ALBANY MUNICIPAL
WATER FINANCE AUTHORITY

SECOND
WATER AND SEWER SYSTEM
GENERAL REVENUE BOND RESOLUTION

 Adopted June 20, 2003
 and
 Amended by Supplemental Resolution Adopted June 16, 2011

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE
ALBANY MUNICIPAL WATER FINANCE AUTHORITY OF ITS
SECOND RESOLUTION REVENUE BONDS, PROVIDING FOR THE
PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS
AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF.
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SECOND WATER AND SEWER SYSTEM GENERAL REVENUE BOND RESOLUTION

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE ALBANY MUNICIPAL WATER FINANCE AUTHORITY OF ITS SECOND REVENUE BOND RESOLUTION, PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF.

WHEREAS, the Albany Municipal Water Finance Authority (the "Authority") was created by the Albany Municipal Water Finance Authority Act, enacted as Chapter 868 of the Laws of 1986 of the State of New York (the "State"), constituting Title 6 of Article 5 of the Public Authorities Law of the State, as amended (the "Authority Act"); and

WHEREAS, the Albany Water Board (the "Board") was created by the Albany Water Board Act, enacted as Chapter 869 of the Laws of 1986 of the State, constituting Title 6-A of Article 5 of the Public Authorities Law of the State, as amended (the "Board Act") (the Authority Act and the Board Act being collectively referred to as the "Act"); and

WHEREAS, the Act empowered the City of Albany (the "City"), among other things, to transfer its water and sewerage system (the "System") to the Board by deed, lease or other arrangement; and

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

WHEREAS, pursuant to an acquisition agreement, dated as of October 1, 1987 (the "Acquisition Agreement"), by and between the City and the Board, and various conveyancing documents, the Board acquired title to the System from the City; and

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

WHEREAS, the Authority adopted its Water and Sewer System General Revenue Bond Resolution January 22, 1988 (the "General Resolution") and has heretofore from time to time issued pursuant to it and various supplemental resolutions under the General Resolution various series of "Bonds" and "Subordinated Indebtedness" (as such terms in quotes are defined in the General Resolution); and
WHEREAS, pursuant to a Financing Agreement, dated as of October 1, 1987 and amended as of June 20, 2003 (the "Financing Agreement"), by and among the City, the Authority and the Board (A) the Authority, among other things, has agreed to use its best efforts to issue its Bonds and Subordinated Indebtedness (as defined in the General Resolution), from time to time, to finance the acquisition of the System from the City and construction of the Projects described in the Financing Agreement, and (B) the Board, among other things, has (1) given, granted, sold and conveyed to the Authority, subject to the terms and conditions of the General Resolution, this Resolution, the Act and the Financing Agreement with respect to the use and application thereof, all of the Revenues (as hereinafter defined) derived by the Board from the operation of the System, and (2) covenanted to set rates, fees and charges, to the extent therein provided, sufficient to, among other things, pay the costs of operating and maintaining the System and to pay the principal of and interest on the bonds, notes or other obligations of the Authority, and (C) the City, among other things, has agreed to collect all the rates, fees and charges levied by the Board for the use of the System and to enforce the rules and regulations with respect to the System; and

WHEREAS, pursuant to the Act, the Financing Agreement and an operation agreement, dated as of October 1, 1987 and amended May 22, 2008 and May 16, 2011 (the "Operation Agreement") by and between the Board and the City, the City has agreed to operate and maintain the System on behalf of the Board; and

WHEREAS, the Authority has determined that its ability to carry out its powers and duties for the benefit of the people of the City and the State are best served by (A) the adoption and utilization of this Resolution, (B) the amendment of the Financing Agreement as it applies to obligations issued under this Resolution, while maintaining its obligations under the Financing Agreement with respect to all Outstanding Bonds and Subordinated Indebtedness heretofore issued under the General Resolution, and (C) the closure of the General Resolution to the issuance of any further obligations thereunder (other than the obligations issued under this Resolution, which constitute “Subordinated Indebtedness” [as such term in quotes is defined in the General Resolution]); and

WHEREAS, the Authority has determined to authorize the issuance, from time to time, of its second resolution revenue bonds hereunder as Subordinated Indebtedness under the General Resolution and to use the proceeds derived from the sale thereof to carry out its corporate purposes under the Act, including, without limitation, financing, in whole or in part, the Projects described, from time to time, in the Financing Agreement and the refunding of bonds, notes or other obligations theretofore issued, whether under the General Resolution or this Resolution, to finance such Projects;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ALBANY MUNICIPAL WATER FINANCE AUTHORITY AS FOLLOWS:
ARTICLE I

DEFINITIONS AND INTERPRETATION

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

"Account" shall mean any of the special accounts created and established pursuant to this Resolution.

"Accountant" shall mean an independent certified public accountant (or a firm thereof) of recognized standing, selected by the Authority.

"Acquisition Agreement" shall mean the Acquisition Agreement, dated as of October 1, 1987 by and between the City and the Board, as the same may be from time to time hereafter amended or supplemented in accordance with the provisions thereof and of this Resolution.

"Acquisition Date" shall mean the date of the conveyance of the System by the City to the Board pursuant to the Acquisition Agreement.

"Act" shall mean, collectively, the Authority Act and the Board Act.

"Adjusted Aggregate Debt Service" for any Fiscal Year shall mean, as of any date of calculation, the sum of (A) the aggregate of the Adjusted Debt Service for all Series of Bonds Outstanding during such Fiscal Year and (B) the "Adjusted Aggregate Debt Service" (as such term in quotes is defined in the General Resolution) with respect to the Priority Indebtedness during such Fiscal Year.

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

"Aggregate Debt Service" shall mean for any Fiscal Year, as of any date of calculation, the sum of (A) the aggregate of the Debt Service for all Bonds Outstanding during such Fiscal Year and (B) the "Aggregate Debt Service" (as such term in quotes is defined in the General Resolution) with respect to the Priority Indebtedness during such Fiscal Year.
"Authority" shall mean the Albany Municipal Water Finance Authority, a body corporate and politic constituting a public benefit corporation of the State created and existing under and by virtue of the provisions of the Authority Act.

"Authority Act" shall mean the Albany Municipal Water Finance Authority Act, constituting Title 6 of Article 5 of the Public Authorities Law of the State, as amended from time to time.

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

"Authority Expense Fund" shall mean the Second Resolution Authority Expense Fund established pursuant to Section 502(A)(4).

"Authority Expenses" shall mean all reasonable or necessary current expenses of the Authority (other than Debt Service), including, but not limited to all salaries, administrative, general, commercial, engineering, advertising, auditing and legal expenses, insurance and surety bond premiums, fees paid to banks, insurance companies or other financial institutions for the issuance of Credit Facilities or Interest Rate Exchange Agreements, consultants' fees and charges, payments to pension, retirement, health and hospitalization funds, payments for real property or interests therein, expenses, liabilities and compensation of any Fiduciary, and all other expenses necessary, incidental or convenient for the efficient operation of the Authority.

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

"Authorized Representative" shall mean (A) in the case of both the Authority and the Board, their respective Chairpersons or such other person or persons designated by resolution or the by-laws of the Authority or the Board, as the case may be, to perform the act or sign the document in question and (B) in the case of the City, the Mayor or, if under the charter of the City the powers and duties of the Mayor have devolved upon the President of the Common Council, the President of the Common Council shall perform the act or sign the document in question.

"Banking Depositary" shall mean any bank or trust company selected by the Board or the Authority, as the case may be, as a Banking Depositary of moneys to be held under the provisions of the Financing Agreement or this Resolution, and may include the Trustee.
"Board" shall mean the Albany Water Board, a body corporate and politic constituting a corporate municipal instrumentality of the State created and existing under and by virtue of the Board Act.

"Board Act" shall mean the Albany Water Board Act constituting Title 6-A of Article 5 of the Public Authorities Law of the State, as amended from time to time.

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

"Bond Anticipation Note" shall mean any note issued pursuant to Section 208.

"Bond Counsel" shall mean Hiscock & Barclay, LLP of Albany, New York, or, if such firm, or a successor thereto, is no longer in existence, any other attorney or firm of attorneys of nationally recognized standing in the field of law relating to revenue bonds of municipalities and public agencies, selected by the Authority.

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

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

"Bond Series Certificate" shall mean the certificate of an Authorized Representative of the Authority fixing terms, conditions and other details of Bonds in accordance with the delegation of power to do so hereunder or under a Supplemental Resolution.

"Bond Year" shall mean, with respect to any Series, the twelve-month period set forth in the Supplemental Resolution authorizing such Series, or, if no such period is set forth in such Supplemental Resolution, shall mean a period of twelve consecutive months beginning on January 1 in any calendar year and ending on December 31 of such calendar year.

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

"Capitalized Interest Account" shall mean the Second Resolution Capitalized Interest Account established in the Debt Service Fund pursuant to Section 502(C).
"Certificate" shall mean, as the context indicates, either (A) a signed document attesting to or acknowledging the matters herein stated or setting forth matters to be determined pursuant to the General Resolution, this Resolution or the Financing Agreement, (B) the report of an Accountant as to any matter called for by the General Resolution, this Resolution or the Financing Agreement, or (C) any report of the Consulting Engineer or Rate Consultant as to any matter called for by the General Resolution, this Resolution or the Financing Agreement.

"City" shall mean the City of Albany.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated by the United States Department of the Treasury thereunder, including any applicable regulations promulgated under the Internal Revenue Code of 1954, as amended.

"Common Account" shall mean the Second Resolution Common Account established in the Debt Service Reserve Fund pursuant to Section 502(B).

"Common Council" shall mean the Common Council of the City.

"Construction" shall have the meaning assigned such term in subsection 8 of Section 1115-a of the Act.

"Construction Fund" shall mean the Second Resolution Construction Fund established pursuant to Section 502(A)(1).

"Consulting Engineer" shall mean such independent engineer or firm of engineers of recognized standing selected by the Board in consultation with the City and the Authority, and may include an independent engineer or firm of engineers retained by the City in one or more other capacities.

"Cost" or "Cost of a Project" shall mean all costs of Construction, including, without limitation, the acquisition, erection, building, alteration, improvement, increase, enlargement, extension, reconstruction, renovation or rehabilitation of the System, a Project or any portion of either, the inspection and supervision thereof, the engineering, architectural, legal, fiscal economic and environmental investigations and studies, surveys, designs, plans, working drawings, specifications, procedures and other actions incidental thereto; the cost of the acquisition of all Property; the cost of demolishing, removing or relocating any buildings or structures on lands so acquired including the cost of acquiring any lands to which such buildings or structures may be moved or relocated; the cost of all systems, facilities, machinery apparatus and equipment, financing charges, interest prior to, during and after Construction to the extent not paid or provided for from Revenues or other sources; the cost of engineering and architectural surveys, plans and specifications; the cost of consultants’ and legal services; the cost of lease guarantee or bond insurance; other expenses necessary, reasonably related or incidental to the Construction of such Project and the financing of the Construction thereof, including the cost of Credit Facilities and Interest Rate Exchange Agreements, the amounts authorized in this Resolution or any Supplemental Resolution to be paid into any reserve or other special fund from
the proceeds of Bonds and the financing of the placing of any Project in operation, including reimbursement to any municipality, state agency, the State, the United States of America, or any other person for expenditures that would be costs of such Project hereunder and all claims arising from any of the foregoing.

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

"Counterparty" shall mean any person with which the Authority or the Board has entered into an Interest Rate Exchange Agreement, provided that, at the time the Interest Rate Exchange Agreement is executed, the senior or uncollateralized long-term debt obligations of such person, or of any person that has guaranteed for the term of the Interest Rate Exchange Agreement the obligations of such person thereunder, are rated, without regard to qualification of such rating by symbols such as "+" or "-" and numerical notation, not lower than in the third highest rating category by each Rating Agency.

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

"Debt Service" for any Fiscal Year or part thereof shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (A) interest payable during such Fiscal Year or part thereof on Bonds of such Series (including interest on Parity Bond Anticipation Notes), less amounts on deposit in the Capitalized Interest Account in the Debt Service Fund with respect to such Series of Bonds and (B) the Principal Installments of the Bonds of such Series payable during such Fiscal Year or part thereof. Such interest and Principal Installments for such Series shall be calculated on the assumption that (1) no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment thereof upon stated maturity or upon mandatory redemption by application of Sinking Fund Installments and (2) Variable Rate Bonds will bear interest at the greater of (a) the rate or rates which were assumed by the Authority in the Authority Budget for such Fiscal Year to be borne by Variable Rate Bonds during such Fiscal Year or (b) the actual rate or rates borne by such Variable Rate Bonds on such date of calculation.

"Debt Service Fund" shall mean the Second Resolution Debt Service Fund established pursuant to Section 502(A)(3).
"Debt Service Reserve Fund" shall mean the Second Resolution Debt Service Reserve Fund, and the Accounts therein established pursuant to Section 502(A)(5).

"Debt Service Reserve Requirement" shall mean, with respect to the Bonds of all Series (except as noted below in this definition), as of any date of calculation, and for any Fiscal Year, the amount equal to the least of: (A) the maximum Adjusted Aggregate Debt Service in the current or any future Fiscal Year on all Outstanding Bonds included in the calculation, and (B) ten percent (10%) of the net proceeds of the sale of the Series of Bonds included in the calculation, and (C) 125% of the average of the Adjusted Aggregate Debt Service in the current or any future Fiscal Year on the Outstanding Bonds included in the calculation, and (D) if the interest on any Outstanding Bonds included in the calculation, in the opinion of Bond Counsel at the time of the issuance of such Bonds, is not includable in gross income of the holders thereof for federal income tax purposes, the maximum amount which, in the opinion of Bond Counsel, can be held in the Common Account of the Debt Service Reserve Fund under the Code without having an adverse effect on the exclusion of interest on any such Bonds from gross income for federal income tax purposes; provided, however, that for purposes of the foregoing, if (1) the payment of the Principal Installments of or interest on any Series of Bonds or portion thereof is secured by a Special Credit Facility or (2) the payment of the Tender Option Price of any Option Bond of a Series is secured by a Special Credit Facility, the Supplemental Resolution authorizing such Series provides that the Debt Service Reserve Requirement for the Bonds so secured be an amount specified therein that is to be deposited in a Special Account, then such Bonds, and the debt service thereon, shall be excluded from the calculation of the Debt Service Reserve Requirement described above. For the purpose of calculating the Debt Service Reserve Requirement as described above, the maximum Adjusted Debt Service on any Variable Rate Bonds required to be included in such calculation shall be determined by reference to the Pro Forma Bond Issue for such Series set forth in the Supplemental Resolution authorizing such Series.

"Defeasance Obligations" shall mean and include any of the following securities:

(A) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United State of America;

(B) bonds, debentures, notes or other evidence of indebtedness issued by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities being permitted only if they have been stripped by the agency itself): US Export Import Bank (a/k/a Eximbank) (direct obligations or fully guaranteed certificates or beneficial ownership); Farmers Home Administration (a/k/a FMHA) (certificates of beneficial ownership); Federal Financing Bank; General Services Administration (participation certificates); US Maritime Administration (guaranteed Title XI financing); US Department of Housing and Urban Development (a/k/a HUD) (project notes, local authority bonds, US Government-
guaranteed new communities debentures, US Government guaranteed public housing
notes and bonds); and

(C) Pre-refunded municipal bonds rated “Aaa” by Moody’s Investors Service
Inc. and “AAA” by Standard & Poor’s Rating Services or by Standard & Poor’s Rating
Services alone if the pre-refunded bonds have been pre-refunded with cash, direct U.S. or
U.S. guaranteed obligations, or AAA rated pre-refunded municipals.

