

**BUFFALO AND FORT ERIE
PUBLIC BRIDGE AUTHORITY**

**TOLL BRIDGE SYSTEM
REVENUE BOND RESOLUTION**

Adopted July 26, 1995

Amended and Restated as of April 25, 2014

**AUTHORIZING THE ISSUANCE OF
BUFFALO AND FORT ERIE PUBLIC BRIDGE AUTHORITY
TOLL BRIDGE SYSTEM REVENUE BONDS**

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**TOLL BRIDGE SYSTEM
REVENUE BOND RESOLUTION**

A RESOLUTION AMENDING AND RESTATING THE TOLL BRIDGE SYSTEM REVENUE BOND RESOLUTION ADOPTED ON JULY 26, 1995; AND AUTHORIZING THE ISSUANCE OF TOLL BRIDGE SYSTEM REVENUE BONDS OF THE BUFFALO AND FORT ERIE PUBLIC BRIDGE AUTHORITY; PROVIDING FOR THE ISSUANCE FROM TIME TO TIME OF SAID BONDS; PROVIDING FOR THE PAYMENT OF PRINCIPAL AND INTEREST OF SAID BONDS; AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF.

WHEREAS, the Buffalo and Fort Erie Public Bridge Authority adopted its Toll Bridge System Revenue Bond Resolution on July 26, 1995 (the "Original Resolution");

WHEREAS, the Original Resolution permits amendments pursuant to Article X by adoption of a Supplemental Resolution;

WHEREAS, this Supplemental Resolution amends and restates the Original Resolution (the "Amended and Restated Resolution");

WHEREAS, this Amended and Restated Resolution shall only be effective upon the defeasance of any Bonds issued and outstanding under the Original Resolution;

BE IT RESOLVED by the Members of the Buffalo and Fort Erie Public Bridge Authority as follows:

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.1. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act.

Section 1.2. Resolution Constitutes Contract. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Authority and the Holders of the Bonds and coupons and the pledges made in this Resolution and the covenants and agreements herein set forth to be performed by the Authority shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds and coupons, all of which, without regard to the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds or coupons over any other thereof, except as expressly provided in or permitted by this Resolution.

Section 1.3. Definitions. Unless the context shall clearly indicate some other meaning or may otherwise require, the terms defined in this Section shall, for all purposes of this Resolution and of any resolution or other instrument amendatory hereof or supplemental hereto and of any certificate, opinion, instrument or document herein or therein mentioned, have the

meanings herein specified, with the following definitions to be equally applicable to both the singular and plural forms of any terms herein defined and vice versa:

“Account” shall mean any account created under the provisions of this Resolution.

“Accountant” shall mean an independent certified public accountant or a firm of independent certified public accountants of recognized national standing (who may be the accountants who regularly audit the books and accounts of the Authority) who are selected and paid by the Authority and who will not have been engaged by any person or entity other than the Authority to render accounting services with respect to the books and records of the Toll Bridge System for the period or any portion thereof.

“Act” shall mean the New York Act and the Canadian Act, collectively.

“Additional Bonds” shall mean all Bonds, whether issued in one or more Series, authenticated and issued pursuant to Section 3.4 hereof and a Supplemental Resolution, other than the Series of Bonds initially delivered pursuant hereto.

“Amortized Value” when used with respect to securities purchased at a premium above or a discount below par, shall mean the value at any given date obtained by dividing the total premium or discount at which such securities were purchased by the number of interest payment dates remaining to maturity on such securities after such purchase, and by multiplying the amount so calculated by the number of interest payment dates having passed since the date of such purchase; and (i) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price, and (ii) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

“Annual Capital Improvement Fund Deposit” shall mean the amount derived from Net Pledged Revenues budgeted for deposit to the Capital Improvement Fund for any Fiscal Year to fund all or part of the Annual Capital Improvement Fund Requirement for such Fiscal Year.

“Annual Capital Improvement Fund Requirement” shall mean the aggregate of the amounts established by the Authority in its annual budget for Capital Improvements, based upon a certificate prepared by the Consulting Engineer from time to time with respect to the estimated cost of such Capital Improvements for the Fiscal Year for which such Annual Budget is prepared.

“Annual Debt Service Requirement” shall mean, for any Fiscal Year, the difference between the Annual Gross Debt Service due on all Series of Bonds and the amount already on deposit in the Bond Fund after payment of the prior Fiscal Year’s debt service (i.e., capitalized interest, interest earnings from the Bond Fund that have been retained therein, and interest earnings from the Debt Service Reserve Account that have been transferred to the Bond Fund and net payments received by the Authority from a Swap Provider pursuant to a Qualified Swap Agreement).

“Annual Gross Debt Service” shall mean, as of any particular date of computation, with respect to all Series of Bonds and with respect to any Fiscal Year, the sum of (i) interest accruing during such period on such Series of Bonds (including Parity Commercial Paper Notes and Bond Anticipation Notes) to the extent not capitalized, and (ii) that portion of each installment of principal for such Series of Bonds (not including the principal of Parity Commercial Paper Notes and Bond Anticipation Notes to the extent described in the last sentence hereof) deemed to accrue daily in equal amounts from a date one year (or such lesser period as shall be appropriate if such installments of principal for such Series of Bonds shall become due more frequently than annually) prior to its due date or from date of issuance of such Series of Bonds, whichever is later, and (iii) with respect to any Parity Commercial Paper Notes that are part of a Commercial Paper Program, it shall be assumed that the Outstanding principal amount of such Parity Commercial Paper Notes will be amortized over a term certified by an Authorized Officer as the expected duration of such Commercial Paper Program at the time of issuance of the Parity Commercial Paper Notes, or if such expectations have changed, over a term certified by an Authorized Officer to be the expected duration of such Commercial Paper Program at the time such calculation is made, but not to exceed thirty (30) years from the date of the initial issuance of such Parity Commercial Paper Notes, and it shall be assumed that debt service with respect to such Parity Commercial Paper Notes shall be paid in substantially level annual payments over such assumed term; the interest rate used for such computation shall be a rate equal to the average rate for such Parity Commercial Paper Notes during the preceding twelve (12) month period or, if the Parity Commercial Paper Notes have not been Outstanding for a twelve (12) month period, the period since the issuance of such Parity Commercial Paper Notes or, if the Parity Commercial Paper Notes are proposed to be issued, as provided in the definition of “Commercial Paper Rates”. Such interest and installments of principal shall be calculated on the assumption that no Bonds Outstanding at the date of such calculation will cease to be Outstanding except by reason of the payment of each installment of principal for such Series of Bonds on its due date. For purposes of (ii) above, the principal of Bond Anticipation Notes that is to be repaid with Bonds in anticipation of which such Bond Anticipation Notes were issued is not included in the calculation of “Annual Gross Debt Service.”

“Authority” shall mean the Buffalo and Fort Erie Public Bridge Authority, a body corporate and politic, constituting a public benefit corporation, created and governed by the New York Act, and any successor thereto.

“Authorized Officer” when used with reference to the Authority shall mean the Chairperson, the Vice Chairperson, or the Secretary-Treasurer or Operations Manager thereof, or other officer designated by resolution of the Authority.

“Bank Act” shall mean Statutes of Canada 1991, c.46., as amended from time to time.

“Bond Anticipation Notes” shall mean obligations issued pursuant to Section 3.7 hereof.

“Bond Counsel” shall mean a firm of attorneys specializing in the field of municipal finance and nationally recognized as expert in the field, including but not limited to the Attorney General of the State of New York.

“Bond Fund” shall mean the Bond Fund created in Section 6.1 hereof, and to be held and administered by the Trustee.

“Bondholder” or “holder of a Bond” shall mean the registered owner of any Bond, or such holder’s duly authorized attorney in fact, representative or assigns.

“Bond Insurance Policy” shall mean a municipal bond new issue insurance policy insuring and guaranteeing the payment of the principal and interest on a Series of Bonds or certain maturities thereof as may be provided in the Supplemental Resolution authorizing such Series.

“Bond Insurer” shall mean a person authorized under law to issue a Bond Insurance Policy.

“Bond Retirement Account” shall mean the Bond Retirement Account within the Bond Fund created in Section 6.1 hereof, and to be held and administered by the Trustee.

“Bonds” shall mean Toll Bridge System Revenue Bonds issued from time to time pursuant to and under authority of Article III hereof, including without limitation, Additional Bonds and Refunding Bonds issued hereunder and shall also mean Parity Commercial Paper Notes but shall not include any Bond Anticipation Notes, Junior Lien Indebtedness or Subordinated Lien Indebtedness.

“Business Day” shall mean any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions located in the State of New York or in any of the cities in which the principal office of the Trustee, any Paying Agent or, with respect to a particular Series of Bonds, any remarketing agent or any provider of a Credit Facility for such Series of Bonds is located, are required or are authorized by law or executive order to close, or (iii) a day on which the New York Stock Exchange is closed.

“Canadian Act” shall mean an act of the Seventeenth Parliament of Canada, 24-25 George V 1934, as amended from time to time.

“Canadian Government Obligations” shall mean direct, unsecured and unconditional obligations of the Government of Canada which rank equally with all other securities issued by the Government of Canada and from time to time outstanding, the payment of principal of and interest on which is a charge on and payable out of the Consolidated Revenue Fund of Canada.

“Capital Appreciation and Income Bond” shall mean any bond as to which accruing interest is not paid prior to the Interest Commencement Date specified therefor and is compounded periodically on certain designated dates prior to the Interest Commencement Date specified therefor, all as provided in the Supplemental Resolution authorizing the issuance of such Capital Appreciation and Income Bond.

“Capital Appreciation Bonds” shall mean Bonds other than Capital Appreciation and Income Bonds issued pursuant to Section 3.9 hereof.

“Capital Improvement” shall mean major resurfacing, replacement, repairs, renewals, reconstruction, modification or improvement of the Toll Bridge System or any part thereof constituting real or personal property the costs of which are properly chargeable to a capital account, including coating, re-coating and any improvements designed to increase or improve access to or egress from the Toll Bridge System, whether acquired by lease or purchase, but does not include System Expansion Projects or items that would be appropriately classified as Operating Expenses.

“Capital Improvement Fund” shall mean the Capital Improvement Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Certificate of Determination” shall mean a certificate of an Authorized Officer of the Authority fixing terms, conditions and other details of Bonds in accordance with the delegation of power to do so under a Supplemental Resolution.

“Code” shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and the applicable temporary, proposed or final regulations promulgated thereunder by the United States Treasury Department.

“Commercial Paper Program” shall mean a program of short-term obligations having the characteristics of commercial paper in that such obligations have a stated maturity not later than 270 days from their date of issue and that the principal of maturing obligations of such program are expected to be paid with the proceeds of renewal short-term obligations except to the extent that the obligations of such commercial paper program are to be amortized.

“Commercial Paper Rates” shall mean with regard to any Bonds issued as part of a Commercial Paper Program that are tax-exempt, the interest rate on such Bonds (or the variable rate formula for such payments or receipts under such Swap) shall be assumed to be 110% of the average SIFMA Index during the twelve (12) months ending with the month preceding the month in which the calculation of Annual Gross Debt Service is made, or if that index is no longer published, 75% of the One Month USD LIBOR Rate, or if the One Month USD LIBOR Rate is not available, another similar rate or index selected by the Authority; or with regard to any Bonds issued as part of a Commercial Paper Program that are not tax-exempt, the interest rate on such Bonds (or the variable rate formula for such payments or receipts under such Swap) shall be assumed to be 110% of the average One Month USD LIBOR Rate during the twelve (12) months ending with the month preceding the month in which the calculation of Annual Gross Debt Service is made, or if the One Month USD LIBOR Rate is not available for such period, another similar rate or index selected by the Authority; provided, however, that if the Authority has entered into a Qualified Swap Agreement with respect to any Parity Commercial Paper Notes to be issued, the interest rate shall be determined in accordance with Section 3.4(E) hereof as if such Parity Commercial Paper Notes were Variable Rate Bonds.

“Compounded Amount” shall mean, as of any date of computation, the sum of the stated principal amount of any Capital Appreciation Bond upon original issuance plus the interest accrued on such Bond compounded on the interest payment dates and at the rate and in the manner provided in the applicable Supplemental Resolution to such date of computation.

“Consulting Engineer” and “Traffic Consultant” shall mean the one or more engineers or engineering firms or corporations retained by or on behalf of the Authority to perform the acts and carry out the duties provided for such Consulting Engineer or Traffic Consultant in this Resolution.

