinative of the then current amount of the Debt Service Reserve Requirement.
 - (3) That the amounts on deposit in the Clean Water Subaccount and the Drinking Water Subaccount of the Supplemental Reserve Account as of the date of delivery of the Bonds are at least equal to the Supplemental Reserve Requirement, if any, as computed by the Authority which computation, absent manifest error, shall be determinative of the then current amount of the Supplemental Reserve Requirement.

Section 2.4 Additional Conditions Precedent to the Issuance of Refunding Bonds.

- (a) In the event that a Series Resolution provides for the refunding of any Outstanding Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds and any or all of the interest or redemption premiums or other amounts thereon, the Officer's Certificate required in Section 2.3(d)(1) hereof shall include instructions:
- (1) Identifying the Obligations, the 1991 Clean Water Bond Program Bonds, the 1999 Drinking Water Bond Program Bonds and the, interest and redemption premiums, if any, to be refunded, and identifying separately those Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds to be paid at their respective maturity dates and those to be redeemed at specified Redemption Prices, and on specified dates.

- (2) Irrevocably directing the due giving (at or after the time of delivery of the refunding Bonds) of a notice of redemption and refunding, with respect to the Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds to be redeemed prior to maturity, and shall also specify the Series and maturities of the Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds or portions thereof to be paid at maturity, and shall identify the Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds or portions thereof and interest, redemption premiums or other amounts which are deemed to have been paid and as to which the covenants, agreements and other obligations of the Authority are deemed to be discharged and satisfied, by reason of the deposit to be made with a Fiduciary as required by Section 11.1(d) hereof.
 - (3) Stating that funds will be deposited pursuant to Section 2.5(6) or (7) hereof at or before the time of delivery of the refunding Bonds, sufficient to effect retirement of the Obligations, 1991 Clean Water Bond Program Bonds, or 1999 Drinking Water Bond Program Bonds, interest and redemption premiums or other amounts to be refunded in accordance with the provisions of paragraph (b) of this Section.
- (b) At or before the time of delivery of refunding Bonds, the Authority shall deposit in a segregated account of the Authority or with a Fiduciary an amount of money or Government Obligations sufficient to comply with the provisions of Section 11.1(d) with reference to all of the Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds to be refunded, including the interest, redemption premiums and other amounts, if any, to be paid; which shall be held by the Authority or a Fiduciary, as the case may be, in a special account separate from all other Accounts created by or pursuant to this Bond Resolution, irrevocably in trust for and assigned to the respective Owners of Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds being refunded, and used to pay when due the Principal Installments, Redemption Prices of, interest and other amounts on the refunded Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds in accordance with the terms thereof and the terms of the notice of redemption and refunding required in paragraph (a) of this Section. In addition to the proceeds of refunding Bonds, the Authority may direct the deposit in said account of amounts held in any Account or funds from other sources, provided that sufficient funds remain in or are transferred to each Account to comply with all provisions of the Bond Resolution securing the Obligations which will remain Outstanding.
- (c) The Authority also reserves the privilege of providing by Series Resolution for the issuance of Bonds to refund any other obligations issued and secured under the provisions of any resolution or indenture other than this Master Bond Resolution, which were issued for the purpose of financing Loans or providing other financial

assistance as provided for, and permitted by, the Clean Water Act or the Drinking Water Act, subject to the following conditions:

- (1) All necessary actions shall be taken for the refunding and immediate discharge of the obligations of the Authority to be refunded in accordance with the provisions of the resolutions or indentures pursuant to which such obligations were issued; and
- (2) All Loans pledged or available for payment of such obligations, or funded from the proceeds of such obligations (other than Defaulted Loans, if any, at the option of the Authority) to the extent not used to discharge such obligations and to the extent released from any pledge or covenant against pledging, if any, shall be made subject to the provisions of this Bond Resolution and, subject to such provisions, are pledged for the payment of the Principal Installments, redemption premium, if any, and interest on the Bonds and Other Obligations, at the times and in the manner provided in this Bond Resolution and applicable Series Resolutions.

Section 2.5 Deposit of Bond Proceeds. Subject to Section 2.21 hereof, the net proceeds of sale of each Series of Bonds shall be deposited in the Bond Program Fund on the date of delivery of the Bonds and credited in the following amounts to the following Accounts, respectively:

- (1) To the Debt Service Account the amount, if any, of interest accrued on the Bonds from the Issue Date to the Delivery Date.
- (2) To the Capitalized Interest Account, the amount, if any, as shall be directed by the Series Resolution or by an Officer's Certificate as authorized by the Series Resolution.
- (3) To the Cost of Issuance Account, the amount, if any, as shall be directed by the Series Resolution or by an Officer's Certificate as authorized by the Series Resolution for deposit in the Cost of Issuance Account.
- (4) To the Debt Service Reserve Account, the amount, if any, as shall be directed by the Series Resolution or by an Officer's Certificate as authorized by the Series Resolution for deposit to the Debt Service Reserve Account.
- (5) To the Supplemental Reserve Account the amount, if any, as shall be directed by the Series Resolution or by an Officer's Certificate as authorized by the Series Resolution for deposit to the Supplemental Reserve Account.
- (6) To a separate, designated and segregated Subaccount in the Redemption Account, the amount, if any, directed by the Series Resolution or an Officer's Certificate as authorized by the Series Resolution to refund

Outstanding Obligations pursuant to Section 2.4(a) hereof which will be paid or redeemed within ninety (90) days of issuance of the Bonds.

- (7) To a separate, designated and segregated trust fund or account to be held by a Fiduciary, the amount, if any, as directed by the Series Resolution or an Officer's Certificate as authorized by the Series Resolution to refund Outstanding Obligations pursuant to Section 2.4(a) hereof which will be paid or redeemed (i) more than ninety (90) days after the issuance of the Bonds, or (ii) less than ninety (90) days after the issuance of the Bonds if not deposited as set forth in (6) above of this Section.
- (8) To the Loan Account, the remainder of the Bond proceeds, if any.

The Series Resolution directing the amount of such deposit may provide that the amount of such deposit may be determined by an Officer's Certificate made prior to or simultaneously with the issuance of the Bonds authorized by such Series Resolution.

Section 2.6 Authorization of BANs. In order to provide sufficient funds for the Clean Water Program and the Drinking Water Program, bond anticipation notes of the Authority solely payable from, and secured by, the sources set forth in Section 2.9 hereof, and designated Bond Anticipation Revenue Notes ("BANs"), are authorized to be issued from time to time pursuant to this Master Bond Resolution by a Series Resolution without limitation as to amount except as provided by law or by subsequent amendment to this Bond Resolution and shall be issued subject to the terms, conditions and limitations established in this Bond Resolution, including Series Resolutions adopted by the Authority. The Authority reserves the right to issue bond anticipation notes or other short-term debt obligations pursuant to other resolutions or trust indentures as necessary, advisable or desired in its sole discretion, which obligations may, but need not be, secured, in whole or in part, by a Senior Pledge or a Subordinate Pledge pursuant to this Bond Resolution upon compliance with the requirements hereof.

Section 2.7 Series Resolutions for BANs. The adoption of each Series Resolution is subject to the consent of the Commissioner, if any, required by law as set forth in Section 8.5 hereof. Each Series Resolution for BANs (i) shall include a determination by the Authority that it is necessary to issue the Series of BANs in the principal amount authorized thereby to provide sufficient funds to be used and expended for the Clean Water Program and/or the Drinking Water Program, (ii) shall specify and determine as to that Series such matters as set forth in Section 2.2 for Series Resolutions for the issuance of Bonds, as applicable and appropriate as determined by the Authority, (iii) shall establish such funds and accounts, which may be in a separate fund other than the Bond Program Fund, as deemed appropriate by the Authority in connection with BANs and (iv) may contain any other provision deemed appropriate by the Authority not in conflict with the Bond Resolution.

Section 2.8 Conditions Precedent to the Issuance of BANs.

- (a) After authorization by a Series Resolution and compliance with all requirements set forth therein, BANs of a Series may be executed on behalf of the Authority

and delivered to the purchasers or underwriters thereof, but only upon and subject to the further conditions stated in this Section.

- (b) The Authority shall have received an Opinion of Counsel substantially to the effect that:
 - (i) The Master Bond Resolution and the applicable Series Resolution have been duly adopted by the Authority and are valid and binding upon it and enforceable in accordance with their terms.
 - (ii) The Bond Resolution creates the valid pledge which it purports to create.
 - (iii) The principal amount of the Series of BANs to be issued and other obligations theretofore issued by the Authority and then outstanding does not exceed any legal limitation.
- (c) The Authority shall have received a manually signed approving opinion of Bond Counsel concerning the validity and binding nature of the BANs
- (d) The Authority shall cause to be prepared:
 - (1) An Officer's Certificate stating:
 - (i) The amounts of the proceeds of the Series of BANs (and any other funds) to be credited to the respective fund, accounts and/or subaccounts established by the Series Resolution at the time of delivery of the Series;
 - (ii) That the provisions required in Section 2.4 of this Master Bond Resolution have been complied with, in the event that the Series Resolution directs the refunding of any Outstanding Bonds or Other Obligations.
 - (2) A Projected Revenue Certificate giving effect to the issuance of such Series of BANs and the making or purchasing of the Loans to be made from the proceeds of such BANs and showing Revenue Coverage for Senior Obligations at least equal to one hundred and ten percent (110%) for the current and each future Bond Year, and Revenue Coverage for Subordinate Obligations at least equal to one hundred percent (100%) for the current and each future Bond Year. In calculating Revenue Coverage, the Debt Service on the BANs shall not be used, except that the interest on the BANs shall be included in Debt Service if the payment of such interest is secured by a Senior Pledge or a Subordinate Pledge. Revenue Coverage for the issuance of BANs shall be calculated using Debt Service on Bonds assumed to be issued to refund the BANs at maturity at the assumed rate or rates of interest set forth in the Series Resolution authorizing the

issuance of the BANs. If at the time of delivering the Projected Revenue Certificate, there is a Supplemental Reserve Requirement in excess of \$-0-, the Projected Revenue Certificate shall include a schedule allocating the amount of the Supplemental Reserve Requirement among the Bond Years covered by such Projected Revenue Certificate.

- (3) In lieu of preparing the Projected Revenue Certificate required by (2) above of this Section 2.8(d), if the proceeds of the BANs prepared to be issued are to be used to refund the Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds, at the option of the Authority (i) an Officer's Certificate showing that Debt Service on an assumed Bond issue as set forth in section 2.8(d)(2) above is less than or equal to the debt service payments on such Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds to be refunded in each applicable Bond Year, or (ii) an Officer's Certificate showing that the aggregate debt service on the assumed Bond issue is less than aggregate Debt Service for the Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds to be refunded and a Projected Revenue Certificate for all Obligations, including the assumed Bonds, showing Revenue Coverage for Senior Obligations and for Subordinate Obligations in each future Bond Year of at least equal to one hundred percent (100%) after taking into effect the proposed refunding. In calculating Revenue Coverage, the principal of and interest on the BANs shall not be included in Debt Service, except that the interest on the BANs shall be included in Debt Service if the payment of such interest is secured by a Senior Pledge or Subordinate Pledge.
 - (4) So long as there are Outstanding 1991 Clean Water Bond Program Bonds or Outstanding 1999 Drinking Water Bond Program Bonds, in addition to the Projected Revenue Certificates required by (2) or (3) above of this Section 2.8 (d), projected revenue certificates as required under the 1991 Clean Water Bond Resolution, the 1999 Drinking Water Bond Resolution or both, as applicable, to secure the interest on the BANs proposed to be issued if such interest is to be secured by a "Subordinate Pledge" as defined therein.
 - (5) In lieu of preparing the Projected Revenue Certificate required by (2) or (3) above, an Officer's Certificate to the effect that the proceeds of the BANs will be used to refund BANs previously issued and, if no Projected Revenue Certificate is prepared as required by (4) above of this Section 2.8 (d), to the effect that the interest on the BANs is not secured by a Senior Pledge or a Subordinate Pledge.
- (e) The Authority shall determine and certify in an Officer's Certificate.

- (1) That it has received or prepared the documents listed in paragraphs (b),(c) and (d) of this Section and those, if any, required by the applicable Series Resolution.
- (2) That the amounts in the Clean Water Subaccount and Drinking Water Subaccount of the Debt Service Reserve Account as of the date of delivery of the BANs are at least equal to the Debt Service Reserve Requirement, if any, effective after the issuance of the BANs, as computed by the Authority which computation, absent manifest error, shall be determinative of the then current amount of the Debt Service Reserve Requirement.
- (3) That the amounts on deposit in the Clean Water Subaccount and Drinking Water Subaccount of the Supplemental Reserve Account as of the date of delivery of the BANs are at least equal to the Supplemental Reserve Requirement, if any, as computed by the Authority which computation, absent manifest error, shall be determinative of the then current amount of the Supplemental Reserve Requirement.

Section 2.9 Security and Sources of Repayment. Except as otherwise provided in the applicable Series Resolutions, BANs and the interest payable thereon shall be payable solely from the proceeds of Obligations issued by the Authority to pay principal of, and accrued and unpaid interest on, the BANs at maturity, and the BANs shall not be otherwise payable from or secured by Bond Program Assets or Bond Program Revenues.

The Authority hereby pledges and grants a security interest in the proceeds of any Obligations issued to refund all or a portion of a Series of BANs and all unexpended proceeds of such Series of BANs to the extent required for the payment of Debt Service on such Series of BANs for the benefit of the Owners of such BANs.

Notwithstanding the foregoing, the Authority may make a series of BANs payable from other sources and secured by other assets as set forth in the Series Resolution. The Authority may, but is not required to, provide for current interest payments, provided that interest payments are secured by a Senior Pledge or Subordinate Pledge and/or other assets or revenues available to the Authority for such purpose, provided that the principal of BANs is secured by a Subordinate Pledge and/or other assets or revenues available to the Authority for such purpose, and other similar provisions. The payment of the principal of, and interest on, BANs shall not be secured by or payable from amounts on deposit in the Debt Service Reserve Account or the Supplemental Reserve Account.

Section 2.10 Deposit of BAN Proceeds. The Net Proceeds of the sale of each Series of BANs shall be deposited and applied as set forth in the applicable Series Resolution and need not be deposited to the Bond Program Fund.

Section 2.11 Authorization of Subordinate Bonds. In order to provide sufficient funds for the Clean Water Program and the Drinking Water Program, Subordinate Bonds of the Authority payable from, and secured solely by, a Subordinate Pledge of Bond Program Assets

and Bond Program Revenues as set forth in Section 3.1 hereof and designated as "State Revolving Fund Subordinate Revenue Bonds" are authorized to be issued from time to time without limitation as to amount except as provided by law, this Bond Resolution or subsequent amendment to the Bond Resolution. The issuance of Subordinate Bonds shall be issued subject to the terms, conditions and limitations established in this Master Bond Resolution and in one or more Series Resolutions adopted by the Authority. The adoption of each Series Resolution is subject to the consent of the Commissioner if required by law as set forth in Section 8.11 of this Master Bond Resolution. Each Series shall bear a letter or number designation sufficient to distinguish it from any other Series. Subordinate Bonds of any Series may be authorized to be issued in the form of Serial Bonds or Term Bonds or both.

Section 2.12 Series Resolutions for Subordinate Bonds. Each Series Resolution shall include a determination by the Authority that it is necessary to issue the Series of Subordinate Bonds in the principal amount authorized thereby to provide sufficient funds to be used and expended for the Clean Water Program and/ or the Drinking Water Program, and shall specify and determine as to that Series:

- (1) The authorized principal amount.
- (2) The purposes for which the proceeds (and any funds directed by the Series Resolution to be contributed to the Bond Program from any other source) may be used, which shall be to provide funds for one or more of the following:
 - (i) For the making or purchasing of Pledged Loans or reimbursing the Authority for Loans previously made from other funds, which Loans shall then become Pledged Loans.
 - (ii) For the financing of Loans previously made by the Authority, including the retirement of any other obligations issued for that purpose.
 - (iii) For the refunding of Outstanding Obligations, the 1991 Clean Water Bond Program Bonds or the 1999 Drinking Water Bond Program Bonds, including any or all interest and redemption premiums thereon.
 - (iv) For the providing of other financial assistance as provided for, and permitted by, the Clean Water Act or the Drinking Water Act, as the case may be.
 - (v) For deposit into the Capitalized Interest Account.
 - (vi) For deposit into the Debt Service Reserve Account.
 - (vii) For deposit into a debt service reserve account securing Subordinate Bonds.

- (viii) Incident to these purposes, for the funding of a discount and payment of Costs of Issuance and the deposit of amounts determined by or pursuant to the Series Resolution to be credited and paid into the Bond Program Fund.
- (3) A provision determining, or providing for the determination of, this portions of each Subordinate Bond of the Series authorized constitutes a Clean Water Bond and a Drinking Water Bond.
- (4) A provision determining, or providing for the determination of, the amounts to be deposited to the Accounts of the Bond Program Fund or otherwise applied from the proceeds of the Subordinate Bonds or other authorized monies.
- (5) The procedures, certifications and warranties, if any, in addition to those otherwise established by the Authority, to be established in the making or purchasing of Loans or the provision of other financial assistance from the proceeds of the Bonds proposed to be issued.
- (6) The form, title, designation, and manner of numbering and lettering of the Series.
- (7) The Issue Date, the date or dates of maturity and the denominations of the Subordinate Bonds of the Series.
- (8) If such Subordinate Bonds will pay current interest for all or any part of their term, the interest rate or rates of the Subordinate Bonds of such Series, or the manner of determining such rate or rates, the Interest Payment Dates therefor and the method of payment thereof and, if such Subordinate Bonds will not pay full current interest for all or any part of their term, the rate or rates to be borne by, the method of accrual or compounding, if any, and the other terms and conditions of such Subordinate Bonds including the designation, or manner of determining, the "principal amount" of such Subordinate Bonds. If any Subordinate Bonds of such Series are to bear interest at a variable rate, the limitation, if any, on the rate or rates of interest which such Bonds may bear at any time.
- (9) The Subordinate Bonds which are Term Bonds (if any) and those which are Serial Bonds (if any).
- (10) The Redemption Price or Prices, the redemption date or dates, the method of selection of the Subordinate Bonds to be redeemed, and other terms of redemption (if any).
- (11) The Paying Agent or Agents, subject to Section 11.2 hereof, if the Paying Agent is to be other than the Authority.