“Depository” shall mean The Depository Trust Company, New York, New York, a
limited purpose trust company organized under the laws of the State, or its nominee, or any other
person, firm, association or corporation designated in the Supplemental Resolution authorizing a
Series of Bonds to serve as securities depository for the Bonds of such Series.

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

“Estimated Rebate Amount” shall have the meaning set forth in Section 510(A).

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

“Fiduciary” shall mean the Trustee or any Paying Agent or any Banking Depositary.

“Financial Guaranty” shall mean one or more of the following: (A) an irrevocable,
unconditional and unexpired letter of credit issued by a banking institution the senior long-term
debt obligations of which (or of the holding company of any such banking institution) have (at
the time of issuance of such letter of credit) a rating of Aa or better by Moody’s Investors Service
Inc. and AA or better by Standard & Poor’s Rating Services (or Fitch, Inc.); or (B) an irrevocable
and unconditional policy of insurance in full force and effect issued by a municipal bond insurer
the obligations insured by which are eligible for a rating of Aa or better by Moody’s Investors
Service Inc. and AA or better by Standard & Poor’s Rating Services (at the time of issuance of
such policy); in each case providing for the payment of sums for the payment of Principal
Installments of and interest on Bonds in the manner provided in Section 508; and providing
further that any such Financial Guaranty must be drawn upon, on a date which is at least thirty
(30) days prior to the expiration date of such Financial Guaranty, in an amount equal to the
deficiency which would exist if the Financial Guaranty expired, unless a substitute Financial
Guaranty is acquired prior to such expiration date as provided in a related Supplemental
Resolution.

“Financing Agreement” shall mean the Financing Agreement, dated as of October 1,
1987, entered into pursuant to Section 1115-h of the Act, by and among the City, the Authority
and the Board, as the same may be from time to time hereafter amended or supplemented in
accordance with the provisions thereof, of the General Resolution and of this Resolution,
including the amendment thereto dated as of June 1, 2003 entered into in connection with this Resolution.

"Fiscal Year" shall have the meaning ascribed to such term in Section 1.1 of the Financing Agreement.

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

"Fund" shall mean any fund established pursuant to Section 502.

"General Resolution" shall mean the Authority's Water and Sewer System General Revenue Bond Resolution, adopted January 22, 1988, and all "Supplemental Resolutions" (as defined in the General Resolution) adopted thereunder, but excluding this Resolution.

"Interest Rate Exchange Agreement" shall mean an agreement entered into by the Authority or the Board in connection with the issuance of or which relates to Bonds of one or more Series which (i) provides that during the term of such agreement the Authority or the Board is to pay to the Counterparty an amount based on the interest accruing at a fixed or variable rate per annum on an amount equal to a principal amount of such Bonds and that the Counterparty is to pay to the Authority an amount based on the interest accruing on a principal amount equal to the same principal amount of such Bonds at a fixed or variable rate per annum, in each case computed according to a formula set forth in such agreement, or that one shall pay to the other any net amount due under such agreement and (ii) in the opinion of Bond Counsel will not adversely affect the exclusion of interest on Bonds from gross income for the purposes of federal income taxation.

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

(A) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(B) bonds, debentures, notes or other evidence of indebtedness issued by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities being permitted only if they have been stripped by the agency itself): US Export Import Bank (a/k/a Eximbank) (direct obligations or fully guaranteed certificates or beneficial ownership); Farmers Home Administration (a/k/a FMHA) (certificates of beneficial ownership); Federal Financing Bank; Federal Housing Administration (a/k/a FHA) (debentures); General Services Administration (participation certificates); Government National Mortgage
Association (guaranteed mortgage-backed bonds and guaranteed pass-through obligations); US Maritime Administration (guaranteed Title XI financing); US Department of Housing and Urban Development (a/k/a HUD) (project notes, local authority bonds, US Government-guaranteed new communities debentures, US Government guaranteed public housing notes and bonds);

(C) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit US government agencies (stripped securities being permitted only if they have been stripped by the agency itself): Federal Home Loan Bank System (senior debt obligations); Federal Home Loan Mortgage Corporation (a/k/a FHLMC or "Freddie Mac") (participation certificates and senior debt obligations); Federal National Mortgage Association (a/k/a FNMA or "Fannie Mae") (mortgage-backed securities and senior debt obligations); Student Loan Marketing Association (a/k/a SLMA or "Sallie Mae") (senior debt obligations); Resolution Funding Corp. (a/k/a REFCORP) (obligations); Farm Credit System (consolidated systemwide bonds and notes);

(D) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor’s Rating Services of AAAm-G, AAA-m, or AA-m, and if rated by Moody’s Investors Service Inc. rated Aaa, Aa1 or Aa2;

(E) Certificates of deposit secured at all times by collateral described in (A) or (B) above. Such certificates must be issued by commercial banks, savings and loan association or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral;

(F) Certificates of deposit, savings accounts or deposit accounts which are fully insured by FDIC, including BIF and SAIF;

(G) Commercial paper rated, at the time of purchase of “Prime – 1” by Moody’s Investors Service Inc. and “A-1” or better by Standard & Poor’s Rating Services;

(H) Direct obligations of the State, any other state of the United States of America, or any municipality thereof, provided such obligations are rated in one of the two highest rating categories by Moody’s Investors Service Inc. and Standard & Poor’s Rating Services;

(I) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime – 1” or “A3” or better by Moody’s Investors Service Inc. and “A-1” or “A” or better by Standard & Poor’s Rating Services;

(J) Repurchase Agreements ("repos") for 30 days or less which meet the following criteria:
(1) Repos must be between the Authority or the Trustee and either a primary dealer on the Federal Reserve reporting dealer list which is rated “A” or above by Standard & Poor’s Corporation and Moody's Investor Services Inc., or a bank rated “A” or above by Standard & Poor’s Corporation and Moody's Investor Services Inc.

(2) The written repo contract must provide for the following: (a) securities which are acceptable for transfer are securities described in (A) or (B) above, as well as FNMA and FHLMC securities described in (C) above; (b) the term of the repo may not exceed 30 days; (c) the collateral must be delivered to the Authority, the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before or simultaneous with payment (perfection by possession of certificated securities); (d) the securities must be valued weekly and marked-to-market at a current market price plus accrued interest. The value of collateral must be equal to 104% of the amount of cash transferred by the Authority or the Trustee to the primary dealer or bank under the repo plus accrued interest. If the value of securities held as collateral falls below 104% of the value of the cash transferred by the Authority or the Trustee, then additional cash and/or acceptable securities must be transferred to restore the 104% level. If, however, the securities used as collateral are FNMA or FHLMC securities described in (C) above, then the value of the collateral must be equal to 105% of the value of the cash transferred by the Authority or the Trustee, with required restoration to that level if values fall.

(3) A legal opinion which must be delivered to the Authority to the effect that the repo meets guidelines under state law, including, the Act, and under the Resolution for investment by the Authority or the Trustee on behalf of the Authority.

"Local Water Fund" shall mean the special fund by that name established by subsection 2 of Section 1115-1 of the Act in the custody of the Board.

"Mayor" shall mean the Mayor of the City.

"Minimum Monthly Balance" shall mean (A) for all Series of Priority Indebtedness Outstanding, the monthly amount calculated in accordance with Section 4.3 of the Financing Agreement and (B) for all Series of Bonds Outstanding, the monthly amount calculated in accordance with Section 4.3 of the Financing Agreement as though there were no Priority Indebtedness Outstanding.

"Mortgage" shall mean the mortgage dated as of June 1, 2003, whereby the Board grants the Authority and the Trustee a mortgage lien on and security interest in the System as additional security for the Bonds, as the same may be supplemented or amended from time to time.
“Operating Expenses” shall have the meaning ascribed thereto in Section 1.1 of the Financing Agreement.

“Operating Revenues” shall mean that portion of the Revenues described in clause (A) of the definition of Revenues in this Section 101, less all amounts excluded therefrom by clauses (1), (2) or (4) of such definition.

“Operation Agreement” shall mean the Operation Agreement, dated as of October 1, 1987, and amended May 22, 2008 and May 19, 2011, by and between the City and the Board providing for the operation and maintenance of the System by the City, as the same may be from time to time hereafter amended or supplemented in accordance with the provisions thereof and of the Resolution.

“Operation and Maintenance Reserve Account” shall mean the Albany Water Board Operation and Maintenance Account established by, and held in the custody of, the Board pursuant to Section 4.2(A)(3) of the Financing Agreement.

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

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

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

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

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

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

(3) any combination of (1) and (2) above,

and, if such Bond or portion thereof is to be redeemed, for which notice of redemption has been given as provided in Article VI, or the applicable Supplemental Resolution, or provision satisfactory to the Trustee has been made for the giving of such notice;
(C) any Bond in lieu of or in substitution for which other Bonds have been authenticated and delivered; and

(D) any Bond deemed to have been paid as provided in Section 1201(B).

"Parity Bond Anticipation Note" shall mean any Bond Anticipation Note, the interest on which is payable from and secured by a pledge of the Revenues on a parity with all other Bonds.

"Parity Reimbursement Obligation" shall mean (A) a Reimbursement Obligation or (B) a payment by the Authority to a Counterparty under an Interest Rate Exchange Agreement, the payment of which in either case is secured by a pledge of, and a lien on, Revenues on a parity with the lien created by Section 501.

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

"Principal Installment" shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (A) the principal amount of Bonds (including [1] any amount designated in, or determined pursuant to, the applicable Supplemental Resolution, as the "principal amount" with respect to any Bonds which do not pay full current interest for all or any part of their term, [2] the Tender Option Price of any Option Bonds which may be tendered to the Authority for purchase or payment prior to the stated maturity thereof in accordance with the terms of the Supplemental Resolution authorizing such Option Bonds, unless such amount is secured by a Credit Facility which is not in default and [3] the principal amount of any Parity Reimbursement Obligation) of such Series due (or required to be so tendered for purchase or payment) on a certain future date for which no Sinking Fund Installments have been established, or (B) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for Bonds of such Series, or (C) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date; provided, however, that Principal Installment shall not include the principal of Parity Bonds Anticipation Notes.

"Priority Indebtedness" shall mean all bonds, notes and other evidences of indebtedness authenticated and delivered under the General Resolution that constitute "Bonds" (as defined in the General Resolution).

"Pro Forma Bond Issue" shall mean, when used with reference to the calculation of the Debt Service Reserve Requirement involving a Series of Variable Rate Bonds, the hypothetical fixed rate long term bond issue set forth in the Supplemental Resolution authorizing such Series, having (A) the same maturities (and sinking fund provisions, if any) as the Series of Variable Rate Bonds to which it relates and (B) such interest rate or rates as the Authority shall reasonably deem to be the equivalent of the rates which would have been borne by such Series of Variable Rate Bonds if such Series had been issued as a Series of Fixed Rate Bonds.
"Project" shall have the meaning ascribed thereto in subsection 15 of Section 1115-a of the Act, including any water facility, sewerage facility or water and sewerage facility as described in the Act and constituting a part of the System.

"Projected Debt Service" for any Fiscal Year or part thereof shall mean, as of any date of calculation and with respect to any Projected Series of Bonds, an amount, set forth by the Authority in the Authority Budget as provided in Section 6.4 of the Financing Agreement, equal to the Debt Service estimated by the Authority to be payable during such Fiscal Year or part thereof on such Projected Series.

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

"Property" shall mean any interest in any property or asset, whether real, personal or mixed, tangible or intangible.

"Rate Consultant" shall mean such independent accountant or firm of independent accountants, or management consultant or firm of management consultants, or independent engineer or firm of independent engineers (which may be the firm then serving as the Consulting Engineer), selected by the Board in consultation with the City and the Authority.


"Rebate Amount" shall mean any amount required to be deposited to the Rebate Fund as set forth in Section 510(A).

"Rebate Fund" shall mean the Second Resolution Rebate Fund created pursuant to Section 502(A)(7).

"Record Date" shall mean, unless otherwise determined by a Supplemental Resolution for a particular Series of Bonds, the fifteenth day of the calendar month next preceding the calendar month in which a Bond Payment Date occurs.

"Redemption Price" shall mean, when used with respect to a Bond or portion thereof, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to this Resolution and any Supplemental Resolution relating thereto.

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

"Refunding Bond" shall mean any Bond authenticated and delivered on original issuance pursuant to Section 206 or Section 207 for the purpose of refunding any Outstanding Bonds or Priority Indebtedness, or thereafter authenticated and delivered in lieu of or substitution for such Bond pursuant to this Resolution and any Supplemental Resolution relating thereto.

"Reimbursement Obligation" shall mean the obligation of the Authority described in Section 209(B) to directly reimburse the issuer of a Credit Facility for amounts paid by such issuer thereunder, whether or not such obligation to so reimburse is evidenced by a promissory note or other similar instrument.

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

"Resolution" shall mean this Second Water and Sewer System General Revenue Bond Resolution adopted by the Authority on June 20, 2003, as the same may be amended or supplemented from time to time by one or more Supplemental Resolutions.

"Revenue Fund" shall mean the Second Resolution Revenue Fund established pursuant to Section 502(A)(2).

"Revenues" shall mean (A) all rates, rents, fees, charges, payments and other income and receipts derived by the Board from users of the System, and (B) all investment proceeds and proceeds of insurance, condemnation, sale, or other disposition of the System or any part thereof received by the Board (other than the proceeds of insurance with respect to the damage or destruction of all or any portion of the System), together with all operating aid with respect to the System from any governmental entity, Federal, State or local, to the Board, but shall not include (1) amounts required to be refunded because of billing or payment errors, (2) any amount attributable to any of the foregoing sources described in clause (A) which is expressly excluded by the Financing Agreement or the Operation Agreement, (3) any amount from any governmental entity, Federal, State or local, in aid of, for or with respect to the Cost of a Project or (4) (a) fines (excluding interest on late payments which shall constitute Revenues), (b) amounts from the use of water to generate electricity, (c) amounts from the State as a result of mandatory water discharges from reservoirs or (d) any amounts from the granting of easements, licenses, rights-of-way or other interests in the real property constituting a part of the System.

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

“Sewerage System” shall have the meaning ascribed to such term or subsection 21 of Section 1115-a of the Act; provided, however, that for purposes of describing the Sewerage System to be operated by the City pursuant to the Operation Agreement, the term Sewerage System shall not include such portions of the Sewerage System which are owned by the Board and operated by the Albany County Sewer District.

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

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

“Special Credit Facility” shall mean, with respect to any Series of the Bonds or portion thereof, a Credit Facility (A) which provides funds for (1) the direct payment of the Principal Installments of and interest on such Bonds when due or (2) the payment of the Principal Installments of and interest on such Bonds in the event amounts otherwise pledged to the payment thereof are not available when due or (3) the payment of the Tender Option Price of any Option Bond which may be tendered to the Authority for purchase or payment in accordance with the Supplemental Resolution authorizing such Option Bond (in any case, regardless of whether such Credit Facility provides funds for any other purpose) and (B) which (1) requires the Authority to directly reimburse the issuer of such Credit Facility for amounts paid thereunder and (2) provides that such obligation is a Parity Reimbursement Obligation.