“Cost of Construction” shall mean all costs of determining the feasibility of, and designing, acquiring, constructing, financing, leasing, carrying out any additions, improvements, enlargements, extensions, expansions, relocations and betterments to the Toll Bridge System, and shall include, but shall not be limited to, moneys required for:

(i) working capital and reserves in such amounts as may be deemed necessary by the Authority;

(ii) interest accruing in whole or in part on Bonds after the date such Bonds are issued, but only if, and to such extent as, the Authority may reasonably determine;

(iii) deposits from the proceeds of Bonds in any fund or account established pursuant to this Resolution to meet reserve requirements for Bonds;

(iv) deposits from the proceeds of Bonds in any funds or accounts established pursuant to this Resolution as reserves for renewals, repairs, replacements, modifications, betterment, additions and contingencies;

(v) preliminary survey, investigation and development costs, engineering fees, contractor fees, costs of permits, licenses and approvals, labor, materials, equipment, lands, rights of way, franchises, easements and other interests in land, utility services and supplies, payments to other public agencies, training and testing costs, insurance premiums, principal of and interest on notes issued in anticipation of Bonds, fees and expenses of Trustees and Paying Agents, legal and financing costs, administrative and general costs, and all other costs incurred by the Authority and properly allocable to the Toll Bridge System;

(vi) costs associated with any injury or damage claims; and

(vii) all items of expense directly or indirectly related to the authorization, issuance, offering and sale of Bonds, Bond Anticipation Notes or Notes, including, but not limited to, Authority expenses, bond issuance charges, 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, underwriting fees, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, fees or premiums and charges for Credit Facilities, Bond Insurance Policies, Debt Service Reserve Credit Facilities and other similar financial arrangements or any other cost, charge or fee in connection with the original issuance of Bonds, Bond Anticipation Notes or Notes, including the initial installment of any commitment fee due the provider of any Credit Facility.

“Cost of Issuance” shall mean any item included in subparagraph (vii) of the definition of Cost of Construction.

“Counsel’s Opinion” or “Opinion of Counsel” shall mean an opinion signed by an attorney or firm of attorneys selected by the Authority. Any such attorney may be a lawyer in the regular employment of the Authority.

“Credit Bank” shall mean as to any particular Series of Bonds, the person providing a Credit Facility, as may be provided in the Supplemental Resolution authorizing such Series.

“Credit Facility” shall mean as to any particular Series of Bonds (including Parity Commercial Paper Notes) or portion thereof, a letter of credit, a line of credit, a guarantee, a standby bond purchase agreement or other credit or liquidity enhancement facility, other than a Bond Insurance Policy, as may be provided in the Supplemental Resolution authorizing such Series (including Parity Commercial Paper Notes).

“DBRS” shall mean DBRS Ratings Limited.

“Debt Service” shall mean as of any particular date of computation, with respect to each Series of Bonds and with respect to any period, the sum of (i) interest accruing during such period on such Series of Bonds (including Parity Commercial Paper Notes and Bond Anticipation Notes) to the extent not capitalized, and (ii) that portion of each installment of principal for such Series of Bonds (not including the principal of Parity Commercial Paper Notes and Bond Anticipation Notes to the extent described in the last sentence hereof) deemed to accrue daily in equal amounts from a date one year (or such lesser period as shall be appropriate if such installments of principal for such Series of Bonds shall become due more frequently than annually) prior to its due date or from date of issuance of such Series of Bonds, whichever is later, and (iii) with respect to any Parity Commercial Paper Notes that are part of a Commercial Paper Program, it shall be assumed that the Outstanding principal amount of such Parity Commercial Paper Notes will be amortized over a term certified by an Authorized Officer as the expected duration of such Commercial Paper Program at the time of issuance of the Parity Commercial Paper Notes, or if such expectations have changed, over a term certified by an Authorized Officer to be the expected duration of such Commercial Paper Program at the time such calculation is made, but not to exceed thirty (30) years from the date of the initial issuance of such Parity Commercial Paper Notes, and it shall be assumed that debt service with respect to such Parity Commercial Paper Notes shall be paid in substantially level annual payments over such assumed term; the interest rate used for such computation shall be a rate equal to the average rate for such Parity Commercial Paper Notes during the preceding twelve (12) month period or, if the Parity Commercial Paper Notes have not been Outstanding for a twelve (12) month period, the period since the issuance of such Parity Commercial Paper Notes or, if the Parity Commercial Paper Notes are proposed to be issued, as provided in the definition of “Commercial Paper Rates”. Such interest and installments of principal shall be calculated on the assumption that no Bonds Outstanding at the date of such calculation will cease to be Outstanding except by reason of the payment of each installment of principal for such Series of Bonds on its due date and such calculation shall include interest, installments of principal on and other payments due and payable in connection with Parity Reimbursement Obligations. For purposes of (ii) above, the principal of Bond Anticipation Notes that is to be repaid with Bonds in anticipation of which such Bond Anticipation Notes were issued is not included in the calculation of “Debt Service.”

“Debt Service Reserve Account” shall mean the Debt Service Reserve Account within the Bond Fund created in Section 6.1 hereof, and to be held and administered by the Trustee.

“Debt Service Reserve Credit Facility” shall mean a surety bond, an insurance policy, a letter of credit or other credit facility which as of the date of deposit into the Debt Service Reserve Account, in each case, will be in an amount equal to the difference between the Debt Service Reserve Requirement and the sums then on deposit to the credit of such Debt Service Reserve Account, if any. Any Debt Service Reserve Credit Facility will be payable to the Trustee for the equal and ratable benefit of all of the Owners of the Outstanding Bonds on any date on which the moneys will be required to be withdrawn from such Debt Service Reserve Account and applied to the payment of the principal of or interest on any such Bonds which withdrawal cannot be met by any cash on deposit to the credit of such Debt Service Reserve Account. Any insurer providing such surety bond or insurance policy will be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in either of the two highest rating categories by Moody’s or Standard & Poor’s, or any insurer who holds either of the two highest policyholder ratings accorded insurers by A.M. Best & Co. or any comparable service. Any such letter of credit issuer will be a bank or trust company and any other such credit facility issuer will be a company or other legal entity which is rated in either of the two highest rating categories by Moody’s or Standard & Poor’s, and the letter of credit facility itself will be rated in either of the two highest categories of each of Moody’s or Standard & Poor’s. If a disbursement is made pursuant to any Debt Service Reserve Credit Facility pursuant to this paragraph, the Authority will be obligated either (i) to reinstate the maximum limits of such Debt Service Reserve Credit Facility in accordance with the terms thereof, or (ii) to deposit to the credit of the Debt Service Reserve Account moneys in the amount of the disbursement made under such Debt Reserve Credit Facility, or a combination of such alternatives, as will provide that the amount to the credit of such Debt Service Reserve Account equals the Debt Service Reserve Requirement within a time period not longer than would have been required to restore such Debt Service Account if all available Net Pledged Revenues available after making provision for Debt Service were deposited therein as soon as practicable. Ratings category refers to a full letter grade (or its equivalent) rating category without regard to “+” or “-” denotation or any other denotations assigned by either Moody’s or Standard & Poor’s at the time of deposit of the Debt Service Reserve Facility.

“Debt Service Reserve Requirement” shall mean the lower of (i) the Maximum Annual Debt Service Requirement for all Outstanding Bonds secured by the Debt Service Reserve Account, or (ii) the maximum amount that will not adversely affect the Tax-Exempt status of any Bonds intended by the Authority to be Tax-Exempt. The Debt Service Reserve Requirement may be funded by (1) proceeds of Bonds, (2) one or more Debt Service Reserve Credit Facilities, or (3) Net Pledged Revenues. If funded from Net Pledged Revenues in connection with the issuance of a Series of Bonds, the portion of the Debt Service Reserve Requirement attributable to such Series of Bonds will be funded by equal monthly deposits over a period not to exceed 60 months from the issuance of such Series of Bonds, to be determined in the applicable Supplemental Resolution or Certificate of Determination and as of any date the Debt Service Reserve Requirement shall include only the portion of the Debt Service Reserve Requirement required to be on deposit as of such date. However, if a deficiency in the Debt

Service Reserve Fund exists as a result of a draw to pay debt service on the Bonds, such deficiency shall be replenished at the earliest practicable time in accordance with Section 6.4(E), from amounts in the Pledged System General Account or the Pledged Revenues Account.

“Defeasance Moneys” shall mean the amounts necessary to defease any Refunded Bonds and deposited pursuant to an Escrow Agreement, together with any earnings and other income thereon.

“Defeasance Obligations” shall mean Government Obligations and Pre-Refunded Municipal Bonds, which, in either case, are not subject to optional redemption by the issuer prior to maturity.

“Escrow Agent” shall mean any bank, trust company or other financial institution, its successors and assigns, as may be appointed in accordance with the Escrow Agreement.

“Escrow Agreement” shall mean an agreement, relating to the investment and disbursement of Defeasance Moneys for the account of Refunded Bonds, by and among the Authority, the Trustee and the Escrow Agent (or such other party or parties as may be deemed appropriate or necessary), as the same may be thereafter amended and supplemented, which Agreement shall satisfy the requirements of Section 13.1 of this Resolution.

“Excess Earnings” shall mean, with respect to a Series of Bonds, (i) the amount by which the earnings on the Gross Proceeds of such Series of Bonds exceeds the amount that would have been earned thereon if such Gross Proceeds were invested at a yield equal to the yield on such Series of Bonds, as such yield is determined in accordance with the Code, and (ii) amounts earned on the investment of such excess.

“Fiscal Year” shall mean the period established by the Authority or provided by law from time to time as its fiscal year, and which, as of the date of adoption of this Resolution, is the twelve (12) month period commencing on January 1 of any year and ending on December 31 of such year.

“Floater/Inverse Floater Bonds” shall mean Bonds which bear interest at a variable interest rate (or a multiple of a variable rate of interest) and with respect to which each of the following conditions is met: (i) such Bonds are issued concurrently in two halves of equal principle amounts of floating interest rate Bonds and inverse floating interest rate Bonds, with each half bearing a variable rate of interest (or a multiple of a variable rate of interest), (ii) such Bonds and such other Bonds, unless linked to bear a fixed rate of interest, are required to remain Outstanding in equal principal amounts at all times, and (iii) the net effect of such equal principal amounts and variable interest rates (or multiples of variable interest rates) is at all times a fixed interest rate to the Authority.

“Fund” shall mean any fund created under the provisions of this Resolution.

“Government Obligations” shall mean and include any of the following:

- (a) United States Government Obligations.

(b) Canadian Government Obligations.

(c) Provincial, state, and municipal debt obligations rated in the top two ratings categories (without regard to gradation) by Moody's or Standard & Poor's;

(d) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies: Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Government National Mortgage Association, Federal National Mortgage Association, Student Loan Marketing Association, Federal Farm Credit Bureau, Farmers Home Administration, Federal Home Loan Mortgage Corporation and Federal Housing Administration.

(e) Investment securities which are obligations and unconditionally guaranteed as to principal and interest by the Federal Government of Canada, which shall include obligations of Canadian Crown Corporations which are, by statute or Order in Council by Canada's Cabinet, Agents of Her Majesty the Queen in right of Canada, which constitute a charge on and are payable out of the Consolidated Revenue Fund of Canada. These shall include: Canada Mortgage and Housing Corporation (CMHC), Canada Housing Trust and Canada Eldor Inc., as well as government guaranteed bonds of Petro-Canada Ltd.

"Government Payments Fund" shall mean the Government Payments Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

"Gross Proceeds" shall mean, with respect to a Series of Bonds, unless inconsistent with the provisions of the Code, (i) amounts received by the Authority from the sale of a Series of Bonds (other than amounts used to pay underwriters' fees and other expenses of issuing such Series of Bonds), (ii) amounts treated as transferred proceeds of such Series of Bonds in accordance with the Code, (iii) amounts treated as proceeds under the provisions of the Code related to invested sinking funds, including any necessary allocation between two or more Series of Bonds in the manner required by the Code, (iv) amounts in the Debt Service Reserve Account, (v) securities or obligations pledged by the Authority as security for payment of debt service on the Bonds, (vi) amounts received with respect to obligations acquired with Gross Proceeds, (vii) amounts used to pay debt service on a Series of Bonds, and (viii) amounts received as a result of the investment of Gross Proceeds at a yield equal to or less than the yield on such Series of Bonds as such yield is determined in accordance with the Code.

"Interest Account" shall mean the Interest Account within the Bond Fund created in Section 6.1 hereof, and to be held and administered by the Trustee.

"Interest Commencement Date" shall mean with respect to any Capital Appreciation and Income Bond, the date specified in the Supplemental Resolution authorizing the issuance of such Bond (which date must be prior to the Maturity Date for such Capital Appreciation and Income Bond) after which interest accruing on such Capital Appreciation and Income Bond will be payable periodically thereafter.