- (12) The amount and date of each Sinking Fund Installment, if any, required to be paid.
- (13) The purchasers and terms of sale or the manner in which the Subordinate Bonds are to be sold and provisions for the sale thereof.
- (14) The additional Accounts or additional Subaccounts
- (15) to be established within the respective Accounts, if any.
- (16) Provisions relating to the tax status of the interest on the Series.
- (17) If any of the Subordinate Bonds of such Series are Put Obligations, (A) the terms and conditions of the exercise by the Owners thereof of the tender options granted thereby and the mandatory tender options to which such Subordinate Bonds are subject, and (B) the authorization of the Liquidity Facility, if any relating thereto.
- (18) That the Subordinate Bonds are not secured by or payable from amounts on deposit in the Debt Service Reserve Account or Supplemental Reserve Account.
- (19) Any other provisions deemed advisable by the Authority, not in conflict with or in substitution for the provisions of the Bond Resolution.

Section 2.13 Conditions Precedent to the Issuance of Subordinate Bonds.

- (a) After authorization by a Series Resolution and compliance with all requirements set forth therein, Subordinate Bonds of a Series may be executed on behalf of the Authority and delivered to the purchasers or underwriters thereof, but only upon and subject to the further conditions stated in this Section.
- (b) The Authority shall have received an Opinion of Counsel substantially to the effect that:
 - (i) This Master Bond Resolution and the applicable Series Resolution have been duly adopted by the Authority and are valid and binding upon it and enforceable in accordance with their terms, subject to customary exceptions as to enforceability.
 - (ii) The Bond Resolution creates the valid pledge which it purports to create.
 - (iii) The principal amount of the Series of Subordinate Bonds to be issued and other obligations theretofore issued by the Authority and then outstanding does not exceed any legal limitation.

- (c) The Authority shall have received a manually signed approving opinion of Bond Counsel concerning the validity and binding nature of the Series of Subordinate Bonds being issued.
- (d) The Authority shall cause to be prepared:
 - (1) An Officer's Certificate stating:
 - (i) the amounts of the proceeds of the Series of Subordinate Bonds (and any other funds) to be credited to the respective Accounts and/or Subaccounts of the Bond Program Fund at the time of delivery of the Series;
 - (ii) the initial determination of the portion of each Subordinate Bond being issued that is a Clean Water Bond and the portion that is a Drinking Water Bond; and
 - (iii) that the provisions required in Section 2.14 have been complied with, in the event that the Series Resolution directs the refunding of any Outstanding Bonds or Other Obligations.
 - (2) A Projected Revenue Certificate giving effect to the issuance of such Series of Subordinate Bonds and the making or purchasing of the Loans to be made from the proceeds of such Bonds and showing Revenue Coverage for Senior Obligations at least equal to one hundred and ten percent (110%), for the current and each future Bond Year, and Revenue Coverage for Subordinate Obligations at least equal to one hundred percent (100%) for current and each future Bond Year. If at the time of delivering the Projected Revenue Certificate, there is a Supplemental Reserve Requirement in excess of \$-0-, the Projected Revenue Certificate shall include a schedule allocating the amount of the Supplemental Reserve Requirement among the Bond Years covered by such Projected Revenue Certificate.
 - (3) In lieu of preparing the Projected Revenue Certificate required by (2) above of this Section 2.13(d), if the proceeds of the Subordinate Bonds prepared to be issued are to be used to refund Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds, at the option of the Authority (i) an Officer's Certificate showing that scheduled regular Debt Service on the proposed refunding Bonds is less than or equal to such payments for the Bonds, Other Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds to be refunded in each applicable Bond Year, or (ii) an Officer's Certificate showing that the aggregate scheduled Debt Service on the then proposed refunding Subordinate Bonds is less than or equal to the aggregate of such scheduled Debt Service or debt service, as applicable, on the Bonds, Other Obligations, 1991 Clean Water Bond Program Bonds

or 1999 Drinking Water Bond Program Bonds to be refunded and a Projected Revenue Certificate showing Revenue Coverage for Senior Obligations and Subordinate Obligations in the current and each future Bond Year of at least equal to one hundred percent (100%) after taking into effect the proposed refunding.

- (4) So long as there are Outstanding 1991 Clean Water Bond Program Bonds and Outstanding 1999 Drinking Water Bond Program Bonds, in addition to preparing the Projected Revenue Certificate required by (2) or (3) above of this Section 2.13(d), projected revenue certificates as required under the 1991 Clean Water Bond Resolution and the 1999 Drinking Water Bond Resolution to grant a subordinate lien to secure the Subordinate Bonds proposed to be issued.
 - (5) In the event the proceeds of the proposed issuance of Subordinate Bonds are being used to refund BANs, in lieu of preparing the Projected Revenue Certificate required by (2) or (3) above of this Section 2.13(d), an Officer's Certificate showing that the scheduled regular Debt Service on the proposed refunding Subordinate Bonds is less than or equal to such payments for the assumed Subordinate Bond issue used in the preparation of the Projected Revenue Certificate prepared in connection with the issuance of BANs pursuant to Section 2.8(d) hereof.
 - (6) In the event the proceeds of the Subordinate Bonds are being used to refund BANs and the Authority is not able to deliver a Projected Revenue Certificate and/or Officer's Certificates showing the required results pursuant to (2), (3) (4) or (5) of this Section 2.13(d), in lieu of preparing such Project Revenue Certificate and/or an Officer's Certificate, and Officer's Certificate to such effect and to the effect that the Authority does not have other legally available funds sufficient to pay the Debt Service on the BANs when due.
- (e) The Authority shall determine and certify in an Officer's Certificate:
- (1) That it has received or prepared the documents listed in paragraphs (b), (c) and (d) of this Section and required by the applicable Series Resolution.
 - (2) That the amounts in the Clean Water Subaccount and the Drinking Water Subaccount of the Debt Service Reserve Account as of the date of delivery of the Subordinate Bonds are at least equal to the Debt Service Reserve Requirement, if any, effective after the issuance of the Subordinate Bonds, as computed by the Authority which computation, absent manifest error, shall be determinative of the then current amount of the Debt Service Reserve Requirement.
 - (3) That the amounts on deposit in the Clean Water Subaccount and the Drinking Water Subaccount of the Debt Service Reserve Account

Supplemental Reserve Account as of the date of delivery of the Subordinate Bonds are at least equal to the Supplemental Reserve Requirement, if any, as computed by the Authority which computation, absent manifest error, shall be determinative of the then current amount of the Supplemental Reserve Requirement.

- (4) That it is in compliance with applicable provisions of any authorizing document relating to Other Obligations and no default exists under the Bond Resolution that will not be cured upon the issuance of the Subordinate Bonds and the application of the proceeds thereof.

Section 2.14 Additional Conditions Precedent to the Issuance of Refunding Subordinate Bonds.

- (a) In the event that a Series Resolution provides for the refunding of any Outstanding Obligations or any 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds and any or all of the interest or redemption premiums thereon, the Officer's Certificate required in Section 2.13(c)(1) hereof shall include instructions:
 - (1) Identifying the Obligations, the 1991 Clean Water Bond Program Bonds, the 1999 Drinking Water Bond Program Bonds, and the interest and redemption premiums, if any, to be refunded, and identifying separately those Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds to be paid at their respective maturity dates and those to be redeemed at specified Redemption Prices, and on specified dates.
 - (2) Irrevocably directing the due giving (at or after the time of delivery of the refunding Subordinate Bonds) of a notice of redemption and refunding, with respect to the Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds to be redeemed prior to maturity, and shall also specify the Series and maturities of the Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds or portions of Obligations, 1991 Clean Water Bond Program Bonds, 1999 Drinking Water Bond Program Bonds to be paid at maturity, and shall identify the Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds or portions thereof and interest, redemption premiums and other amounts which are deemed to have been paid and as to which the covenants, agreements and other obligations of the Authority are deemed to be discharged and satisfied, by reason of the deposit to be made with a Fiduciary as required by Section 11.1(d) hereof.
 - (3) Stating that funds will be deposited with a Fiduciary at or before the time of delivery of the refunding Subordinate Bonds, sufficient to effect retirement of the Obligations, 1991 Clean Water Bond Program Bonds or

1999 Drinking Water Bond Program Bonds, interest, redemption premiums and other amounts to be refunded in accordance with the provisions of paragraph (b) of this Section.

- (b) At or before the time of delivery of refunding Subordinate Bonds, the Authority shall deposit in a segregated account of the Authority or with a Fiduciary an amount of money or Government Obligations sufficient to comply with the provisions of Section 11.1(d) with reference to all of the Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds to be refunded, including the interest, redemption premiums and other amounts, if any, to be paid; which shall be held by the Authority or a Fiduciary, as the case may be, in a special account separate from all other Accounts created by or pursuant to this Master Bond Resolution, irrevocably in trust for and assigned to the respective Owners of Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds being refunded, and used to pay when due the Principal Installments and Redemption Prices of and interest and other amounts on the refunded Obligations, 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds in accordance with the terms thereof and the terms of the notice of redemption and refunding required in paragraph (a) of this Section. In addition to the proceeds of refunding Subordinate Bonds, the Authority may direct the deposit in said account of amounts held in any Account or funds from any sources, provided that sufficient funds remain in or are transferred to each Account to comply with all provisions of the Bond Resolution securing the Obligations which will remain Outstanding.
- (c) The Authority also reserves the privilege of providing by Series Resolution for the issuance of Subordinate Bonds to refund any other obligations issued and secured under the provisions of any resolution or indenture other than this Master Bond Resolution, which were issued for the purpose of financing Loans or providing other financial assistance as provided for, and permitted by, the Clean Water Act or the Drinking Water Act, subject to the following conditions:
 - (1) All necessary actions shall be taken for the refunding and immediate discharge of the obligations of the Authority to be refunded in accordance with the provisions of the resolutions or indentures pursuant to which such obligations were issued; and
 - (2) All Loans pledged or available for payment of such obligations, or funded from the proceeds of such obligations (other than Defaulted Loans, if any, at the option of the Authority) to the extent not used to discharge such obligations and to the extent released from any pledge or covenant against pledging, if any, shall be made subject to the provisions of this Master Bond Resolution and, subject to such provisions, are pledged for the payment of the Principal Installments, redemption premium, if any, and interest on the Bonds and Other Obligations, at the times and in the

manner provided in the Bond Resolution and applicable Series Resolutions.

Section 2.15 Deposit of Subordinate Bond Proceeds. Subject to Section 2.21 hereof, the net proceeds of sale of each Series of Subordinate Bonds shall be deposited in the Bond Program Fund on the date of delivery of the Subordinate Bonds and credited in the following amounts to the following Accounts, respectively:

- (1) To the Debt Service Account the amount, if any, of interest accrued on the Subordinate Bonds from their Issue Date to their Delivery Date.
- (2) To the Capitalized Interest Account, the amount, if any, as shall be directed by the Series Resolution or by an Officer's Certificate as authorized by the Series Resolution for deposit in the Capitalized Interest Account.
- (3) To the Cost of Issuance Account, the amount, if any, as shall be directed by the Series Resolution or by an Officer's Certificate as authorized by the Series Resolution for deposit in the Cost of Issuance Account.
- (4) To the Debt Service Reserve Account, the amount, if any, as shall be directed by the Series Resolution or by an Officer's Certificate as authorized by the Series Resolution for deposit to the Debt Service Reserve Account.
- (5) To the Supplemental Reserve Account the amount, if any, as shall be directed by the Series Resolution for deposit to the Supplemental Reserve Account.
- (6) To a debt service reserve account for Subordinate Bonds established or identified by the Series Resolution, the amount, if any, as shall be directed by the Series Resolution or by an Officer's Certificate as authorized by the Series Resolution for deposit therein.
- (7) To a separate, designated and segregated Subaccount in the Redemption Account, the amount, if any, directed by the Series Resolution or an Officer's Certificate as authorized by the Series Resolution to refund Outstanding Obligations pursuant to Section 2.14(a) hereof which will be paid or redeemed within ninety (90) days of the issuance of the Subordinate Bonds.
- (8) To a separate, designated and segregated trust fund or account to be held by a Fiduciary, the amount as shall be directed by the Series Resolution to refund Outstanding Obligations pursuant to Section 2.14(a) hereof which will be paid or redeemed (i) more than ninety (90) days after the issuance of the Subordinate Bonds, or (ii) less than ninety (90) days after the

issuance of the Bonds if not deposited as set forth in (7) above of this Section.

- (9) To the Loan Account, the remainder of the Subordinate Bond proceeds, if any.

The Series Resolution directing the amount of such deposit may provide that the amount of such deposit may be determined by an Officer's Certificate made prior to or simultaneously with the issuance of the Subordinate Bonds authorized by such Series Resolution.

Section 2.16 Subordinate Pledges. The Authority may from time to time provide for the pledge of the Bond Program Revenues and the Bond Program Assets to the payment of, and as security for the payment of, various obligations of the Authority on a subordinate basis to the lien of this Master Bond Resolution for payment of principal of and interest on Outstanding Senior Obligations. Such pledge securing Subordinate Obligations shall be effective and binding on the Authority if made by separate resolution of the Authority. The Subordinate Pledges may not pledge amounts on deposit in the Debt Service Reserve Account or the Supplemental Reserve Account. However, the Authority may establish a separate debt service reserve fund or a separate supplemental reserve account for one or more Subordinate Obligations funded from the proceeds of the applicable Subordinate Obligations or fund of the Authority other than Bond Program Assets. The Subordinate Pledge shall provide either (i) that the Authority shall withdraw money from the Revenue Account as specified in Section 3.6 hereof for deposit to the Debt Service Account or the Redemption Account for the payment of Subordinate Obligations or (ii) that the Authority shall withdraw money from, and only from, the Operating Account at any time as provided in Section 3.5 hereof for the payment of Subordinate Obligations. The Subordinate Pledges may be issued or incurred only if (i) there is an amount at least equal to the Debt Service Reserve Requirement on deposit in the Debt Service Reserve Account, (ii) there is an amount at least equal to the Supplemental Reserve Requirement, if any, on deposit in the Supplemental Reserve Account and (iii) there shall be filed with the Authority a Projected Revenue Certificate showing Revenue Coverage for Senior Obligations of at least 110% for the current and each future Bond Year and Revenue Coverage for Subordinate Obligations, including the Subordinate Pledge then proposed to be made, equal to at least one hundred percent (100%) for the current and each future Bond Year.

Section 2.17 Senior Pledges. The interest payable on BANs and the Debt Service on Other Obligations (excluding BANs) may be secured by a Senior Pledge of Bond Program Assets and Bond Program Revenues; provided, however, the Authority may make such Senior Pledge only upon meeting the requirements for the issuance of Bonds as set forth in Section 2.3 hereof or the requirements for the issuance of BANs as set forth in Section 2.8 hereof.

Section 2.18 Other Obligations.

- (a) Except as provided in this Article II, the Authority covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a pledge, lien or charge on any of the money, funds and Accounts, or other property pledged pursuant to Section 3.1

hereof (including, without limitation Bond Program Revenues and Bond Program Assets) or on the Arbitrage Rebate Account.

- (b) The Authority expressly reserves the right to adopt one or more other bond resolutions or indentures and reserves the right to issue other obligations which are not a pledge, charge or lien prohibited by paragraph (a) of this Section and are permitted by the Act.

Section 2.19 Calculation of Debt Service.

The calculation of Debt Service for any purpose under this Master Bond Resolution, including, without limitation, for the purposes of any Projected Revenue Certificate shall be made in a manner consistent with the following provisions of this Section:

- (1) Balloon Obligations. The Debt Service payable on Balloon Obligations shall be determined on the basis of level of annual Debt Service, or non-level Debt Service proportional to a dedicated revenue stream as determined by the Authority, both payable over a period not exceeding thirty (30) years with a fixed rate of interest as assumed by the Authority. In the case of Balloon Indebtedness to which a Commitment Obligation relates, the Authority may elect to have Debt Service on the Balloon Indebtedness be the actual debt service less the amount of any principal to be paid from a fixed funding requirement of the Commitment Obligations.
- (2) Commitment Obligations. If the Commitment Obligation has a fixed funding date or dates, debt service will be deemed payable from and after the date or dates the commitment is scheduled and required to fund, calculated in accordance with the required principal and interest payments set forth in the Commitment. If the Commitment Obligation is in the nature of a standby commitment without a fixed funding date or dates, no Debt Service will be deemed payable on the Commitment Obligation until and after funding actually occurs.
- (3) Cross-over Refunding Obligations. Debt Service shall be deemed to be that on the Cross-over Refunded Obligations until the Cross-over Date and Debt Service on the Cross-over Refunding Obligation after the Cross-over Date.
- (4) Guaranties. Debt Service on a Guaranty shall be the Exposure on Guaranteed Debt.
- (5) Hedge Agreements. No Debt Service shall be assumed on Hedge Agreements other than Interest Rate Swap Agreements.
- (6) Interest Rate Swap Agreements. No Debt Service shall be assumed on Interest Rate Swap Agreements; provided, however, if the Authority designates any particular Interest Rate Swap Agreement as incurred with

respect to any particular Obligations (including other Interest Rate Swap Agreements), or portions thereof, the Authority may deem payments of the Authority under the Interest Rate Swap Agreement, excluding any termination payments, to be the Debt Service payable on the designated Obligation.

- (7) Credit for Subsidies. In the event that any Obligation is qualified to receive payments from a governmental source intended to reduce, or having the effect of reducing, the Debt Service payable by the Authority on such Obligation, and whether or not such subsidy payments are contractual and a full faith and credit obligation, Debt Service on any Obligation qualifying for such subsidy may be, at the election of the Authority, reduced by the amount of such subsidy to be received if the Authority pledges the subsidy payments to the payment of the Obligation and, for purposes of any Project Revenue Certificate, does not otherwise take such subsidy payments into account as Bond Program Revenues or other revenues. Specifically, without limitation, the Debt Service on any "qualified bond" within the meanings of Code Sections 6431(e) and 54AA9(g) or any successor or similar federal program may be reduced by the credit the Authority is to receive with respect to each Debt Service payment under such bond pursuant to Code Section 6431 or any successor or similar provision.
- (8) Other Obligations. Debt Service on Other Obligations shall be the stated principal and interest, if so stated. If payments are not stated as principal and interest, Debt Service shall be such payments. Debt Service on Other Obligations shall be calculated in accordance with the other assumptions in this Section, if applicable.
- (9) Variable Rate Obligations. For purposes of computing the interest payable on any Variable Rate Obligations, unless the applicable Series Resolution specifically provides to the contrary, the rate of interest shall be assumed to equal, as applicable, either (i) if such Variable Rate Obligations have been or are to be issued as obligations the interest on which is exempt from federal income taxation, the monthly average SIFMA Municipal Swap Index during the five (5) years (i.e. most recent sixty (60) complete months) preceding the date of such calculation or (ii) if such Variable Rate Obligations have been or are to be issued as obligations the interest on which is subject to federal income taxation, the monthly average LIBOR during the five (5) years (sixty (60) complete months) preceding the date of such calculation, provided, that no such rate shall at any time exceed the maximum rate then permitted by law. If such index or rate is no longer available, the Authority may select such other comparable index or rate, which it determines in its reasonable judgment or in reliance upon the opinion of a financial consultant or advisor with recognized expertise.