“State” shall mean the State of New York.

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

“Subordinated Indebtedness Fund” shall mean the Second Resolution Subordinated Indebtedness Fund established pursuant to Section 502(A)(6).

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

“System” or “Systems” shall mean, collectively, the Water System and the Sewerage System.
"Tax Certificate" shall mean with respect to a particular series of Bonds each tax certificate, if any, and each tax compliance or tax regulatory agreement, if any, executed by the Authority (and, if applicable, the Board) on the date of issuance of such Series.

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

"Trustee" shall mean Manufacturers and Traders Trust Company, Buffalo, New York, and its successor or successors and any other person which may at any time be substituted in its place pursuant to this Resolution.

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

"Water System" shall have the meaning ascribed to such term in subsection 26 of Section 1115-a of the Act.

Section 102. General Interpretation. (A) In this Resolution, unless the context otherwise requires:

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

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

(3) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words importing the singular number shall be deemed and construed to include the plural number and vice versa.

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

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

(6) Any headings preceding the texts of the several Articles and Sections of this Resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference, and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.
(7) Wherever in this Resolution the consent of the Trustee shall be required, such consent shall include the consent of any person who shall at the time be the holder of all the Outstanding Bonds, but only if there be such a person (other than the Depository) and if such person shall have consented within a reasonable period of time.

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

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

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

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

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

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

(C) If any one or more of the covenants or agreements provided herein on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements, shall be deemed separable from the remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.
Section 103. Interpretation With the General Resolution. (A) For purposes of the General Resolution and for so long as any Priority Indebtedness shall remain Outstanding (as defined in the General Resolution), (1) this Resolution shall constitute and shall function as a “Supplemental Resolution” (as defined in the General Resolution) under the General Resolution, (2) notwithstanding their priority under the terms of this Resolution one against the other, all Bonds and Subordinated Indebtedness issued under this Resolution and any Supplemental Resolution with respect to this Resolution shall constitute “Subordinated Indebtedness” (as defined in the General Resolution) under the General Resolution, (3) all Funds and Accounts created hereunder shall be deemed to be part of the “Subordinated Indebtedness Fund” (as defined in the General Resolution) created under the General Resolution and shall be fully accessible by the Trustee for the purposes provided in Section 509(B) of the General Resolution, (4) upon the occurrence of an “Event of Default” (as defined in the General Resolution), the provisions of the General Resolution shall control with respect to the exercise of all remedies, (5) upon the occurrence of an Event of Default hereunder that is not an “Event of Default” (as defined in the General Resolution), the remedies exercisable by the Trustee hereunder shall only apply to that portion of the Revenues deposited by the Authority into the “Subordinated Indebtedness Fund” (as defined in the General Resolution), and (6) in the event of any conflict between the terms of this Resolution and the General Resolution affecting the rights or benefits accruing to the holders of the Priority Indebtedness, the General Resolution shall control.

(B) From and after the day after such time as there is no Priority Indebtedness Outstanding, (1) this Resolution shall cease to constitute and function as a “Supplemental Resolution” for purposes of the General Resolution and shall constitute and function, and shall be deemed for all purposes to have constituted and to have functioned as, a separate authorizing resolution of the Authority, not dependent in any regard on the authorization of the General Resolution, (2) unless consented to by the Holders of 100% of the aggregate principal amount of all Bonds Outstanding hereunder, all Bonds shall be the senior debt of the Authority and shall stand first in priority with respect to the security provided by the Revenues and the Mortgage, (3) all Funds and Accounts created hereunder shall no longer constitute, or be deemed to constitute, part of the “Subordinated Indebtedness Fund” under the General Resolution, and shall be, and shall be deemed for all purposes to be separate and independent Funds and Accounts under the terms of this Resolution, (4) this Resolution shall be deemed to have superseded the General Resolution in all matters relating to the application of the Revenues, and (5) in the event of any conflict between the terms of this Resolution and the General Resolution affecting the rights or benefits accruing to the Bondholders, this Resolution shall control.
ARTICLE IA

ISSUANCE OF FURTHER PRIORITY INDEBTEDNESS PROHIBITED

Section 1A01. No Further Priority Indebtedness to be Issued. From and after the date of the adoption of this Resolution, the Authority shall not (A) adopt any further "Supplemental Resolution" (as defined in the General Resolution) under the General Resolution (but the Authority may adopt Supplemental Resolutions to this Resolution), and (B) issue or extend the maturity of any "Bonds" or "Subordinated Indebtedness" (both as defined in the General Resolution) or other obligations of any type under the General Resolution, or any Supplemental Resolution (as defined in the General Resolution) under the General Resolution, excluding only Bonds, Subordinated Indebtedness and any other obligations of the Authority issued under the terms of this Resolution and any Supplemental Resolution hereunder, without in either case the consent of the holders of 100% of the aggregate principal amount of all Bonds Outstanding hereunder.
ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

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

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

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

Section 204. Authorization of Bonds in Series. In order to provide sufficient funds for the Costs of Projects or for the purpose of refunding any Bonds, any Priority Indebtedness or any other bonds, notes or other obligations issued by the Authority to pay the costs of the System, Bonds of the Authority are hereby authorized to be issued from time to time in one or more Series without limitation as to amount except as herein provided or as may be limited by law and such Bonds shall be issued subject to the terms, conditions and limitations established in this Resolution and in one or more Supplemental Resolutions as hereinafter provided. Nothing herein contained shall preclude or restrict the consolidation into a single Series for purposes of issuance and sale of Bonds otherwise permitted by this Resolution to be issued at the same time in two or more separate Series; provided that, for the purpose of determining compliance with the requirements of Section 206 or 207, as the case may be, the Bonds otherwise permitted by this Resolution to be issued as a separate Series shall be considered separately as if the Bonds were in fact to be issued as a separate Series. In the event that separate Series are combined for purposes of issuance and sale, they may be issued under a single Supplemental Resolution and except as otherwise provided in this Section or in the Supplemental Resolution authorizing the issuance
thereof, such consolidated Series shall be treated as a single Series of Bonds for all purposes hereof.

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

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

(A) a copy of the Supplemental Resolution authorizing such Series (and, in the case of the initial Series of Bonds issued hereunder, a copy of this Resolution), certified by an Authorized Representative of the Authority, which shall specify or delegate to any Authorized Representative of the Authority, within parameters for such matters as the Authority shall determine, the power to determine and specify by a Bond Series Certificate:

(1) the authorized principal amount and Series designation of such Bonds, the Bond Year, if any, for such Series, the Debt Service Reserve Requirement reflecting the issuance of such Bonds (and, if such Bonds are Refunding Bonds, any defeasance with the proceeds thereof of Outstanding Bonds), the Credit Facility, if any, related to such Series, and if such Credit Facility is a Special Credit Facility, the Special Account, if any, to be established in the Debt Service Reserve Fund;

(2) the purposes for which such Series is being issued, which shall be one or more of the following: (a) the making of deposits into the Construction Fund, (b) the making of deposits in the amounts, if any, required by this Resolution or such Supplemental Resolution into any of the Funds and Accounts established pursuant to Article V of this Resolution or in the Operation and Maintenance Reserve Account, (c) the refunding (which may include interest thereon) of any Priority Indebtedness or any Outstanding Bonds, Bond Anticipation Notes, Subordinated Indebtedness or “Subordinated Indebtedness” (as defined in the General Resolution), or (d) to reimburse the general fund of the City for amounts heretofore applied therefrom to pay Costs of the System;

(3) the date, and the maturity date or dates, of the Bonds of such Series;

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

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

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

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

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

(9) the amount and due date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series;

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

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

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

(13) the respective amounts, if any, to be deposited from the proceeds of such Series in the Operation and Maintenance Reserve Account and the applicable Funds and Accounts established hereunder (and any sub-accounts relating to such Series);

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

(15) if the Bonds are to be subject to an Interest Rate Exchange Agreement, any provisions as determined by the Authority to be appropriate with respect thereto; and

(16) any other provisions deemed advisable by the Authority as shall not conflict with the provisions hereof;
(B) an opinion of Bond Counsel to the effect that (1) the Authority has the right and power to adopt this Resolution and such Supplemental Resolution under the Act; (2) this Resolution and such Supplemental Resolution have been duly and lawfully adopted by the Authority and are enforceable against the Authority in accordance with their terms, except as may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights and the unavailability of equitable remedies or the application thereof of equitable principals; (3) this Resolution and such Supplemental Resolution create the valid pledge which they purport to create of the Revenues and proceeds of Bonds on deposit in any of the Funds held by the Trustee hereunder, subject to the application thereof to the purposes and on the conditions permitted by the General Resolution, this Resolution, such Supplemental Resolution, the Act, and the Financing Agreement; (4) the Bonds of such Series are valid and binding special obligations of the Authority, enforceable in accordance with their terms and the terms of this Resolution and such Supplemental Resolution, except as limited by bankruptcy, insolvency or other laws affecting creditors’ rights and the unavailability of equitable remedies or the application of equitable principles; and (5) all conditions required by the General Resolution, this Resolution and such Supplemental Resolution precedent to the issuance of the Bonds have been met and upon the execution, authentication and delivery thereof, the Bonds of such Series will have been duly and validly authorized and issued in accordance with the Act, the General Resolution, this Resolution and such Supplemental Resolution;

(C) a written order as to the delivery of such Bonds, signed by an Authorized Representative of the Authority describing the Bonds to be delivered, designating the purchaser or purchasers to whom the Bonds are to be delivered and stating the consideration for such Bonds;

(D) (1) in the case of the initial Series of Bonds issued hereunder, an executed copy of the Financing Agreement, the Operation Agreement and the Mortgage; and (2) in the case of any subsequent Series of Bonds, an executed copy of any amendment or supplement to the Financing Agreement not theretofore delivered to the Trustee;

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

(F) except in the case of the initial Series of Bonds and any Series of Refunding Bonds issued pursuant to Section 207, a Certificate of an Authorized Representative of the Authority setting forth (1) the Operating Revenues for either of the last two full Fiscal Years immediately preceding the Fiscal Year in which such Bonds are to be issued, (2) the Aggregate Debt Service during such Fiscal Year for which Operating Revenues are set forth pursuant to clause (1), excluding from Aggregate Debt Service any Principal Installment or portion thereof which was paid from a source other than Operating Revenues; and (3) the sum of the Operating Expenses and the Required Deposits for such Fiscal Year, and showing that the amount set forth in clause (1) is at least equal to the sum of (a) an amount equal to 115% of the amount set forth in clause (2) and (b) an amount equal to 100% of the amount set forth in clause (3);

(G) except in the case of any Series of Refunding Bonds issued pursuant to Section 207, a Certificate of the Consulting Engineer setting forth the projected Operating Expenses for each of
the five (5) Fiscal Years following the issuance of such Series of Bonds, plus the Fiscal Year in which such Bonds are issued;

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

(I) except in the case of any Series of Refunding Bonds issued pursuant to Section 207, a Certificate of the Rate Consultant (1) setting forth the estimated Operating Revenues for each of the five Fiscal Years following the issuance of such Series of Bonds, plus the Fiscal Year in which such Bonds are issued, after giving effect to any increases or decreases in rates, fees and charges projected for such Fiscal Years and (2) showing for each such Fiscal Year that the estimated Operating Revenues for such Fiscal Year will be at least equal to the sum of (a) 115% of the maximum estimated Adjusted Aggregate Debt Service in any future Fiscal Year on all Bonds Outstanding (including the Bonds then to be issued) and (b) 100% of the sum of the projected Operating Expenses and Required Deposits, as shown on the Certificate of the Consulting Engineer delivered pursuant to paragraph (G) above and the Certificate of the Authority delivered pursuant to paragraph (H) above, respectively;

(J) except in the case of any Series of Refunding Bonds issued pursuant to Section 207, a Certificate of each of the respective Authorized Representatives of the Authority, the Board and the City, each dated as of the date of such delivery, stating that (1) the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Resolution, (2) the Board is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Financing Agreement, the Operation Agreement or the Acquisition Agreement and (3) the City is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Financing Agreement, the Operation Agreement or the Acquisition Agreement;

(K) in the case of any Series for which Capitalized Interest has been provided by the Supplemental Resolution authorizing such Series, (1) the written direction of an Authorized Representative of the Authority to establish the sub-account for such Series in the Capitalized Interest Account in the Debt Service Fund and (2) the amount of the proceeds of such Series to be deposited therein; and

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

Section 207. Conditions Precedent to Delivery of Refunding Bonds. (A) One or more Series of Refunding Bonds may be issued pursuant to this Section 207 at any time to refund any Outstanding Bonds, provided that, except in the case of the initial Series of Bonds (1) the average annual Debt Service on such Series of Refunding Bonds shall not exceed the average annual Debt Service on the Bonds or Priority Indebtedness to be refunded and (2) the maximum Debt Service in any Fiscal Year on such Series of Refunding Bonds shall not exceed the maximum
Debt Service in any Fiscal Year on the Bonds to be refunded, all as shown in a Certificate signed by an Authorized Representative of the Authority and delivered to the Trustee prior to the authentication and delivery of such Series of Refunding Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts required by the provisions of the Supplemental Resolution authorizing such Bonds or the Bond Series Certificate with respect to such Bonds.

(B) All Refunding Bonds of a Series issued under this Section 207 shall be executed by the Authority for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Authority or upon its order, but only upon the receipt by the Trustee of the consideration therefor and upon delivery to the Trustee (in addition to the documents required by Section 206(A), (B), (C) and (D) and subsection (A) of this Section 207) of:

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

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

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

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

Section 208. Bond Anticipation Notes. Whenever the Authority shall authorize the issuance of a Series of Bonds, the Authority may, by resolution, authorize the issuance of notes (and renewals thereof) in anticipation of such Series. The principal of and interest on such notes and renewals thereof shall be payable from the proceeds of such notes or from the proceeds of the sale of the Series of Bonds in anticipation of which such notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such notes and any such pledge shall have a priority over any other pledge of such proceeds created by this Resolution. The Authority may also pledge the Revenues to the payment of the interest on, and
subject to Section 707, the principal of such notes. A copy of the resolution of the Authority authorizing such notes, certified by an Authorized Representative of the Authority shall be delivered to the Trustee following its adoption, together with such other information concerning such notes as the Trustee may reasonably request.

Section 209. Credit Facilities; Interest Rate Exchange Agreement. (A) In connection with the issuance of any Series of Bonds hereunder, the Authority may obtain or cause to be obtained one or more Credit Facilities providing for or securing payment of all or a portion of the Principal Installments or Redemption Price or interest due or to become due on such Bonds, providing for the purchase of such Bonds by the issuer of such Credit Facility or providing funds for the purchase of such Bonds by the Authority. In connection therewith, the Authority may enter into agreements with the issuer of such Credit Facility providing for, inter alia; (1) the payment of fees and expenses to such issuer for the issuance of such Credit Facility; (2) the terms and conditions of such Credit Facility and the Series of Bonds affected thereby; and (3) the security, if any, to be provided for the issuance of such Credit Facility.