"Investment Securities" shall mean any of the following, if and to the extent that the same are legal for the investment of funds of the Authority and are otherwise consistent with the Authority's investment guidelines and the restrictions set forth in this Resolution:

- (a) Government Obligations;
- (b) U.S. or Canadian federal funds or bankers acceptances of any bank which, at the time of purchase, has an unsecured, uninsured and unguaranteed obligation rated in the top short-term category or the top three long-term ratings categories (without regard to gradation) by Moody's or Standard & Poor's;
- (c) certificates of deposit secured at all times by United States Government Obligations, which securities shall have a market value at all times at least equal to the principal amount of such certificate of deposit. Such certificates must be issued by state or nationally chartered bank or trust company or a state or federal savings and loan association. The collateral must be held by a third party and the Bondholders must have a perfected first security interest in the collateral;
- (d) Interest-bearing demand or time deposits (including certificates of deposit) or interest in money market portfolios issued by a state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC") or by savings and loan associations that are members of the FDIC which deposits or interest must either be (a) continuously and fully insured by FDIC and with banks that are rated at least "P-1" or "Aa3" by Moody's or at least "A-1" or "AA-" by S&P or (b) fully secured by obligations described in item (a) Government Obligations;
- (e) certificates of deposit of any bank rated in the top two ratings categories (without regard to gradation) by Moody's or S&P located in Canada to which the Bank Act applies.
- (f) (i) Pre-Refunded Municipal Obligations and (ii) direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, any state or territory of the United States of America or any political subdivision or agency thereof, whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, in the highest two rating categories (without regard to gradation) by Moody's or Standard & Poor's;
- (g) commercial paper of a U.S. or Canadian corporation, finance company or banking institution rated at the time of purchase in the highest short-term rating category by Moody's or Standard & Poor's or DBRS (having original maturities of not more than 365 days);
- (h) repurchase agreements with any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by Government Obligations, provided that the underlying securities are required by the repurchase agreement to be held by any such bank, trust company or primary dealer having a combined capital and surplus of at least \$100,000,000 and being independent of the issuer of such repurchase agreement, and provided that the securities are continuously maintained at a market value of not less than the amount so invested;
- (i) 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 of “AAm”, “AAAm” or “AAAm-G” by Standard & Poor’s or “Aa3” or better by Moody’s; and

(j) investment agreements with a financial institution having outstanding unsecured long-term debt which is rated in either of the two highest rating categories established by Moody’s or Standard & Poor’s.

“Junior Lien Indebtedness” shall mean any obligations described in Section 3.8 hereof.

“Maximum Annual Debt Service Requirement” shall mean, as of any date of calculation, the largest Annual Debt Service Requirement occurring in the then current and all succeeding Fiscal Years.

“Moody’s” shall mean Moody’s Investors Service, Inc. and its successors and assigns.

“Net Pledged Revenues” shall mean the Pledged Revenues remaining after taking into account Operating Expenses not paid for through the use of Unpledged Revenues available therefor. Further, solely for the purposes of Section 3.4, the term “Net Pledged Revenues” shall be deemed not to include the proceeds of any business interruption insurance relating to loss or non-receipt of Tolls.

“New York Act” shall mean chapter 824 of the Laws of 1933 of New York, as amended from time to time.

“Note Repayment Fund” shall mean the Note Repayment Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Notes” shall mean any obligations payable from the Note Repayment Fund.

“Office of the Trustee,” “Office of the Paying Agent” and “Office of the Registrar” shall mean the office of the Trustee, Paying Agent or Registrar, as the case may be, and such offices of any successor Trustee, Paying Agent or Registrar, as the case may be.

“Operating Expenses” shall mean expenses incurred for operation, maintenance and repair and ordinary replacement of the Toll Bridge System or any part thereof and shall include, without limiting the generality thereof, administrative expenses, premiums and reserves for insurance and self-insurance, fees or premiums for a Credit Facility, Bond Insurance Policy, Debt Service Reserve Credit Facility, legal and engineering expenses, payments into pension, retirement, health and hospitalization and similar funds, any taxes, governmental charges, payments-in-lieu of real property taxes to the City of Buffalo or the Town of Fort Erie, and other expenses required to be paid by the Authority, all to the extent properly and directly attributable to the operation of the Toll Bridge System, and rental payments in connection with operating leases entered in the ordinary course of business, all to the extent properly and directly attributable to any part of the Toll Bridge System, and the expenses and compensation of the fiduciaries required to be paid under this Resolution; but does not include (i) any costs or expenses for new construction or for major reconstruction, or (ii) any provision for interest,

depreciation, amortization or similar charges, or (iii) amounts payable to the governments of the State of New York or Canada pursuant to the terms of the Act.

“Operating Fund” shall mean the Operating Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Operating Reserve Requirement” shall mean the amount, if any, determined by the Authority to be necessary to satisfy the requirement of Section 28(a) of the New York Act relating to an “operating expense reserve fund” or any successor provision of the New York Act relating to any such fund, taking into consideration amounts in all the Accounts contained in the Revenue Fund and the Operating Fund; provided, however, that the Operating Reserve Requirement shall require that the amount on deposit in the Pledged Operating Reserve Account during a Fiscal Year shall not be less than one-twelfth (1/12) of the Operating Expenses for the prior Fiscal Year.

“Outstanding” when used with reference to Bonds shall mean, as of any date, Bonds theretofore or thereupon issued or authorized pursuant to this Resolution, except: (a) any Bonds cancelled by a Paying Agent or paid at or prior to such date; (b) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to this Resolution; and (c) Bonds deemed to be no longer outstanding hereunder as provided in Section 12.1 hereof or under any Supplemental Resolution authorizing the issuance of Bonds.

“Parity Commercial Paper Notes” shall mean commercial paper notes authorized as part of a Commercial Paper Program, the interest on which is payable from and secured by a pledge of the Pledged Revenues on a parity with all other Bonds.

“Parity Reimbursement Obligation” shall mean a Parity Reimbursement Obligation as that term is defined in Section 3.6(d) of this Resolution.

“Paying Agent” shall mean the bank or trust company appointed as Paying Agent pursuant to Section 4.5 hereof, and its successor or successors, and any other bank or trust company which may at any time be substituted in its place pursuant to this Resolution.

“Peace Bridge” shall mean the Peace Bridge, now owned and operated by the Authority, over the Niagara River between the City of Buffalo, in the State of New York, and the Town of Fort Erie, in the Province of Ontario, together with the approaches thereto.

“Pledged Capital Improvement Account” shall mean the Pledged Capital Improvement Account within the Capital Improvement Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Pledged Government Payments Account” shall mean the Pledged Government Payments Account within the Government Payments Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Pledged Operating Account” shall mean the Pledged Operating Account within the Operating Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Pledged Operating Reserve Account” shall mean the Pledged Operating Reserve Account within the Operating Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Pledged Revenues” shall mean (i) all Tolls, (ii) investment income from any moneys or securities held in the Pledged Revenues Account, Bond Fund, Pledged Capital Improvement Account and the Pledged System General Account, (iii) recurring federal and State grants in the nature of operating subsidies specifically earmarked for application to payment of Operating Expenses, and (iv) any leasehold payments, revenues, fees, rents, charges and other income and receipts derived by or for the account of the Authority, and interest received on such moneys, but only if the Authority has obtained a written opinion of nationally recognized bond counsel acceptable to the Trustee that such inclusion will not impair the exclusion from gross income for United States federal income tax purposes of interest on any of the Bonds, or subordinate obligations of the Authority, under the Code. The term “Pledged Revenues” excludes federal, State, Canadian and provincial grants and appropriations (except as provided in clause (iii) above), loan proceeds, gifts or donations of any kind, transfers, if any, to the Authority, proceeds from the sale of surplus property and receipts not related to the Authority’s performance of its obligations under this Resolution or to the operation of the Toll Bridge System. Any proceeds from the sale of surplus property shall be deposited into the Capital Improvement Fund.

“Pledged Revenues Account” shall mean the Pledged Revenues Account within the Revenue Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Pledged System General Account” shall mean the Pledged System General Account within the System General Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Pre-refunded Municipal Bonds” shall mean pre-refunded municipal obligations rated “AAA” by Standard & Poor’s and “Aaa” by Moody’s and meeting the following requirements:

(a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the Authority or the Trustee has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions; or

(b) the municipal obligations are fully secured by cash or U.S. Government Obligations which may be applied only to payment of the principal of and interest and premium, if any, on such municipal obligations.

“Principal Account” shall mean the Principal Account within the Bond Fund created in Section 6.1 hereof, and to be held and administered by the Trustee.

“Project” shall mean any Capital Improvement or System Expansion Project.

“Qualified Swap Agreement” shall mean an agreement between the Authority and a Swap Provider under which the Authority agrees to pay the Swap Provider, for a specified period of time, an amount calculated at an agreed-upon rate or index based upon a notional amount and the Swap Provider agrees to pay the Authority for a specified period of time an amount calculated at an agreed-upon rate or index based upon such notional amount, where (a) Moody’s and Standard & Poor’s have assigned to the unsecured obligations of the Swap Provider, or of the person who guarantees the obligation of the Swap Provider to make its payments to the Authority, as of the date the swap agreement is entered into, a rating that is equal to or higher than the rating then assigned to the Bonds (without regard to Bond Insurance or any other Credit Facility), (b) in accordance with Section 3.11(C), the Authority has notified each Rating Agency (whether or not such Rating Agency also rates the unsecured obligations of the Swap Provider or its guarantor) in writing of its intention to enter into the swap agreement, (c) in the case of a swap agreement requiring the Authority to pay a fixed interest rate on a notional amount, the swap agreement provides for a commencement date and a termination date identical to the remaining term of the related Bonds, and (d) in the case of a swap agreement requiring the Authority to pay a variable interest rate on a notional amount, the swap agreement is entered into for a term of more than five years.

“Rating Agencies” shall mean the nationally recognized rating services, or any of them, that shall have assigned ratings to any Bonds Outstanding as requested by or on behalf of the Authority, and which ratings are then currently in effect.

“Rebate Account” shall mean the Rebate Account within the Bond Fund created in Section 6.1 hereof, and to be held and administered by the Trustee.

“Record Date” shall mean, with respect to any Series of Bonds, the fifteenth (15th) day (whether or not a business day) of the calendar month immediately preceding an interest payment date or such other day as may be provided in the Supplemental Resolution authorizing the issuance of such Series.

“Refunded Bonds” shall mean the bonds or Bonds to be refunded with the proceeds of Bonds authorized pursuant to Section 3.5 hereof and issued pursuant to a Supplemental Resolution, which Refunded Bonds shall no longer be deemed outstanding as defined hereunder or under the resolution authorizing same.

“Refunding Bonds” shall mean Bonds issued pursuant to Section 3.5 hereof and a Supplemental Resolution.

“Registrar” shall mean the Registrar appointed pursuant to Section 4.5 hereof, and its successor or successors, and any other corporation which may at any time be substituted in its place pursuant to this Resolution.

“Reimbursement Obligation” shall mean a Reimbursement Obligation as that term is defined in Section 3.6(d) of this Resolution.

“Resolution” shall mean the Buffalo and Fort Erie Public Bridge Authority Toll Bridge System Revenue Bond Resolution adopted by the Authority on July 26, 1995, as

amended and restated on April 25, 2014, as amended or supplemented from time to time by one or more Supplemental Resolutions.

“Revenue Fund” shall mean the Revenue Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Serial Bonds” shall mean Bonds which are not Term Bonds.

“Series of Bonds” or “Bonds of a Series” shall mean all Bonds designated as being of the same series issued and delivered on original issuance in a simultaneous transaction and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to Section 4.7 of this Resolution.

“Sinking Fund Installment” shall mean each amount so designated which is established pursuant to any Supplemental Resolution.

“Standard & Poor’s” shall mean Standard & Poor’s Ratings Services, a division of Standard & Poor’s Financial Services LLC and its successors and assigns.

“Subordinated Indebtedness” shall mean any evidence of indebtedness of the Authority payable out of amounts available in the System General Fund.

“Supplemental Resolution” shall mean any resolution adopted by the Authority pursuant to and in compliance with the provisions of Article III hereof providing for the issuance of Bonds, and shall also mean any other resolution adopted by the Authority pursuant to and in compliance with the provisions of Article X hereof amending or supplementing the provisions of this Resolution.

“Swap Provider” shall mean any counterpart with whom the Authority enters into a Qualified Swap Agreement.

“System Expansion Project” shall mean any acquisition, improvement, betterment, enlargement or capital addition which extends or expands the Toll Bridge System, including, but not limited to, expansion of existing lanes or construction of a parallel span.

“System General Fund” shall mean the System General Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Tax Exempt” shall mean excluded from gross income of the owner of any Bond or subordinate obligation of the Authority for United States income tax purposes, pursuant to the Code.

“Term Bonds” shall mean Bonds the amortization or the redemption of which shall be provided for from moneys credited to the Bond Retirement Account in the Bond Fund pursuant to Article VI hereof.

“Toll Bridge System” shall mean collectively, (i) the Peace Bridge and shall include terminals, approaches, buildings, rights, easements and privileges, together with all

structures owned and operated by the Authority, necessary or convenient to give access to the Peace Bridge from connecting streets and roads, (ii) any Project, and (iii) all properties, equipment and facilities to the extent used in connection with the operation and maintenance of the facilities listed in (i) and (ii).

“Tolls” shall mean fees charged and collected for transit over the toll facilities of the Toll Bridge System.