Section 2.20 Determination of Clean Water Portion and Drinking Water Portion.

- (a) The portion of each Bond which constitutes a Clean Water Bond, and interest thereon, and the portion that constitutes a Drinking Water Bond, and interest thereon, shall be determined by the Authority from time to time for each Series or maturity within each Series by such method as the Authority shall deem appropriate based upon (i) the actual use of the proceeds to make Clean Water Loans and Drinking Water Loans or to refund Clean Water Bonds or Drinking Water Bonds and (ii) the maturities and maturing principal amounts of the Clean Water Loans and Drinking Water Loans made, or Clean Water Bonds and Drinking Water Bonds refunded, from the proceeds of the Bonds as set forth in this Section. The portion of each Bond which constitutes a Clean Water Bond or a Drinking Water Bond may be adjusted by the Authority from time to time to reflect (i) the actual amounts used to make Clean Water Loans and Drinking Water Loans or to refund Clean Water Bonds and Drinking Water Bonds, (ii) Loan maturity schedules, prepayments or modifications and (iii) bond redemptions. In any event, the sum of the portion of each Bond constituting a Clean Water Bond and the portion of each Bond constituting a Drinking Water Bond shall equal one hundred percent (100%) of the principal amount thereof and the interest constituting interest payable on a Clean Water Bond or a Drinking Water Bond shall be calculated from the respective allocated principal amounts based upon the interest rate on the Bond.

Generally, the Clean Water Bond and the Drinking Water Bond portions of a Series of Bonds issued to finance Loans shall be determined by the ratio, the numerator of which is the amount of Bond proceeds deposited to the Clean Water Subaccounts or the Drinking Water Subaccounts, as the case may be, and the denominator of which is the total amount of Bond proceeds of the Series deposited to the Bond Program Fund, applied either on a Series basis or a maturity by maturity basis within a Series; in both cases, subject to such adjustment by the Authority as it deems necessary to comply with all limitations under the Clean Water Act and the Drinking Water Act or to reflect actual uses of proceeds and Loan repayment schedules. The Authority reserves the right to issue and designate and sell any Series of Bonds as entirely Clean Water Bonds or entirely Drinking Water Bonds.

- (b) The portions of Other Obligations consisting of bonds or similar evidences of indebtedness shall be determined in a manner consistent, to the extent practicable, with that specified above, for Bonds. Such portions of Other Obligations, except those mentioned in the preceding sentence, may be determined by the Authority in an Officer's Certificate in any manner consistent with the terms of the particular Other Obligation and the requirements of the Clean Water Act and the Drinking Water Act.

Section 2.21 Transition Provisions.

- (a) Grant of Subordinate Lien under the 1991 Clean Water Bond Resolution. Pursuant to Section 205 of the 1991 Clean Water Bond Resolution, the Authority hereby pledges, and grants a security interest in, all 1991 Clean Water Bond

Program Assets and 1991 Clean Water Bond Program Revenues to the Owners for payment of Debt Service on all Obligations; subject only to the pledge thereof in Section 102(3) of the Bond Resolution and the other terms and conditions of the 1991 Clean Water Bond Resolution. This pledge and security interest shall terminate upon the payment in full of the principal and interest and redemption premium, if any, on all 1991 Clean Water Bond Program Bonds, the discharge and satisfaction of the 1991 Clean Water Bond Resolution pursuant to Section 1201 thereof, and the deposit of all 1991 Clean Water Bond Program Assets to the Bond Program Fund pursuant to (b) below.

- (b) Deposit of 1991 Clean Water Bond Program Assets and 1991 Clean Water Bond Program Revenues. The Authority covenants to deposit all 1991 Clean Water Bond Program Assets to corresponding Accounts in the Bond Program Fund upon the satisfaction and discharge of the 1991 Clean Water Bond Resolution and thereupon, all outstanding Pledged Loans, undisbursed Capitalization Grants and 1991 Clean Water Bond Program Revenues shall become Pledged Clean Water Loans, Pledged Clean Water Capitalization Grants, and Clean Water Bond Program Revenues, as the case may be, under this Master Bond Resolution without further action of the Authority. As Clean Water Bond Program Revenues, the Authority covenants to deposit the then former 1991 Clean Water Bond Program Revenues to the Bond Program Fund as set forth in this Master Bond Resolution.
- (c) Grant of Subordinate Lien under the 1999 Drinking Water Bond Resolution. Pursuant to Section 2.6 of the 1999 Drinking Water Bond Resolution, the Authority hereby pledges and grants a security interest in all 1999 Drinking Water Bond Program Assets and 1999 Drinking Water Bond Program Revenues to all Owners for payment of Debt Service on all Obligations; subject only to the pledge thereof in Section 3.1 of the 1999 Drinking Water Bond Resolution and the other terms and conditions of the 1999 Drinking Water Bond Resolution. This pledge and security interest shall terminate upon the payment in full of the principal of and interest and redemption premium, if any, on the 1999 Drinking Water Bond Program Bonds, the discharge and satisfaction of all 1999 Drinking Water Bond Resolution pursuant to Section 12.1 thereof, and the deposit of all 1999 Drinking Water Bond Program Assets to the Bond Program Fund pursuant to (d) below.
- (d) Deposit of 1999 Drinking Water Bond Program Assets and 1999 Drinking Water Bond Program Revenues. The Authority covenants to deposit all 1999 Drinking Water Bond Program Assets to corresponding Accounts in the Bond Program Fund upon the satisfaction and discharge of the 1999 Drinking Water Bond Resolution, and thereupon all outstanding Pledged Loans, undisbursed Capitalization Grants and 1999 Drinking Water Bond Program Revenues shall become Pledged Drinking Water Loans, Pledged Drinking Water Capitalization Grants and Drinking Water Bond Program Revenues, as the case may be, under this Master Bond Resolution without further action of the Authority. As Drinking Water Bond Program Revenues, the Authority covenants to deposit the then

former 1999 Drinking Water Bond Program Revenues to the Bond Program Fund as set forth in this Master Bond Resolution.

- (e) Calculation of Revenue Coverage. For the purpose of calculating Revenue Coverage under this Master Bond Resolution, (i) the 1991 Clean Water Bond Program Revenues shall be included in Bond Program Revenues and the 1991 Clean Water Bond Program Bonds shall be deemed to be Outstanding hereunder as Senior Obligations so long as the 1991 Clean Water Bond Resolution has not been satisfied and discharged and (ii) the 1999 Drinking Water Bond Program Revenues shall be included in Bond Program Revenues and the 1999 Drinking Water Bond Program Bonds shall be deemed to be Outstanding hereunder as Senior Obligations so long as the 1999 Drinking Water Bond Resolution has not been satisfied and discharged.
- (f) Covenant as to Release of Funds under the 1991 Clean Water Bond Resolution and the 1999 Drinking Water Bond Resolution. So long as there are any 1991 Clean Water Bond Program Bonds or 1999 Drinking Water Bond Program Bonds, as the case may be, Outstanding, the Authority will not withdraw any amounts, or transfer to itself or any other party, from the funds and accounts established under either the 1991 Clean Water Bond Resolution or the 1999 Drinking Water Bond Resolution, free and clear of the pledge, security interest or lien of the applicable resolution (other than for the payment of debt service on 1991 Clean Water Bond Program Bonds, 1999 Drinking Water Bond Program Bonds or Obligations or for the funding of the Debt Service Reserve Account or the Supplemental Account as permitted under the applicable resolutions) unless it shall prepare and file a Projected Revenue Certificate showing Revenue Coverage for Senior Obligations of at least one hundred twenty percent (120%) for the current and each future Bond Year and for Subordinate Obligations of at least one hundred percent (100%) for the current and each future Bond Year calculated by including in Senior Obligations all Outstanding 1991 Clean Water Program Bonds and 1999 Drinking Water Program Bonds.
- (g) Cross collateralization for 1991 Clean Water Bond Program Bonds and 1999 Drinking Water Bond Program Bonds. Pursuant to Resolution No. 99-06, the Authority provided for the cross collateralization of the 1991 Clean Water Bond Program Bonds and the 1999 Drinking Water Bond Program Bonds by certain pledges and desires to maintain such cross collateralization on the same terms pursuant to this Master Bond Resolution. The Authority hereby covenants and agrees for the benefit of the holders from time to time of 1991 Clean Water Bond Program Bonds and 1999 Drinking Water Bond Program Bonds as follows:
 - (i) In the event that at anytime there are insufficient funds on deposit under the 1991 Clean Water Bond Resolution to pay the principal of, and interest on, the 1991 Clean Water Bond Program Bonds and the 1999 Drinking Water Bond Resolution has been satisfied and discharged, the Authority will, to the extent and at the times

permitted by this Master Bond Resolution, withdraw the amount of such deficiency from Drinking Water Subaccounts of the Bond Program Fund pursuant to this Master Bond Resolution, deposit such amount to the appropriate Accounts and Accounts established under the 1991 Clean Water Bond Resolution and apply such amounts to the payment of principal of and interest on the 1991 Clean Water Bond Program Bonds.

- (ii) In the event that at anytime there are insufficient funds on deposit under the 1999 Drinking Water Bond Resolution to pay the principal of, and interest on, the 1999 Drinking Water Bond Program Bonds, the Authority will, to the extent and at the times permitted by this Master Bond Resolution, withdraw the amount of such deficiency from the Clean Water Subaccounts of the Bond Program Fund pursuant to this Master Bond Resolution, deposit such amount to the appropriate Accounts established under the 1999 Drinking Water Bond Resolution and apply such amounts to the payment of principal of and interest on the 1999 Drinking Water Bond Program Bonds.
- (iii) If the 1991 Clean Water Bond Resolution has been satisfied and discharged, the Authority, prior to withdrawing any moneys from the Clean Water Subaccounts of the Bond Program Fund free and clear of the lien of this Master Bond Resolution, shall prepare a Projected Revenue Certificate for the 1999 Drinking Water Bond Program Bonds. If such Projected Revenue Certificate shows that at some time in the future there will be insufficient amounts on deposit under the 1999 Drinking Water Bond Resolution to pay the principal of, and interest on, the 1999 Drinking Water Bond Program Bonds then outstanding, the Authority shall withdraw the amount of such deficiency, to the extent permitted by this Master Bond Resolution, prior to any other withdrawal except for expenses of administering the Clean Water Program or the Drinking Water Program, and deposit such amount in the appropriate Accounts under the 1999 Drinking Water Bond Resolution.
- (iv) If the 1999 Drinking Water Bond Resolution has been satisfied and discharged, the Authority, prior to withdrawing any moneys free and clear of the lien of this Master Bond Resolution, shall prepare a Projected Revenue Certificate for the 1991 Clean Water Bond Program Bonds pursuant to the 1991 Clean Water Bond Resolution. If such Projected Revenue Certificate shows that at some time in the future there will be insufficient amounts on deposit under the 1991 Clean Water Bond Resolution to pay the principal of, and interest on, the 1991 Clean Water Bond Program

Bonds then Outstanding, the Authority shall withdraw the amount of such deficiency, to the extent permitted by this Master Bond Resolution, prior to any other withdrawal except for expenses of administering the Clean Water Program or the Drinking Water Program, and deposit such amount in the appropriate funds and accounts under the 1991 Clean Water Bond Resolution.

- (v) The Authority hereby expressly reserves the right to terminate the pledge set forth in this Subsection (g), without the consent of any holders of the 1991 Clean Water Bond Program Bonds, the 1999 Drinking Water Bond Program Bonds or any Obligation, upon thirty (30) days notice to the holders of the 1991 Clean Water Bond Program Bonds and 1999 Drinking Water Bond Program Bonds, receipt of evidence to the satisfaction of the Authority that each Rating Agency will not reduce any then current rating on any of the 1991 Clean Water Bond Program Bonds or the 1999 Drinking Water Bond Program Bonds and adoption of a resolution terminating the pledge and revoking this Subsection (g).
- (vi) As a supplement to the 1991 Clean Water Bond Resolution and the 1999 Drinking Water Bond Resolution, this Subsection (g) is subject to being supplemented or amended as set forth in Articles VIII and Articles XI of the 1999 Drinking Water Bond Resolution and the 1991 Clean Water Resolution.
- (vii) Notwithstanding the foregoing, nothing in this Subsection (g) shall require the Authority to withdraw funds from the pledge of this Master Bond Resolution (1) if such withdrawal is not permitted by the express terms of this Master Bond Resolution, would cause a default under the Bond Resolution or would cause a decrease in ratings assigned to Obligations issued under or secured by this Master Bond Resolution; (2) if such withdrawal would violate the Act, the Rules, the Clean Water Act or the Drinking Water Act, or the operating agreements between the Authority and the United States Environmental Protection Agency; or (3) if such withdrawal or the application thereof would cause any Obligations subject to the arbitrage and rebate rule of Code Section 148 to become taxable or to lose its eligibility to receive tax credits under the Code or any other federal subsidy payment under any federal program. This Subsection (g) shall not constitute a pledge of, or a lien on any assets of the Authority other than those expressly pledged hereby, a pledge of the general credit of the Authority or a pledge of any amounts on deposit in the Bond Program Fund prior to withdrawal free and clear of the pledge and lien of this Master Bond Resolution as permitted hereby.

- (viii) In the event the Authority withdraws any funds from the Accounts established by this Master Bond Resolution to pay principal of or interest on the 1991 Clean Water Bond Program Bonds, the Authority hereby expressly reserves the right, but does not hereby obligate itself, to withdraw funds, to the extent and at the time permitted by the 1991 Clean Water Bond Resolution, to replace funds withdrawn from this Master Bond Resolution and deposited under the 1991 Clean Water Bond Resolution.
 - (ix) In the event the Authority withdraws any funds from the Fund and Accounts established by this Master Bond Resolution to pay principal of or interest on the 1999 Drinking Water Bond Program Bonds, the Authority hereby expressly reserves the right, but does not hereby obligated itself, to withdraw funds to the extent and at the times permitted by the 1999 Drinking Water Bond Resolution, to replace funds withdrawn from this Master Bond Resolution and deposited under the 1999 Drinking Water Bond Resolution.
- (h) Covenant as to Prior Resolutions. While any 1991 Clean Water Bond Program Bonds are Outstanding, the Authority agrees to observe all of its covenants and agreements in the 1991 Clean Water Bond Resolution for the benefit of the Owners of all Outstanding Obligations. While any 1999 Drinking Water Bond Program Bonds are Outstanding, the Authority agrees to observe all of its covenants and agreements in the 1991 Clean Water Bond Resolution for the benefit of the Owners of all Outstanding Obligations.
- (i) Covenant as to Issuance of Bonds under Prior Resolutions. The Authority hereby covenants and agrees not to issue any additional 1991 Clean Water Bond Program Bonds or other obligations (except "Subordinate Bonds" or "Subordinate Obligations" issued as Obligations hereunder) under the 1991 Clean Water Bond Resolution and not to issue any additional 1999 Drinking Water Bond Program Bonds or other obligations (except "Subordinate Bonds" or "Subordinate Obligations" issued as Obligations hereunder) under the 1999 Drinking Water Bond Resolution.
- (j) Covenant as to Amendments of Prior Resolutions. The Authority hereby covenants and agrees not to amend or supplement the provisions of the 1991 Clean Water Bond Resolution or the 1999 Drinking Water Bond Resolution in a manner that adversely affects the security or interest of the Owners of Outstanding Bonds or BANS, without the consent of the Owners of a majority in principal amount of Bonds or BANS then Outstanding, respectively.
- (k) Deposits to the Bond Program Fund. It is anticipated that so long as both 1991 Clean Water Bond Program Bonds and 1999 Drinking Water Bond Program Bonds are Outstanding, no monies will be deposited in the Bond Program Fund including, without limitation, proceeds of Obligations, Loan repayments or investment income. All such amounts will be deposited under the 1991 Clean

Water Bond Resolution or 1999 Drinking Water Bond Resolution, as the case may be. All Obligations will be paid from amounts withdrawn from the 1991 Clean Water Bond Resolution or the 1999 Drinking Water Bond Resolution. The Bond Program Fund will be used for the deposit of monies for Clean Water Bonds when 1991 Clean Water Bond Program Bonds are no longer Outstanding and for Drinking Water Bonds when 1999 Drinking Water Bond Program Bonds are no longer Outstanding. Notwithstanding the foregoing, the Authority reserves the right to make deposits to the Bond Program Fund of monies not pledged to the payment of the 1991 Clean Water Bond Program Bonds or the 1999 Drinking Water Bond Program Bonds, and may also so deposit proceeds of Obligations (i) prior to funding loans, (ii) to refund Obligations, (iii) to fund the Debt Service Reserve Account or the Supplemental Reserve Account and (iv) to fund Capitalized Interest Account and Costs of Issuance for Obligations.

ARTICLE III

FUND AND ACCOUNTS

Section 3.1 Pledge of Bond Program Revenues and Bond Program Assets.

(a) Senior Pledge. The Authority hereby pledges, and grants a first security interest in, all Bond Program Revenues and Bond Program Assets to the Owners for the payment of Senior Obligations at the times and in the manner provided in, and subject to the provisions of, this Master Bond Resolution and in such Senior Obligations.

In furtherance of, but not in limitation of, the above pledge of, and grant of a security interest in, Bond Program Revenues and Bond Program Assets, the Authority hereby expressly pledges, and grants a security interest in, to the Owners of Outstanding Senior Obligations for the payment of Senior Debt Service, at the time and in the manner provided in, and subject to the provisions of, this Master Bond Resolution, (i) all moneys or investments deposited in the Bond Program Fund, whether or not such moneys or investments constituted Bond Program Revenues (ii) all Loans and Capitalization Grants listed in the most recent Projected Revenue Certificate or resolution of the Authority for the purpose of pledging and granting a security interest in, whether or not such Loans or Capitalization Grants were pledged prior to such inclusion in a Projected Revenue Certificate or resolution of the Authority and (iii) all Loans made or purchased from funds on deposit in the Loan Account, or made or purchased from the proceeds of Bonds, Obligated State Match or Pledged Capitalization Grants whether or not deposited to the Loan Account. Upon deposit of any moneys or investments to the Bond Program Fund, such moneys and investments shall become Bond Program Assets. Upon inclusion of a Loan or Capitalization Grant which was not a Pledged Loan or a Pledged Capitalization Grant in a Projected Revenue Certificate, such Loan or Capitalization Grant shall become a Pledged Loan or a Pledged Capitalization Grant, as the case may be, and shall become Bond Program Assets. Such Loans made or purchased from the proceeds of the Obligated State Match are Pledged Loans pursuant to this Master Bond Resolution without further action of the Authority or listing in any Projected Revenue Certificate. Neither the State Match nor Obligated State Match is

pledged to the payment of the Bonds. Proceeds of the State Match deposited to the Bond Program Fund become Bond Program Assets upon deposit and thus pledged.