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

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

(D) In connection with the issuance of any Series of Bonds hereunder, the Authority may obtain or cause to be maintained one or more Interest Rate Exchange Agreements. The Authority may agree that payments by the Authority under the Interest Rate Exchange Agreement may be secured by a pledge of, and a lien on Revenues on a parity with the lien created by Section 501, and any payment so secured shall be a Parity Reimbursement Obligation hereunder.
ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

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

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

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

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

Section 305. Interchangeability of Bonds. Upon surrender of Bonds at the principal corporate trust office of the Trustee, as registrar, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his duly authorized attorney, Bonds so surrendered may, at the option of the owner thereof and upon payment by such owner of any charges which the Trustee may make as provided in Section 307, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity, of any of the authorized denominations.
Section 306. Negotiability, Transfer and Registry. (A) Each Bond shall be transferable only upon the books of the Authority, which shall be kept for that purpose at the principal corporate trust office of the Trustee, by the owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by such owner or his duly authorized attorney. Upon such transfer, the Authority shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, Series and maturity as the surrendered Bond.

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

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

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

Section 309. Preparation of Definitive Bonds, Temporary Bonds. (A) Until the definitive Bonds of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 310, and, upon the request of the Authority, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof and as to interchangeability of Bonds, as permitted by law, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued in such denominations as may be authorized by the Authority, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority, at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds at the principal corporate trust office of the Trustee, the Trustee shall authenticate and, without charge to the holder thereof, deliver in exchange therefor, at the principal corporate trust office of the Trustee, definitive Bonds of the same aggregate principal amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Resolution.

(B) If the Authority shall authorize the issuance of temporary Bonds in more than one denomination, the holder of any temporary Bond or Bonds may, at his option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount. Series and maturity of any other authorized denomination or denominations, and thereupon the Authority shall execute and the Trustee shall authenticate and, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges provided for in Section 307, shall deliver a temporary Bond or Bonds of like aggregate principal amount, Series and maturity in such other authorized denomination or denominations as shall be requested by such holder.

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

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

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

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

APPLICATION OF BOND PROCEEDS

Section 401. Application of Bond Proceeds; Deposits to the Debt Service Reserve Fund.

(A) The proceeds (including accrued interest) of sale of the Bonds of each Series shall be applied simultaneously with the delivery of such Bonds for the purposes of making deposits in the Funds and Accounts, and in the Operation and Maintenance Reserve Account, as shall be provided by the Supplemental Resolution authorizing such Series, and all amounts not otherwise deposited shall be deposited in the Construction Fund; provided, however, that in the case of Refunding Bonds and the initial Series of Bonds, all such amounts not otherwise deposited shall be applied to the respective purposes thereof in the manner provided in the Supplemental Resolutions authorizing the same.

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

FUNDS AND ACCOUNTS

Section 501. The Pledge Effected by this Resolution. (A) There are hereby pledged for the payment of the Bonds, in accordance with their terms and the provisions of this Resolution, subject only to the provisions of the General Resolution, this Resolution, each applicable Supplemental Resolution, the Act and the Financing Agreement permitting the application thereof for or to the purposes and on the terms and conditions herein and therein set forth: (1) all Revenues, (2) the proceeds from the sale of the Bonds, (3) all moneys or securities in any of the Funds and Accounts (except the Rebate Fund), and (4) all other moneys and securities to be received, held or set aside by the Authority or by any Fiduciary pursuant to this Resolution. It is the intention of the Authority that to the fullest extent permitted by law, this pledge shall be valid and binding from the time when it is made, that the Revenues, moneys, securities and other funds which are pledged hereby and then or thereafter received by the Authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the obligation to perform the contractual provisions herein contained shall have priority over any and all other obligations and liabilities of the Authority and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof.

(B) As further security for the payment of the principal or Redemption Price of and interest on the Bonds, the Authority hereby assigns, transfers and pledges to the Trustee all of its rights and interests under and pursuant to the Financing Agreement and the Mortgage (excluding rights to notice and other procedural rights, its rights to indemnification and rights and interests not material to Bondholders), including, without limiting the generality of the foregoing, the present and continuing right (1) to make claim for, collect or cause to be collected, and receive or cause to be received, from the Board, all Revenues thereunder; (2) to bring actions and proceedings thereunder for the enforcement thereof and (3) to do any and all things which the Authority is or may become entitled to do under the Financing Agreement and the Mortgage; provided that the assignment made hereby shall not impair or diminish any obligation of the Authority under the Financing Agreement and the Mortgage.

Section 502. Establishment of Funds and Accounts. (A) The following Funds and Accounts are hereby established:

(1) Second Resolution Construction Fund;

(2) Second Resolution Revenue Fund;

(3) Second Resolution Debt Service Fund;

(4) Second Resolution Authority Expense Fund;

(5) Second Resolution Debt Service Reserve Fund;
(6) Second Resolution Subordinated Indebtedness Fund; and.

(7) Second Resolution Rebate Fund.

(B) There is hereby established in the Debt Service Reserve Fund a separate Account to be known as the “Second Resolution Common Account.” In addition, any Supplemental Resolution which provides for a Special Credit Facility to secure the payment of the Principal installments of and interest on the Bonds authorized thereby or to secure the payment of the Tender Option Price of any Option Bonds authorized thereby may establish one or more “Second Resolution Special Accounts” in the Debt Service Reserve Fund.

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

(D) In addition to the Accounts established in subsections (A), (B) and (C) above, the Trustee shall establish separate Series sub-accounts for bookkeeping purposes within the Debt Service Reserve Fund, the Construction Fund, and any other Fund or Account established hereunder, except the Authority Expense Fund, into which proceeds of any Series of Bonds are at any time deposited. Such Series sub-accounts shall be denominated the sub-accounts of the respective Series and Fund or Account to which they appertain. Amounts within a Fund or Account credited to a Series sub-account may be invested together with other amounts in such Fund or Account, provided that (1) each such investment is in an Investment Security and complies with the provisions of this Article V and (2) the Trustee maintains separate records for each Series sub-account with a Fund or Account accurately reflecting investments and earnings credited to each Series sub-account therein.

(E) Unless otherwise expressly provided in this Resolution, all of the Funds and Accounts shall be held by the Trustee.

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

(B) The proceeds of insurance, if any, maintained by the Board or the City against physical loss of or damage to the System, or of any contractors' performance bonds with respect thereto pertaining to the period of construction of any Project, or of condemnation or eminent domain awards received by the Trustee, the Board or the City with respect to the System, shall be paid into the Construction Fund unless otherwise required to be applied pursuant to the General Resolution.
(C) Except as otherwise provided in this Section 503 and in Section 514(B), amounts in the Construction Fund shall be expended only to pay Costs (including Costs of Issuance) in the manner provided in this Section.

(D) The Trustee shall make payments from the Construction Fund, except payments and withdrawals pursuant to subsection (E) of this Section 503 and Section 514(B), in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this subsection. Before any such payment, the Authority shall file with the Trustee its Disbursement Request, signed by an Authorized Representative of the Authority, stating in respect of each payment required by such Disbursement Request or shall by interbank transfer or other method arrange to make payment required by such Disbursement Request and promptly provide the Authority, the Board and the City with written evidence thereof.

(E) Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor in any of the other Funds and Accounts established under this Resolution, amounts in the Construction Fund shall be applied to the payment of the Principal Installments of and interest on Bonds when due. The Trustee may rely upon the Disbursement Requests and other documentation submitted to it and has no obligation to investigate the source or accuracy of same.

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

Section 504: Revenue Fund: (A): (1): For so long as there is any Priority Indebtedness Outstanding (as defined in the General Resolution), (a) the Authority shall cause all Revenues received from the Board pursuant to the Financing Agreement to be paid to the Trustee, who shall promptly upon receipt deposit the same in the Revenue Fund (as defined in the General Resolution) created under the General Resolution, and (b) there shall be deposited in such Revenue Fund all other amounts required by the General Resolution, this Resolution, any Supplemental Resolution or the Financing Agreement to be so deposited. (2) Thereafter, (a) the Authority shall cause all Revenues received from the Board pursuant to the Financing Agreement to be paid to the Trustee, who shall promptly upon receipt deposit the same in the Revenue Fund (as defined herein) created under this Resolution, and (b) there shall be deposited in the Revenue Fund all other amounts required by this Resolution, any Supplemental Resolution or the Financing Agreement to be so deposited.

(B) The Authority shall, on the first day of each month, deliver to the Trustee the Certificate of its Authorized Representative described in Section 4.2(E) of the Financing Agreement.
(C) The Authority shall cause all amounts deposited in the "Subordinated Indebtedness Fund" (as defined in the General Resolution) created under the General Resolution with respect to the bonds, notes and other obligations issued under this Resolution and any Supplemental Resolution hereunder to be deposited to the Revenue Fund established by Section 501(A)(2). There shall also be deposited in such Revenue Fund all other amounts required by this Resolution, any Supplemental Resolution or the Financing Agreement to be so deposited.

Section 505: Payments into Certain Funds. As soon as practicable in each month after the deposit of the amounts described in Section 504(C) in the Revenue Fund, the Trustee shall, from the amounts in the Revenue Fund, make the following deposits in the following order of priority:

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

SECOND: from the balance, if any, remaining after making the deposits required by paragraph FIRST, to the Authority Expense Fund, the entire balance until the total on deposit in the Authority Expense Fund, together with the amount, if any, on deposit in the "Authority Expense Fund" (as defined in the General Resolution), in such month is equal to (1) the Authority Expenses for the then current Fiscal Year as set forth in the Authority Budget plus (2) all Rebate Amounts certified by the Accountant pursuant to the General Resolution or to Section 510 for the then current Fiscal Year, less (i) the Rebate Amounts transferred to the Rebate Fund pursuant to Section 510 (or to the "Rebate Fund" [as defined in the General Resolution] pursuant to the General Resolution) for the then current Fiscal Year and (ii) all amounts expended on Authority Expenses for the then current Fiscal Year;

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

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

FIFTH: from the balance, if any, remaining after making the deposits required by paragraphs FIRST, SECOND, THIRD and FOURTH, to the General Account of the Local Water Fund.

Section 506. Debt Service Fund. (A) The Trustee shall, for each Series of Bonds Outstanding, pay (1) on each Bond Payment Date, (a) from the moneys on deposit in the Debt Service Fund, the amounts required for the payment of the Principal Installments, if any, due on such Bond Payment Date and (b) from the moneys on deposit in the Debt Service Fund, including the moneys credited to the sub-account, if any, established for any Series in the Capitalized Interest Account in such Fund, the interest due on such Bond Date or the amount payable by the Authority under any Interest Rate Exchange Agreement with respect to interest payable on such date, and (2) on any redemption date or date of purchase, the amounts required for the payment of the Redemption Price of or purchase price of and accrued interest on Bonds to be redeemed or purchased on such date unless the payment for such amounts shall be otherwise provided.

(B) The amounts accumulated in the Debt Service Fund for each Sinking Fund Installment may, and if so directed by an Authorized Representative of the Authority shall, be applied (together with amounts with respect to interest on the Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the forty-fifth (45th) day preceding the due date of such Sinking Fund Installment as follows:

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

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

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

(D) As soon as practicable after the forty-fifth (45th) day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, pursuant to Section 603, on such due date, Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Bonds of such Series and
maturity. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable Redemption Price thereof on the redemption date. The Trustee shall apply to the redemption of the Bonds on each such redemption date, the amount required for the redemption of such Bonds.

Section 507. Authority Expense Fund. (A) Amounts deposited to the Authority Expense Fund (1) for the payment of Authority Expenses shall be applied by the Trustee, upon requisition therefor by the Authority, from time to time, to the payment of Authority Expenses in accordance with the Authority Budget and (2) for the payment of Rebate Amounts shall be transferred to the Rebate Fund by the Trustee in accordance with the requirements of Section 510(A).

(B) Amounts deposited to the Authority Expense Fund which the Authority at any time determines to be in excess of an amount equal to the sum of (1) the unpaid Authority Expenses for such Fiscal Year, plus (2) the "Reserve for Expenses", if such amount was included in the Authority Budget for such Fiscal Year, plus (3) the amounts credited for deposit in the Rebate Fund, shall be transferred by the Authority to the Trustee to be applied to make up any deficiencies in the following Funds and Accounts in the order stated: the Debt Service Fund; the Debt Service Reserve Fund; and the Subordinated Indebtedness Fund. Any balance of such excess not so applied shall be transferred by the Authority to the Trustee for credit to the Revenue Fund.

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

(D) Any amount credited to the Authority Expense Fund for the payment of Authority Expenses and remaining on deposit in the Authority Expense Fund on the last day of each Fiscal Year (except the "Reserve for Expenses", if any) shall be withdrawn by the Trustee and transferred to the Board for deposit in the General Account of the Local Water Fund.

(E) Any amount deposited to the "Authority Expense Fund" (as defined in the General Resolution) shall discharge any corresponding deposit requirements under this Section and under paragraph SECOND of Section 505.

Section 508. Debt Service Reserve Fund. (A) Amounts on deposit in each of the Accounts in the Debt Service Reserve Fund shall be applied, to the extent other funds are not available therefor pursuant to this Resolution, to pay when due the Principal Installments of, and interest on, the Bonds to which such Account relates and, within each Account, amounts required to pay Debt Service on a particular Series of Bonds shall be drawn first from the Account or sub-account, if any, relating to such Series. Amounts so applied shall be derived first, from cash or Investment Securities on deposit therein and, second, from draws or demands on Financial Guaranties held as a part thereof upon the terms and conditions set forth in any such Financial Guaranties or as set forth in the Supplemental Resolutions setting forth such Financial Guaranties.
(B) In addition to the transfers required under Section 514(B), if, as of January 1 of any year, the amount in any Account in the Debt Service Reserve Fund exceeds the applicable Debt Service Reserve Requirement after giving affect to any Financial Guaranty deposited in such Fund, the Trustee shall withdraw from such Account the amount of any excess therein over the applicable Debt Service Reserve Requirement as of the date of such withdrawal and deposit the moneys so withdrawn into the General Account of the Local Water Fund. If, as of January 1 of any year, the amount in any Account in the Debt Service Reserve Fund is less than the applicable Debt Service Reserve Requirement, and to the extent that such deficiency has not been made up by March 1 of such year by (1) deposits pursuant to Section 505, (2) an increase in the market value of the securities held therein, or (3) a combination of (1) and (2), the Authority shall in its Authority Budget for the ensuing Fiscal Year, include the amount necessary to make up such deficiency as a Required Deposit.

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

(D) In lieu of the required deposits and transfers to any Account in the Debt Service Reserve Fund, the Authority may cause to be deposited in any such Account Financial Guaranties in an amount equal to the difference between the applicable Debt Service Reserve Requirement and the sums, if any, then on deposit in such Account or being deposited in such Account concurrently with such Financial Guaranties. The Authority shall not cause any Financial Guaranties to be deposited to the Common Account or the Special Account, as the case may be, established in the Debt Service Reserve Fund pursuant to this subsection with respect to any Series of Bonds for which a municipal bond insurance policy or other Credit Facility has been obtained, without the prior written consent of the issuer of such insurance policy or other Credit Facility so long as the issuer of such insurance policy or other Credit Facility is not in default thereunder. The Financial Guaranties shall be payable (upon the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from such Account in the Debt Service Reserve Fund and applied to the payment of a Principal Installment of interest on any Bonds and such withdrawal cannot be met by amounts on deposit in the Debt Service Reserve Fund. If a disbursement is made pursuant to Financial Guaranties, the Authority shall be obligated either (1) to reinstate the maximum limits of such Financial Guaranties or (2), to deposit into the applicable Account, funds in the amount of the disbursement made under such Financial Guaranties, or a combination of such alternatives, as shall provide that the amount in such Account equals the applicable Debt Service Reserve Requirement.