“Trustee” shall mean the Trustee appointed pursuant to Section 7.1 hereof, and its successor or successors, and any other corporation which may at any time be substituted in its place pursuant to this Resolution.

“United States Government Obligations” shall mean (i) any direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed as to timely payment by, the United States of America, (ii) certificates of ownership of the principal of or interest on obligations of the type described in clause (i) of this definition, (a) which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System in the capacity of a custodian; (b) the owner of which certificate is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (c) for which the underlying obligations are held in safekeeping in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated, (iii) direct obligations of the type described in clause (i) of this definition which have been stripped by the United States Department of the Treasury itself (CATS, TIGRS and similar securities), (iv) obligations issued by the following agencies which are backed by the full faith and credit of the United States: U.S. Export-Import Bank (direct obligations or fully guaranteed certificates of beneficial ownership), Farmers Home Administration (certificates of beneficial ownership), Federal Financing Bank, General Services Administration (participation certificates), Government National Mortgage Association (guaranteed mortgage-backed bonds, guaranteed pass-through obligations), Federal National Mortgage Association, United States Maritime Administration (guaranteed Title XI financing) and United States Department of Housing and Urban Development (project notes, local authority notes, new communities debentures-U.S. government guaranteed debentures and U.S. Public Housing Notes and Bonds-U.S. government guaranteed public housing notes and bonds) and an obligation of any other agency or instrumentality of the United States of America created by Act of Congress, provided such obligation is rated at least “A” by Standard & Poor’s and Moody’s at all times.

“Unpledged Capital Improvement Account” shall mean the Unpledged Capital Improvement Account within the Capital Improvement Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Unpledged Government Payments Account” shall mean the Unpledged Government Payments Account within the Government Payments Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Unpledged Operating Account” shall mean the Unpledged Operating Account within the Operating Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Unpledged Revenues” shall mean (i) all leasehold payments, revenues, fees, rents, charges and other income and receipts derived by or for the account of the Authority other than Pledged Revenues and Defeasance Moneys, and (ii) interest received on any moneys or securities held in the Unpledged Revenues Account, the Unpledged Operating Fund, the Unpledged Government Payments Fund, the Unpledged Capital Improvement Fund and the Unpledged System General Fund.

“Unpledged Revenues Account” shall mean the Unpledged Revenues Account within the Revenue Fund created in Section 6.1 hereof, and to be held and administered by the Authority, but not pledged for repayment of any Series of Bonds issued hereunder.

“Unpledged System General Account” shall mean the Unpledged System General Account within the System General Fund created in Section 6.1 hereof, and to be held and administered by the Authority.

“Variable Rate Bonds” shall mean any Bonds the interest rate on which is established as described in Section 3.10 hereof and pursuant to a Supplemental Resolution and/or Certificate of Determination; provided further that such Bonds shall not be deemed Variable Rate Bonds if such Bonds constitute Floater/Inverse Floater Bonds.

ARTICLE II

COMPUTATIONS; CERTIFICATES AND OPINIONS; EVIDENCE OF ACTION BY THE AUTHORITY

Section 2.1. Computations. Unless the facts shall then be otherwise, all computations required for the purposes of this Resolution shall be made on the assumption that: (i) the principal of and interest on all Bonds shall be paid as and when the same become due; (ii) all credits required by this Resolution to be made to the Bond Retirement Account in the Bond Fund shall be made in the amounts and at the times required by this Resolution; and (iii) all Bonds required by this Resolution to be redeemed from moneys credited to the Bond Retirement Account in the Bond Fund shall be redeemed on the respective Sinking Fund Installment dates therefor in the amounts and at the times required by this Resolution or, in the event of a refunding of such Bonds, at such times and in such amounts as are set forth in the Supplemental Resolution.

Section 2.2. Certificates and Opinions. Except as otherwise specifically provided in this Resolution each certificate or opinion with respect to compliance with a condition or covenant provided for in this Resolution shall include: (i) a statement that the person making such certificate or opinion has read such covenant or condition; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (iii) a statement that, in the opinion of such person, an examination and investigation has been made as is necessary to enable the

expression of an informed opinion as to whether or not such covenant or condition has been complied with; (iv) a statement as to whether or not, in the opinion of such person, such covenant or condition has been complied with; and (v) an identification of any other certificates or opinions relied on in such certificate or opinion.

Any opinion of counsel may be qualified by reference to the constitutional powers of the United States of America and the Federal Government of Canada, as the case may be, the sovereign police powers of the State of New York and the Province of Ontario, as the case may be, judicial discretion and bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights.

Section 2.3. Evidence of Action by the Authority. Except as otherwise specifically provided in this Resolution, any request, direction, command, order, notice, certificate or other instrument of, by or from the Authority shall be effective and binding upon the Authority for the purposes of this Resolution if signed by the person or persons authorized to execute the same by statute, charter or by law or by a resolution or vote of the Authority.

ARTICLE III

AUTHORIZATION AND ISSUANCE OF TOLL BRIDGE SYSTEM REVENUE BONDS

Section 3.1. Authorization of Bonds. There are hereby authorized to be issued hereunder and secured hereby bonds of the Authority, to be known and entitled (or designated) as "Toll Bridge System Revenue Bonds." The Bonds may be issued hereunder from time to time in series, pursuant and subject to the terms, conditions and limitations of this Resolution, in such amounts as may be determined by the Authority, for the payment of all or a portion of the Cost of Construction of the Toll Bridge System or refunding any bond or bonds. The principal amount of Bonds which may be issued hereunder and secured hereby shall not be limited, except as may hereafter be provided by law.

Section 3.2. Pledge of Pledged Revenues, Funds and Other Moneys. The Bonds are payable solely from and secured by the moneys pledged therefor. There are hereby pledged and assigned as security for the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of this Resolution, (i) the proceeds of sale of the Bonds pending application thereof in accordance with the provisions hereof or of a Supplemental Resolution, (ii) Pledged Revenues, and (iii) all funds and accounts established by this Resolution including the investments, if any, thereof other than the Unpledged Revenues Account, the Unpledged Operating Account, the Unpledged Government Payments Account, the Unpledged Capital Improvement Account, the Unpledged System General Account, the Note Repayment Fund and, with respect to any Bonds not secured by the Debt Service Reserve Account, the Debt Service Reserve Account. The pledge and assignment described in the immediately preceding sentence shall be subject only to the provisions of this Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Resolution, including but not limited to the payment to the Operating Fund of all amounts required by this Resolution to be paid to the Operating Fund from the Pledged Revenues. Notwithstanding the provisions of this Section 3.2, any Defeasance Moneys that are

required to pay the principal of, interest and premium on Refunded Bonds pursuant to a Supplemental Resolution hereunder shall, upon the receipt of same by the Escrow Agent pursuant to an Escrow Agreement, be free and clear of the lien and pledge of this Resolution.

The Bonds of each Series issued hereunder (other than Refunded Bonds) shall be special revenue obligations of the Authority and shall be equally and ratably payable and secured hereunder without priority by reason of date of adoption of the Supplemental Resolution providing for their issuance or by reason of their Series, number or date, date of issue, execution, authentication or sale thereof, or otherwise.

Neither the faith and credit nor the taxing power of the Government of Canada, the State of New York or of any political subdivision thereof are pledged for the payment of the principal of, premium, if any, or interest on the Bonds, and no holder of the Bonds shall have the right to compel the exercise of the taxing power of the Government of Canada, the State of New York, or of any political subdivision thereof in connection with any default with respect to the Bonds. The Bonds are not a debt of the Government of Canada, the State of New York, or of any political subdivision thereof. Neither the Government of Canada, the State of New York, nor any other political subdivision thereof is liable for the payment of the Bonds, nor are the Bonds payable out of any funds other than those of the Authority pledged for the payment of the Bonds under this Resolution.

Section 3.3. General Provisions for Issuance of Bonds. The Bonds of each Series shall be issued by means of a Supplemental Resolution adopted by the Authority in accordance with the provisions of this Article and Article X. Such Supplemental Resolution shall designate the Bonds by an appropriate Series designation, in addition to the title “Toll Bridge System Revenue Bonds” or any other appropriate title specified in the Supplemental Resolution, and by such further particular designation, if any, as the Authority deems appropriate, and shall, unless or except as is otherwise set forth herein, also specify: (a) the authorized principal amount of such Series of Bonds; (b) the purpose or purposes for which the Bonds of such Series are being issued; (c) the date or dates and the maturity date or dates and the first interest payment date of the Bonds of the Series, which maturity date or dates shall occur on January 1 or semi-annually on January 1 and July 1 or any other dates specified in a Supplemental Resolution, with interest being payable on said Bonds semi annually each January 1 and July 1 after such first interest payment date or as otherwise specified in a Supplemental Resolution; (d) the interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates, including any provisions or determinations relating to Variable Rate Bonds or Floater/Inverse Floater Bonds; (e) the denominations of and manner of dating, numbering and lettering the Bonds of such Series; (f) the Trustee, Paying Agent and Registrar of the Bonds of such Series or the manner of determining such Trustee, Paying Agent and Registrar; (g) the forms of the Bonds of such Series; (h) subject to the provisions of this Resolution, the place or places of payment of the principal of, premium, if any, and interest on the Bonds of such Series; (i) if any of the Bonds of the Series are issued as Term Bonds, the amount and due dates of each Sinking Fund Installment for the Term Bonds of such Series, which due dates shall be either on January 1 or on both January 1 and July 1 or such other dates as specified by such Supplemental Resolution, and the date or dates and redemption price or prices upon which the Term Bonds of the Series may be redeemed from such installments, and the manner and procedure of applying such installments to the redemption of the Term Bonds of such Series; (j) the place or places of payment of the Bonds

of the Series and premium, if any, and interest thereon, and the Paying Agent therefor; (k) the use, application and investment, if any, of the proceeds of such sale or other disposition, which use, application and investment shall not be inconsistent or in conflict with the provisions hereof; (l) to the extent applicable, the provisions relating to and the obligations payable under any Credit Facility, Bond Insurance Policy, Debt Service Reserve Credit Facility, Qualified Swap Agreement or other similar financial arrangement entered into in connection with the issuance of the Bonds of such Series; (m) to the extent applicable, provisions relating to Capital Appreciation Bonds and Capital Appreciation and Interest Bonds; (n) any other provisions which may be required to be inserted therein by other provisions of this Resolution; and (o) any other provisions which are not in conflict with the provisions hereof or of the applicable Supplemental Resolution.

An Authorized Officer to whom a Supplemental Resolution has delegated the power to determine any of the foregoing shall execute a Certificate of Determination evidencing such determinations or other actions taken pursuant to such delegation, and such Certificate of Determination shall be conclusive evidence of the determinations or actions of such Authorized Officer as to the matters stated therein.

Each Series of Bonds shall be authenticated by the Trustee from time to time in such amounts as directed by the Authority and by it delivered to or upon the order of the authority upon receipt of the consideration therefor and upon delivery to the Trustee of:

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

(B) A Bond Counsel's opinion to the effect that (i) the Authority has the right and power under the Act to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization of the Resolution is required, (ii) the Resolution creates the valid pledge to the payment of Bonds of the Pledged Revenues and other property which it purports to create pursuant to Section 3.2, subject to the provisions of the Resolution permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolution, and (iii) upon the execution and delivery thereof and upon authentication by the Trustee, the Bonds of such Series will be valid and binding obligations of the Authority payable as provided in, and enforceable in accordance with their terms and terms of, the Resolution and entitled to the benefits of the Act and the Resolution, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Act, as amended to the date of such Bond Counsel's opinion, and in accordance with the Resolution; provided, however, that such Bond Counsel's opinion may be qualified to the extent that the enforceability thereof may be limited by bankruptcy, insolvency and similar laws affecting rights and remedies of creditors;

(C) A certificate of an Authorized Officer stating that upon the delivery of the Bonds of such Series, the Authority will not be in default in the performance of any of the terms, provisions or covenants of the Resolution or of any of the Bonds; provided, however, that solely with respect to the delivery of Refunding Bonds issued pursuant to Section 3.5, such certificate shall not be a condition to the authentication and delivery of such Refunding Bonds if and to the

extent that a certificate of an Authorized Officer is delivered stating that upon the delivery of such Refunding Bonds the Authority is in default in the performance of only the terms, provisions or covenants of the Resolution or of any of the Bonds as specified in such certificate;

(D) A copy of the Certificate of Determination, if any, executed in connection with such Series of Bonds;

(E) To the extent authorized by the Authority pursuant to a Supplemental Resolution, one or more Credit Facilities or Bond Insurance Policies with respect to any Series of Bonds and any agreements deemed necessary in connection therewith;

(F) To the extent authorized by the Authority pursuant to a Supplemental Resolution, one or more Debt Service Reserve Credit Facilities and any agreements deemed necessary in connection therewith;

(G) A written order of an Authorized Officer as to the delivery of such Series of Bonds, describing such Bonds to be delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered and stating the consideration for such Bonds;

(H) A certificate of an Authorized Officer setting forth (1) the amount of money, if any, to be deposited into the Debt Service Account, equal to (a) the amount of capitalized interest funded with the proceeds of the Bonds of such Series, if any, and (b) the sum of the interest on the Bonds of such Series from the date of the Bonds of such Series to the date of delivery thereof, and (2) the amount of money, if any, required to be deposited into the Debt Service Reserve Account so that the amounts therein will be at least equal to the Debt Service Reserve Requirement for all Outstanding Bonds secured by the Debt Service Reserve Account at the date of such delivery of Bonds of such Series, as evidenced by a certificate of an Authorized Officer;

(I) Such further documents and moneys as are required by the provisions of Sections 3.4 or 3.5, or Article X or any Supplemental Resolution adopted pursuant to Article X hereof.