The pledge made and security interest granted herein and the covenants and agreements herein set forth, to be performed by and on behalf of the Authority, shall be for the equal benefit, protection and security of Owners of all such Outstanding Senior Obligations, regardless of the time or times of their issue or maturity, as otherwise expressly provided or permitted herein and shall be prior to the grant of any Subordinate Pledge for the benefit of the Subordinate Bonds and Subordinate Obligations in the manner and as set forth herein.

This pledge and security interest is valid and binding from the time when made, and the property so pledged and hereafter received by the Authority shall immediately be subject to the pledge, security interest and lien thereof without any physical delivery or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, whether or not such parties have notice thereof, and neither this Master Bond Resolution nor any other instrument by which such pledge is created need be recorded.

(b) Subordinate Pledge. The Authority hereby pledges, and grants a second security interest in, all Bond Program Revenues and Bond Program Assets to the Owners for the payment of Subordinate Obligations at the times and in the manner provided in, and subject to the provisions of, this Master Bond Resolution, junior and subordinate, as set forth herein or in any resolution or trust indenture making such pledge and granting such security interests, to the pledge and security interests granted in Subsection (a) of this Section 3.1.

In furtherance of, but not in limitation of, the above pledge of, and grant of a security interest in, Bond Program Revenues and Bond Program Assets, the Authority hereby expressly pledges, and grants a second subordinate security interest in, to the Owners of Subordinate Obligations for the payment of Subordinate Debt Service, at the time and in the manner provided in, and subject to the provisions of, this Master Bond Resolution, (i) all moneys or investments deposited in the Bond Program Fund, whether or not such moneys or investments constituted Bond Program Revenues (ii) all Loans and Capitalization Grants listed in the most recent Projected Revenue Certificate or resolution of the Authority for the purpose of pledging and granting a security interest in, whether or not such Loans or Capitalization Grants were pledged prior to such inclusion in a Projected Revenue Certificate or resolution of the Authority and (iii) all Loans made or purchased from funds on deposit in the Loan Account, or from the proceeds of Bonds, Subordinate Bonds, Obligated State Match or Pledged Capitalization Grants whether or not deposited to the Loan Account. Upon deposit of any moneys or investments to the Bond Program Fund, such moneys and investments shall become Bond Program Assets. Upon inclusion of a Loan or Capitalization Grant which was not a Pledged Loan or a Pledged Capitalization Grant in a Projected Revenue Certificate, such Loan or Capitalization Grant shall become a Pledged Loan or a Pledged Capitalization Grant, as the case may be, and shall become Bond Program Assets. Such Loans made or purchased from the proceeds of the Obligated State Match are Pledged Loans pursuant to this Master Bond Resolution without further action of the Authority or listing in any Projected Revenue Certificate. Neither the State Match nor Obligated State Match is pledged to the payment of Subordinate Obligations. Proceeds of State Match

deposited to the Bond Program Fund become Bond Program Assets upon deposit and thus pledged.

The Subordinate Pledge made and subordinate security interest granted herein and the covenants and agreements herein set forth, to be performed by and on behalf of the Authority, shall be for the equal benefit, protection and security of Owners of all such Subordinate Obligations, regardless of the time or times of their issue or maturity, except as otherwise expressly provided in this Master Bond Resolution.

This Subordinate Pledge and subordinate security interest is valid and binding from the time when made, and the property so pledged and hereafter received by the Authority shall immediately be subject to the pledge, security interest and lien thereof without any physical delivery or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, whether or not such parties have notice thereof, and neither this Master Bond Resolution nor any other instrument by which such pledge is created need be recorded.

Section 3.2 Agreement to Deposit Revenues, Assets and Obligated State Match.

The Authority covenants that it will deposit all Bond Program Assets and all Bond Program Revenues in the Bond Program Fund. The Authority need not, but may in its sole discretion, deposit the Obligated State Match in the Loan Account; provided, however, all Loans made from the proceeds of the Obligated State Match are Pledged Loans pursuant to this Master Bond Resolution as made or purchased, without further action of the Authority.

Section 3.3 Creation of Bond Program Fund.

There is hereby created and established by the Authority in accordance with the Act the "Bond Program Fund." The Bond Program Fund shall be held in the custody of the State Board of Investment, or of one or more Depositories in the name of the State Board of Investment, in trust for the uses and purposes expressed in this Master Bond Resolution, and shall consist of the following Accounts which are designated respectively as follows:

- (1) Loan Account.
- (2) Operating Account.
- (3) Revenue Account.
- (4) Debt Service Account.
- (5) Debt Service Reserve Account.
- (6) Redemption Account.
- (7) Capitalized Interest Account.
- (8) Cost of Issuance Account.

- (9) Arbitrage Rebate Account.
- (10) Supplemental Reserve Account.

Within each of the Accounts the Authority shall maintain separate Subaccounts for the Clean Water Bond Program and the Drinking Water Bond Program and, if determined to be useful, if so directed by the Series Resolution authorizing the issuance of such Series of Bonds or if so directed in the Tax Compliance Certificate, such other separate Subaccounts in the Clean Water Subaccount or the Drinking Water Subaccount designated by a name or number descriptive of the source or use of funds in such subaccount issued hereunder. In any event the Authority shall maintain a separate subaccount within the Loan Account for deposit of draws on Pledged Capitalization Grants, hereinafter referred to as the "Capitalization Grant Subaccount" of the Loan Account.

The Bond Program Fund and the Accounts therein need not be established in the accounting system until required as contemplated by Section 2.21(k) hereof and the provisions of this Article III are not operable with respect to Clean Water Obligations, Clean Water Bond Program Assets and Clean Water Bond Program Revenues until no 1991 Clean Water Bond Program Bonds are Outstanding or with respect to Drinking Water Obligations, Drinking Water Assets or Drinking Water Revenues until no 1999 Drinking Water Bond Program Bonds are Outstanding.

Section 3.4 Loan Account.

- (a) Deposits. The Authority shall deposit to the Loan Account the following amounts from the following sources:
 - (1) all Bond proceeds required by Section 2.5 hereof to be deposited to the Loan Account,
 - (2) all Subordinate Bond proceeds required by Section 2.15 hereof to be deposited to the Loan Account,
 - (3) all proceeds of Other Obligations, except BANs, required by the resolution or other document authorizing such Other Obligations to be deposited to the Loan Account,
 - (4) all cash draws received on Pledged Capitalization Grants, except those cash draws, or the portion thereof, which the Authority determines, in its sole discretion, to deposit to the Debt Service Reserve Account,
 - (5) all amounts withdrawn from the Operating Account by the Authority, in its sole discretion, to make Pledged Loans;
 - (6) all amounts required by Section 3.6 hereof to be transferred from the Revenue Account to reimburse the Loan Account for required withdrawals for deposit to the Principal and Interest Account to pay Debt Service;

- (7) all, or the portion of, cash draws on the Obligated State Match which the Authority determines, in its sole discretion, to deposit to the Loan Account;
 - (8) from the Revenue Account (or Operating Account, to the extent permitted by Section 3.22 hereof) any Loan Prepayments or portions thereof which the Authority has determined to recycle by making new Pledged Loans; and
 - (9) any other amounts from any source which the Authority determines, in its sole discretion, to deposit to the Loan Account.
- (b) Withdrawals. The Authority shall withdraw from the Loan Account the following amounts for the following purposes:
- (1) such amounts as the Authority approves in its sole discretion to make a Pledged Loan or to make all or a portion of a disbursement of a Pledged Loan;
 - (2) such amounts as Authority approves in its sole discretion to purchase a Pledged Loan or to make all or a portion of a disbursement of a Pledged Loan being purchased;
 - (3) such amounts as the Authority approves in its sole discretion to reimburse the Authority for payments from other Authority monies previously used to make or purchase a Pledged Loan (or a Loan to become a Pledged Loan upon such reimbursement);
 - (4) for deposit to the Debt Service Account any amounts required to pay Debt Service on Outstanding Obligations pursuant to Section 3.8 hereof;
 - (5) for deposit to the Debt Service Reserve Account any amounts required to cause the amounts on deposit therein equal to the Debt Service Reserve Requirement.
 - (6) for deposit to the Arbitrage Rebate Account any amounts required to pay the Rebate Amount and/or Yield Reduction Amount on Obligations subject to the arbitrage and rebate rules of Code Section 148 when due if amounts on deposit in the Arbitrage Rebate Account are insufficient for such purpose but only after transfers required from the Operating Account, the Revenue Account, the Supplemental Reserve Account and the Debt Service Reserve Account as provided in Sections 3.9 and 3.14 hereof; and
 - (7) such amounts as the Authority determines in its sole discretion to fund a deposit to the Cost of Issuance Account, the Redemption Account, the Operating Account, the Debt Service Reserve Account or the Supplemental Reserve Account, in connection with the issuance of

Obligations, the making of Loans, the withdrawal of money from the Operating Account or any deficiency in the amounts on deposit in any such Account, but solely from amounts on deposit in the Loan Account derived from sources other than proceeds of Obligations subject to the arbitrage rebate rules of Code Section 148, unless prior to such withdrawal the Authority has received a Favorable Opinion of Bond Counsel with respect to such use of the proceeds of such Obligations.

Any proceeds of Obligations remaining in the Loan Account three (3) years after the Issue Date of such Obligations, or at such earlier time as may be provided in the applicable Series Resolution, shall be transferred to the related Subaccount in the Redemption Account, unless otherwise directed by an Officer's Certificate.

- (c) Investments. All amounts on deposit in the Loan Account shall be invested solely in Permitted Investments or Pledged Loans and the investment earnings thereon shall be credited as received to the Revenue Account, except with respect to any Obligated State Match to the extent to which investments are directed by the State or investment income is retained by the State.
- (d) Subaccounts. Upon the determination of the Authority to make a Pledged Loan, the Authority shall create a subaccount within the Loan Account for such Pledged Loan. Each such Subaccount shall have further Subaccounts for the various sources of monies deposited from time to time to be used to fund the Pledged Loan. Such monies shall be disbursed to the Borrower in accordance with the Pledged Loan Agreement and the provisions of Section 4.1 hereof.

Section 3.5 Operating Account.

- (a) Deposits. On the second Business Day of March each year, there shall be deposited to the Operating Account the amount required to be transferred from the Revenue Account pursuant to Section 3.6 hereof. The Authority may from time to time deposit other funds of the Authority to the Operating Account.
- (b) Withdrawals. The Authority may withdraw at any time from the Operating Account the following amounts for the following purposes:
 - (1) such amounts as the Authority determines in its sole discretion at anytime to transfer to the Loan Account for the making or purchasing of Pledged Loans;
 - (2) such accounts equal to the insufficiency for deposit to the Debt Service Account on each Interest Payment Date and Principal Payment Date, if moneys on deposit in the Debt Service Account are insufficient to pay amounts due on the Outstanding Senior Obligations on such date after the transfer from the Revenue Account provided for in Section 3.6 hereof and the Capitalized Interest Account as provided in Section 3.11 hereof;

- (3) such amounts for deposit to Debt Service Account required to meet the Authority's obligations with respect to Outstanding Subordinate Obligations or to itself to pay expenses relating to the Bond Program provided that the amount then on deposit in the Revenue Account is sufficient to pay Senior Debt Service due and payable in the then current Bond Year;
 - (4) such amounts as the Authority determines in its sole discretion for deposit to the Debt Service Reserve Account to establish additional reserves therein;
 - (5) such amounts as the Authority determined in its sole discretion for deposit to the Supplemental Reserve Account to establish additional reserves therein.
 - (6) such amounts (i) for deposit to the Arbitrage Rebate Account, such required to be transferred to the Arbitrage Rebate Account pursuant to Section 3.13 hereof, and (ii) for transfer to the State Board of Investment, required to pay the charges of the State Board of Investment in fulfilling its duties hereunder or in investing amounts held in any fund or account established hereunder; and
 - (7) such amounts as the Authority determines in its sole discretion for any transfers to itself or to another party as directed by the Authority, free and clear of the pledge, security interest and lien of this Master Bond Resolution, for any lawful purpose, including, without limitation the expenditure thereof upon the filing of a Projected Revenue Certificate showing Revenue Coverage for Senior Obligations of at least one hundred twenty percent (120%) for the current and each future Bond Year and Revenue Coverage for Subordinate Obligations of at least equal to one hundred percent (100%) for the current and each future Bond Year after taking into account the proposed withdrawal. The Projected Revenue Certificate prepared shall be valid for the purpose of the withdrawal until the preparation of a subsequent Projected Revenue Certificate for any purpose; provided, however, if the withdrawal occurs more than forty-five (45) days after the date of the Projected Revenue Certificate, the Authority must file an Officer's Certificate with the Projected Revenue Certificate to the effect that there has occurred no event or change that would materially adversely change the Projected Revenue Certificate prior to making the withdrawal.
- (c) Investments. Amounts in the Operating Account may be invested in any Permitted Investment and all investment earnings thereon shall be credited as received to the Revenue Account.

Section 3.6 Revenue Account.

- (a) Deposits. The Authority shall deposit to the Revenue Account the following amounts from the following sources:
- (1) All Loan Payments.
 - (2) All Loan Prepayments.
 - (3) All investment earnings which are directed to be deposited in the Revenue Account pursuant to this Master Bond Resolution.
 - (4) All other Bond Program Revenues which are not deposited to another account as permitted by this Master Bond Resolution.
 - (5) Any other funds the Authority determines in its sole discretion to deposit in the Revenue Account.
- (b) Withdrawals. The Authority shall withdraw from any money in the Revenue Account and credit to each of the Accounts at the time and in the amounts indicated below, or so much thereof as remains after first crediting the amount indicated to each Account preceding it:
- (1) On or before each Debt Service Payment Date, to the Debt Service Account, the amount needed to increase the balance therein for the Senior Debt Service then due and payable.
 - (2) On or before each Debt Service Payment Date, to the Debt Service Reserve Account, the amount, if any, needed to increase the amount therein for the Debt Service Reserve Requirement.
 - (3) On or before each Debt Service Payment Date, to the Supplemental Reserve Account, the amount, if any, needed to increase the amount therein for the Supplemental Reserve Requirement.
 - (4) At any time, to the Redemption Account, the amount, if any, needed to redeem Senior Obligations subject to redemption which have been called for redemption.
 - (5) On or before each Debt Service Payment Date, to the Debt Service Account, the amount needed to increase the balance therein for the Subordinate Debt Service then due and payable after payment of all Senior Debt Service due and payable on or before the Debt Service Payment Date for such Subordinate Obligations.
 - (6) At any time, to the Redemption Account from amounts on hand in the Revenue Account in excess of the amounts needed to make the transfers in clauses (1), (2), (3) and (4) of this Subsection (b) on the next Debt Service

Payment Date therefor, the amount, if any, needed to redeem Subordinate Obligations subject to redemption which have been called for redemption.

- (7) To the extent permitted by Section 3.22 hereof, at any time, to the Loan Account (or to the extent permitted by Section 3.22 hereof, to the Operating Account) any Loan Prepayments or portions thereof that the Authority has determined to use to make new Pledged Loans.
- (8) On the second Business Day in March of each year, the remainder shall be transferred to the Operating Account.

Notwithstanding any other provisions of this Section 3.6, the Authority may transfer at any time from amounts on deposit in the Revenue Account, to the Arbitrage Rebate Account, those amounts required to be transferred to the Arbitrage Rebate Account pursuant to Section 3.13 hereof; provided, however, that if the transfer is to be made in respect of Subordinate Obligations, the transfer is made from amounts on hand in the Revenue Account in excess of the amounts needed to make the transfers in clauses (1), (2), (3) and (4) of this Subsection (b) on the next Debt Service Payment Date therefor.

- (c) Investments. Amounts in the Revenue Account may be invested in any Permitted Investment and all investment earnings thereon shall be credited as received to the Revenue Account.

Section 3.7 Debt Service Account.

- (a) Deposits. There shall be deposited to the Debt Service Account the amounts required to be transferred from the Revenue Account pursuant to Section 3.6 hereof, from the Capitalized Interest Account pursuant to Section 3.11 hereof and all withdrawals from other Accounts made by the Authority as permitted hereunder for transfer to the Debt Service Account as set forth in Section 3.8 hereof. The Authority may from time to time, in its sole discretion, deposit other legally available funds of the Authority to the Debt Service Account.
- (b) Withdrawals. The Authority shall withdraw amounts from the Debt Service Account for the following purposes in the following order on or before each payments date.
 - (1) an amount equal to the unpaid interest then due on Senior Obligations,
 - (2) an amount equal to the maturing Principal Installment then due on Senior Obligations,
 - (3) an amount equal to the Sinking Fund Installments then due on Senior Obligations,
 - (4) an amount equal to the unpaid interest then due on Subordinate Obligations,

- (5) an amount equal to the maturing Principal Installments then due on Subordinate Obligations,
- (6) an amount equal to the Sinking Fund Installments then due on Subordinate Obligations.

Each withdrawal from the Debt Service Account shall be made not earlier than three (3) days prior to the Interest Payment Date or Principal Payment Date to which it relates, and the amount so withdrawn shall be deemed to be part of the Debt Service Account until applied.