(E) In the event of the refunding of any Bonds, the Trustee shall, upon the written direction of the Authority, withdraw from the Account in the Debt Service Reserve Fund related to the Bonds to be refunded all or any portion of amounts accumulated therein with respect to such Bonds to be refunded and deposit such amounts as provided in such written direction; provided that such withdrawal shall not be made unless (1) immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to Section 1201, and (2) after giving effect...
to any amounts being simultaneously deposited therein, the amount remaining in each Account after such withdrawal shall not be less than the applicable Debt Service Reserve Requirement.

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

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

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

Section 510. Rebate Fund. (A) The Authority shall deposit into the Rebate Fund in connection with any Series of Bonds or any Subordinated Indebtedness any amounts required to be so deposited for payment to the United States government pursuant to the Tax Certificate executed by the Authority in connection with the authentication and delivery of such Bonds or Subordinated Indebtedness.

(B) The Authority shall determine the amounts (as well as the dates of payment) which are subject to rebate to the United States government pursuant to the provisions of the Code (in order to ensure that interest on any Bonds which are issued as tax-exempt obligations continues to be excludable from Federal income taxation) in accordance with the terms of the applicable Tax Certificate. The amounts which are required to be rebated to the United States government shall be withdrawn from the Rebate Fund at such times and paid to the United States government.

(C) If there is not a sufficient amount in the Rebate Fund for any required payment to the United States government, the Authority shall promptly pay, from moneys which are on deposit in the Authority Revenue Fund or such other amounts in any other Fund which are available for such purpose, the amount which is necessary to make up such deficiency.

Section 511. Subordinated Indebtedness. The Authority may, at any time, or from time to time, issue Subordinated Indebtedness payable out of, and which may be secured by a pledge of and lien on, such amounts in the Subordinated Indebtedness Fund as may from time to time be available for the purpose of payment thereof as provided in Section 509; provided, however, that (1) such Subordinated Indebtedness shall be issued only for any one or more of the purposes set forth in Section 206(A)(2) and the proceeds of such Subordinated Indebtedness shall be applied, only for such purpose or purposes, and (2) any pledge of or lien on amounts held by the Trustee as security for such Subordinated Indebtedness shall be, and shall be expressed to be, subordinate in all respects to the pledge created by this Resolution as security for the Bonds.
Section 512. Banking Depositaries. (A) All moneys or securities held by the Trustee under the provisions of this Resolution shall constitute trust funds and the Trustee may, and shall, if directed in writing by an Authorized Representative of the Authority, deposit such moneys or securities with one or more Banking Depositaries in trust for the Trustee. All moneys or securities deposited under the provisions of this Resolution with the Trustee or any Banking Depositary shall be held in trust and applied only in accordance with the provisions of this Resolution; and each of such Funds established by this Resolution shall be a trust fund for the purposes thereof. The Authority and the Trustee shall instruct each Banking Depositary that any moneys or securities credited to a Fund or an Account hereunder which are deposited with such Banking Depositary shall be identified to be part of such Fund or Account and subject to the pledge in favor of the Trustee created under this Resolution. Prior to the first deposit of any moneys or securities with each Banking Depositary, the Authority and the Trustee shall obtain from such Banking Depositary its agreement to serve as agent of the Trustee in holding such moneys or securities in pledge in favor of the Trustee. The contract or other written instrument between the Authority and such Banking Depositary governing the establishment and operation of such account shall provide that the moneys or securities from time to time deposited with such Banking Depositary shall be held by such Banking Depositary as such agent and subject to the pledge in favor of the Trustee; provided that, except as otherwise expressly provided herein, the Authority shall be permitted at any time to make withdrawals from and write checks or other drafts against any account held by the Authority and established with such Banking Depositary and apply the same for the purposes specified in this Resolution and, subject to Section 514, the Authority shall be permitted to invest amounts in any such account in Investment Securities.

(B) Each Banking Depositary holding moneys or securities in trust for the Trustee shall be a bank or trust company organized under the laws of the State or a national banking association (having its principal office within the State), having capital stock, surplus and undivided earnings aggregating at least $75,000,000 (or such greater amount as set forth in a Supplemental Resolution) and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of this Resolution.

(C) Each Banking Depositary holding moneys or securities in trust for the Authority shall be as described in (B) above, except that no amounts shall be deposited with any Banking Depositary in excess of the greater of (1) two percent (2%) of its capital, surplus and undivided earnings or (2) $100,000 (or such larger amounts as may then be insured by the Federal Deposit Insurance Corporation).

(D) Moneys and securities credited to any Fund or Account may be commingled with moneys and securities credited to other Funds or Accounts for the purposes of establishing checking or other bank accounts, of investing funds or otherwise; provided, however, the Trustee and the Authority shall at all times maintain or cause to be maintained accurate books and records reflecting the amounts credited to the respective Funds and Accounts held by them. All withdrawals from any commingled moneys or securities shall be charged against the proper Fund or Account and no moneys shall be withdrawn from commingled moneys if there is not on credit to the Fund or Account to be charged sufficient funds to cover such withdrawal.
Section 513. Deposits. (A) All Revenues and other moneys held by any Banking Depositary under this Resolution may be placed on demand or time deposit, if and as directed by the Authority, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. All such moneys deposited with a Fiduciary, acting as a Banking Depositary, may be made in the commercial banking department of any Fiduciary which may honor checks and drafts and also provide for wire transfer on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Authority and acceptable to such Fiduciary, on time deposit, provided that such moneys on deposit be available for use at the time when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(B) Any moneys deposited by the Trustee in each Banking Depositary shall be credited to the particular Fund or Account to which such moneys belong.

Section 514. Investment of Certain Funds. (A) Moneys held in the Debt Service Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities of the type described in clauses (A), (B), (C), (D), (E), (F) or (J) of the definition of Investment Securities in Section 101, which mature not later than at such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Subject to Section 508, moneys held in the Debt Service Reserve Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities of the type described in clauses (A) or (B) of the definition of Investment Securities which mature not later than at such times as shall be necessary to provide moneys when needed for payment to be made from such Fund, but in no event later than five (5) years from the date of such investment. Subject to the terms of any resolutions, indentures or other instruments securing any issue of Subordinated Indebtedness, moneys in the Subordinated Indebtedness Fund shall be invested and reinvested to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from said Fund. Moneys held in the Revenue Fund, the Authority Expense Fund, the Rebate Fund and the Construction Fund may be invested and reinvested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. The Trustee shall make all such investments of moneys held by it in accordance with written instruction or oral instructions confirmed in writing from any Authorized Representative of the Authority. In making any investment in any Investment Securities with moneys in any Fund or Account established under this Resolution, the Authority may, and may instruct the Trustee to, combine such moneys with moneys in any other Fund or Account, but solely for purposes of making such investment in such Investment Securities.

(B) Except as may be otherwise provided in a Supplemental Resolution authorizing a Series of Bonds, interest (net of that which represents a return of accrued interest or premium paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in the Funds and Accounts, other than the Debt Service Fund, shall be paid by the Trustee to the Board or its Banking Depositary for deposit in the General Account of
the Local Water Fund, except that with respect to the Debt Service Reserve Fund, such earnings shall be paid to the Board only to the extent that the amount on deposit therein exceeds the Debt Service Reserve Fund Requirement. Interest (net of that which represents a return of accrued interest or premium paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in the Debt Service Fund shall be retained in the Debt Service Fund.

(C) All Investment Securities acquired with moneys in any Fund or Account shall be held by the Trustee in pledge or by a Banking Depositary as agent in pledge in favor of the Trustee in accordance with Section 513.

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

Section 515. Valuation and Sale of Investments. (A) Obligations purchased as an investment of moneys in any Fund or Account created under the provisions of this Resolution shall be deemed at all times to be a part of such Fund or Account and any profit realized from the liquidation of such investment shall be credited to such Fund or Account, as the case may be, and any loss resulting from the liquidation of such investment shall be charged to such Fund or Account, as the case may be.

(B) In computing the amount in any Fund or Account created under the provisions of this Resolution for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at the cost of such obligations or the market value thereof, whichever is lower. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until interest on such obligation is paid. Such computation shall be made annually on December 1 for all Funds and Accounts (and also on June 1 for the Debt Service Reserve Fund) and at such other times as the Authority shall determine or as may be required by this Resolution.

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

REDEMPTION OF BONDS

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

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

Section 602. Redemption at the Election of the Authority. In the case of any redemption of Bonds otherwise than as provided in Section 603, the Authority shall give written notice to the Trustee of the election so to redeem, of the redemption date, of the Series and of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in any Supplemental Resolution authorizing a Series of Bonds). Such notice shall be given to the Trustee at least forty-five (45) days prior to the date on which such Bonds are to be redeemed, or such lesser number of days as shall be acceptable to the Trustee. If, on the date of the receipt of such notice, the Trustee does not hold in the Debt Service Fund (in addition to the amounts required to be therein on deposit to pay the Debt Service due and payable during the remainder of the then current Fiscal Year on each Series of Bonds which will remain Outstanding) an amount sufficient to pay the Redemption Price of the Bonds to be redeemed and to pay the interest accrued and unpaid on such Bonds to the designated redemption date, the Trustee shall not be required to give the notice provided for in Section 605.

Section 603. Redemption Otherwise than at Authority Election. Whenever by the terms of this Resolution or a Supplemental Resolution, Bonds are required to be redeemed otherwise than at the election of the Authority, the Authority may nonetheless select the Series of Bonds, the maturity of the Bonds to be redeemed and the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in this Resolution or a Supplemental Resolution), and, in the event the Authority does not notify the Trustee of such Series, maturities and principal amounts to be redeemed on or before the 60th day preceding the redemption date, the Trustee shall select by lot, and in inverse order of maturity, the Bonds to be redeemed, give the notice of redemption and apply the moneys available therefor to redeem on the redemption date at the Redemption Price therefor, together with accrued interest to the redemption date, all of the Bonds to be redeemed. The Trustee shall give the notice provided for in Section 605 regardless of whether it holds in the Debt Service Fund an amount sufficient to pay the Redemption Price of the Bonds to be redeemed.
redeemed and to pay the interest accrued and unpaid on such Bonds to the designated redemption date.

Section 604. Selection of Bonds to be Redeemed. In the event of redemption of less than all the Outstanding Bonds of like Series and maturity, except as otherwise provided in Sections 602 and 603, the Trustee shall select, by lot, the numbers of the Bonds or portions thereof to be redeemed. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. For the purposes of this Section, Bonds or portions thereof which have theretofore been selected for redemption shall not be deemed Outstanding.

Section 605. Notice of Redemption. When the Trustee shall receive notice from the Authority of its election to redeem Bonds pursuant to Section 602 or when Bonds are required to be redeemed as described in Section 603, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall specify the Series, maturities, CUSIP numbers and any other information which the Trustee deems relevant regarding the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds or any like Series and maturity are to be redeemed, the numbers or other distinguishing marks of such Bonds or portions thereof so to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than thirty (30) days and not more than sixty (60) days before the redemption date, to the owners of the Bonds which are to be redeemed, at their last addresses appearing upon the registry books. If any of the Bonds Outstanding are at the time in coupon form payable to bearer, such notice shall also be given by publication once a week for at least two successive weeks in an Authorized Newspaper, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to such redemption date. A follow-up notice will be given by the Trustee by first class mail to each registered owner who has not submitted a Bond subject to redemption within one hundred twenty (120) days following the redemption date. The failure to give any such notice, or any defect therein, will not affect the validity of any proceeding for the redemption of any Bond with respect to which no such failure to give notice, or defect therein, has occurred.

Section 606. Payment of Redeemed Bonds. (A) Notice having been given in the manner provided in Section 605, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds shall be paid at such price.

(B) If there shall be selected for redemption less than all of a Bond, then upon presentation and surrender to the Trustee of such Bond, the Trustee shall authenticate and the appropriate Fiduciary shall deliver, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, a new Bond of like maturity in the principal amount of the unredeemed portion of such Bond. If, on the redemption date, moneys
for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to
the redemption date, shall be held by the Trustee so as to be available therefor on said date, and if
notice of redemption shall have been given as aforesaid, then from and after the redemption date
interest on the Bonds or portions thereof so called for redemption shall cease to accrue and
become payable. If said moneys shall not be so available on the redemption date, such Bonds or
portions thereof shall continue to bear interest until paid at the same rate as they would have
borne had they not been called for redemption.
ARTICLE VII

PARTICULAR COVENANTS

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

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

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

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

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

Section 705. Tax Covenants. (A) The Authority shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Authority to be used, directly or indirectly, to acquire any securities or obligations the acquisition of which would cause any Bonds to be "arbitrage bonds", as defined in the Code.
(B) Unless otherwise provided in the Supplemental Resolution authorizing such Series of Bonds, the Authority shall not permit at any time or times any proceeds of any Series of Bonds or any other funds of the Authority to be used, directly or indirectly, in a manner, or take or omit to take any other action, which would result in the exclusion of any Bond from the treatment afforded by Section 103(a) of the Code.

(C) The Authority further covenants to comply with the rebate requirements (including the prohibited payment provisions) contained in Section 148(f) of the Code and any regulations promulgated thereunder, including the payment of any Rebate Amount, to the extent applicable, and to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements, to the extent applicable.

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

Section 707. Indebtedness and Liens. The Authority shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, Bond Anticipation Notes and Subordinated Indebtedness and Parity Reimbursement Obligations issued under this Resolution, secured by a pledge of or other lien or charge on the Revenues, and shall not create or cause to be created any lien or charge on such Revenues or on any amounts held by any Fiduciary, under this Resolution; but this Section shall not prevent the Authority (1) from issuing notes payable from the proceeds of Bonds, or (2) from issuing bonds or notes or other obligations for the corporate purposes of the Authority which are payable out of or secured by a pledge of, Revenues to be derived on and after such date as the pledge of the Revenues provided in this Resolution shall be discharged and satisfied as provided in Section 1201, or (3) from issuing bonds or notes or other obligations for the corporate purposes of the Authority which are payable out of or secured by the pledge of amounts available therefor in the Local Water Fund after satisfaction, in each month, of the Minimum Monthly Balance and Required Deposits for such month, and which recite on their face that such pledge of said amounts is and shall be in all respects subordinate to the provisions of the General Resolution and this Resolution and the lien and pledge created by the General Resolution and this Resolution.

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

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

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

Section 711. Agreement of the State. Pursuant to Section 1115-s of the Act, the State has pledged and agreed that it will not alter or limit the rights vested by the Act in the Authority or the Board to fulfill the terms of any agreement made with or for the benefit of the Bondholders, or in any way impair the rights and remedies of Bondholders, until the Bonds, together with the interest thereon, with interest on any unpaid installment of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The Authority certifies that the Resolution and the Financing Agreement are intended to be for the benefit of the Bondholders.

Section 712. Authority Budget. (A) The Authority shall, on or before November 1 in each Fiscal Year, adopt and file with the Trustee and the Board, a copy of the Authority Budget for the ensuing Fiscal Year, duly certified by an Authorized Representative of the Authority, showing the Aggregate Debt Service and Projected Debt Service for all Projected Series of Bonds, and the aggregate debt service for any Subordinated Indebtedness (including the amount, of each item constituting a component of any thereof, on a monthly basis) for the ensuing Fiscal Year, together with any other information required to be set forth therein by the General Resolution or this Resolution or the Financing Agreement. Such Authority Budget may set forth such additional information as the Authority may determine or as the Board may request.
(B) If for any reason the Authority shall not have adopted the Authority Budget on or before such November 1, the Authority Budget for the then current Fiscal Year shall be deemed to be the Authority Budget for the ensuing Fiscal Year until a new Authority Budget is adopted.