Section 3.4. Conditions for the Issuance of Bonds, Other Than Refunding Bonds Issued Pursuant to Section 3.5. One or more Series of Bonds (exclusive of Refunding Bonds issued pursuant to Section 3.5) may be issued by the Authority hereunder at any time and from time to time for the payment of all or a portion of the Cost of Construction or in order to refund all or any portion of any Outstanding Bonds or Parity Commercial Paper Notes, but only upon compliance as to each such Series with the applicable provisions of Section 3.3 and of this Section (except where specifically indicated otherwise in this Section with respect to one or more Series of Bonds).

(A) The first installment of principal of such Series of Bonds shall be payable at such time as the Authority shall determine, subject to the provisions of Section 3.3.

(B) An Authorized Officer of the Authority shall certify to the Trustee at the time of issuance of such Series of Bonds that there does not exist an Event of Default (as defined

in Section 9.2 hereof) and that no deficiency exists in the balance of any Fund or Account required to be maintained pursuant to this Resolution.

(C) There shall be filed with the Authority and the Trustee at the time of issuance of such Series of Bonds a certificate signed by an Authorized Officer of the Authority showing that

1. the Net Pledged Revenues for any consecutive twelve (12) month period out of the eighteen (18) months immediately preceding the month in which such Bonds are to be issued were equal to not less than one hundred twenty-five percent (125%) of the Maximum Annual Debt Service Requirement on the Bonds Outstanding (including the Series of Bonds then being issued) for the then current Fiscal Year and all future Fiscal Years; or in the alternative,

2. that the estimated Net Pledged Revenues for the current and each Fiscal Year after the date such certificate is delivered are at least one hundred twenty-five percent (125%) of the Maximum Annual Debt Service Requirement on the Bonds Outstanding (including the Series of Bonds then being issued). Such estimation may include increases, and shall include any decreases, in future Net Pledged Revenues due to increases or decreases in the schedule of Tolls adopted by the Authority for the current Fiscal Year and any future Fiscal Year during which such changes will be in effect as certified by the Traffic Consultant.

(D) The provisions of this Section 3.4 shall not apply to the initial Series of Bonds issued pursuant to this Resolution, unless or except as is otherwise set forth in the Supplemental Resolution providing for the issuance thereof.

(E) In determining Debt Service (i) on Variable Rate Bonds or Parity Commercial Paper Notes bearing interest at variable rates or Bond Anticipation Notes bearing interest at variable rates to the extent that the Authority is not obligated to pay a fixed interest rate under a related Qualified Swap Agreement and (ii) on fixed rate Bonds to the extent the Authority is obligated to pay a variable interest rate under a related Qualified Swap Agreement, as of any date of calculation the interest rate shall be the average interest rate or rates anticipated to be borne by such Variable Rate Bonds or under such Qualified Swap Agreement over the period or periods for which such rate or rates are anticipated to be in effect, all as estimated by an Authorized Officer of the Authority. The conversion of Bonds constituting Variable Rate Bonds to bear interest at a different variable rate or a fixed rate or rates, in accordance with their terms, shall not constitute a new issuance of Bonds under this Resolution.

(F) The provisions of this Section 3.4 shall not apply to such Series of Bonds issued to complete a System Expansion Project for which a prior series of Bonds was issued satisfying the provisions of this Section 3.4, provided that (i) the net proceeds of such Series of Bonds to which this Section 3.4 does not apply shall not exceed ten percent (10%) of the original estimated cost of such System Expansion Project at the time of issuance of such prior Series of Bonds, and (ii) a Consulting Engineer certifies that such net proceeds, together with any other available (and not contingent) funds, shall be sufficient to complete such System Expansion Project.

Section 3.5. Refunding Bonds. To the extent permitted by the New York Act, and without complying with the provisions of Section 3.4 hereof, at any time, the Authority may issue Refunding Bonds pursuant to this Section for the purpose of refunding (including by purchase) (a) at any time, all of the Bonds then Outstanding or (b) any portion of Bonds then Outstanding upon the Authority's delivery of a certificate stating that for the then current and each future Fiscal Year, the Annual Gross Debt Service for the Refunding Bonds will be no more than one hundred and ten per cent (110%) of the Annual Gross Debt Service that would have existed for that Fiscal Year with respect to the portion of the Bonds being refunded.

The proceeds of such Refunding Bonds may be applied to purchase or redeem any Outstanding Bonds including to pay principal, redemption premium and interest to the date of maturity or redemption (or purchase) and the expense of issuing the Refunding Bonds and of effecting such refunding. Such amounts must be sufficient under the provisions of Section 12.1(ii) hereof.

The proceeds of the Refunding Bonds of each Series issued pursuant to this Section 3.5 shall be applied for the purposes of making deposits in such Funds and Accounts under this Resolution or such funds or accounts under any other resolution as shall be required by the provisions of the Supplemental Resolution authorizing the issuance of such Refunding Bonds.

Any Bonds issued for the purpose of refunding Junior Lien Indebtedness or Subordinated Indebtedness shall be issued pursuant to and in accordance with Section 3.4.

Section 3.6. Provisions Regarding Bonds Secured by a Credit Facility or Bond Insurance Policy. (a) The Authority may include such provisions in a Supplemental Resolution or related Certificate of Determination authorizing the issuance of a Series of Bonds Secured by a Credit Facility or Bond Insurance Policy as the Authority deems appropriate, including:

(1) So long as the Credit Facility or Bond Insurance Policy is in full force and effect, and payment on the Credit Facility or Bond Insurance Policy is not in default and the issuer of the Credit Facility or Bond Insurance Policy is qualified to do business, and (a) no proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of the issuer of the Credit Facility or Bond Insurance Policy in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for the issuer of the Credit Facility or Bond Insurance Policy or for any substantial part of its property or for the winding up or liquidation of the affairs of the issuer of the Credit Facility or Bond Insurance Policy and such proceeding shall remain undismissed or unstayed and in effect for a period of sixty (60) days or such court shall enter a decree or order granting the relief sought in such proceeding, or (b) the issuer of the Credit Facility or Bond Insurance Policy shall not have commenced a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall not have consented to the entry of an order for relief in an involuntary case under any such law, or shall not have consented to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for the issuer of the Credit Facility or

Bond Insurance Policy or for any substantial part of its property, or shall not have made a general assignment for the benefit of creditors, or shall not have failed generally to pay its debts as they become due, or shall not have taken any corporate action with respect to any of the foregoing then, in all such events, the issuer of the Credit Facility or Bond Insurance Policy shall be deemed to be the sole Holder of the Outstanding Bonds of such Series when the approval, consent or action of the Bondholders for such Series of Bonds is required or may be exercised under this Resolution, including, without limitation, Articles X and XI hereof, and following a default under Article IX hereof.

(2) In the event that the principal, Sinking Fund Installments, if any, and Redemption Price, if applicable, and interest due on any Series of Bonds Outstanding shall be paid under the provisions of a Credit Facility or Bond Insurance Policy, all covenants, agreements and other obligations of the Authority to the Bondholders of such Series of Bonds shall continue to exist and such issuer of the Credit Facility or Bond Insurance Policy shall be subrogated to the rights of such Bondholders in accordance with the terms of such Credit Facility.

(b) In addition, such Supplemental Resolution or applicable Certificate of Determination may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility or Bond Insurance Policy, (ii) to provide relevant information to the issuer of the Credit Facility or Bond Insurance Policy, (iii) to provide a mechanism for paying Principal Installments and interest on such Series of Bonds under the Credit Facility or Bond Insurance Policy, and (iv) to make provision for any events of default or for additional or improved security required by the issuer of a Credit Facility or Bond Insurance Policy.

(c) In connection therewith the Authority may enter into such agreements with the issuer of such Credit Facility or Bond Insurance Policy providing for, inter alia: (i) the payment of fees and expenses to such issuer for the issuance of such Credit Facility or Bond Insurance Policy; (ii) the terms and conditions of such Credit Facility or Bond Insurance Policy and the Series of Bonds affected thereby; and (iii) the security, if any, to be provided for the issuance of such Credit Facility or Bond Insurance Policy.

(d) The Authority may secure such Credit Facility or Bond Insurance Policy by an agreement providing for the purchase by the issuer thereof (or its agent) 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 or Bond Insurance Policy agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility or Bond Insurance Policy, 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 or Bond Insurance Policy. Any such Reimbursement Obligation (a "Parity Reimbursement Obligation") may be secured by a pledge of, and a lien on, Revenues on a parity with the lien created by Section 3.2 hereof. Any such Parity Reimbursement Obligation shall be deemed to be a part of the Series of Bonds to which the Credit Facility or Bond Insurance Policy which gave rise to such Parity Reimbursement Obligation relates.

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

Section 3.7. Bond Anticipation Notes. Bond Anticipation Notes may be issued by the Authority at such times as the Authority shall have by Supplemental Resolution authorized the issuance of Bonds under this Resolution. The Bond Anticipation Notes may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, and shall bear such legends as may be deemed necessary by the Authority. The maximum maturity of such Bond Anticipation Notes, including the renewals thereof, shall not exceed five (5) years from the date of the original bond anticipation note. Each Bond Anticipation Note shall be executed in the manner prescribed for the definitive Bonds. Such note or notes may be secured in the manner provided by the New York Act; provided that such Bond Anticipation Note or Notes shall be secured by a pledge and assignment on the Pledged Revenues, junior and inferior and subject to the pledge and assignment on the Pledged Revenues herein created for the payment and security of the Bonds and any Parity Reimbursement Obligation and to the pledge and assignment on Pledged Revenues herein created for the payment of the Trustee's reasonable fees and reimbursement for reasonable expenses, and any resolution authorizing the issuance of such Bond Anticipation Notes shall provide for the payment thereof after the required payments to the Operating Fund, to the Bond Fund, to the Government Payment Fund and to the Capital Improvement Fund. Notwithstanding the foregoing, such Bond Anticipation Note or Notes may be secured by a pledge and assignment on the Pledged Revenues on a parity basis with the Bonds and any Parity Reimbursement Obligation if the conditions enumerated under paragraph (B) of Section 3.4 hereof, as well as either paragraphs (C) or (D) of said section, are met. Such Bond Anticipation Note or Notes shall be discharged and paid through the issuance of Bonds in anticipation of which they were issued or from other moneys of the Authority, or, subject to rights of the holders of any Bonds Outstanding hereunder, from the proceeds of Bonds of the Authority. Notwithstanding any of the foregoing, such Bond Anticipation Note or Notes may also be secured by and payable from any amounts provided by the State of New York, United States of America and/or Government of Canada expressly for payment of such Bond Anticipation Note or Notes. The principal amount of any Bond Anticipation Notes issued under this Section 3.7 shall not exceed the principal amount of the Series of Bonds in anticipation of which said notes are to be issued.

Section 3.8. Junior Lien Indebtedness and Subordinated Indebtedness. Nothing contained in this Resolution shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Authority from authorizing and issuing bonds, notes, certificates, warrants or other evidences of indebtedness for any corporate use or purpose relating to the Toll Bridge System payable as to principal and interest from the Pledged Revenues subject and subordinate to the deposits and credits otherwise to be made to the Revenue Fund, the Operating Fund, and the Bond Fund hereunder, or from securing such bonds, notes, certificates, warrants or other evidences of indebtedness and the payment thereof by a pledge and assignment on the Pledged Revenues junior and inferior to the lien and pledge on the Pledged Revenues herein created for the payment and security of the Bonds, and the payment of the Trustee's reasonable fees and reimbursement for reasonable expenses.

Section 3.9. Capital Appreciation Bonds and Capital Appreciation and Income Bonds; Compounded Amounts. A Supplemental Resolution providing for the issuance of a Series of Bonds may provide that the payment of interest on any specified Bonds of the Series shall only be made (i) at maturity, (ii) at a specified time or times prior to maturity or upon earlier redemption, by Sinking Fund Installment or otherwise, (iii) at a specified time or times and thereafter on each interest payment date until maturity, or (iv) on each interest payment date until a specified time and thereafter at a specified time or times prior to maturity or upon earlier redemption, by Sinking Fund Installment or otherwise. Any such Supplemental Resolution shall specify the Compounded Amount of such Bonds as of each interest payment date on the Bonds from the date of issue to maturity. The principal amount of any such Bonds shall be deemed to be their Compounded Amount as of either the date of calculation or the applicable preceding interest payment date, as specified in the Supplemental Resolution, for the provisions of this Resolution relating to redemption, acceleration and actions by Bondholders.