- (c) Investments. Amounts in the Debt Service Account may be invested in any Permitted Investment and all investment earnings thereon shall be credited as received to the Revenue Account.
- (d) The Authority shall establish and maintain in the Debt Service Account a separate Sinking Fund Account for the Term Bonds of each Series of Obligations for which Sinking Fund Installments are established. Not less than thirty (30) days before each Principal Payment Date established by any Series Resolution, or as soon thereafter as the aggregate amount in the Debt Service Account equals the Senior Debt Service due on the next Interest Payment Date or Principal Payment Date, the Authority shall pay into the Sinking Fund Account the amount necessary to pay the Sinking Fund Installments.
- (e) The Authority shall apply money in each Sinking Fund Account to the purchase or redemption of any of the Obligations for which such Account is maintained in the manner provided in this Section and Section 7.2 of this Master Bond Resolution, provided that no such Obligation shall be so purchased during the period of thirty (30) days next preceding the Principal Payment Date established for such Obligations. The price paid by the Authority (excluding accrued interest but including any brokerage and other charges) for any Obligations purchased pursuant to this Section shall not exceed the Redemption Price applicable on the next date on which such Obligations could be redeemed in accordance with its terms as part of a Sinking Fund Installment. Subject to the limitations set forth and referred to in this Section, the Authority may purchase Obligations at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Authority in its discretion may determine and as may be possible with the amount of money available in the proper Sinking Fund Account. If at any date there shall be money in any such Account and there shall be Outstanding none of the Obligations for which such Account was established, the Account shall be closed and the money transferred to the Revenue Account.
- (f) At least thirty (30) days, but no more than forty-five (45) days prior to each Principal Payment Date, the Authority shall select in such manner as specified in the Series Resolution and call for redemption on that date the principal amount of the remaining Obligations to be redeemed as said Sinking Fund Installment, and on that date the Authority shall apply the money in the proper Sinking Fund

Account first to the payment of the Redemption Price of the Senior Obligations so called for redemption and second to the payments of the Redemption Price of Subordinate Obligations so called for redemption.

Section 3.8 Deficiencies in the Debt Service Account.

- (a) In the event that the amount in Clean Water Subaccount or Drinking Water Subaccount, as applicable, of the Debt Service Account on any Interest Payment Date or Principal Installment Date (after any transfer required to be made from the Capitalized Interest Account) is not sufficient to pay all interest and Principal Installments then due and payable on Clean Water Obligations or Drinking Water Obligations, as the case may be, after making the deposits contemplated in Subsection 3.7(a) above, the Authority shall withdraw the amount of such deficiency for deposit in the Debt Service Account from the Clean Water Subaccount or the Drinking Water Subaccount, as applicable, of the following Accounts in the following order: (1) the Operating Account; (2) with respect to Outstanding Senior Obligations only, first from the Supplemental Reserve Account and second from the Debt Service Reserve Account; (3) from the Redemption Account (except any amount required to pay Obligations previously called for redemption); and (4) from the Loan Account. The preceding transfers shall be made prior to any transfer between Clean Water Subaccounts and Drinking Water Subaccounts pursuant to the cross-collateralization covenants in Section 2.21(g) hereof and Subsection (b) of this Section 3.8.
- (b) The Authority hereby covenants and agrees for the benefit of the Owners from time to time of Outstanding Obligations as follows:
 - (i) In the event that at any time there are insufficient funds on deposit under the Clean Water Subaccounts as provided in subsection (a) to pay the principal of, and interest on, Outstanding Clean Water Obligations, the Authority will, to the extent and at the times permitted by this Master Bonds Resolution, withdraw the amount of such deficiency from Drinking Water Subaccounts of the Bond Program Fund, deposit such amounts to the appropriate Clean Water Subaccount and apply such amounts to the payment of Principal Installments of and interest on Outstanding Clean Water Obligations.
 - (ii) In the event that at any time are insufficient funds on deposit under the Drinking Water Subaccounts as provided in subsection (a) to pay the principal of, and interest on, Outstanding Drinking Water Obligations, the Authority will, to the extent and at the times permitted by this Master Bond Resolution, withdraw the amount of such deficiency from Clean Water Subaccount of the Bond Program Fund, deposit such amount to the appropriate Drinking Water Subaccount and apply such amounts to the payment of

principal of and interest on Outstanding Drinking Water Obligations.

- (iii) Notwithstanding the foregoing, nothing in this Subsection (b) shall require the Authority to transfer funds as contemplated by paragraph (i) or (ii) of this Subsection (b) if such transfer would violate the Act, the Rules, the Clean Water Act or the Drinking Water Act, or the operating agreements between the Authority and the United States Environmental Protection Agency.
- (c) In the event the Authority transfers amounts between Clean Water Subaccounts and Drinking Water Subaccounts as contemplated by the cross-collateralization covenant in Section 2.21(g) hereof or Subsection (b) of this Section 3.9, the Authority may, but is not obligated to, make transfers to repay such amounts used to pay Debt Service for the other program.

Section 3.9 Debt Service Reserve Account.

- (a) If, after withdrawing amounts available for such purpose in the Operating Account and the Supplemental Reserve Account, there is not a sufficient amount in the Debt Service Account to provide for the payment when due of Principal Installments of and interest on Outstanding Bonds, the Authority shall withdraw from the Debt Service Reserve Account and deposit into the Debt Service Account the amount of the deficiency and the amounts so deposited shall be used solely for such purpose.
- (b) Amounts on deposit in the Debt Service Reserve Account, other than the undrawn amount of Pledged Capitalization Grants deposited to the Debt Service Reserve Account, shall be invested solely in Permitted Investments and income received from Investments held in the Debt Service Reserve Account shall be credited to the Revenue Account if and to the extent that the balance in the Debt Service Reserve Account is not less than the Debt Service Requirement. All Permitted Investments shall be valued at cost or face value thereof, whichever is less. Pledged Capitalization Grants deposited to the Debt Service Reserve Account shall be valued at the undrawn amount thereof.
- (c) The Authority shall transfer amounts on deposit in the Debt Service Reserve Account from time to time in excess of the Debt Service Reserve Requirement to the Supplemental Reserve Account to the extent necessary to maintain an amount equal to the Supplemental Reserve Requirement on deposit therein and thereafter (i) to the Operating Account if such excess is derived from funds other than the proceeds of Obligations subject to the arbitrage and rebate rules of Code Section 148 or (ii) if such excess is allocated to the proceeds of such Obligations to the Debt Service Account or the Redemption Account if the excess results from the prepayment of Bonds.

- (d) The Authority may establish for the security of Outstanding Senior Other Obligations an additional Account as may be specified in a Series Resolution that functions as a debt service reserve fund for Senior Other Obligations. If such Account is established with a requirement that a specific balance be maintained therein, then provisions in this Master Bond Resolution that refer to the replenishment of the Debt Service Reserve Account shall be deemed to include the replenishment of such Account on a parity with that of the Debt Service Reserve Account and provisions that contain a condition that the balance in the Debt Service Reserve Account be at the Debt Service Reserve Requirement shall be deemed to require that the balance in such Account be at its required level as well.
- (e) At any time, the Authority may transfer from amounts on deposit in the Debt Service Reserve Account, to the Arbitrage Rebate Account, those amounts required to be transferred to the Series Arbitrage Subaccounts in the Arbitrage Rebate Account pursuant to Section 3.3 hereof, but only on Obligations subject to the arbitrage and rebate rules of Code Section 148 that are Senior Obligations and only to the extent to which amounts available to be so transferred from the Operating Account and the Supplemental Reserve Account are insufficient for such purposes.
- (f) No amount shall be withdrawn from or paid out of the Debt Service Reserve Account except as provided in this Section.

Section 3.10 Redemption Account.

- (a) Obligation proceeds referred to in Section 3.4(b) of this Master Bond Resolution, when transferred to the Redemption Account upon the occurrence of the conditions described in such Section, shall be applied to the purchase or redemption of Obligations in accordance with the provisions of Officers' Certificates pursuant to Section 11.1. The Authority may apply amounts in the Redemption Account to the purchase of Obligations designated in each Officer's Certificate at the most advantageous price obtainable with due diligence, not exceeding the Redemption Price applicable on the next date when such Obligations are redeemable under the provisions of the applicable Series Resolution, provided that such Obligations shall not be purchased during the period of thirty (30) days next preceding the date of redemption designated in the Officer's Certificate. Obligations not so purchased shall be redeemed at the Redemption Price determined by the Series Resolution at the time and in the manner provided in Article VII.
- (b) Interest and other income from the investment or deposit of amounts in the Redemption Account shall be transferred to the Revenue Account upon receipt thereof. Other amounts in the Redemption Account may be transferred to the Loan Account for the making of Pledged Loans, when directed by Officer's Certificate to the extent not required to pay Bonds called or to be called for redemption.

- (c) No amount shall be withdrawn or transferred from or paid out of the Redemption Account except as provided in this Section or in Section 3.8.

Section 3.11 Capitalized Interest Account. The Authority shall withdraw moneys from a Series subaccount of the Capitalized Interest Account on or before each Interest Payment Date for deposit in the corresponding Series subaccount of the Debt Service Account, to the extent moneys on deposit therein (after setting aside an amount sufficient to pay Principal Installments due on the current or next succeeding Interest Payment Date) are insufficient to pay interest on the applicable Series of Obligations on the Interest Payment Date. Such transfer shall be made prior to the transfer required by Section 3.6(1) of this Master Bond Resolution unless otherwise specified in the applicable Series Resolution. On such date as may be specified in the applicable Series Resolution, any amounts remaining in the applicable Series subaccount of the Capitalized Interest Account shall be transferred to the Loan Account or the Redemption Account as provided in the Series Resolution.

Section 3.12 Cost of Issuance Account. The Authority shall use the amounts credited to the Cost of Issuance Account to pay Costs of Issuance and to reimburse itself, or other parties who have paid or incurred Costs of Issuance on behalf of the Authority, for payments from other funds for this purpose. Income from investments held in the Cost of Issuance Account shall be credited to the Revenue Account. Upon the written determination of the Executive Director that all amounts to be paid or reimbursed from a Subaccount in the Cost of Issuance Account have been so paid or reimbursed or upon the expiration of one year from the date of establishment of such Subaccount, unless extended by a written determination of the Executive Director, but in no event beyond a date later than established in Section 3.3(b) hereof for transfers from the Loan Account to the Redemption Account, any balance remaining in the related Subaccount in the Cost of Issuance Account shall be transferred to the Subaccount relating to the Series in the Loan Account.

Section 3.13 Arbitrage Rebate Account. The Authority shall use the amounts credited to a Subaccount in the Arbitrage Rebate Account to make payments to the United States of Rebate Amount or Yield Reduction Amount in respect of any Obligations which are subject to the arbitrage rebate rules of Code Section 148 of the Series to which the Subaccount relates in such amounts as are required to be paid pursuant to the requirements of the Code. Income from investments in each Subaccount shall be credited to each Subaccount. In order to assure compliance with the Code, the Authority shall establish accounting procedures to determine the required Rebate Amount or Yield Reduction Amount. The Authority shall determine within (60) days after each "bond year" the Rebate Amount and/or Yield Reduction Amount, if any, and shall deposit the amount by which the most recent determination of Rebate Amount and/or Yield Reduction Amount, if any, for each Series of Obligations exceeds the amount on deposit in the related Subaccount within sixty (60) days after each "bond year." Any amounts in excess of the amounts required to be on deposit in the Subaccount shall be transferred to the Operating Account.

Section 3.14 Supplemental Reserve Account.

- (a) Deposits. There shall be deposited to the Supplemental Reserve Account, the amounts required to be deposited therein pursuant to Sections 2.5 and 2.15 hereof

and from time to time such amounts as the Authority shall determine so as to make the amount on deposit equal to the Supplemental Reserve Requirement. In the event the Authority determines, in its sole discretion, to maintain reserves in the Supplemental Reserve Account in excess of the Supplemental Reserve Requirement, it may deposit amounts for such purpose from any available funds and it may transfer amounts from the Operating Account at any time for such purpose.

- (b) **Withdrawals.** The Authority shall withdraw amounts from the Supplemental Reserve Account and transfer (i) to the Debt Service Account any amounts required to pay Principal Installments of and interest on the Outstanding Senior Obligations, but only if amounts on deposit in the Debt Service Account are insufficient for such purposes after transfers required from the Revenue Account, the Capitalized Interest Account, and the Operating Account and transfers, if any, made pursuant to Section 3.8(a) hereof, and any amounts so withdrawn shall be applied solely to the payment of Principal Installments of and interest on Outstanding Senior Obligations, and (ii) to the Arbitrage Rebate Account any amounts required to pay the Rebate Amount and/or Yield Reduction Amount when due on Obligations subject to the arbitrage and rebate rules of Code Section 148 that are Senior Obligations if amounts on deposit in the Arbitrage Rebate Account are insufficient for such purpose, but only after transfers required from the Operating Account and the Revenue Account. Any amounts in the Supplemental Reserve Account in excess of the Supplemental Reserve Requirement may be transferred at anytime to the Operating Account.
- (c) **Investments.** All amounts on deposit in the Supplemental Reserve Account shall be invested solely in Permitted Investments and the gain and income thereon shall be credited as received to the Revenue Account except to the extent to which the amounts on deposit in the Supplemental Reserve Account are less than the Supplemental Reserve Requirement. All Permitted Investments shall be valued at cost or face value thereof, whichever is less.

Section 3.15 Removal from Pledge and Security Interest. The Authority shall have the right to withdraw funds from the Operating Account free and clear of the pledge and security interest granted in this Master Bond Resolution as set forth in Section 3.5(b) hereof.

The Authority shall have the right to terminate the pledge and security interest granted in Pledged Loans and the proceeds thereof upon the submission of a Projected Revenue Certificate showing (i) Revenue Coverage for Senior Obligations of at least equal to one hundred twenty percent (120%) in the current and each future Bond Year, (ii) Revenue Coverage for Subordinate Obligations of at least equal to one hundred percent (100%) for the current and each future Bond Year for Pledged Loans which are not Defaulted Loans, and (iii) Revenue Coverage for Senior Obligations of at least one hundred ten percent (110%) in the current and each future Bond Year and Revenue Coverage for Subordinate Obligations of at least equal to one hundred percent (100%) for Defaulted Loans.

Section 3.16 Treatment of Loan Prepayments; Recycling. The Authority shall deposit all Loan Prepayments to the Revenue Account; provided, however, the Authority shall have the right to transfer any such prepayments to the Redemption Account as provided in Section 3.6 hereof. On or prior to the second Business Day of March of each year, the Authority shall determine if the amounts of prepayments of Pledged Loans funded in whole or in part from a particular Series of Obligations exceeds the Debt Service for the applicable Series of Obligations subject to the arbitrage and rebate rules of Code Section 148 for such Bond Year and shall transfer such amount to a subaccount of the Redemption Account, or, at the discretion of the Authority, to a special subaccount in the Operating Account to be used solely to make Pledged Loans by transferring such amounts to the Loan Account when needed.

In the event the aggregate principal amount of Loan Prepayments in any Bond Year exceeds the greater of \$5,000,000 or one percent (1.0%) of the value of the Bond Program Assets, the Authority shall use the amount by which Loan Prepayments exceed such amount to redeem the Obligations used to fund the Loans prepaid unless it prepares a Projected Revenue Certificate which shows Revenues Coverage for Outstanding Senior Obligations of at least equal to one hundred twenty percent (120%) in the current and each future Bond Year and Revenue Coverage for Subordinate Obligations in the current and each future Bond Year of at least equal to one hundred percent (100%), assuming such Loan Prepayments, or portion thereof, are not used to prepay such Obligations.

The Authority may choose to recycle Loan Prepayments and Loan Payments into new Pledged Loans to the extent such Loan Prepayments and Loan Payments are not required to pay Debt Service on Obligations in the current Bond Year by withdrawing such payments from the Revenue Account for deposit to the Loan Account upon the delivery of an Officer's Certificate that the Authority reasonably expects to be able to loan such amounts within six (6) months of the receipt thereof.

ARTICLE IV

LOANS

Section 4.1 Qualification of Pledged Loans.

- (a) Each Pledged Loan (i) shall conform to the terms, conditions, provisions and limitations stated in this Section 4.1, except to the extent, if any, that a variance therefrom is required by EPA, and (ii) shall conform to the provisions made in the applicable Series Resolution for the purpose of assuring compliance with the applicable provisions of the Code.
- (b) Each entity which executes a Pledged Loan must, at the time the Authority makes the Pledged Loan, be a Borrower, as provided in the Act and the Clean Water Act or the Drinking Water Act, as the case may be.
- (c) The proceeds of a Pledged Loan must be expended solely for payment of eligible costs in accordance with the Clean Water Act or the Drinking Water Act, as the case may be.

- (d) A Pledged Loan shall be secured or evidenced by a promissory note of the Borrower.
- (e) The interest rate and repayment terms for each Pledged Loan shall be determined in accordance with the Rules of the Authority.
- (f) At the time of making the Pledged Loan or the Loan to be pledged the Authority shall have received an opinion of Bond Counsel with respect to the validity and enforceability of the Pledged Loan Agreement and the promissory note of the Borrower.

Section 4.2 Program.

- (a) The Authority shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act as then amended and in effect and with the provisions of the Bond Resolution, use and apply the proceeds of the Obligations, to the extent not required by this Master Bond Resolution for other Bond Program purposes, to make Pledged Loans and provide financial assistance as authorized by the Act, and shall do all such acts and things as are necessary to receive and collect Bond Program Revenues, consistent with sound practices and principles, and shall diligently enforce and take all steps, actions and proceedings reasonably necessary in the judgment of the Authority for the enforcement of all terms, covenants and conditions of Pledged Loans.
- (b) The Authority covenants that it will not consent to the modification of any Pledged Loan or the security for any terms or provisions of any Pledged Loan if the aggregate principal amount of the Pledged Loans so modified exceeds in any Bond Year the greater of \$5,000,000 or one percent (1%) of the Bond Program Assets except as provided below for those Pledged Loans in excess of such limitation by principal amount. The right is reserved by the Authority to consent to a reduction in the interest rate on any Loan, a change in the amortization or a reduction in the principal amount, provided that such amendment is reflected in a Projected Revenue Certificate showing Revenue Coverage for Senior Obligations in the current and each future Bond Year at least equal to one hundred ten percent (110%) and Revenue Coverage for Subordinate Obligations in the current and each future Bond Year at least equal to one hundred percent (100%). The Authority also reserves the right to make any other modification of any Pledged Loan or the security for any terms or provisions of any Pledged Loan, provided that a Projected Revenue Certificate is prepared showing Revenue Coverage for Senior Obligations in current and each future Bond Year at least equal to one hundred twenty percent (120%) and Revenue Coverage for Subordinate Obligations in the current and each future Bond Year at least equal to one hundred percent (100%).
- (c) The Authority covenants that it will at all times appoint and retain competent personnel or agents for the purpose of carrying out its programs and shall establish and enforce reasonable rules, regulations, tests and standards governing

the employment of personnel and their compensation, to the end that all persons so employed shall be qualified for their respective positions.