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

Section 713. Debt Service Requirement. The Authority shall promptly recalculate the Authority Budget upon the occurrence of any change in the Aggregate Debt Service, Projected Debt Service or debt service on Subordinated Indebtedness. If any such recalculation results in the determination of a Minimum Monthly Balance in excess of the Minimum Monthly Balance set forth in the then current Authority Budget, the Authority shall adopt and file an amended Authority Budget in accordance with Section 712(C) and shall notify the Trustee of any change in the Minimum Monthly Balance.

Section 714. Enforcement of Financing Agreement; Amendments to Mortgage or Agreements. (A) The Authority shall enforce or cause to be enforced the provisions of the Financing Agreement and duly perform its covenants and agreements under the Financing Agreement.

(B) Neither the Trustee nor the Authority will consent, agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with the amendment of the Financing Agreement, the Mortgage, the Acquisition Agreement or the Operation Agreement except in accordance with Article X of the Financing Agreement.
ARTICLE VIII
SUPPLEMENTAL RESOLUTIONS

Section 801. Supplemental Resolutions Effective Upon Filing with the Trustee. (A) For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted by the Authority:

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

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

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

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

5. to authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Section 206 or 207, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds, including, without limiting the generality of the foregoing, provisions amending or modifying the Resolution to provide for the issuance of Bonds in book-entry form, or in coupon form payable to bearer; or

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

7. to modify any of the provisions of this Resolution to permit compliance with any amendment to the Code if, in the opinion of Bond Counsel, failure to so modify the Resolution would adversely affect the ability of the Authority to issue Bonds the interest on which is not included in gross income for federal income tax purposes; or
(8) to modify the terms hereof, or of any Supplemental Resolution, in order to obtain a higher rating or maintain the then existing rating assigned to the Bonds by any Rating Agency; or

(9) to modify any of the provisions of this Resolution in any respect whatsoever, provided that (a) such modification shall be, and shall be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (b) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof.

(B) A Supplemental Resolution adopted for the purposes set forth in Section 801(A) shall not require the consent of the Trustee or the Bondholders. Such Resolution shall be fully effective in accordance with its terms upon the filing of a copy thereof with the Trustee certified by an Authorized Representative of the Authority.

Section 802. Supplemental Resolutions Effective Upon Consent of Trustee. (A) For any one or more of the following purposes, and at any time or from time to time, a Supplemental Resolution may be adopted:

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

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

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

(B) A Supplemental Resolution adopted for the purposes set forth in Section 802(A) shall not require the consent of the Bondholders. Such Resolution shall be fully effective in accordance with its terms upon the written consent thereto by an Authorized Representative of the Trustee after a copy of such Supplemental Resolution certified to by an Authorized Representative of the Authority has been filed with the Trustee. With respect to any Series of Bonds for which a municipal bond insurance policy or other Credit Facility has been obtained, the issuer of such policy or other Credit Facility shall receive notice of any Supplemental Resolution adopted pursuant to Section 802(A).

(C) Any such Supplemental Resolution may also contain one or more of the purposes specified in Section 801, and in that event, the consent of the Trustee required by this Section shall be applicable only to those provisions of such Supplemental Resolution as shall contain one or more of the purposes set forth in subsection (A) of this Section.
Section 803. Supplemental Resolutions Effective With Consent of Bondholders. At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders in accordance with and subject to the provisions of Article IX, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Representative of the Authority and upon compliance with the provisions of Article IX, shall become fully effective in accordance with its terms as provided in said Article.

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

(B) Any Supplemental Resolution referred to and permitted or authorized by Sections 802 and 803 may be adopted by the Authority without the consents set forth in said Sections, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution filed with the Trustee shall be accompanied by an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution, and is valid and binding upon the Authority.

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

(D) No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without the written assent thereto of each Fiduciary affected thereby.
ARTICLE IX

AMENDMENTS REQUIRING CONSENT OF BONDHOLDERS

Section 901. Mailing and Publication of Notice of Amendment. (A) Any provisions in this Article for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed, by first-class mail, postage prepaid only (1) to each owner of Bonds then Outstanding at his address appearing upon the registry books, and (2) if given by a party other than the Trustee, to the Trustee.

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

Section 902. Powers of Amendment. (A) Any modification or amendment of this Resolution or of the rights and obligations of the Authority and of the holders of the Bonds hereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 903; (1) if a municipal bond insurance policy or other Credit Facility shall have been obtained by the Authority for any Series of Bonds, of the issuer of such insurance policy or other Credit Facility, so long as the issuer of such insurance policy or other Credit Facility is not in default thereunder, (2) of the holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given and (3) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Bonds of such Series so affected and Outstanding at the time such consent is given; except that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section.

(B) No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bond the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Resolution if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee may in its discretion determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by any modification or amendment hereof, and any such determination shall be binding and conclusive on the Authority and all holders of Bonds. For the purposes of this Section, the holders of the Bonds may include the initial holders thereof, regardless of whether such Bonds are being held for immediate resale. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as
conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment hereof.

Section 903. Consent of Bondholders. (A) The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 902, to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to the Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (1) there shall have been filed with the Trustee (a) the written consents of holders of the percentages of Outstanding Bonds and, if applicable, the issuer of any municipal bond insurance policy or other Credit Facilities relating to the Bonds, as specified in Section 902 and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed in accordance with the provisions of this Resolution, is authorized or permitted hereby, and is valid and binding upon the Authority, and (2) a notice shall have been published as hereinafter provided in this Section. The Authority may fix a record date for purposes of determining Bondholders entitled to consent to a proposed Supplemental Resolution.

(B) Any such consent given by a Bondholder shall be binding upon the Bondholder giving such consent and upon any subsequent holder of his Bonds or any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof).

(C) At any time after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required percentages of Bonds and will be effective as provided in this Section, shall be given to the Bondholders by the Authority by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section provided) and, if at the time any of such Bonds are in coupon form payable to bearer, by publishing the same in an Authorized Newspaper at least once not more than ninety days after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinafore provided for is filed. The Authority shall file with the Trustee proof of the giving of such notice. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the holders of all Bonds upon the filing with the Trustee of the proof of the giving of such last mentioned notice.
Section 904. Modifications by Unanimous Consent. The terms and provisions of this Resolution and the rights and obligations of the Authority and of the holders of the Bonds may be modified or amended in any respect upon the adopting and filing with the Trustee of a Supplemental Resolution and the consent of the holders of all the Bonds then Outstanding, such consent to be given as provided in Section 903 except that no notice to Bondholders either by mailing or publication shall be required; but no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders.

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

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

Section 907. Credit Facility Consent in Lieu of Bondholder Consent. Any Supplemental Resolution may provide that with respect to a Series of Bonds authorized thereby the consent of the issuer of a municipal bond insurance policy or other Credit Facility issued with respect to such Series to any amendment or modification of this Resolution shall stand in the place of the consent or approval of the holders of such Bonds so long as (A) the issuer of the municipal bond insurance policy or other Credit Facility is not in default thereunder, and (B) the consent or approval of the holders of less than 100% of all Bonds affected by such amendment or modification is required.
ARTICLE X

EVENTS OF DEFAULT; REMEDIES

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

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

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

(3) default by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in this Resolution, the Mortgage, any Supplemental Resolution or in the Bonds contained, and such default shall continue for a period of thirty days; or

(4) a default under the Financing Agreement or the Acquisition Agreement by the Board or the City or a default by the Board under the Mortgage shall have occurred and be continuing for a period of thirty days; or

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

(6) a default by the Authority under the General Resolution;

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

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

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

Section 1003. Application of Revenues and Other Moneys After Default. (A) The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (1) forthwith, any moneys, securities and funds then held by the Authority, the Board, or a Banking Depositary in any Fund or Account under this Resolution or the Financing Agreement, and (2) as promptly as practicable after receipt thereof, the Revenues.

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

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

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

(a) unless the principal of all of the Bonds shall be or has been declared due and payable,
FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments of interest, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

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

(b) if the principal of all of the Bonds shall be or has been declared due and payable, to the interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

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

Section 1004. Proceedings Brought by Trustee. (A) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, if the Trustee shall deem it advisable may proceed to protect and enforce its rights under the Mortgage and the rights of the holders of the Bonds under this Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenants herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Resolution; provided,
however, that with respect to any Series of Bonds for which a municipal bond insurance policy or other Credit Facility has been obtained, then so long as the issuer of such insurance policy or other Credit Facility shall not have defaulted thereunder, the consent of the issuer of such policy or other Credit Facility shall be required prior to the Trustee taking action hereunder.

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

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

(D) Upon commencing a suit in equity or upon other commencement of judicial proceeding by the Trustee to enforce any right under this Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in this Resolution and provided to be exercised by the Trustee upon the occurrence of an Event of Default; and, as a matter of right against the Authority, without notice or demand and without regard to adequacy of the security for the Bonds, the Trustee shall, to the extent permitted by law, be entitled to the appointment of a receiver of the moneys, securities and funds then held by the Authority in any Fund or Account under this Resolution and, subject to application of the Revenues; but notwithstanding the appointment of any receiver, the Trustee shall be entitled to retain possession and control of and to collect and receive income from, any moneys, securities and funds deposited or pledged with it under this Resolution or agreed or provided to be delivered or pledged with it under this Resolution.

(E) Regardless of the happening of an Event of Default, the Trustee shall have the power to, but (unless requested in writing by the holders of a majority in principal amount of the Bonds then Outstanding, or with respect to any Series of Bonds for which a municipal bond insurance policy or other Credit Facility has been obtained, by the issuer of such policy or other Credit Facility, and furnished with reasonable security and indemnity) shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Resolution by any acts which may be unlawful or in violation of this Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interest and the interests of the Bondholders.
Section 1005. Restriction on Bondholders' Action. (A) No holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Resolution or the execution of any trust under this Resolution or for any remedy under this Resolution, unless such holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the holders of at least a majority in the principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in this Section or to institute such action, suit or proceeding in its own name, and unless such holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request within a reasonable time; it being understood and intended that no one or more holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by this Resolution, or to enforce any right under this Resolution, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Resolution shall be instituted and maintained for the equal benefit of all holders of the Outstanding Bonds.

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

Section 1006. Remedies Not Exclusive. No remedy by the terms of this Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Resolution or existing at law or in equity or by statute on or after the date of adoption of this Resolution.

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

(B) Prior to the declaration of maturity of the Bonds as provided in Section 1001, the holders of a majority in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the holders of all of the Bonds waive any past default under this Resolution and its consequences. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 1008. Trustee to Exercise Powers of Statutory Trustee. The Trustee shall be and hereby is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 1115-o of the Act and the right of the Bondholders to appoint a trustee
pursuant to Section 1115-o of the Act is hereby abrogated in accordance with the provisions of Section 1115-n(4)(i) of the Act, provided, however, that any action, suit or proceeding brought by or on behalf of the Bondholders pursuant to this Resolution or the Bonds shall be brought only in the Supreme Court of the State in and for Albany County.

Section 1009. Subordination to General Resolution. All rights and remedies of the Trustee set forth in this Article X for the benefit of the holders of the Bonds are subject and subordinate to the rights and remedies of the Trustee for the benefit of the holders of the Priority Indebtedness under the General Resolution.
ARTICLE XI
CONCERNING FIDUCIARIES

Section 1101. Trustee; Appointment and Acceptance of Duties. Manufacturers and Traders Trust Company, Buffalo, New York, is hereby appointed Trustee and bond registrar. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing an acceptance or the certificate of authentication endorsed upon the Bonds and, by executing such an acceptance or certificate upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in this Resolution.

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

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

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

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

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

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

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

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

Section 1107. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty (60) days' written notice to the Board and the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two successive calendar weeks in an Authorized Newspaper, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority or the Bondholders as provided in Section 1109, in which event such resignation shall take effect.
immediately on appointment of such successor; provided, however, that such resignation shall not take effect until a successor Trustee has been appointed and has accepted such appointment pursuant to Section 1109.

Section 1108. Removal of Trustee. The Trustee may be removed any time by an instrument or concurrent instruments in writing, filed with Trustee, and signed by the holders of a majority in principal amount of Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority. The Authority may remove the Trustee at any time, except during the existence of an Event Default, for such cause as shall be determined in the sole discretion of Authority, by filing an instrument signed by an Authorized Representative the Authority; provided, however, that the diligent pursuit of responsibilities shall not be cause for the removal of the Trustee by Authority.

Section 1109. Appointment of Successor Trustee. (A) In case any time (1) the Trustee shall resign, shall be removed, shall be incapable of acting or shall be adjudged a bankrupt or insolvent; or (2) if a receiver, liquidator or conservator of the Trustee or its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee. Notwithstanding the foregoing, unless a successor Trustee shall have been appointed by the Bondholders as aforesaid, the Authority by a duly executed written instrument signed by an Authorized Representative shall forthwith appoint a Trustee to fill such vacancy until successor Trustee shall be appointed by the Bondholders as authorized in this Section. The Authority shall publish notice of any such appointment made by it once in each week for two consecutive calendar weeks, in an Authorized Newspaper, the first publication to be made within twenty days after such appointment. Any successor Trustee appointed by the Authority shall immediately and without further act, be superseded by a Trustee appointed by the Bondholders.

(B) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Authority written notice as provided in Section 1107 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(C) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company organized under the laws of any state or a national banking association, and having a capital and surplus aggregating at least $75,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.
Section 1110. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify any Paying Agent of its appointment as Trustee.

Section 1111. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and, in the case of any successor Trustee, shall meet the requirements of paragraph (C) of Section 1109, in the case of a successor Paying Agent, shall meet the requirements of paragraph (A) of Section 1113, and shall be authorized by law to perform all the duties imposed upon it by this Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

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

Section 1113. Resignation or Removal of Paying Agent and Appointment of Successor. (A) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty (60) days' written notice to the Authority, the Board, the Trustee, and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Authority. Any successor Paying Agent shall be appointed by the Authority, with the approval of the Trustee,
and (subject to the requirements of Section 1102) shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having a capital and surplus aggregating at least $75,000,000, and willing and able to accept the office on reasonable and customary terms, and authorized by law to perform all the duties imposed upon it by this Resolution.

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

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

(B) Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section. Subject to the provisions of subsection (C) of this Section, any Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee irrevocable instructions accepted in writing by the Trustee to give as provided in Article VI notice of redemption of such Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Authority as hereinafter provided prior to the giving of such notice of redemption) on said date, and (2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient or Defeasance Obligations the principal installments of and/or the interest on which when due, without reinvestment, will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the Principal Installments or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be. The Trustee may rely on an Accountant's Certificate as to the sufficiency of any such deposit. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 1201 to the retirement of said Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Bonds, all in the manner provided in this Resolution.