Section 3.10. Variable Rate Bonds and/or Optional Tender Bonds. A Supplemental Resolution providing for the issuance of a Series of Bonds may provide for the Bonds to bear interest at a variable, adjustable, convertible or other similar rate or rates of interest. Any such Supplemental Resolution shall specify: (1) the manner of determining the interest rate or rates and the frequency of change thereof, (2) the maximum rate or rates, if any, at which the Bonds may bear interest and (3) provisions, if any, with respect to the conversion of such Bonds to Bonds bearing a fixed rate of interest and the reconversion of such Bonds to bear interest at a variable rate. The method or methods for determining the interest rate on Bonds bearing interest at a variable or similar rate of interest may include the selection of such rate by a rate determination agent, including any Remarketing Agent, as provided in an agreement between the Authority and such agent, including any Remarketing Agreement, the utilization of an index or indices as described in the applicable Supplemental Resolution, or such other standard or combination of standards set forth in the Supplemental Resolution.

The Maximum Annual Debt Service Requirement for any Variable Rate Bonds shall, for purposes of the definition of Debt Service Reserve Requirement in Section 1.3, be calculated as set forth in Section 3.4 (E) hereof. For purposes of calculating the payments into the Interest Account in the Bond Fund pursuant to Section 6.4, the interest accrued or estimated to accrue during the calendar month in which the payment is to be made shall be the amount of the required payment, subject in case of an estimate to an adjustment at the end of the month.

The Authority may also issue Optional Tender Bonds under a Supplemental Resolution. For the purpose of determining the Annual Debt Service Requirement on Optional Tender Bonds, the options of the owners to tender such Bonds prior to their stated maturity shall be ignored. If the Optional Tender Bonds are also Variable Rate Bonds, then the requirements described in the paragraph above apply. If the Optional Tender Bonds are secured by a Credit Facility, the Credit Bank shall be rated in one of the three highest rating categories by each of the Rating Services, and any obligation the Authority may have to reimburse the Credit Bank shall be subordinated to the obligation of the Authority on the Bonds.

Section 3.11. Hedging Transactions. (A) If the Authority shall enter into a Qualified Swap Agreement with a Swap Provider requiring the Authority to pay a fixed interest rate on a notional amount, or requiring the Authority to pay a variable interest rate on a notional

amount, and the Authority has made a determination that such Qualified Swap Agreement was entered into for the purpose of providing substitute interest payments for Bonds of a particular maturity or maturities in a principal amount equal to the notional amount of the Qualified Swap Agreement, then during the term of the Qualified Swap Agreement and so long as the Swap Provider under such Qualified Swap Agreement is not in default under such Qualified Swap Agreement:

(1) for purposes of any calculation of interest, the interest rate on the Bonds of such maturity or maturities shall be determined as if such Bonds bore interest at the fixed interest rate or the variable interest rate, as the case may be, payable by the Authority under such Qualified Swap Agreement;

(2) any net payments required to be made by the Authority to the Swap Provider pursuant to such Qualified Swap Agreement from Net Pledged Revenues shall be made from amounts on deposit to the credit of the Interest Account; and

(3) any net payments received by the Authority from the Swap Provider pursuant to such Qualified Swap Agreement shall be deposited to the credit of the Interest Account.

(B) If the Authority shall enter into a swap agreement of the type generally described in subsection (A) of this Section 3.11 that does not satisfy the requirements for qualification as a Qualified Swap Agreement, then:

(1) the interest rate adjustments or assumptions referred to in paragraph (1) of said subsection (A) shall not be made;

(2) any net payments required to be made by the Authority to the swap provider pursuant to such swap agreement from Net Pledged Revenues shall be made only from amounts on deposit to the credit of the Junior Lien Indebtedness Fund or, to the extent permitted by law, the Pledged System General Account; and

(3) any net payments received by the Authority from the Swap Provider pursuant to such swap agreement may be treated as Pledged Revenues at the option of the Authority, and if so treated shall be deposited to the credit of the Pledged Revenues Account.

(C) Notwithstanding any other provision hereof, the Authority shall provide written notice to any Rating Agency at least seven Business Days prior to entering into any Qualified Swap Agreement or other similar arrangement. The Authority shall submit with such prior written notice the forms of agreements expected to be entered into in connection with such arrangements and shall identify any counterpart or guarantor to such arrangement.

ARTICLE IV

GENERAL TERMS AND PROVISIONS

Section 4.1. Term of Bonds. Unless or except as is otherwise set forth in the Supplemental Resolution providing for their issuance, the Bonds of a Series of Bonds shall be

issued in fully registered form or, if permitted by law, book entry or uncertificated form, and may contain such variations, amounts and insertions as are incidental to such differences of numbering, denominations and forms, including variations in the provisions for the registration and transfer of said Bonds.

Unless or except as is otherwise set forth in the Supplemental Resolution providing for their issuance, Bonds shall be issued in the denomination of \$5,000, or any multiple of \$5,000 except Capital Appreciation Bonds, which shall be in such denominations as the Authority shall determine in the Supplemental Resolution providing for their issuance; and shall be numbered from _R 1 upwards (the blank to be completed with a distinct letter for each Series of Bonds, in alphabetical order) in chronological order as issued, or in any other manner determined by the Authority.

Unless or except as is otherwise set forth in the Supplemental Resolution providing for their issuance, the principal of, premium, if any, and interest on each Series of the Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. Unless or except as is otherwise set forth in the Supplemental Resolution providing for their issuance, the principal of and premium, if any, and interest on each Series of Bonds shall be payable at the principal office of the Trustee or the Paying Agent for the Bonds. Unless or except as is otherwise set forth in the Supplemental Resolution providing for their issuance, payment of the interest on each Bond shall be made on each interest payment date to the registered owner of record upon the books of registry as of the Record Date by check or draft drawn upon the Paying Agent and mailed to such registered owner at such owner's address as it appears on the books of registry kept pursuant to the provisions of Section 4.5 hereof, or such payment shall be made by wire transfer upon the request of a registered owner of record holding at least one million dollars (\$1,000,000) of a particular Series of Bonds.

Section 4.2. Execution of Bonds. Unless or except as otherwise set forth in the Supplemental Resolution provided for their issuance, the Bonds shall be executed with the manual or facsimile signature of the Chairperson or the Vice Chairperson of the Authority, or in case of the unavailability of the Chairperson or the Vice Chairperson, any other member of the Authority's Executive Committee of the Board, and attested with the manual or facsimile signature of the Secretary-Treasurer, General Manager or Assistant Treasurer thereof, and the Authority's seal shall be affixed thereto by its Secretary-Treasurer or an Assistant Treasurer, which may be a facsimile of the Authority's seal which is imprinted on each of the Bonds. In case any of the officers who shall have signed, attested, authenticated or registered any of the Bonds shall cease to be such officer before such Bonds have been actually issued and delivered, such Bonds shall be valid nevertheless and may be issued by the Authority with the same effect as though the persons who had signed, attested, authenticated or registered such Bonds had not ceased to be such officers.

Section 4.3. Authentication of Bonds. Bonds shall bear thereon a certificate of authentication, substantially in the form set forth in the Supplemental Resolution providing for their issuance duly executed by the Trustee therefor. At any time and from time to time, the Authority may deliver Bonds executed on behalf of the Authority as aforesaid to the Trustee therefor. Such Trustee shall, at the written order and direction of the Authority authenticate and

deliver Bonds in the case of each Series of Bonds at the time of their initial delivery, not to exceed the principal amount of such Series authorized by the particular Supplemental Resolution. Upon such authentication of each Bond, the Trustee therefor shall endorse on such Bond the date of registration. Such order and direction shall be executed and delivered for and on behalf of the Authority by any officer of the Authority authorized to execute the Bonds as aforesaid. No order or direction of the Authority or any other document shall be necessary to authorize authentication of Bonds delivered in accordance with the provisions hereof upon transfers, exchanges or redemption. Only such Bonds as shall bear thereon such certificate of authentication, duly executed, shall be entitled to any right or benefit under this Resolution or be secured hereby. No Bond shall be valid or obligatory for any purpose unless such certificate of authentication upon such Bond shall have been duly executed by the Trustee therefor. Such certificate of authentication by the Trustee therefor upon any Bond shall be conclusive and the only evidence that the Bond so authenticated has been duly authenticated and delivered under this Resolution and that the holder thereof is entitled to the benefit of this Resolution.

Section 4.4. Bonds Are Negotiable Instruments. All of the Bonds shall be negotiable instruments to the extent provided by the Uniform Commercial Code of the State of New York. The Authority, the Trustee, the Paying Agent and any other person may treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of making payment thereof and for all other purposes, and neither the Authority, the Trustee, nor the Paying Agent shall be bound by any notice or knowledge to the contrary, whether such Bond shall be overdue or not. All payments of or on account of interest to any registered owner of any Bond (or to his/her registered assigns), and all payments of or on account of principal to any registered owner of any Bond, shall be valid and effectual and shall be a discharge of the Authority and the Paying Agent, in respect of the liability upon the Bonds or claims for interest, as the case may be, to the extent of the sum or sums paid.

Section 4.5. Books of Registry. At all times during which any Bonds remain Outstanding and unpaid, the Trustee shall keep or cause to be kept at its principal office books (herein referred to as the "books of registry") for the registration and transfer of Bonds. The Trustee is hereby appointed as Paying Agent, transfer agent and Registrar for all Bonds. Upon presentation at its principal office for such purpose the Registrar, under such reasonable regulations as it may prescribe, shall register or transfer, or cause to be registered or transferred, on said books of registry, Bonds as hereinbefore set forth. The books of registry shall, during normal business hours, be open for inspection by the Authority or its duly authorized agent or representative. At reasonable times and under reasonable regulations established by the Registrar, the books of registry pertaining to Bonds in registered form and any such lists may be copied by the Authority or inspected and copied by the holders or owners (or a designated representative thereof) of twenty five percent (25%) or more in principal amount of Bonds then Outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Registrar.

Section 4.6. Transfer of Bonds. Any fully registered Bond, unless or except as may otherwise be provided in the Supplemental Resolution providing for the issuance of such Bond, may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 4.5 hereof, by the person in whose name it is registered, in person or by such owner's duly authorized attorney in fact, upon surrender of such fully

registered Bond to the Registrar for cancellation, accompanied by delivery of a written instrument of transfer duly executed by the registered owner in person or such owner's duly authorized agent, in form satisfactory to the Registrar.

Whenever any fully registered Bond shall be surrendered for transfer, the Authority shall execute and deliver to the Registrar, in the name of the transferee or transferees, a new duly executed, fully registered Bond or Bonds of the same Series, interest rate and maturity and for a like aggregate principal sum. To the extent of denominations authorized in respect of any such Bond, one such fully registered Bond may be transferred for several such fully registered Bonds of the same Series, interest rate, maturity and aggregate principal amount, and several such fully registered Bonds may be transferred for one or several such fully registered Bonds of the same Series, interest rate, maturity and aggregate principal amount. Unless or except as may otherwise be provided in the Supplemental Resolution providing for the issuance of the Bonds of the Series, all transfers pursuant to this Section 4.6 shall be made without expense to the holder of such Bonds, except as otherwise herein provided, and except that the Registrar shall require the payment by the holder of the Bond requesting such transfer of any tax or other governmental charges required to be paid with respect to such transfer. All fully registered Bonds surrendered pursuant to this Section 4.6 shall be cancelled and destroyed by the Registrar, who shall provide a certificate of destruction to the Authority.

The Registrar for a Series of Bonds shall not provide for the transfer of Bonds of such Series after the Record Date.

Section 4.7. Exchange of Bonds. Bonds of a Series, upon surrender thereof at the Office of the Registrar, together with an assignment duly executed by the registered owner or such owner's authorized agent in such form as shall be satisfactory to the Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity, of any denomination or denominations authorized by this Resolution, and bearing interest at the same rate, and in the same form as the Bonds surrendered for exchange. All Bonds of a Series so surrendered pursuant to this Section 4.7 shall be cancelled by the Registrar. Any Bonds of a Series to be delivered to the registered owner by the Registrar upon any such exchange shall be delivered to the registered owner at the Office of the Registrar, or sent by mail to the owner thereof at such owner's request, risk and expense.

The Registrar for a Series of Bonds shall not provide for the exchange of Bonds of such Series after the Record Date.

Unless or except as may otherwise be provided in the Supplemental Resolution providing for the issuance of the Bonds of a Series, all exchanges pursuant to this Section shall be made without expense to the holders of such Bonds, except as otherwise herein provided, and except that the Registrar shall require the payment by the holder of the Bond requesting such exchange of any tax or other governmental charges required to be paid with respect to such exchange.