- (d) The Authority may impose a Service Charge to be deducted from Pledged Loan Payments before deposit in the Revenue Account. The Service Charge may be changed from time to time in the sole discretion of the Authority, but shall not exceed the amount permitted by law.
- (e) Pledged Loan Files. As to each Pledged Loan approved by an Authority Resolution to be made, the Authority shall establish and maintain so long as the Pledged Loan remains unpaid, a Pledged Loan file which contains all original documentation, or copies thereof, of the Pledged Loan including, without limitation, the Borrower's application to the Authority, the Pledged Loan Agreement, the Borrower's promissory note and all certificates and opinions delivered in connection with making the Pledged Loan. Except when the Authority determines retaining original executed documents is appropriate, all documents may be retained in electronic form. Such Pledged Loan file shall also contain documents which contain or from which can readily be determined the following information as soon as such information is available to, or can be reasonably obtained by, the Authority: (i) the specific sources of funds used to fund the Pledged Loan, (ii) the Pledged Loan number assigned by the Authority to such Pledged Loan for identification purposes, if any, (iii) the dates and amounts of all actual and expected disbursements of Pledged Loan proceeds, (iv) the due date and amounts of scheduled payments of principal on the Pledged Loan and any principal balance remaining after each payment (assuming no future prepayments, but taking into consideration any Loan Prepayments actually made), (v) prior to the final disbursement with respect to the Pledged Loan, a schedule containing the due dates and estimated amounts of interest payments on the Pledged Loan, and (vi) subsequent to the final disbursement with respect to the Pledged Loan, a schedule of the due dates and amounts of interest payments due on the Pledged Loan (assuming no future Loan Prepayments, but taking into consideration any actual Loan Prepayments actually made).

Section 4.3 Enforcement of Pledged Loan Agreements. The Authority shall take all such measures, actions and proceedings as are reasonably necessary and are deemed by it to be necessary to collect Loan Payments on all Pledged Loan Agreements and to recover the balance due and to become due on each Defaulted Loan subject to the right of the Authority to modify the Pledged Loan and security therefor as set forth in Section 4.2(b).

ARTICLE V

PARTICULAR COVENANTS

Section 5.1 General. The Authority hereby particularly covenants and agrees with the Owners of the Obligations, as a part of its contract with such Owners, to the effect and with the purpose set forth in the following Sections of this Article, which shall be effective from and after

the time of the delivery by the Authority of the first Obligation issued under this Master Bond Resolution.

Section 5.2 Payment of Obligations. The Authority will duly and punctually pay or cause to be paid all amounts due on Outstanding Obligations, at the date and places and in the manner mentioned in such Obligations, according to the true intent and meaning thereof, but solely from Bond Program Revenues or Bond Program Assets and other sources of payment or security thereof, if any, expressly provided for Other Obligations.

Section 5.3 Payment of Lawful Charges. The Authority will pay, but solely from Bond Program Revenues or Bond Program Assets, all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon the Authority or in respect of the Bond Program or upon Bond Program Revenues or Bond Program Assets, when the same shall become due, and will duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the Bond Program, and will not create or suffer to be created any lien or charge upon the Bond Program Revenues, or upon the Bond Program Fund, except the pledge and lien created by the Bond Resolution for the payment of the principal and Redemption Price of and interest on the Obligations.

Section 5.4 Covenants Regarding Tax-Exempt Status of Interest.

- (a) It is the intention of the Authority that the interest paid on at least some Series of Obligations be excluded from federal gross income for purposes of the Code and therefore, the Authority agrees to the covenants contained in this Section 5.4 with respect to Obligations subject to the arbitrage and rebate rules of Code Section 148.
- (b) The Authority covenants that it will make no investment or other use of the proceeds of any Obligations issued under this Bond Resolution which would cause such Obligations to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code, and that it will comply with the requirements of the Code sections and Tax Regulations and with the Tax Compliance Certificate throughout the term of such Obligations. In the event that at any time the Authority is of the opinion that for the purposes of this Section 5.4 it is necessary to restrict or limit the yield on the investment of any moneys held by the Fiduciary of any Obligations, the Authority shall so instruct the Fiduciary in writing, and the Fiduciary shall take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the Authority agrees that there shall be paid from time to time all amounts required to be paid to the United States Treasury pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury regulations as may be applicable to any Obligations from time to time. This covenant shall survive payment in full or defeasance of any such Obligations. The Authority specifically covenants to pay or cause to be paid to the United States Treasury the Rebate Amounts and Yield Reduction Amounts, as set forth in the Tax Compliance Certificate.

Notwithstanding any provision of this Section, if the Authority shall file in its permanent records and provide to the Fiduciary, if any, of any such Obligations an approving Opinion of Counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on such Obligations pursuant to Section 103 of the Code, the Authority and the Fiduciary, if any, may rely conclusively on such opinion in complying with the provisions hereof and the failure to take any action no longer required shall not be a default hereunder.

- (c) The Authority covenants that it shall not sell its such Obligations or cause them to be sold to any person (or any related person as defined in Section 147(a)(2) of the Code) from whom the Authority may acquire a purpose investment pursuant to any arrangement, formal or informal, in an amount related to the amount of "acquired purpose investments" to be acquired from such person.
- (d) The Authority covenants that it shall prohibit each Borrower from undertaking a project or causing the same to be operated in any manner which would cause the interest paid on such Obligations to be included in gross income for purposes of federal income tax of the owners thereof.
- (e) The Authority covenants that so long as any such Obligations remain outstanding it will comply with the requirements of the Code so that the interest on such Obligations shall be excluded from gross income for federal income tax purposes, and will comply with the information reporting requirements imposed by federal tax laws as they relate to such Obligations by, inter alia, filing any statement required thereby in a complete and timely manner.
- (f) The Authority hereby covenants for the benefit of the Owners of the Obligations that it will cause the Borrowers to covenant not to take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the Owners of such Obligations of the interest on such Obligations under Section 103 of the Code. The Authority also covenants that it will cause the Borrowers to covenant to not directly or indirectly use or permit the use of any of the proceeds of such Obligations or any other funds or take or omit to take any action which would cause such Obligations to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and to comply with all requirements of Section 148 of the Code to the extent applicable to such Obligations.
- (g) The Authority recognizes that the provisions of this Section 5.4 are intended to comply with provisions of the Code applicable to such Obligations and if as a result of a change in an applicable Section of the Code or in the interpretation thereof, a change in this Section 5.4 shall be permitted or necessary to assure continued compliance with provisions of the Code, then the Authority shall be empowered to amend this Section 5.4 and the Authority may require, a written opinion of bond counsel satisfactory to the Authority to the effect that either (i)

such amendment is required to maintain the exclusion from gross income under Section 103 of the Code of interest paid and payable on such Obligations or (ii) such amendment shall not adversely affect the exclusion from gross income under Section 103 of the Code of interest paid or payable on such Obligations.

Section 5.5 Covenants Regarding Tax Credits. If the Authority issues Obligations which provide for the Owner thereof to receive tax credits from the state or federal government, the Authority covenants to take such actions, and not knowingly omit to take any action, required by the Authority to maintain the qualification of such Obligations with respect to such Owner tax credits.

Section 5.6 Accounts and Reports.

- (a) The Authority shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Bond Program and the Bond Program Fund and all Accounts established therein.
- (b) Annually, within one hundred twenty (120) days after the close of each Fiscal Year, the Authority shall cause a report of audit of the Bond Program Fund to be prepared by the Legislative Auditor, or any successor thereto, or by a certified public accountant or firm of certified public accountants, selected by the Authority. The report shall show (i) receipts and expenditures for the Fiscal Year and (ii) assets, liabilities and fund balances at the end of the Fiscal Year, for the Bond Program Fund and Accounts therein established by the Bond Resolution (which may be consolidated). Notwithstanding any other provision of the Bond Resolution, receipts and expenditures shall be accrued and assets shall be valued in this report in such manner as is deemed by the Authority and the accountant to be necessary to present fairly the financial position of the Bond Program Fund at the end of the Fiscal Year and the results of operations for the Fiscal Year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding Fiscal Year. The above information may be included in a single audit report for all of the Authority's funds, programs and operations.
- (c) In the event that the Authority is not required to file such audit report with any national or state repository or similar entity, a copy of each audit report shall be made available for public inspection in such manner and upon such reasonable regulations as the Authority, in its sole discretion, shall determine.

Section 5.7 Compliance with Conditions Precedent. Upon the Issue Date of any of the Obligations, all conditions, acts and things required by law or by this Master Bond Resolution or applicable Series Resolution to exist, to have happened or to have been performed precedent to or in the issuance of such Obligations shall exist, have happened and have been performed, and such Obligations, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by law.

Section 5.8 Further Assurance. At any and all times the Authority shall, so far as it may be authorized by law, pass, make, do execute, acknowledge and deliver, all such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting or assigning of, or confirming all and singular the rights in, Bond Program Revenues and Bond Program Assets pledged, assigned and established pursuant to the Bond Resolution, including the moneys, securities, Investments, 1991 Clean Water Bond Program Assets, 1991 Clean Water Bond Program Revenues, 1999 Drinking Water Bond Program Assets and 1999 Drinking Water Bond Program Revenues hereby pledged or assigned, or assigned in trust, or intended so to be, or which the Authority may hereafter become bound to pledge or assign in trust.

Section 5.9 Powers as to Obligations and Pledge. The Authority is duly authorized pursuant to law to authorize and issue the Obligations, to adopt this Master Bond Resolution and to pledge the Bond Program Revenues and the Bond Program Assets in the manner and to the extent provided in this Master Bond Resolution, and to assign, transfer, and set aside the proceeds of the sale of the Obligations held in the Bond Program Fund in the manner and to the extent provided in this Master Bond Resolution. The Bond Program Revenues and Bond Program Assets other than 1991 Clean Water Bond Program Assets, 1991 Clean Water Bond Program Revenues, 1999 Drinking Water Bond Program Assets and 1999 Drinking Water Bond Program Revenues are and will be free and clear of any pledge, lien, charge or encumbrance thereon with respect thereto prior to, or of equal rank with, the pledge and assignment in trust created by this Master Bond Resolution, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Obligations and the provisions of the Bond Resolution are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of the Bond Resolution. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Bond Program Revenues and Bond Program Assets, and the assignment in trust of the proceeds of sale of the Obligations created by this Master Bond Resolution, and all the rights of the Owners of Obligations under this Master Bond Resolution, against all claims and demands of all persons whomsoever.

ARTICLE VI

GENERAL TERMS AND PROVISIONS OF BONDS, SUBORDINATE BONDS AND BANS

Section 6.1 Medium of Payment; Form and Date.

- (a) The Bonds, Subordinate Bonds and BANs 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, Subordinate Bonds and BANs of each Series shall be issued in the form of registered Bonds, Subordinate Bonds and BANs without coupons; provided that the issuance of coupon Bonds, Subordinate Bonds and BANs may be authorized by Supplemental Bond Resolutions if and to the extent that such issuance may be permitted by amendment to the Code.

- (c) The Bonds, Subordinate Bonds and BANs shall be dated and bear interest from, and payable on, such dates as set forth in the Series Resolution authorizing such Bonds, Subordinate Bonds or BANs.

Section 6.2 Legends. The Bonds, Subordinate Bonds and BANs of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Master Bond Resolution as may be necessary or desirable and determined by the Authority.

Section 6.3 Execution and Authentication.

- (a) Except as otherwise expressly provided in a Series Resolution, the Bonds, Subordinate Bonds and BANs shall be executed in the name of the Authority by the manual or facsimile signature of its Executive Director or such officer or employee of the Authority as shall be directed by the Series Resolution authorizing the issuance thereof, provided that at least one of such signatures is manual, or in such other manner as may be required by law. In case any one or more of the officers or employees of the Authority who shall have signed any of the Bonds, Subordinate Bonds and BANs or whose signature appears on any of the Bonds, Subordinate Bonds and BANs shall cease to be such officer or employee before the Bonds, Subordinate Bonds and BANs are actually delivered, such Bonds, Subordinate Bonds and BANs may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed them or whose signature appears thereon had not ceased to hold such office or be so employed. The person signing any Bond, Subordinate Bonds and BANs of a Series on behalf of the Authority shall be, at the actual time of the execution of such Bond, Subordinate Bonds and BANs, duly authorized or hold the specified office in or employment by the Authority, although such persons need not be authorized or hold such office or employment at the Issue Date of the Bonds, Subordinate Bonds and BANs of such Series.
- (b) For any Series of Bonds, Subordinate Bonds and BANs, the Authority may provide in the Series Resolution authorizing the issuance thereof for designation of an agent for authentication of the Bonds, Subordinate Bonds and BANs. In such case, the signatures required in (a) above may all be facsimile, and prior to the delivery of any Bond, Subordinate Bonds and BANs of such Series, whether upon initial issuance of the Series or in exchange or substitution for an Outstanding Bond, Subordinate Bonds and BANs of such Series, the Bond, Subordinate Bonds and BANs shall be authenticated by the authenticating agent, by the manual execution of a certificate on the face thereof or attached thereto attesting that the bond is delivered pursuant to the Bond Resolution.

Section 6.4 Exchange. Any Bond, Subordinate Bond or BAN, upon surrender thereof at the office of the Authority with a written instrument of transfer satisfactory to the Authority, duly executed by the Owner or his attorney duly authorized in writing, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bonds, Subordinate Bonds or BANs of the same Series and maturity, of any authorized denomination.

Section 6.5 Negotiability, Transfer and Registry. All the Bonds, Subordinate Bonds and BANs issued under this Master Bond Resolution shall be negotiable investment securities as provided in Article 8 of the Uniform Commercial Code, subject to the provisions for registration contained therein. So long as any of the Bonds, Subordinate Bonds and BANs shall remain Outstanding, the Authority shall maintain and keep, at its office, books for the registration and transfer of Bonds, Subordinate Bonds and BANs; and, upon presentation thereof for such purpose at said office, the Authority shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it may prescribe, any Bond, Subordinate Bond and BAN entitled to registration or transfer.

Section 6.6 Transfer.

- (a) Each Bond, Subordinate Bond and BAN shall be transferable only upon the books of the Authority by the Owner thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Authority duly executed by the Owner or his duly authorized attorney. Upon the transfer of any such Bond, Subordinate Bond and BAN, the Authority shall issue in the name of the transferee a new Bond, Subordinate Bond and BAN, of the same aggregate principal amount and Series and maturity as the surrendered Bond, Subordinate Bond or BAN.
- (b) The Authority may deem and treat the Owner of any Outstanding Bond, Subordinate Bond and BAN as the absolute owner thereof, whether such Bond, Subordinate Bond or BAN shall be overdue or not, for the purpose of receiving payments and for all other purposes, and all such payments so made to any such Owner or upon the order of such Owner shall be valid and effectual to satisfy and discharge the liability upon such Bond, Subordinate Bond or BAN to the extent of the sum or sums so paid notwithstanding any notice to the contrary.

Section 6.7 Regulations for Exchange and Transfer. In all cases of exchanging or transferring Bonds, Subordinate Bonds and BANs is exercised, the Authority shall deliver Bonds, Subordinate Bonds and Bans in accordance with the provisions of this Master Bond Resolution. All Bonds, Subordinate Bonds and BANs surrendered per exchange or transfer shall be held in safekeeping by the Authority until canceled. For every such exchange or transfer, whether temporary or definitive, the Authority may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. The Authority shall not be obligated to make any such exchange or transfer of Bonds, Subordinate Bonds and BANs of any Series in the case of any proposed redemption of Bonds, Subordinate Bonds and BANs of such Series during the ten (10) days next preceding the date of the first publication of notice of such redemption.

Section 6.8 Mutilated, Destroyed, Stolen or Lost Bonds, Subordinate Bonds or BANs. In case any Bond, Subordinate Bond or BAN shall become mutilated or be destroyed, stolen or lost, the Authority shall execute and deliver a new Bond, Subordinate Bond or BAN of like Series, maturity and principal amount, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, Subordinate Bond and BAN, or in lieu of and substitution for the Bond, Subordinate Bond and BAN destroyed, stolen or lost, upon

filing with the Authority evidence satisfactory to it and complying with such other reasonable regulations as the Authority may prescribe and paying such expenses as the Authority may incur in connection therewith. All Bonds, Subordinate Bonds and BANs so surrendered shall be canceled and destroyed.

Section 6.9 Preparation of Definitive or Temporary Bonds, Subordinate Bonds and BANs. The definitive Bonds, Subordinate Bonds and BANs of each Series shall be lithographed, printed or otherwise reproduced in such a manner as the Authority shall determine. Until the definitive Bonds, Subordinate Bonds or BANs of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 6.3 hereof, and deliver, in lieu of definitive Bonds, Subordinate Bonds and BANs, but subject to the same provisions, limitations and conditions as the definitive Bonds, Subordinate Bonds and BANs except as to the denominations thereof one or more temporary Bonds, Subordinate Bonds and BANs substantially of the tenor of the definitive Bonds, Subordinate Bonds and BANs in lieu of which such temporary Bond, Subordinate Bonds and BANs are issued, in denominations authorized by the Authority and with such omissions, insertions and variations as may be appropriate to temporary Bonds, Subordinate Bonds and BANs. The Authority at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds, Subordinate Bonds and BANs for exchange and cancellation, without charge to the Owner thereof, deliver in exchange therefor, definitive Bonds, Subordinate Bonds and BANs of the same aggregate principal amount and Series and maturity as the temporary Bonds, Subordinate Bonds and BANs surrendered. Until so exchanged, the temporary Bonds, Subordinate Bonds and BANs shall in all respects be entitled to the same benefits and security as definitive Bonds, Subordinate Bonds and BANs issued pursuant to this Master Bond Resolution and a Series Resolution. All temporary Bonds, Subordinate Bonds and BANs surrendered for exchange or transfer shall be forthwith canceled.

Section 6.10 Extension of Payment. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of, or time for the payment of any claims for interest, premium or mandatory redemption of, any of the Bonds, Subordinate Bonds and BANs by the purchase or funding of such Bonds, Subordinate Bonds and BANs or such claims or by any other arrangement. In case of any such extension, payment of the amounts so extended shall not be entitled, in case of any Event of Default under the Bond Resolution, to the benefit of the Bond Resolution or to any payment out of any assets of the Authority or any Fiduciary (except funds held in trust for the payment of particular Bonds, Subordinate Bonds or BANs), except after the prior payment of the principal and such claims with respect to all Bonds, Subordinate Bonds and BANs issued and Outstanding the maturity of which has occurred and has not been extended. Nothing herein shall be deemed to limit the right of the Authority to issue refunding Bonds, Subordinate Bonds or BANs as provided in the Bond Resolution or, so long as no Event of Default exists, to purchase Outstanding Bonds, Subordinate Bonds or BANs, and such issuance or purchase shall not be deemed to constitute an extension of the maturity of any Bond, Subordinate Bonds and BANs or of the time of payment of any claim for interest.

Section 6.11 Money Held for Particular Bonds, Subordinate Bonds and BANs. The amounts held by the Authority or any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds, Subordinate Bonds and BANs shall, pending such payment, be set aside and held in trust by it for the Owners of the

Bonds, Subordinate Bonds and BANs entitled thereto, and for the purposes of this Master Bond Resolution such interest, principal or Redemption Price, after the due date thereof, shall no longer be considered to be unpaid.