The Trustee shall, if so directed by the Authority (a) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 1201 which are to be redeemed on any date prior to their maturity date or (b) prior to the giving of the notice of redemption referred to in clause (1) above with respect to any Bonds deemed to have been paid in accordance with this Section 1201 which are to be redeemed on any date prior to their maturity, apply moneys
deposited with the Trustee in respect of such Bonds and redeem or sell Defeasance Obligations so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the Trustee shall receive an Accountant's Certificate showing that the moneys and Defeasance Obligations remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient to pay when due the Principal Installment or Redemption Price, if applicable, and interest due or to become due on all Bonds, in respect of which such moneys and Defeasance Obligations are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be, and a Bond Counsel's Opinion to the affect that such redemption or sale of such Defeasance Obligations will not adversely affect the exemption of the interest on such Bonds from federal income taxation and that such redemption or sale otherwise complies with the provisions of this Resolution. The directions given by the Authority to the Trustee referred to in the proceeding sentence shall also specify the portion, if any, of such Bonds so purchased and cancelled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 1201 upon their maturity date or dates and the portion, if any, of such Bonds so purchased and cancelled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 1201 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases and cancellations of Bonds as provided in this Section 1201 the total amount of moneys and Defeasance Obligations remaining on deposit with the Trustee under this Section 1201 is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds in order to satisfy clause (2) of this subsection (B) of Section 1201, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any lien or pledge securing said Bonds or otherwise existing under this Resolution. The Trustee may rely on an Accountant's Certificate as to the sufficiency of any such deposit. Except as otherwise provided in this subsection (B) of Section 1201 and subsection (C) of this Section 1201, neither Defeasance Obligations nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee, (1) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under this Resolution, and (2) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested at the written direction of an Authorized Representative of the Authority in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any lien or pledge securing said Bonds or otherwise existing under this Resolution.

(C) For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Obligations and moneys, if any, in accordance with the second sentence
of subsection (B) of this Section, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Obligations on deposit with the Trustee for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Rate Bonds in order to satisfy the second sentence of subsection (B) of this Section, the Trustee shall, if requested, by the Authority, pay the amount of such excess to the Authority free and clear of any lien or pledge securing the Bonds or otherwise existing under this Resolution.

(D) Option Bonds shall be deemed to have been paid in accordance with the second sentence of subsection (B) of this Section only if, in addition to satisfying the requirements of clauses (1) and (2) of such sentence, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the holders of such Bonds upon the exercise of any options provided to the holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to subsection (B) of this Section the options originally exercisable by the holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this subsection. If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Trustee shall, if requested, by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under this Resolution.

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

Section 1202. Evidence of Signatures of Bondholders and Ownership of Bonds. (A) Any request, consent, revocation of consent or other instrument which this Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their...
attorneys-in-fact appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Resolution (except as otherwise therein expressly provided) if made in any manner satisfactory to the Trustee. Proof of the holding of Bonds on any date shall be provided by the registration books of the Authority maintained by the Trustee.

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

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

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

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

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

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

Section 1208. Severability of Invalid Provisions. If any one or more of the provisions, covenants or agreements provided in this Resolution on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such provision or provisions, covenant or covenants, agreement or agreements, shall be deemed severable from the remaining provisions, covenants and agreements, and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.
Section 1209. Payments on Saturdays, Sundays and Holidays. In any case where the date of any payment required to be made under this Resolution shall be a Saturday or a Sunday or shall be at the place designated for such payment, a legal holiday or a day on which banking institutions are authorized by law to close, then such payment shall not be made on such date but shall be made on the next succeeding business day not a Saturday, Sunday, a legal holiday or a day upon which banking institutions are authorized by law to close, and no interest shall accrue for the period after the date of any payment required to be made under this Resolution, notwithstanding that such date shall be a Saturday, Sunday, a legal holiday or a day upon which banking institutions are authorized by law to close.

Section 1210. Effective Date. This Resolution as shall take effect upon its adoption; provided, however, that the amendments hereto effected by the Supplemental Resolution adopted June 16, 2011 shall be effective only after all Bonds of any Series Outstanding on such adoption date shall cease to be Outstanding.
EXHIBIT A

FORM OF DISBURSEMENT REQUEST

[DATE]

Manufacturers and Traders Trust Company
One M&T Plaza, Seventh Floor
Buffalo, NY 14203

Re: $ _________ Albany Municipal Water Finance Authority
    Second Resolution Revenue Bonds, Series ______

Requisition Number:

Gentlemen:

You are hereby authorized and directed to make the following disbursement from the Construction Fund, as defined in the Second Water and Sewer System General Revenue Bond Resolution adopted on June 20, 2003 and amended June 16, 2011 (the “Resolution”) by the Albany Municipal Water Finance Authority (the “Authority”).

(A) The name(s) and address(es) of the person(s) to whom disbursement is to be made, the amount to be paid to each and the purpose for which the requested disbursement is to be made are set forth in Schedule “A” attached hereto and made a part hereof.

(B) The disbursement is for a proper expenditure of moneys in the Construction Fund established pursuant to Section 503 of the Resolution.

(C) The disbursement is for an item of cost that is consistent in all material respects with the Resolution and the Financing Agreement (as defined in the Resolution).

(D) As of the date of this Requisition, the representations and covenants made by the Authority in the Financing Agreement have been complied with and there is no Event of Default (as defined in the Resolution) under the Resolution or the Financing Agreement, or any event that with the passage of time or the giving of notice or both, would ripen into such a Default.

(E) This Requisition is accompanied by appropriate bills, invoices or other proof to substantiate the amounts requested.

ALBANY MUNICIPAL WATER FINANCE AUTHORITY

By: _______________________________
    Chairman
ALBANY MUNICIPAL WATER FINANCE AUTHORITY

SECOND SUPPLEMENTAL RESOLUTION TO SECOND WATER AND SEWER SYSTEM GENERAL REVENUE BOND RESOLUTION

Adopted June 2, 2011

A RESOLUTION AMENDING THE SECOND WATER AND SEWER SYSTEM GENERAL REVENUE BOND RESOLUTION OF THE ALBANY MUNICIPAL WATER FINANCE AUTHORITY ADOPTED JUNE 20, 2003 AND AUTHORIZING THE ISSUANCE BY THE AUTHORITY OF ITS SECOND RESOLUTION REVENUE BONDS, SERIES 2011 IN AN INITIAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $65,000,000
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SECOND
SUPPLEMENTAL RESOLUTION
TO
SECOND
WATER AND SEWER SYSTEM
GENERAL REVENUE BOND RESOLUTION

A RESOLUTION AMENDING THE SECOND WATER AND SEWER
SYSTEM GENERAL REVENUE BOND RESOLUTION OF
THE: ALBANY MUNICIPAL WATER FINANCE AUTHORITY ADOPTED
JUNE 20, 2003, AND AUTHORIZING THE ISSUANCE BY THE
AUTHORITY OF ITS SECOND RESOLUTION REVENUE BONDS, SERIES
2011 IN AN INITIAL AGGREGATE PRINCIPAL AMOUNT NOT TO
EXCEED $65,000,000

WHEREAS, the Albany Municipal Water Finance Authority (the "Authority") was
by Chapter 868 of the Laws of 1986 of the State of New York (the "State"), as amended,
Title 6 of Article 5 of the Public Authorities Law of the State (the "Authority Act");

WHEREAS, the Albany Water Board (the "Board") was created by Chapter 869 of the
of 1986 of the State, as amended, constituting Title 6-A of Article 5 of the Public
LAW of the State (the "Board Act") (the Authority Act and the Board Act being
ly referred to as the "Act"); and

WHEREAS, the Act empowers the City of Albany (the "City"), among other things, to
the assets of its water system and sewerage system (collectively, the "System") to the
by deed, lease or other arrangement; and

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

WHEREAS, the Act empowers the Authority, among other things, to issue its bonds,
other obligations to finance Projects (as defined in the Act) or for any corporate purpose
Authority and to enter into agreements with the Board and the City in connection
th; and

WHEREAS, pursuant to an acquisition agreement, dated as of October 1, 1987 (the
Agreement"), by and between the City and the Board and various conveyancing
deferred pursuant thereto, the Board acquired title to the System from the City; and
WHEREAS, the Authority adopted its Water and Sewer System General Revenue Bond
Resolution January 22, 1988 (the "General Resolution") and has heretofore from time to time
issued pursuant to it and various supplemental resolutions under the General Resolution various
series of "Bonds" and "Subordinated Indebtedness" (as such terms in quotes are defined in the
General Resolution); and

WHEREAS, pursuant to the Act, the Financing Agreement (as defined below) and an
operation agreement, dated as of October 1, 1987 (the "Operation Agreement") by and between
the Board and the City, the City has agreed to operate and maintain the System on behalf of the
Board; and

WHEREAS, the Authority has (A) adopted the Second Resolution (as hereinafter
defined), (B) amended the Financing Agreement as it applies to obligations issued under the
Second Resolution, while maintaining its obligations under the Financing Agreement with
respect to all Outstanding Bonds and Subordinated Indebtedness theretofore issued under the
General Resolution, and (C) closed the General Resolution to the issuance of any further
obligations thereunder (other than the obligations issued under the Second Resolution, which
constitute "Subordinated Indebtedness" [as such term in quotes is defined in the General
Resolution]); and

WHEREAS, pursuant to a financing agreement, dated as of October 1, 1987 and amended
as of June 20, 2003 (the "Financing Agreement"), by and among the City, the Authority and the
Board, (A) the Authority, among other things, has agreed to use its best efforts to issue its Bond
from time to time, under the Second Resolution to finance the construction of the Project
described, from time to time, in the Financing Agreement, and (B) the Board, among other
things, has (1) given, granted, sold and conveyed to the Authority, subject to the terms and
conditions of the General Resolution, the Second Resolution, the Act and the Financing
Agreement with respect to the use and application thereof, all of the Revenues derived by the
Board from the operation of the System, and (2) covenanted to set rates, fees and charges, to the
extent therein provided, sufficient to, among other things, pay the costs of operating and
maintaining the System and the principal of and interest on all Bonds and any other obligation
of the Authority under both the General Resolution and the Second Resolution, and (C) the City,
among other things, has agreed to collect all the rates, fees and charges levied by the Board for
the use of the System and to enforce the rules and regulations with respect to the System; and

WHEREAS, pursuant to the Second Resolution, the Authority has authorized issuance, from time to time, of its "Second Resolution Revenue Bonds", with such bonds constituting indebtedness subordinate to the Priority Indebtedness (as defined in the Second Resolution) issued pursuant to the General Resolution; and

WHEREAS, pursuant to Section 206 of the Second Resolution, the Authority is required
to adopt and deliver to the Trustee a Supplemental Resolution authorizing the issuance of
particular Series of Bonds; and
WHEREAS, the Authority has determined that it is necessary and desirable at this time to
issue of its Second Resolution Revenue Bonds in an aggregate initial principal amount
of $65,000,000 described below for the purpose of (A) refunding the outstanding
principal amount of the Series 2003A Bonds (as hereinafter defined), (B) refunding all
of the outstanding aggregate principal amount of the Series 2003B Bonds, (C)
Debt Service Reserve Fund or paying the cost of surety bond to fund the Debt Service
Fund and (D) paying the costs of issuance of the Series 2011 Bonds and costs associated
with refunding of the Series 2003A Bonds and the Series 2003B Bonds refunded;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ALBANY
WATER FINANCE AUTHORITY, PURSUANT TO THE SECOND
RESOLUTION, AS FOLLOWS:

ARTICLE I

DEFINITIONS AND AUTHORITY

1.01 DEFINITIONS.

Capitalized terms used herein and not otherwise defined shall have the respective
meanings accorded such terms in the Second Resolution. The following terms shall have the
meanings herein unless the context otherwise requires:

"Bond Insurance Policy" shall mean the municipal bond insurance policy, if any, issued
with respect to payment of the principal and interest on the Series 2011 Bonds.

"Bond Purchase Agreement" shall mean the bond purchase agreement between the
Authority and the Underwriter relating to the Series 2011 Bonds.

"Maturity Date" shall mean for any particular Series 2011 Bond, the date specified on
the Bond when the principal amount is due and payable.

"Official Statement" shall mean the final official statement relating to the Series 2011
Bonds.

"Resolutions" shall mean, collectively, the General Resolution, the Second Resolution
and Supplemental Resolution.

"Second Resolution" shall mean the Authority's Second Water and Sewer System

"Securities Depository" shall mean The Depository Trust Company, or any successor
securities depository for the Series 2011 Bonds.

"Series 2003A Bonds" shall mean the Authority's Second Resolution Revenue Bonds,
2003A, originally issued in the aggregate principal amount of $46,745,000.
“Series 2003B Bonds” shall mean the Authority’s Second Resolution Revenue Bond, Series 2003B, originally issued in the aggregate principal amount of $23,605,000.

“Series 2011 Bonds” shall mean the Second Resolution Revenue Bonds, Series 2011A, an initial aggregate principal amount not to exceed $65,000,000 authorized by this Supplemental Resolution.

“Series 2011 Tax Compliance Agreement” shall mean the Series 2011 Tax Compliance Agreement executed by the Authority and the Board in connection with the issuance of the Series 2011 Bonds, as the same may be amended or supplemented from time to time.

“Supplemental Resolution” shall mean this Supplemental Resolution authorizing the issuance of the Series 2011 Bonds.

“Underwriter” shall mean RBC Capital Markets, LLC.

SECTION 1.02 AUTHORITY FOR THIS SUPPLEMENTAL RESOLUTION.

This Supplemental Resolution is adopted pursuant to the provisions of the Second Resolution and the Act.

ARTICLE II

THE SERIES 2011 BONDS

SECTION 2.01 PRINCIPAL AMOUNTS, DESIGNATIONS AND SERIES.

Pursuant to the provisions of the Second Resolution, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in an initial aggregate principal amount not to exceed $65,000,000. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Second Resolution Revenue Bond Series 2011A”.

SECTION 2.02 PURPOSES.

The Series 2011 Bonds are being issued to finance (A) the refunding of the outstanding aggregate principal amount of the Series 2003A Bonds, (B) the refunding of all or a portion of the outstanding aggregate principal amount of the Series 2003B Bonds, (C) the funding of a required deposit to a Debt Service Reserve Fund or the payment of the cost of surety bonds to fund the Debt Service Reserve Fund and (D) payment of the costs of issuance of the Series 2011 Bonds, including the payment of the premium on the Bond Insurance Policy, if any, and costs associated with the refunding of the Series 2003A Bonds and the Series 2003B Bonds refunded.
DELEGATION OF AUTHORITY.