Section 4.8. Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall at any time become mutilated in whole or in part, or be lost, stolen or destroyed, or be so defaced as to impair the value thereof to the owner, the Authority shall execute and deliver at the

Office of the Registrar, a new Bond of the same series, interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender to the Registrar for cancellation by the Registrar of such defaced, mutilated or partly destroyed Bond, or in lieu of or in substitution for such lost, stolen or destroyed Bond. In any such event the applicant for the issuance of a substitute Bond shall furnish the Authority and the Registrar evidence or proof satisfactory to the Authority and the Registrar of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity as may be required by the Authority and the Registrar. Any duplicate Bond issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Bond or in substitution for any allegedly lost, stolen or wholly destroyed Bond, shall be entitled to the identical benefits under this Resolution as was the original Bond in lieu of which such duplicate Bond is issued, and shall be entitled to equal and proportionate benefits with all the other Bonds of the same Series issued hereunder. Neither the Authority nor the Registrar nor any other Paying Agent appointed hereunder shall be required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and duplicate Bond shall be treated as one and the same.

Notwithstanding the foregoing provisions of this Section as to the issuance of duplicate or replacement Bonds, (i) if any such lost, stolen, destroyed, defaced or mutilated Bond has matured or been called for redemption and the date fixed for the redemption thereof has arrived, at the option of the Authority as delivered in writing to the Registrar and Paying Agent, payment of the amount due thereon may be made without the issuance of any duplicate or replacement Bond upon receipt of like evidence, indemnity, security and expenses and the surrender for cancellation of any such defaced or mutilated Bond and upon such other conditions as the Authority may prescribe; (ii) if any such lost, stolen, destroyed, defaced or mutilated Bond shall mature or is of a class or Series which shall mature within one year following the date of application for a duplicate Bond, or has been called or will be called, or is in a class or Series which has been called or will be called for redemption within one year following such date, instead of issuing a duplicate or replacement Bond the Authority, upon receiving like evidence, indemnity, security and expenses and the surrender for cancellation of any such defaced or mutilated Bond, and upon such other conditions as the Authority may prescribe (such conditions to be enumerated in writing to the Registrar and Paying Agent), may issue or cause to be issued a transferable certificate of ownership to the applicant and pay on such certificate the interest and the redemption price or the principal sum thereof, on the interest payment dates and the redemption date or maturity date, upon surrender of such certificate, and all such transferable certificates of ownership shall be in such form as may be determined by the Authority or as otherwise provided by law; and (iii) if the provisions of applicable law shall provide for the payment of lost, stolen, destroyed, mutilated or defaced Bonds in lieu of the issuance of duplicates or certificates of ownership therefor, such lost, stolen, destroyed, mutilated or defaced Bonds may be paid in accordance with the provisions of such laws.

All expenses necessary for the providing of any duplicate Bond or certificate of ownership shall be borne by the applicant therefor.

Section 4.9. Disposition and Destruction of Bonds. All Bonds surrendered to the Trustee or other Paying Agent or the Registrar for payment shall be cancelled upon such payment by the Trustee or other Paying Agent or the Trustee as the case may be.

Whenever in this Resolution provision is made for the cancellation of any Bonds by any Paying Agent or the Trustee other than the Trustee, such Bonds so cancelled shall be delivered to the Trustee or as it may direct. All cancelled Bonds, including those cancelled by the Trustee, shall be delivered to the Authority or as it may direct. Upon the written request of the Authority, such Paying Agent or the Trustee may, however, in lieu of such cancellation and delivery, destroy such Bonds. If any Bonds are destroyed by the Trustee, the Authority may require that such destruction be done in the presence of its appointee, and if any Bonds are destroyed by a Paying Agent other than the Trustee, the Authority or the Trustee may require that such destruction be done in the presence of their respective appointee or officer. If the Trustee shall destroy any Bonds, it shall deliver a certificate of such destruction to the Authority, and if such destruction be performed by a Paying Agent other than the Trustee, such Paying Agent shall deliver a certificate of such destruction to both the Authority and the Trustee.

Section 4.10. Temporary Bonds. Any Series of Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed by the Authority upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds shall be surrendered, for cancellation, at the Office of the Registrar and the Registrar shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations, of the same Series and maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds delivered under this Resolution.

Section 4.11. CUSIP Identification Numbers. At the sole option of the Authority, CUSIP identification numbers may be printed on the Bonds of any Series of Bonds, but no such number shall be deemed to be a part of any Bond or a part of the contract evidenced thereby, and no liability shall hereafter attach to the Authority or any officer or agent thereof (including the Paying Agent) because of or on account of said CUSIP identification numbers or any use made thereof.

ARTICLE V

REDEMPTION OF BONDS

Section 5.1. Redemption of Bonds. The Bonds of a Series shall be subject to redemption prior to their stated maturities upon such terms and conditions and at such dates and redemption prices or premiums as shall be set forth in the Supplemental Resolution providing for the issuance of such Bonds, and unless otherwise provided in such Supplemental Resolution, upon the further terms and conditions as are hereinafter set forth.

Section 5.2. Selection of Bonds for Redemption. In the event of redemption of less than all of the Outstanding Bonds of a Series and maturity, the Bonds to be redeemed shall be selected by the Authority in its discretion and if not by the Authority, then by lot by the Trustee. If by lot, the Trustee shall assign to each such distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw such Bonds by lot (i) individually or (ii) by one or more groups the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as in this Section 5.2 provided) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds of such Series drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may assign numbers to aliquot portions of such Bonds and select part of any such Bonds for redemption.

Section 5.3. Notice of Redemption. Notice of the redemption of any Bond shall be provided by the Trustee not less than thirty (30) days prior to the redemption date, by electronic means and registered mail, to the registered owner of such Bond as of the forty-fifth (45th) day (whether or not a business day) next preceding the date fixed for redemption at his/her address as it appears on the books of registry. Failure of the registered owner of any Bond to receive notice provided as required in this paragraph or any defect in such notice shall not affect the validity of such proceedings for redemption of such Bonds.

The Authority shall give written notice to the Trustee of its election to redeem Bonds at least thirty-five (35) days prior to the redemption date, or such shorter period as shall be acceptable to the Trustee.

Each notice of redemption shall state: (i) the title of the Bonds to be redeemed, the Series designation (if any) thereof, the redemption date, the place or places of redemption and the redemption price or redemption premium, if any, payable upon such redemption; (ii) if less than all the Bonds of a particular Series are to be redeemed, the numbers of the Bonds to be redeemed; (iii) that the interest on the Bonds, or on the principal amount thereof to be redeemed, designated for redemption in such notice shall cease to accrue from and after such redemption date; and (iv) that on said date there will become due and payable on each said Bond the principal amount thereof to be redeemed at the then applicable redemption price (or together with the then applicable redemption premium, if any) and the interest accrued on such principal amount to the redemption date. Each notice of redemption mailed to the holder of a fully registered Bond to be redeemed shall, if less than the entire principal sum thereof is to be redeemed, also state the principal amount hereof to be redeemed and that such fully registered Bond must be surrendered to the Trustee in exchange for the payment of the principal amount thereof to be redeemed and the issuance of a new Bond or Bonds equal in principal amount to that portion of the principal sum not to be redeemed of the Bond to be surrendered, as provided in Section 5.4 hereof.

The Authority may condition optional redemption on the receipt of moneys on or before the date fixed for such redemption or any other event. Any notice of optional redemption may be rescinded by written notice given to the Trustee by the Authority no later than five (5) Business Days prior to the date specified for redemption. The Trustee shall give notice of such rescission, as soon thereafter as practicable, in the same manner as notice of such optional redemption was given pursuant to this Section.

Section 5.4. Partial Redemption of Bonds. In the event that only part of the principal sum of a Bond shall be called for redemption or prepaid, payment of the amount to be redeemed or prepaid shall be made only upon surrender of such Bond to the Trustee. Upon surrender of such Bond, the Authority shall execute and deliver to the registered owner thereof, at the principal office of the Registrar, a new fully executed Bond or Bonds, of authorized principal sums equal in aggregate principal amount to, and of the same series, maturity and interest rate as the unredeemed portion of the Bond surrendered.

Section 5.5. Effect of Redemption. If a Bond is subject by its terms to prior redemption and has been fully called for redemption and notice of the redemption thereof has been duly given as hereinbefore provided and if moneys for the payment of such Bond (or of the principal amount thereof to be redeemed) at the then applicable redemption price or together with the then applicable premium, if any, and the interest to accrue to the redemption date on such Bond (or the principal amount thereof to be redeemed) are held for the purpose of such payment by the Trustee or other Paying Agent for the Series of Bonds of which such Bond is one, then such Bond (or the principal amount thereof to be redeemed) so called for redemption shall, on the redemption date designated in such notice, become due and payable, and interest on said Bond (or the principal amount thereof to be redeemed) so called for redemption shall cease to accrue.

Section 5.6. Cancellation of Redeemed Bonds. All Bonds surrendered or redeemed pursuant to the provisions of this Article shall be cancelled.

ARTICLE VI

CREATION OF FUNDS AND ACCOUNTS; PAYMENTS THEREFROM; INVESTMENT OF MONEYS

Section 6.1. Establishment of Funds and Accounts. The following Funds and Accounts are hereby established, the existence of which shall continue so long as any Bonds issued pursuant to this Resolution are Outstanding:

(1) Revenue Fund, to be held by the Authority; consisting of the following accounts: Pledged Revenues Account and Unpledged Revenues Account;

(2) Operating Fund, to be held by the Authority, consisting of the following accounts: Pledged Operating Account, Unpledged Operating Account and Pledged Operating Reserve Account;

(3) Bond Fund, to be held by the Trustee, consisting of the following accounts: Interest Account, Principal Account, Bond Retirement Account, Rebate Account and Debt Service Reserve Account;

(4) Junior Lien Indebtedness Fund, to be held as determined in the applicable Supplemental Resolution or other Resolution, indenture or other agreement;

(5) Government Payments Fund, to be held by the Authority, consisting of the following accounts: Pledged Government Payments Account and Unpledged Government Payments Account;

(6) Capital Improvement Fund, to be held by the Authority, consisting of the following accounts: Pledged Capital Improvement Account and Unpledged Capital Improvement Account;

(7) System General Fund, to be held by the Authority, consisting of the following accounts: Pledged System General Account and Unpledged System General Account;

(8) Construction Fund, to be held by the Authority; and

(9) Note Repayment Fund, to be held by the Authority.

Any Supplemental Resolution or Certificate of Determination may authorize the creation of any other Funds and Accounts as shall be deemed necessary, provided that the terms and other requirements of any such Fund or Account shall not be inconsistent with the provisions of this Resolution.

Section 6.2. Revenue Fund.

(A) On and after the issuance of the initial Series of Bonds, the Authority shall pay or cause to be paid into the Unpledged Revenues Account, as promptly as practicable after receipt thereof, all of the Unpledged Revenues. On or before the twenty-fifth (25th) day of the month, the Authority will withdraw from the Unpledged Revenues Account and transfer and apply such amounts to the Unpledged Operating Account in the amount necessary to cause the amounts on deposit in the Unpledged and Pledged Operating Accounts of the Operating Fund to equal the amount estimated by the Authority to be sufficient to fund Operating Expenses for the remainder of such Fiscal Year or such longer period of time selected by the Authority in its sole discretion. On or before such twenty-fifth (25th) day, after such transfer to the Unpledged Operating Account, the Authority, in its sole discretion, may withdraw any remaining balance from the Unpledged Revenues Account and transfer and apply such amounts to the Unpledged Government Payments Account, the Unpledged Capital Improvement Account and the Unpledged System General Account.

Notwithstanding anything in this Resolution to the contrary, moneys in the Unpledged Revenues Account shall not be transferred to any Fund or Account under this Resolution other than those identified in this Section 6.2(A).

(B) On and after the issuance of the initial Series of Bonds, the Authority shall pay or cause to be paid into the Pledged Revenues Account, as promptly as practicable after receipt thereof, all of the Pledged Revenues and all other moneys required to be paid into the Pledged Revenues Account pursuant to this Resolution (other than the revenues and other amounts expressly required or permitted by this Resolution to be credited to, or deposited in, any other fund or account). The Pledged Revenues Account and all moneys on deposit therein shall be used and applied, except as otherwise expressly permitted by this Resolution, only in the manner and for the purposes hereinafter provided in this Article.