Section 6.12 Cancellation. All Bonds, Subordinate Bonds and BANs purchased, redeemed or paid shall, if surrendered to the Authority or any Paying Agent, be canceled by it. No such Bonds, Subordinate Bonds and BANs shall be deemed Outstanding under this Master Bond Resolution and no Bonds, Subordinate Bonds and BANs shall be issued in lieu thereof. All such Bonds, Subordinate Bonds and BANs shall be canceled and upon order of the Authority shall be destroyed and a certificate thereof delivered to the Authority.

Section 6.13 Obligations Generally. The general terms and provisions specified in this Article VI for Bonds, Subordinate Bonds and BANs shall be specified in the authorizing resolution or related documents for all Obligations other Bonds, Subordinate Bonds and BANs.

ARTICLE VII

REDEMPTION OF BONDS, SUBORDINATE BONDS AND BANS

Section 7.1 Procedure and Prices. The Bonds, Subordinate Bonds and BANs of any Series which are redeemable prior to maturity, shall be subject to redemption by or on behalf of the Authority prior to maturity upon notice as provided in this Article, to such extent, through application of such moneys, at such time or times, in such order and on such other terms and conditions as shall be provided by this Master Bond Resolution and the applicable Series Resolution, and in all cases, unless otherwise provided by a Series Resolution, at a price equal to the principal amount of each Bond, Subordinate Bonds or BANs or portion thereof to be redeemed plus such redemption premium or differing redemption premiums (if any), as shall be set forth in said Bonds, Subordinate Bonds and BANs and applicable upon such redemption, together with interest accrued to the redemption date.

Section 7.2 Selection of Bonds, Subordinate Bonds and BANs to be Purchased or Redeemed.

- (a) Any Bonds, Subordinate Bonds and BANs to be purchased or redeemed, except as part of a Sinking Fund Installment, shall be purchased or redeemed only upon determination by the Authority in its discretion of the following:
 - (1) The Series and the maturities within such Series from which Bonds, Subordinate Bonds and BANs are to be purchased or redeemed.
 - (2) The principal amount and maximum redemption or purchase price of Bonds, Subordinate Bonds and BANs within such maturities to be purchased or redeemed.
 - (3) If less than all of the Bonds, Subordinate Bonds and BANs of a Series of like maturity then Outstanding are to be redeemed or purchased as designated in clauses (1) and (2) above, the particular Bonds, Subordinate

Bonds and BANs to be redeemed shall be selected by lot in such manner as the Authority may determine, unless otherwise provided by a Series Resolution.

- (4) If any of the Bonds, Subordinate Bonds and BANs to be purchased or redeemed as designated in clauses (1) and (2) above are Term Bonds, the years in which Sinking Fund Installments so determined are to be reduced, provided that the aggregate of such reductions in Sinking Fund Installments shall equal the aggregate principal amount of Term Bonds to be purchased or redeemed.
 - (5) That upon purchase or redemption of Bonds, Subordinate Bonds and BANs pursuant to the determinations made under the provisions of clauses (1) through (3) above, the Authority will be in compliance with its covenant contained in paragraph (c) of this Section 7.2.
- (b) In the event that the required notice of redemption shall have been given (unless the notice is conditional as provided in Section 7.4 hereof), the Authority covenants that it will, prior to the redemption date, have on deposit in the Redemption Account an amount in cash which, in addition to any other moneys available therefor, will be sufficient to redeem at the Redemption Price thereof, plus interest accrued to the redemption date, all of the Bonds, Subordinate Bonds and BANs which are to be redeemed.
 - (c) The Authority may cause Bonds, Subordinate Bonds and BANs otherwise subject to redemption at the option of the Authority to be optionally redeemed or purchased if (i) the Authority obtains an Opinion of Counsel that such redemption is necessary to maintain the exclusion from gross income of interest on any Series of Bond, Subordinate Bonds and BANs (ii) the Authority has agreed in a Loan Agreement to redeem Bonds, Subordinate Bonds and BANs upon prepayment of the Loan in whole or in part, or (iii) the Authority prepares or causes to be prepared a Projected Revenue Certificate showing Revenue Coverage after giving effect to the proposed redemption for Obligations in the current and each future Bond Year at least equal to one hundred percent (100%) or Revenue Coverage for Obligations in the current and future Bond Year equal to or greater than that without the proposed redemption. In the event any of the provisions of the preceding sentence is not applicable, the Authority will not at any time cause Bonds, Subordinate Bonds and BANs to be redeemed, except for mandatory sinking fund redemptions, unless the Authority determines in its sole reasonable judgment that such purchase or redemption would not have a material adverse effect on its ability to pay when due Debt Service on the Obligations after such purchase or redemption.
 - (d) Except as otherwise set forth in a Series Resolution, in the event of redemption of Bonds, Subordinate Bonds and BANs of like Series and maturity, the Authority shall assign to each Bond, Subordinate Bonds and BANs of such Series and maturity then Outstanding a distinctive number for each minimum authorized

denomination of such Bond, Subordinate Bonds and BANs and shall select in such manner as set forth in the applicable Series Resolution, using such method of selection as it shall deem proper in its discretion and from the numbers so assigned, as many numbers as, at the minimum authorized denomination for each number, shall equal the principal amount of such Bonds to be redeemed. Only so much of the principal amount of each such Bond, Subordinate Bonds and BANs of a denomination of more than the minimum authorized denomination shall be redeemed as shall equal the minimum authorized denomination for each number assigned to it and so selected. For the purposes of this Section, Bonds, Subordinate Bonds and BANs or portions of Bonds, Subordinate Bonds and BANs which have theretofore been selected for redemption shall not be deemed Outstanding.

Section 7.3 Home Office Payment. In lieu of presentation or surrender of any Bond, Subordinate Bond or BAN to be redeemed in part, payment of the Redemption Price and accrued interest, if any, thereon may be made directly to the Owner thereof without presentation or surrender if the bond contains a provision or legend as to the payment provisions in this section.

Section 7.4 Notice of Redemption. The Authority shall, in accordance with the terms and provisions of the Bonds, Subordinate Bonds and BANs, this Master Bond Resolution and applicable Series Resolution, select the Bonds, Subordinate Bonds and BANs to be redeemed and shall give notice of the redemption of Bonds, Subordinate Bonds and BANs, which notice shall specify the Series and maturities of the Bonds, Subordinate Bonds and BANs to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds, Subordinate Bonds and BANs of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds, Subordinate Bonds and BANs so to be redeemed, the CUSIP number (if any), the date of such notice, the Issue Date of the Bonds, Subordinate Bonds and BANs, the interest rate of the Bonds, Subordinate Bonds and BANs to be redeemed, and, in the case of a Bond, Subordinate Bonds and BANs to be redeemed in part only, such notice shall also specify the portion 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, Subordinate Bonds and BANs to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portion of the principal thereof, with interest accrued to such date, and that from and after such date interest thereon shall cease to accrue and be payable. The Authority shall mail a copy of such notice, postage prepaid, not more than forty-five (45) nor less than thirty (30) days before such redemption date, unless a different period is specified by Series Resolution, to the Owner of any Bond, Subordinate Bonds and BANs all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registry books on the last Business Day of the month preceding the month in which such notice is mailed. The Authority shall also publish such notice if required by law, in the manner directed by law. No defect in or failure to give mailed notice of the redemption of any Bond, Subordinate Bonds and BANs shall affect the validity of the proceedings for the redemption of any other Bond, Subordinate Bonds and BANs.

The notice of an optional redemption may state, at the option of the Authority, that the redemption is contingent upon the availability on the redemption date of sufficient funds to pay the Redemption Price.

Section 7.5 Payment and Cancellation of Bonds, Subordinate Bonds and BANs Redeemed and Purchased. Notice having been given in the manner provided in Section 7.4 (and, if a conditional notice has been given, sufficient funds are available on the redemption date), the Bonds, Subordinate Bonds and BANs or portions thereof called for redemption and specified in said notice shall become due and payable on the redemption date specified in said notice at the Redemption Prices thereof applicable on such date, plus unpaid interest on said Bonds, Subordinate Bonds and BANs or portions thereof accrued to such date, and, upon presentation and surrender thereof at the place or places specified in said notice together with a written instrument of transfer duly executed by the Owner thereof or by his attorney duly authorized in writing, said Bonds, Subordinate Bonds and BANs or portion thereof shall be paid at the said Redemption Prices, plus unpaid interest on said Bonds, Subordinate Bonds and BANs or portions thereof accrued to such date. If less than all of a Bond, Subordinate Bonds and BANs is called for redemption, the Authority shall execute and cause to be delivered, upon the surrender of such Bond, Subordinate Bonds and BANs to the Authority, without charge for the production thereof to the Owner thereof, for the unredeemed balance of the principal amount of the Bond, Subordinate Bonds and BANs so surrendered, Bonds, Subordinate Bonds and BANs of like Series, designation, interest rate and maturity in any authorized denominations. If, on such redemption date, money for the redemption of all the Bonds, Subordinate Bonds and BANs or portions thereof of any like Series and maturity to be redeemed, together with interest thereon accrued and unpaid to such date, shall be held by or on behalf of the Authority so as to be available therefor on such date and if notice of redemption thereof shall have been published as aforesaid, then from and after such redemption date, interest on the Bonds, Subordinate Bonds and BANs or portions thereof of such Series and maturity so called for redemption shall cease to accrue and become payable, and said Bonds, Subordinate Bonds and BANs or portions of Bonds, Subordinate Bonds and BANs shall no longer be considered Outstanding hereunder. All money held by or on behalf of the Authority or any Fiduciary for redemption of particular Bonds, Subordinate Bonds and BANs shall be held in trust for the account of the Owners of the Bonds, Subordinate Bonds and BANs so to be redeemed. All Bonds, Subordinate Bonds and BANs redeemed or purchased in accordance with the provisions of the Bond Resolution shall be canceled by the Authority.

ARTICLE VIII

AMENDMENTS

Section 8.1 Amendments Effective Without Consent. The Authority may adopt a Supplemental Resolution amending or supplementing the Bond Resolution at any time and from time to time for any of the following purposes and such Supplemental Resolution shall be fully effective in accordance with its terms and Section 8.4 without the consent of or notice to the Owners of any Obligations:

- (1) To close the Bond Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Bond Resolution on, the issuance in future of Obligations.
- (2) To add to the covenants or agreements of the Authority in the Bond Resolution other covenants or agreements to be observed by the Authority which are not contrary to or inconsistent with this Bond Resolution as theretofore in effect.
- (3) To add to the limitations or restrictions in the Bond Resolution other limitations or restrictions to be observed by the Authority which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect.
- (4) To surrender any right, power or privilege reserved to or conferred upon the Authority by this Bond Resolution.
- (5) To provide for the issuance of coupon Obligations if authorized as contemplated in Section 6.1(b) of this Master Bond Resolution.
- (6) To provide for one or more Fiduciaries or a Bond Registrar, and the terms, conditions, rights and duties thereof.
- (7) To amend Section 5.4 of this Master Bond Resolution in any manner consistent with Sections 103, 148, and 149 of the Code (or such other hereinafter enacted sections of the Code as may be applicable to the Obligations) as in effect at the time of the amendment.
- (8) To pledge or grant a lien or security interest in additional property as security or a source of payment for all Obligations or, if such property is not Bond Program Revenues or Bond Program Assets before the pledge or grant thereof, a portion of the Obligations, or to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Bond Resolution, of the Bond Program Revenues, Bond Program Assets and BAN Program Revenues.
- (9) To specify, determine or authorize by Series Resolution any and all matters and things relative to the Obligations authorized thereby or the proceeds thereof which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect.
- (10) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Bond Resolution.
- (11) To insert such provisions clarifying matters or questions arising under this Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution as theretofore in effect.

- (12) To restate in one document this Master Bond Resolution and all effective Supplemental Resolutions, which restatement shall then become this Master Bond Resolution for all purposes, effective as of the date of this Master Bond Resolution with respect to matters set forth therein and as of the date of any Supplemental Resolution included in the restatement as to matters set forth in such Supplemental Resolution. Series Resolutions and the Obligations issued thereunder prior to a restatement shall be deemed to relate to the restated Bond Resolution without any further action or amendment.
- (13) To provide for the consent of Owners of Other Obligations to the amendment or supplementing of provisions of this Master Bond Resolution or to provide for the exercise of remedies by the Owners of Other Obligations upon an Event of Default (exclusive of the right to accelerate the maturity of any or all of the Obligations, the Senior Obligations or the Subordinate Obligations).
- (14) To make any other change herein as shall not be, in the opinion of the Authority, materially adverse to the security or other interests of the Owners of the Obligations. With respect to the foregoing, the Authority may rely on the failure of a Rating Agency to downgrade, suspend or withdraw the then existing rating on Obligations which are rated by the Rating Agency as conclusively establishing that the change is not materially adverse to the security or other interests of the Owners of such Obligations.

Any such resolution shall become effective upon adoption and approval or at such other time as may be provided therein.

Section 8.2 Amendments Not Affecting Owners of Obligations. In addition to the provisions of Section 8.1, at any time or from time to time, the Authority may adopt a Supplemental Resolution amending or supplementing any of the provisions of this Bond Resolution or releasing the Authority from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained, provided that (i) no Obligations are Outstanding at the time such Supplemental Resolution becomes effective, (ii) such Supplemental Resolution by its own terms is effective only when all Obligations Outstanding at the time of adoption are no longer Outstanding, or (iii) such Supplemental Resolution by its terms is applicable only to the obligations, covenants, agreements, limitations, conditions and restrictions of and upon the Authority in relation to the Owners of Obligations issued after it becomes effective and the existing terms of the Bond Resolution remain in effect for Obligations Outstanding on the effective date of the Supplemental Resolution for which the Owner has not consented to the provisions of the Supplemental Resolution. Any such resolution shall become effective upon adoption and approval or at such other time as may be provided therein.

Section 8.3 Amendments with Consent. In addition to the provisions authorizing Supplemental Resolutions without Owners' consent, any modification or amendment of the Bond Resolution and of the rights and obligations of the Authority and of the Owners thereunder, in

any particular, may be made by a Supplemental Bond Resolution with the written consent, given as hereinafter provided in Section 8.7, of (i) if they are affected thereby, the Owners of at least a majority in principal amount of the Outstanding Bonds at the time such consent is given, (ii) if they are affected thereby, the Owners of at least a majority in principal amount of the Outstanding Subordinate Bonds at the time such consent is given, and (iii) each person or entity that must consent to such Supplemental Resolution as provided in any then outstanding Series Resolution authorizing the issuance of a Series of Obligations; provided, however, that if such modification or amendment, by its terms, will not take effect so long as any Obligations of any specified Series, maturity and interest rate remain Outstanding or will not affect the obligations, covenants, agreements, limitations, conditions and restrictions of and upon the Authority in relation to the Owners, the consent of the Owners of such specified Series shall not be required and such Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Obligations under this Section; and provided, further, that no such amendment or supplement shall permit (i) any change in the principal amount of, or interest payable on, any Obligation, (ii) any change in any terms of redemption or purchase of any Obligations, the premium payable, if any or the due date for the payment of Debt Service or other amounts due pursuant to any Obligation; (iii) any reduction in the principal amount of Obligations the consent of which Owners is required for consent to any Supplemental Resolution; (iv) any change to the provisions of this Bond Resolution which might alter the subordination of Subordinate Obligations or the senior position of Senior Obligations; (v) a privilege or priority of any Senior Obligation over any other Senior Obligation, or (vi) the creation of a pledge, lien or security interest prior to the pledges, liens and security interest created by this Bond Resolution on Bond Program Revenues or Bond Program Assets for Senior Obligations, without the consent of the Owners of all affected Obligations Outstanding.

For purposes of the Bond Resolution, Obligations are deemed "affected" by an amendment if such amendment adversely affects or diminishes the rights of the Owners thereof to be assured of the payment of principal of, premium, if any, and interest or other amounts on such Obligations, taking into account the priorities between Senior Obligations and Subordinate Obligations theretofore prescribed by the Bond Resolution.

Section 8.4 Amendments with Unanimous Consent. Notwithstanding anything contained in this Article VIII, the terms and provisions of the Bond Resolution and the rights and obligations of the Authority and the Owners of the Obligations in any particular, may be modified or amended in any respect upon the adoption by the Authority, approval by the Commissioner if required by law, and filing in accordance with the provision of this Article VIII of a resolution of the Authority making such modification or amendment and the consent to such resolution of the Owners of all of the Obligations then Outstanding, such consent to be given and proved as provided in Section 8.7 in respect of Outstanding Bonds except that no notice to Owners shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing of the Fiduciary's written assent thereto.

Section 8.5 Restriction on Amendments. The Bond Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article VIII. Nothing in this Article contained shall affect or limit the right or

obligation of the Authority to pass, make, do, execute, acknowledge or deliver any resolution, act, deed, conveyance, assignment, transfer or assurance pursuant to the provisions of Article V or the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument which elsewhere in this Bond Resolution it is provided shall be delivered to said Fiduciary.

Section 8.6 Adoption and Filing of Supplemental Bond Resolutions. Any Supplemental Resolution of the Authority referred to and permitted or authorized by Sections 8.1, 8.2, 8.3 or 8.4 shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. Every such Supplemental Resolution upon becoming effective shall thereupon form a part of this Master Bond Resolution. The copy of every such Supplemental Resolution shall be filed in the permanent records of the Authority and shall be accompanied by an Opinion of Counsel to the effect that such resolution has been duly and lawfully adopted by the Authority, is authorized or permitted by the provisions of the Bond Resolution and, when effective, will be valid and binding upon the Authority and enforceable in accordance with its terms. The failure to so file such resolution or to accompany the filing with such opinion shall not affect the effectiveness, validity, binding nature or enforceability of such Supplemental Resolution.

Each Supplemental Resolution, or any separate provision thereof, which is adopted in compliance with the provisions of this Article may be made effective only with respect to certain Obligations, only so long as certain Obligations remain Outstanding, only upon certain Obligations becoming no longer Outstanding or only for a period of time or until a specified event or occurrence.