Series 2011 Bonds. There is hereby delegated to any Authorized Representative, subject to the limitations contained herein and in the Second Resolution, the respect to the Series 2011 Bonds to determine and carry out the following:

the authorized principal amount of the Series 2011 Bonds, not to exceed $65,000,000, the Bond Year, if any, for the Series 2011 Bonds, the Debt Service Reserve Requirement for the Series 2011 Bonds, the Credit Facility, if any, related to the Series 2011 Bonds, and if such Credit Facility is a Special Credit Facility, the Special Account, if any, to be established in the Debt Service Reserve Fund;

the purposes for which the Series 2011 Bonds are being issued, which shall be one or more of the following: (a) the making of deposits in the amounts, if any, required by the Second Resolution or this Supplemental Resolution into any of the Funds and Accounts established pursuant to Article V of the Second Resolution or in the Operation and Maintenance Reserve Account; (b) the refunding (which may include interest thereon) of all or a portion of the Series 2003A Bonds and the Series 2003B Bonds; (c) the payment of costs of issuance with respect to the Series 2011 Bonds and costs associated with the refunding of the Series 2003A Bonds and the Series 2003B Bonds refunded;

the date, and the maturity date or dates, of the Series 2011 Bonds;

the interest rate or rates of the Series 2011 Bonds, or the manner of determining such rate or rates, provided that the true interest cost of the Series 2011 Bonds shall not exceed five and twenty-five one-hundredths percent (5.25%) per annum, the Bond Payment Dates therefor and the method of payment thereof;

If any of the Series 2011 Bonds are Variable Rate Bonds, the limitation, if any, on the numerical rate or rates of interest which the Series 2011 Bonds may bear at any time (which may not exceed 12%) and the terms of the Pro Forma Bond Issue applicable thereto;

the minimum denomination of, and the manner of dating, numbering and lettering, the Series 2011 Bonds;

the place or places of payment of the Series 2011 Bonds or the manner of appointing and designating the same;

If any of the Series 2011 Bonds are redeemable, the Redemption Prices and the redemption terms for the Series 2011 Bonds; provided, however,
that the Redemption Price of any Series 2011 Bond subject to redemption at the election of the Authority may not be greater than 102% of the principal amount of the Series 2011 Bonds;

(9) the amount and due date of each Sinking Fund Installment, if any, for the Series 2011 Bonds of like maturity;

(10) if so determined by the Authority, provisions for the sale of the Series 2011 Bonds at public or private sale, provided that in the case of private sale the purchase price paid by the purchasers thereof shall not be less than 95% of the principal amount of the Series 2011 Bonds so sold;

(11) if any of the Series 2011 Bonds are Option Bonds, (a) the terms and conditions of the exercise by the owners thereof of the payment options granted thereby and (b) the authorization of the Credit Facility, if any, relating thereto;

(12) the form and title of the Series 2011 Bonds and of the Trustee's certificate of authentication thereof;

(13) the respective amounts, if any, to be deposited from the proceeds of the Series 2011 Bonds in the Operation and Maintenance Reserve Account and the applicable Funds and Accounts established under the Second Resolution (and any sub-accounts relating to the Series 2011 Bonds);

(14) the Principal Installments, if any, for the Series 2011 Bonds which will be Refundable Principal Installments together with a schedule showing the Adjusted Debt Service for the Series 2011 Bonds;

(15) the Debt Service Reserve Requirement with respect to the Series 2011 Bonds; and

(16) any other provisions deemed advisable by the Authority as shall not conflict with the provisions of the Second Resolution or the provisions hereof.

(B) Such Authorized Representative shall execute a Bond Series Certificate for the Series 2011 Bonds evidencing determinations or other actions taken pursuant to the authority granted herein or in the Second Resolution, and such Bond Series Certificate shall be conclusive evidence of the action or determination of such Authorized Representative as to the matter stated therein.

(C) All Series 2011 Bonds issued pursuant to this Supplemental Resolution of like maturity shall be identical in all respects, except as to denominations, maturity amounts, number and letters.
SECTION 2.04 BOOK-ENTRY-ONLY.

The Series 2011 Bonds shall be initially issued as book-entry-only bonds and shall be in the form of a separate single authenticated fully registered bond in the amount of each separate maturity of the Series 2011 Bonds. Upon initial issuance, the ownership of such Series 2011 Bonds shall be registered in the registry books of the Authority in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), the Securities Depository with respect to Series 2011 Bonds. So long as the Series 2011 Bonds are held in book-entry form, the ownership of the Series 2011 Bonds shall be considered the registered holder for all purposes hereof. So long as Cede & Co. as nominee for DTC is the registered holder of the Series 2011 Bonds, DTC shall be considered the only holder of the Series 2011 Bonds for all purposes under this Supplemental Resolution, including receipt of notices, voting and requesting or directing the Paying Agent or the bond registrar to take or not to take, or consenting to certain under the Supplemental Resolution.

On original issue, the Series 2011 Bonds shall be deposited with DTC which shall be responsible for maintaining a book-entry only system for recording the ownership interests of its participants. The DTC participants will be responsible for maintaining records with respect to official ownership interests of individual purchasers of the Series 2011 Bonds.

During the period for which Cede & Co. is the registered holder of the Series 2011 Bonds, principal or Redemption Price, and interest shall be payable directly to Cede & Co. or to such amounts to DTC participants shall be the responsibility of DTC. Disbursal of amounts to DTC indirect participants shall be the responsibility of DTC participants. Disbursements by DTC participants or DTC indirect participants to beneficial owners shall be the responsibility of DTC participants or DTC indirect participants, and not of DTC, the Paying Agent or the Trustee.

DURING THE PERIOD FOR WHICH Cede & Co. IS REGISTERED HOLDER OF SERIES 2011 BONDS, ANY NOTICE TO BE PROVIDED TO ANY REGISTERED HOLDER WILL BE PROVIDED TO Cede & Co. DTC SHALL BE RESPONSIBLE FOR NOTICE TO DTC PARTICIPANTS, AND DTC PARTICIPANTS AND DTC INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIVIDUAL HOLDERS OF BENEFICIAL INTERESTS.

Any authorized officer of the Trustee, Paying Agent and bond registrar are hereby authorized and directed to enter into an agreement with DTC or other Securities Depository in order to carry out the provisions of this Supplemental Resolution with respect to the use of a Securities Depository.

Without limiting the immediately preceding provision hereof, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC or other Securities Depository, its nominee or any participant with respect to any ownership interest in the Series 2011 Bonds, (ii) the delivery to any participant, any beneficial owner or any other person, other than the nominee of DTC or other Securities Depository, of any notice with respect to the Series 2011 Bonds, including any notice of redemption, or (iii) the payment to any participant, any beneficial owner or any other person, other than the nominee of DTC or other Securities Depository, of any amounts with respect to the principal of or premium, if any, or interest on the Series 2011 Bonds. The Authority and the Trustee may treat as and deem the nominee of DTC or other Securities Depository to be the absolute owner of each Series 2011 Bond for the purpose of payment of the principal of and premium, if any, and interest on such Series 2011 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2011 Bond, for the purpose of registering transfers with respect to such Series 2011 Bond and for all other purposes whatsoever. The Trustee shall pay all principal of and premium, if any, and interest on the Series 2011 Bonds only to or upon the order of the nominee of DTC or other Securities Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligation with respect to the principal of and premium, if any, and interest on the Series 2011 Bonds to the extent of the sum or sums so paid. No person other than the nominee of DTC or other Securities Depository shall receive an authenticated Series 2011 Bond evidencing the obligation of the Authority to make payments of principal and premium, if any, and interest pursuant to this Supplemental Resolution. Upon delivery by the nominee of DTC or other Securities Depository to the Trustee of written notice to the effect that DTC or the other Securities Depository has determined the substitute a new nominee in place of the existing nominee, the Trustee shall issue a new registered Series 2011 Bond to the new nominee in exchange for each Series 2011 Bond surrendered which was registered in the name of the old nominee to such new nominee of the Securities Depository.

Upon receipt by the Authority and the Trustee of written notice from DTC or other Securities Depository to the effect that the Securities Depository is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Securities Depository hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, then the Series 2011 Bonds shall no longer be restricted to being registered in the registry books of the Authority kept by the Trustee in the name of the nominee of DTC or other Securities Depository, but may be registered in whatever name or names the beneficial owners transferring or exchanging Series 2011 Bonds shall designate, in accordance with the provisions of this Supplemental Resolution.

In the event the Authority determines that it is in the best interests of the beneficial owners that they be able to obtain Series 2011 Bond certificates, the Authority may notify DTC or other Securities Depository and the Trustee, whereupon the nominee or Securities Depository,
otify the participants of the availability through the nominee or Securities Depository of bond certificates. In such event, the Trustee shall issue, transfer and exchange Series 2011 Bond certificates as requested by the Securities Depository to the Securities Depository and any other Bondowners in appropriate amounts, and whenever the Securities Depository requests the Authority and the Trustee to do so, the Trustee and the Authority will provide with the Securities Depository by taking appropriate action after reasonable notice (i) the available one or more separate certificates evidencing the Series 2011 Bonds to any Bondowner or Securities Depository participant having Series 2011 Bonds credited to its Securities Depository account or (ii) to arrange for another securities depository to maintain custody of notes evidencing the Series 2011 Bonds.

Notwithstanding any other provision of this Supplemental Resolution to the contrary, so that the Series 2011 Bonds are registered in the name of the nominee of DTC or other Securities Depository, all payments with respect to the principal of and premium, if any, and interest on Series 2011 Bonds and all notices with respect to such Series 2011 Bonds shall be made and respectively, to the nominee of DTC or other Securities Depository.

In connection with any notice or other communication to be provided to Series 2011 Bondholders pursuant to this Supplemental Resolution by the Authority or the Trustee with to any consent or other action to be taken by any Series 2011 Bondholders, the Authority, the Trustee, as the case may be, may establish a record date for such consent or other action or the nominee of DTC or other Securities Depository notice of such record date not less than calendar days in advance of such record date to the extent possible.

ARTICLE III
FUNDS AND ACCOUNTS; CREDIT FACILITY

3.01 DEBT SERVICE RESERVE FUND.

For purposes of Section 502(B) of the Second Resolution, no special account is held in the Debt Service Reserve Fund for the Series 2011 Bonds.

Either a cash deposit or a Financial Guaranty consented to by the Bond Insurer, if all be deposited in the Debt Service Reserve Fund in connection with the issuance and the Series 2011 Bonds. Notwithstanding the foregoing, if a Financial Guaranty shall be so the Authority reserves the right to substitute another Financial Guaranty consented to Bond Insurer or cash and/or Investment Securities in the Debt Service Reserve Fund, as in Section 508 of the Second Resolution.

3.02 REFUNDABLE PRINCIPAL INSTALLMENTS.

Pursuant to Section 206(a)(14) of the Second Resolution, it is hereby determined that the principal installments for the Series 2011 Bonds shall be Refundable Principal Instalments.
SECTION 3.03 INTEREST ON INVESTMENT OF MONEYS IN CONSTRUCTION FUND.

Notwithstanding any provision to the contrary in the Second Resolution, interest and other earnings from the investment of proceeds of the Series 2011 Bonds deposited in the Construction Fund, if any, shall be retained in the Construction Fund and used in accordance with the provisions of Section 503 of the Second Resolution.

SECTION 3.04 CREDIT FACILITY.

Pursuant to Sections 206(A)(1) and 209 of the Second Resolution, the Chairman of the Authority is hereby authorized and directed to obtain, or cause to be obtained a Credit Facility with respect to the Series 2011 Bonds in the form of a Bond Insurance Policy which shall insure the payment of the principal of and interest on the Series 2011 Bonds, provided that the Chairman shall determine, based on information provided by the Underwriter, that the present value of the premium and any fees for the Bond Insurance Policy will be less than the present value of the expected interest savings on the Series 2011 Bonds as a result of the Bond Insurance Policy. There is hereby delegated to any Authorized Representative of the Authority, subject to limitations contained herein and in the Second Resolution, the power to establish by Bond Series Certificate the rights of the issuer of the Bond Insurance Policy, if any.

ARTICLE IV

APPROVAL AND AUTHORIZATION TO EXECUTE AND DELIVER DOCUMENTS AND SERIES 2011 BONDS

SECTION 4.01 APPROVAL AND EXECUTION OF PURCHASE AGREEMENT.

The form of Bond Purchase Agreement as submitted to this meeting is approved. An Authorized Representative of the Authority is hereby authorized and directed to determine the terms and purchase price of the Series 2011 Bonds within the limitations set forth in the Second Resolution authorizing the issuance of the Series 2011 Bonds and to execute and deliver such Bond Purchase Agreement with such changes, insertions and omissions as may be approved by said Authorized Representative, said execution being conclusive evidence of such approval.

SECTION 4.02 EXECUTION AND DELIVERY OF OFFICIAL STATEMENT.

Any Authorized Representative of the Authority is also authorized to execute and deliver, on behalf of the Authority, a final Official Statement relating to the Series 2011 Bonds to be dated as of the date of the sale of the Series 2011 Bonds with such changes, insertions and omissions to the Preliminary Official Statement as may be approved by said Authorized Representative, said execution being conclusive evidence of such approval, and any amendments or supplements thereto which may be necessary or desirable. After execution, any Authorized Representative of the Authority is hereby authorized to deliver to the purchasers of the Series 2011 Bonds an executed copy or copies of such Official Statement and any amendments or supplements thereto.
1.03 EXECUTION AND DELIVERY OF SERIES 2011 TAX COMPLIANCE AGREEMENT AND ESCROW DEPOSIT AGREEMENT.

The Authorized Representative of the Authority is also authorized to execute and deliver, on behalf of the Authority, (A) a Series 2011 Tax Compliance Agreement to be dated the date of this Resolution with respect to the Series of Series 2011 Bonds and (B) an escrow deposit agreement to the application of the proceeds of the Series 2011 Bonds to the defeasance of the Series 2011 Bonds and a portion of the Series 2003B Bonds outstanding.

1.04 APPROVAL AND EXECUTION OF AGREEMENT TO PROVIDE CONTINUING DISCLOSURE.

The form of the Agreement to Provide Continuing Disclosure as submitted to this Resolution is approved. Any Authorized Representative of the Authority is hereby authorized and directed to execute and deliver the Agreement to Provide Continuing Disclosure with such insertions and omissions as may be approved by said Authorized Representative, said approval being conclusive evidence of such approval.

1.05 EXECUTION AND DELIVERY OF DOCUMENTS NECESSARY FOR SALE.

Any Authorized Representative of the Authority is hereby authorized and directed to execute and deliver any and all documents and instruments, necessary for the sale of the Series 2011 Bonds, and to do and cause to be done any and all acts and things necessary or proper for the consummation of the transactions contemplated by this Resolution.

1.06 EXECUTION AND AUTHENTICATION OF SERIES 2011 BONDS.

Pursuant to the provisions of Article III of the Second Resolution, the Chairman or other Authorized Representative of the Authority is hereby authorized and directed to execute by facsimile signature the Series 2011 Bonds in the name of the Authority and the seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or reproduced thereon. The Secretary, an Assistant Secretary or other Authorized Representative of the Authority is hereby authorized and directed to attest by manual or facsimile signature to the execution of the Series 2011 Bonds.

The Trustee is hereby authorized to authenticate by manual or facsimile signature the Series 2011 Bonds, and deliver the same to or upon the order of the Authority, in such amounts and at such times as the Trustee shall be directed in writing by an Authorized Representative of the Authority.
ARTICLE V

APPROVAL OF AMENDMENT OF OPERATION AGREEMENT

SECTION 5.01 APPROVAL OF AMENDMENT OF OPERATION AGREEMENT.

The amendments to the Operation Agreement contained in the amended Operation Agreement approved by the Board on May 19, 2011 and entitled "City of Albany and Albany Water Board Operation Agreement dated as of October 1, 1987, Amended May 22, 2008 and further Amended as of May 19, 2011" are hereby approved.

ARTICLE VI

EFFECTIVE DATE

SECTION 6.01 EFFECTIVE DATE.

This Supplemental Resolution shall be fully effective in accordance with its terms upon the filing with the Trustee of (1) an opinion of bond counsel stating that this Supplemental Resolution has been duly and lawfully adopted and filed, is authorized by the Second Resolution and is valid and binding upon the Authority, and (2) a copy hereof certified by the secretary of the Authority.

* * * * *

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The question of the adoption of the foregoing Supplemental Resolution was duly put to a roll call, which resulted as follows:

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The foregoing Resolution was thereupon declared duly adopted.