Section 8.7 Consent of Owners. With respect to a modification or amendment permitted by the provisions of Section 8.3 and 8.4 hereof, a copy of the Supplemental Resolution (or brief summary thereof or reference thereto), together with a request to Owners for their consent thereto, shall be mailed by the Authority to Owners of Bonds and Subordinate Bonds (but failure to mail such copy and request shall not affect the validity of such Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until, and shall take effect in accordance with its terms when, there shall have been filed with the Authority (a) the written consents of Owners of the percentage of Outstanding Bonds or Subordinate Bonds and the written consents of the other person or entities specified in Sections 8.3 or 8.4, as the case may be, and (b) an Opinion of Counsel stating that such resolution has been duly and lawfully adopted by the Authority, is authorized or permitted by the provisions of the Bond Resolution, and, when effective, will be valid and binding upon the Authority and enforceable in accordance with its terms. Each such consent of an Owner of an Obligation shall be effective only if accompanied by evidence as provided by Section 11.2 that such consent has been executed by an Owner of Obligations as of the date such consent is given. Any such consent shall be binding upon the Owner giving such consent and upon any subsequent Owner of such Obligations and of any Obligations issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof), unless such consent has been revoked in writing by the Owner of such Obligations prior to the time when the written statement of the Authority hereinafter in this Section provided for is filed. At any time after the requisite Owners and other persons or entities shall have filed their consents to such Supplemental Resolution, which consents have not been revoked, the Authority shall file a written statement

that the requisite Owners have filed and given such consents. Such written statement shall be conclusive that such consents have been so filed and have been given. At any time thereafter notice, stating in substance that such resolution (which may be referred to as a resolution adopted by the Authority on a stated date) has been consented to by the requisite Owners and other persons or entities and will be effective as provided in this Section, may be mailed to Owners (but failure to mail such notice shall not prevent such resolution from becoming effective and binding as in this section provided). A record, consisting of the papers required or permitted by this Section to be made by or filed with the Authority, shall be proof of the matters therein stated. Such resolution making such modification or amendment shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Owners of all Obligations upon the filing of the above referenced statement by the Authority.

Unless the Authority shall expressly grant the right to the Owner of any Other Obligation to consent to any Supplemental Indenture pursuant to Sections 8.3 and 8.4 hereof, such Owner (other than affected Owners of the Subordinate Bonds) shall not be entitled to consent and all such Other Obligations shall not be deemed to be Outstanding for the purposes of determining the percentage of Owners consenting or determining whether the consent of the Owner is required as the Owner of an affected Obligation.

The Authority may, without the consent of any Owner of any Obligation, grant the right to consent pursuant to Section 8.3, Section 8.4 or both. In the case of Section 8.3, the Authority may limit the right of an Owner of an Other Obligation to consent only to the items specified as requiring the consent of the Owners of all affected Obligations. The Other Obligation or one or more Supplemental Resolutions may provide for the manner and necessity of obtaining specified consents of the Owner and is so required, shall specify the principal amount, or method of calculating the principal amount, of such Other Obligation if the Other Obligation is not in the form of a promissory note or bond with a stated principal amount.

Section 8.8 Exclusion of Obligations. Obligations owned or held by or for the account of the Authority and all Other Obligations, except to the having rights of consent as contemplated by Section 8.7 hereof, shall be excluded and shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Obligations provided for in this Article, and the Authority shall not be entitled with respect to such Obligations to give any consent or take any other action provided for in this Article.

Section 8.9 Notation on Obligations. Obligations delivered after the effective date of any action taken as in this Article provided may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority as to such action, and upon demand of the Owner of any Outstanding Obligations as such effective date and presentation of such Obligations for the purpose to the Authority suitable notation shall be made on such Obligations as to any such action. If the Authority shall so determine, new Obligations so modified as in the opinion of the Authority to conform to such action may be prepared and delivered, and upon demand of the Owner of any Obligations then Outstanding may be exchanged, without cost to such Owner, for Obligations of the same Series, designation, maturity and interest rate then Outstanding, upon surrender of such Obligations. Every Owner of any Outstanding Obligations shall, however, by his purchase and retention of such Obligations, be

deemed to consent to be bound by every Supplemental Resolution and every modification and amendment of this Master Bond Resolution adopted in accordance with the provisions of Article VIII, whether or not noted or endorsed on or incorporated in such Bond.

Section 8.10 Contracts or Indentures. The Authority, so far as it may be authorized by law, may and if requested by any Fiduciary shall enter into a contract or an indenture with any Fiduciary giving effect to any modification or amendment of the Bond Resolution as hereinabove in this Article provided.

Section 8.11 Consent of the Commissioner. Notwithstanding any other provisions of this Article, no supplemental bond resolution which affects the custody, collection, securing, investment or payment of money held in trust or otherwise for the payment of the Bonds shall be effective without consent of the Commissioner, to the extent required by law.

Section 8.12 Notices.

- (a) Any provision in this Article relative to the mailing of a notice or other paper to Owners of Bonds shall be fully complied with if it is mailed, postage prepaid, only to each Owner of any Bonds then Outstanding at his last address, if any, appearing upon the registry books.
- (b) Any provision relative to publication of a notice or other matter shall be fully complied with if it is published as required by law, if so required, or otherwise as solely determined by the Authority.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1 Events of Default. Each of the following shall constitute an event of default under the Bond Resolution and is herein called "Event of Default":

- (1) Interest on any of Obligations is not paid on any date when due, or the principal or Redemption Price of any Obligations is not paid at maturity or at a redemption date at which the Obligations have been called for redemption; or
- (2) Obligations subject to redemption by operation of Sinking Fund Installments shall not have been redeemed and paid and ceased to be Outstanding on any Principal Payment Date in a principal amount equal to the Sinking Fund Installment fixed or established with respect to such Obligations for said date; or
- (3) A default shall be made in the observance or performance of any covenant, contract or other provision contained in the Obligations, this Master Bond Resolution or the applicable Series Resolution and such default shall continue for a period of ninety (90) days after written notice

to the Authority from an Owner specifying such default and requiring the same to be remedied; or

- (4) If the Authority shall (i) admit in writing its inability to pay its debts generally as they become due; or (ii) consent to the appointment of a custodian (as the term is defined in the United States Bankruptcy Code) for an assignment to a custodian of the whole or any substantial part of the Authority's property, or fail to stay, set aside or vacate within ninety (90) days from the date of entry thereof any order or decree entered by a court of competent jurisdiction ordering such appointment or assignment; or (iii) commence any proceeding or file a petition under the provisions of the United States Bankruptcy Code for liquidation, reorganization or adjustment of debtors, or under any insolvency law or other statute of law providing for the modification or adjustment of the rights of creditors or fail to stay, set aside or vacate within ninety (90) days from the date of entry thereof any order or decree entered by a court of competent jurisdiction pursuant to an involuntary proceeding, whether under federal or state law, providing for liquidation or reorganization of the Authority or modification or adjustment of the rights of creditors.

Section 9.2 Enforcement by Owners of Outstanding Bonds. Upon the happening and continuance of an Event of Default described in any of the clauses of the preceding Section (and after written notice to the Authority in the case of Events of Default described in clauses (1) and (2) thereof), the Owners of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds, on behalf and for the benefit and protection of the Owners of all Outstanding Bonds, may proceed, to protect and enforce the rights of such Owners under the laws of the State or under this Master Bond Resolution by such suits, actions or proceedings in equity or at law, either for the specific performance of any covenant or contract contained herein or in aid or execution of any power herein granted or for any proper legal or equitable remedy as such Owners shall deem most effectual to protect and enforce the rights aforesaid. The existence of an Event of Default shall not preclude the making of a Pledged Loan from the proceeds of a State Match.

Section 9.3 Remedies Not Exclusive. No remedy by the terms of the Bond Resolution conferred upon or reserved to the Owners of Obligations is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or not or hereafter existing at law or in equity or by statute.

Section 9.4 Effect of Waiver and Other Circumstances. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein, and every right, power and remedy given by the Bond Resolution to them or any of them may be exercised from time to time and as often as may be deemed expedient by the Owners.

Section 9.5 Right to Enforce Payment of Obligations Unimpaired. Nothing in this Article contained shall affect or impair the right of any Owner to enforce the obligation of the

Authority to pay the principal of and interest or other amounts owing on each Obligation to the Owner thereof at the time and place set forth in said Obligation.

ARTICLE X

THE FIDUCIARIES

Section 10.1 Depositories. To the extent that the State does not appoint depositories for Authority funds, the Authority may by resolution appoint Depositories for money held under the provisions of the Bond Resolution, each of whom shall be a bank, trust company or national banking association having trust powers, qualified under the provisions of Section 10.5 to receive deposits in the amounts from time to time held by it as invested trust accounts or time deposits. Each Depository shall signify its acceptance of the duties and obligations imposed upon it by the Bond Resolution or the resolution appointing such Depository by executing and delivering to the Authority written acceptance thereof.

Section 10.2 Trustee; Escrow Agent. The Authority may by resolution appoint a trustee to hold all or a portion of the money held under the provisions of this Bond Resolution and to administer the trusts and pledges established hereby with such powers and duties and upon such terms and conditions as set forth in such resolution which may be a Supplemental Resolution. Such resolution may specify, without limitation, terms relating to limitations of liability, standards of care, permitted ability to rely, fees and charges, qualifications, removal, resignation, appointment of successors, and functioning as a Depository, Paying Agent and Bond Registrar. Such resolution may provide that the trustee may be removed by the Authority without cause at any time so long as no Event of Default has occurred and is continuing and that the trustee may be appointed for a limited period of time as deemed desirable by the Authority to assist in the administration of the Bond Resolution. The Authority may also appoint one or more Fiduciaries from time to time to serve as an escrow agent in connection with the defeasance of Obligations. Such Fiduciary shall be a bank or trust company in good standing under the laws of the State and organized under the laws of the United States of America or any state, authorized to exercise corporate trust powers, subject to examination or supervision by federal or state authorities and have a reported combined capital and surplus or other financial requirements as specified in the resolution appointing such Fiduciary. Each Fiduciary shall signify its acceptance of the duties and obligations imposed upon it by the Bond Resolution and to the resolution appointing it as Fiduciary by executing and delivering to the Authority written acceptance thereof.

Section 10.3 Paying Agents. The Authority may by resolution appoint one or more Paying Agents for any Series of Bonds. Each Paying Agent shall be a bank, trust company or national banking association, having trust powers and capital and surplus aggregating at least Ten Million Dollars (\$10,000,000), and authorized by law to perform all the duties imposed upon it by the Bond Resolution. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Bond Resolution by executing and delivering to the Authority a written acceptance thereof.

Section 10.4 Funds Held in Trust. All money held by any Fiduciary, as such, at any time pursuant to the terms of the Bond Resolution shall be and is hereby assigned, transferred

and set over unto such Fiduciary in trust for the purposes and under the terms and conditions of the Bond Resolution.

Section 10.5 Investment and Deposit of Funds.

- (a) Subject to instructions from time to time received from an Authorized Officer (which need not be in writing), and with the objective of assuring the maximum yield reasonably possible on money held in each Account, within the limitations set forth in Section 148 of the Code, the State Board of Investment and each Fiduciary shall keep all money held by it invested and reinvested, as continuously as reasonably possible, in Permitted Investments. All Permitted Investments shall mature (or be redeemable at the option of the holder) and bear interest payable at the times and in the amounts estimated to be necessary to provide funds for disbursements of Pledged Loans, for the payment of the Debt Service on Obligations when due or when scheduled for redemption pursuant to applicable Series Resolutions and for the payment of operating expenses of the Authority.
- (b) Money in separate Accounts may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of paragraph (a) of this Section. Moneys in separate Accounts or Subaccounts may be invested in common trust funds or pools of which such money forms a part pursuant to the terms of which each Account or Series Subaccount is allocated a share of a pooled security proportionate to the amount contributed to the purchase price of the pooled security, subject to the provisions of paragraph (a) of this Section and to the restrictions on Investments imposed by each Series Resolution. However, Permitted Investments of amounts held in Series Subaccounts established by each Series Resolution shall be segregated from Permitted Investments of amounts held in other Series Subaccounts, to the extent required by the Series Resolution for compliance with Section 148 of the Code. Permitted Investments shall be sold at the best price reasonably obtainable, and amounts held in certificates of deposit or time deposits shall be withdrawn, whenever necessary in order to make any disbursement of Pledged Loans, payment of operating expenses of the Authority or Debt Service on Obligations. Permitted Investments need not be disposed of to make required transfers from one Account to another, but one or more Investments or portions thereof may be transferred in lieu of cash.
- (c) Subject to approval by an Authorized Officer, a Fiduciary may apply money pertaining to any Account in the Bond Program Fund to the purchase of Permitted Investments owned by it or its individual capacity, and may sell to itself in its individual capacity Permitted Investments held by it in any such Account as such Fiduciary.
- (d) No Fiduciary shall be liable or responsible for any loss resulting from an investment made in accordance with this Master Bond Resolution.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Defeasance.

- (a) If the Authority shall pay or cause to be paid to the Owners, the Debt Service when and as the same becomes due on all Obligations, then the pledge of the Bond Program Revenues and Bond Program Assets and the covenants, agreements and other obligations of the Authority to the Owners shall be discharged and satisfied. In such event, the Fiduciaries, if any, shall pay over and deliver to the Authority all money or securities held by them pursuant to the Bond Resolution which are not required for the payment or redemption of Obligations not theretofore surrendered for such payment or redemption.
- (b) Any Bonds, Subordinate Bonds, BANs or interest installments appertaining thereto for the payment or redemption of which moneys shall be on deposit in an amount sufficient without investment income to pay or redeem (when redeemable) such Bonds, Subordinate Bonds, or BANs (including the payment of interest payable to the maturity or redemption date), whether at or prior to the maturity or the redemption date of such Bonds, Subordinate Bonds or BANs, shall be deemed to have been paid for the purposes of subsection (a) of this Section; provided, however, that if any such Bonds, Subordinate Bonds or BANs are to be redeemed prior to maturity, there shall have been taken all action necessary to call such Bonds, Subordinate Bonds or BANs for redemption and notice of such redemption shall have been duly given or irrevocable provision shall have been made for the giving of such notice.
- (c) Any Other Obligations which are deemed paid and no longer Outstanding under the terms of the documents creating such Other Obligations shall also be deemed paid and no longer Outstanding for the purposes of subsection (a) of this Section.

No money so deposited shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the Debt Service and Redemption Price, if any, on the Bonds, Subordinate Bonds, or BANs for the payment or redemption of which they were deposited, except that:

- (1) Any money so held for the payment to the Owners of any particular Bonds shall be invested, on instructions confirmed in writing by an Authorized Officer, in Investment Obligations maturing on or before the date when such payment is due.
 - (2) All interest and earnings on all such investments shall be deposited in the Revenue Account.
- (d) As an alternative cumulative to and not excluding the provisions of paragraph (b) of this Section, any Bonds, Subordinate Bonds or BANs and any interest

installments, whether at or prior to the maturity or the redemption date or Interest Payment Date, shall be deemed to have been paid within the meaning of this Section if:

- (1) In case any such Bonds, Subordinate Bonds or BANs are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice.
 - (2) There shall be on deposit with a Fiduciary either (i) moneys in an amount which shall be sufficient, or (ii) Government Obligations (not redeemable at the option of the issuer), the principal of and the interest on which when due (or redeemable at the option of the holder), will provide money which, together with the money, if any, deposited with the Fiduciary at the same time, shall be sufficient, to pay when due the Debt Service and Redemption Price, if applicable, to become due on said Bonds, Subordinate Bonds or BANs on the redemption date or maturity date thereof, as the case may be, and to pay each such interest installment at the proper Interest Payment Date, together with a certificate of a Verification Agent verifying the sufficiency of such investments for such purpose.
 - (3) Neither such Government Obligations nor any money so deposited nor any investment earnings thereon may be withdrawn or used for any purpose other than, and all such money shall be held in trust for and be applied to, the payment, when due, of the principal, redemption premiums or interest for the payment or redemption of which they were deposited.
- (e) Anything in this Master Bond Resolution to the contrary notwithstanding, any money held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six (6) years after the date when such Bonds have become due and payable, either at maturity or by call for redemption if such moneys were held by the Fiduciary at said date, or for six (6) years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the request of the Authority expressed in an Officer's Certificate delivered to the Fiduciary, be paid by the Fiduciary to the Authority as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the Authority for the payment thereof.
- (f) Any Other Obligation shall be deemed to have been paid within the meaning of this Section if such Other Obligations are paid or deemed to be paid as stipulated in such Other Obligations.

Section 11.2 Evidence of Signatures of Owners and Ownership of Obligations.

- (a) Any request, consent, revocation of consent or other instrument which the Bond Resolution may require or permit to be signed and executed by Owners of Obligations may be in one or more instruments of similar tenor and shall be signed or executed by such Owners in person or by their attorneys duly authorized in writing. Proof of the authorized execution of any such instrument shall be sufficient for any purpose of this Master Bond Resolution if made in the following manner, or in any other manner satisfactory to the Authority which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:
- (1) The fact and date of the execution by any Owners or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer, or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, trust company or financial firm or corporation (including members of the National Association of Securities Dealers, Inc.) satisfactory to the Authority that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.
 - (2) The authority of a person or persons to execute any such instrument on behalf of a corporate Owner may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.
 - (3) The amount, numbers and other identification of Bonds, Subordinate Bonds or BANs held by any person, and the date of holding the same, shall be proved by the registry books of the Authority and shall be proved for Other Obligations by the registry books of the Authority or the Other Obligation, as applicable.
- (b) Notwithstanding the foregoing, if any Other Obligation shall provide different provisions for the evidence of signatures of the owners and ownership, such provisions shall govern such matters with respect to the applicable Other Obligation.
- (c) Any request, consent or other instrument executed by the Owner of any Bond shall bind all future Owners of such Obligation in respect of anything done or

suffered to be done hereunder by the Authority or any Fiduciary in accordance therewith.

Section 11.3 Date and Other Details of Documents Delivered to Fiduciaries. All documents delivered to any Fiduciary pursuant hereto, including documents signed by any Authorized Officer, Opinion of Counsels and Officer's Certificates but not including Bonds or any documents signed by any Owner or Fiduciary, shall be dated as of the date of delivery thereof. Matters required to be stated in any document signed by any Authorized Officer or in any Opinion of Counsel or Officer's Certificate may be stated in separate documents of the required description or may be included in one or more thereof.

Section 11.4 No Recourse on Obligations. No recourse shall be had for the payment of the principal, the interest on or other amounts owing on Obligations or for any claim based thereon or on the Bond Resolution against any member or officer of the Authority or any person executing the Obligations.

Section 11.5 Effective Date. The Executive Director shall submit a certified copy hereof to the Commissioner for approval, and this resolution shall be effective upon the endorsement of the Commissioner approval.

Adopted by the Minnesota Public Facilities Authority the 25th day of January, 2010.

By _____
Its: Chair

Attest:

Its: Executive Director

Approved by the Commissioner of Management and Budget this _____ day of January,
2010.

Commissioner of Management and Budget