Pledged Revenues received by the Authority will be deposited directly into the Pledged Revenues Account on a daily basis, if practicable, but in no event more than three (3) Business Days after receipt thereof. No later than the twenty-fifth (25th) day of each month, the Authority will withdraw from the Pledged Revenues Account and transfer and apply such amounts as follows and in the following order of priority:

(1) After the application of moneys in the Unpledged Revenues Account pursuant to paragraph (A) above, to the Pledged Operating Account of the Operating Fund the amount necessary to cause the amount on deposit therein, together with the amounts in the Unpledged Operating Account, to equal the amount estimated by the Authority to be sufficient to fund Operating Expenses for the next thirty (30) days;

(2) To the Pledged Operating Reserve Account of the Operating Fund, the amount, if any, necessary to bring the balance in the Pledged Operating Reserve Account to the amount required to be deposited therein in order to satisfy the Operating Reserve Requirement;

(3) To the Trustee for deposit in the Interest Account the amount necessary to bring the balance in the Interest Account to the interest accrued on the Bonds through the end of the calendar month, calculated in accordance with Section 6.4 (A);

(4) To the Trustee for deposit in the Principal Account the amount necessary to bring the balance in the Principal Account to the principal accrued (in accordance with the definition of Debt Service) on the Bonds through the end of the calendar month, calculated in accordance with Section 6.4 (B);

(5) To the Trustee for deposit in the Bond Retirement Account, an amount necessary to bring the balance in the Bond Retirement Account to the principal accrued on the Term Bond(s) for the next pending Sinking Fund Installment through the end of the calendar month, calculated in accordance with Section 6.4 (C);

(6) To the Trustee for deposit in the Debt Service Reserve Account an amount sufficient to meet the Debt Service Reserve Requirement (or the amount of the monthly deposit where the Debt Service Reserve Requirement is being funded by not more than sixty (60) monthly deposits, as authorized by this Resolution or any Supplemental Resolution);

(7) To the Trustee for deposit in the Junior Lien Indebtedness Fund, such deposits as may be required to pay debt service on or maintain reserves with respect to

Junior Lien Indebtedness under a Supplemental Resolution or other resolution, indenture or agreement for Junior Lien Indebtedness;

(8) After the application of moneys in the Unpledged Revenues Account pursuant to paragraph (A) above, to the Pledged Government Payments Account of the Government Payment Fund, the amount necessary to cause the deposits to such Fund during such month to be equal to 1/12 of all payments required to be paid pursuant to the Act, to the State of New York or Government of Canada or the designee of either in such Fiscal Year;

(9) After application of moneys in the Unpledged Revenues Account pursuant to paragraph (A) above, to the Pledged Capital Improvement Account of the Capital Improvement Fund, an amount sufficient, together with all previous deposits to such Fund during such Fiscal Year, to provide payment for that portion of the Annual Capital Improvement Fund Deposit for such Fiscal Year due through the end of that month; and

(10) To the Pledged System General Account of the System General Fund, the balance of such amounts in the Pledged Revenues Account after meeting all of the required deposits to Funds and Accounts described above.

Section 6.3. Operating Fund. All reasonable and necessary Operating Expenses shall be paid from the Operating Fund as the same become due and payable. To the extent amounts are sufficient in such Accounts, Operating Expenses shall be paid first from the Unpledged Operating Account, then the Pledged Operating Account and then the Pledged Operating Reserve Account.

Section 6.4. Bond Fund. The Bond Fund and the moneys deposited in such Fund shall, except as otherwise provided in part (F) of this Section, be used solely for the purposes of (x) paying the principal of, premium, if any, and interest on the Bonds and net amounts due to a Swap Provider with respect to a Qualified Swap Agreement, and (y) retiring the Bonds prior to maturity in the manner herein provided, if any. Each month the Authority shall transfer or cause to be transferred from the Pledged Revenues Account after making the transfers described in Section 6.2B(1) and (2) of this Resolution, to the Trustee for deposit into the appropriate accounts of the Bond Fund, amounts as follows to be held on a parity basis for the ratable security and payment of the Bonds at any time in proportion to the amounts due or accrued with respect to each of them:

(A) In order to provide for the payment of the interest on the Bonds, not later than the twenty fifth (25th) day of the sixth (6th) month prior to the date upon which an installment of interest falls due on the Bonds of a Series, or if the first installment of interest on the Bonds of such Series shall fall due in less than six (6) months, then on the twenty fifth (25th) day of the month immediately succeeding the month in which the Bonds of such Series are delivered to the initial purchasers, and in any event prior to the date upon which such installment of interest falls due; and on or before the twenty fifth (25th) day of each succeeding calendar month thereafter, the Authority shall pay or cause to be paid to the Trustee, and the Trustee shall credit to the Interest Account an amount such that, if the same amount were so credited to the Interest Account on the twenty fifth (25th) day of each calendar month thereafter

prior to the next date upon which an installment of interest falls due on the Bonds of such Series, the aggregate of the amounts so credited to the Interest Account would on such date be equal to (i) the installment of interest then falling due on all Bonds of such Series and (ii) any net amounts due to a Swap Provider under a Qualified Swap Agreement with the Authority. In order to provide for the payment of the interest on the Bonds of a Series with any frequency other than semi-annually, the Authority shall pay or cause to be paid, from the Revenue Fund, amounts in accordance with the provisions of the Supplemental Resolution pursuant to which such Series of Bonds is issued. In making the credits required by this paragraph any amounts required to be credited to the Interest Account representing accrued interest received on the sale of Bonds, interest capitalized from the proceeds of the Bonds of a Series and any other transfers and credits otherwise made or required to be made to said Account shall be taken into consideration and allowed for.

(B) In order to provide for the payment of the principal of Serial Bonds, not later than the twenty fifth (25th) day of the twelfth (12th) month prior to the date upon which an installment of principal of Serial Bonds of each Series falls due or if the first installment of principal of Serial Bonds of such Series shall fall due in less than twelve (12) months, then on the twenty fifth (25th) day of the month immediately succeeding the month in which the Bonds of such Series are delivered to the initial purchasers, and in any event prior to the date upon which such installment of principal falls due, and on or before the twenty fifth (25th) day of each succeeding calendar month thereafter, the Authority shall pay or cause to be paid to the Trustee, and the Trustee shall credit to the Principal Account an amount such that, if the same amount were so credited to the Principal Account on the twenty fifth (25th) day of each calendar month thereafter, prior to the next date upon which an installment of principal falls due on the Serial Bonds of such Series, the aggregate of the amounts so credited to the Principal Account would on such date be equal to the installment of principal then falling due on the Serial Bonds of such Series. In making the credits required by this paragraph any earnings on moneys in said Account shall be taken into consideration and allowed for.

(C) In order to meet the specified Sinking Fund Installment requirements of Term Bonds and otherwise to retire Bonds prior to maturity, not later than the twenty fifth (25th) day of the twelfth (12th) month prior to the date upon which a Sinking Fund Installment of Term Bonds of each Series falls due, or if the first Sinking Fund Installment of the Term Bonds of such Series shall fall due in less than twelve (12) months, then on the twenty fifth (25th) day of the month immediately succeeding the month in which the Bonds of such Series are delivered to the initial purchasers, and in any event prior to the date upon which such Sinking Fund Installment falls due, and on or before the twenty fifth (25th) day of each succeeding calendar month thereafter, the Authority shall pay or cause to be paid to the Trustee, and the Trustee shall credit to the Bond Retirement Account an amount such that, if the same amount were so credited to the Bond Retirement Account on the twenty fifth (25th) day of each calendar month thereafter, prior to the next date upon which a Sinking Fund Installment falls due on the Term Bonds of such Series, the aggregate of the amounts so credited to the Bond Retirement Account for the purpose of retiring the Term Bonds of such Series would on such date be equal to the Sinking Fund Installment then falling due on the Term Bonds of such Series. In making the credits required by this paragraph any earnings on moneys in said Account shall be taken into consideration and allowed for.

The Trustee shall, without further authorization or direction, apply the moneys on credit to the Bond Retirement Account on each date, if any, upon which a Sinking Fund Installment is due to the retirement of the Term Bonds of such Series in accordance with the Supplemental Resolution providing for the issuance of such Series of Bonds, or, if so directed in writing by the Authority, semi-annually on both such due date and the day six (6) months prior to such due date, in the respective principal amounts on credit to the Bond Retirement Account on such dates for such Term Bonds, so that the aggregate amounts so applied will equal the respective principal amounts required to be credited to the Bond Retirement Account on such Sinking Fund Installment dates by the Supplemental Resolution providing for their issuance; provided, however, that if the last Sinking Fund Installment for such Term Bonds falls due on the stated maturity date thereof, the amount of such Installment shall not be applied to the redemptions of such Term Bonds but shall be applied to the payment thereof at such maturity date in the same manner as amounts are applied from the Principal Account for the payment of Serial Bonds at maturity. The Trustee shall give notice of all such redemptions, in the name and on behalf of the Authority, in accordance with the provisions of Article V hereof. The Trustee shall, upon the written direction of the Authority, apply the moneys credited to the Bond Retirement Account for the retirement of the Term Bonds, at a purchase price (including accrued interest and any brokerage or other charge) not to exceed the redemption price then applicable upon the redemption of such Bonds from Sinking Fund Installments, plus accrued interest, in which event the principal amount of such Bonds required to be redeemed on the next respective ensuing Sinking Fund Installment date shall be reduced by the principal amount of the Bonds so purchased; provided, however, that no Bonds of such Series shall be purchased during the interval between the date on which notice of redemption of said Bonds from Sinking Fund Installments is given and the date of redemption set forth in such notice, unless the Bonds so purchased are Bonds called for redemption in such notice or are purchased from moneys other than those credited to the Bond Retirement Account with respect to Sinking Fund Installments.

In the event that moneys in the Bond Retirement Account, other than moneys credited thereto as Sinking Fund Installments pursuant to a Supplemental Resolution, are to be applied to the retirement of a Series of Bonds, the Authority may direct the Trustee within thirty (30) days of the most recent deposit of any such moneys to apply such moneys to the purchase of Bonds of such Series in the name of the Authority. The price payable on any such purchase (including any brokerage or other charge) shall not exceed the highest redemption price applicable at the time or any time thereafter with respect to such Series of Bonds as set forth in the Supplemental Resolution pursuant to which such Series of Bonds was issued, plus accrued interest. Any such moneys not applied to the purchase of Bonds shall be applied to the redemption of Bonds of each Series then subject to redemption from such moneys in the proportion, as nearly as practicable, which the principal amount of Bonds of such Series then Outstanding and unpaid and so subject to redemption bears to the total principal amount of Bonds then Outstanding and unpaid and so subject to redemption.

Except for the redemption of Term Bonds from moneys credited to the Bond Retirement Account as Sinking Fund Installments, not less than one hundred thousand dollars (\$100,000) aggregate principal amount of Bonds shall be called for redemption at any one time pursuant to this paragraph (C) unless the Authority directs the purchase or redemption of a lesser amount. The Trustee shall give notice of all such redemptions, in the name and on behalf of the Authority, in accordance with the provisions of Article V hereof.

Any purchase of Bonds pursuant to this paragraph (C) may be made with or without tenders of Bonds and at either public or private sale. All Bonds purchased, redeemed or retired pursuant to this paragraph (C) shall be cancelled and shall not be reissued. The accrued interest to be paid on the purchase or redemption of Bonds shall be paid from the Interest Account.

In the event of the purchase or redemption of Term Bonds of a particular Series pursuant to this paragraph (C) or otherwise, except from moneys credited to the Bond Retirement Account as Sinking Fund Installments, or if such Term Bonds to be so redeemed are deemed to be no longer Outstanding and unpaid pursuant to Section 13.1, the amount required to be credited to the Bond Retirement Account on such Sinking Fund Installment date as the Authority directs the Trustee in writing shall be reduced by the principal amount of the Bonds so purchased or redeemed.

(D) The Trustee shall deposit to the Rebate Account any moneys delivered to it by the Authority for deposit therein and, notwithstanding any other provisions of this Article VI, shall transfer to the Rebate Account, in accordance with the written directions of an Authorized Officer of the Authority, moneys on deposit in any other Funds or Accounts held by the Trustee hereunder at such times and in such amounts as shall be set forth in such directions.

Moneys on deposit in the Rebate Account shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated shall be deposited to any other account in the Bond Fund in accordance with the written directions of such Authorized Officer.

If and to the extent required by the Code, the Authority shall periodically, at such times as may be required to comply with the Code, determine the amount of Excess Earnings with respect to each Series of Bonds and direct the Trustee in writing to (i) transfer from any other of the funds and accounts held by the Trustee hereunder and deposit to the Rebate Account, all or a portion of the Excess Earnings with respect to such Series of Bonds, and (ii) pay out of the Rebate Account to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(E) Upon the issuance of a Series of Bonds, the Authority shall provide for a deposit into the Bond Fund for credit to the Debt Service Reserve Account from the proceeds of Bonds or from any moneys lawfully available therefor, an amount sufficient, together with amounts already deposited therein, to equal the Debt Service Reserve Requirement. The moneys in the Bond Fund on credit to a Debt Service Reserve Account shall be used and applied solely for the purpose of paying the principal of and interest and premium, if any, on the Bonds, whether at maturity or upon mandatory or extraordinary redemption or purchase thereof from moneys credited to the Bond Retirement Account, and shall be so used and applied whenever there are insufficient moneys on credit to the Interest Account, Principal Account and Bond Retirement Account for such purposes.

In order to assure the maintenance of the Debt Service Reserve Account in an amount equal to the Debt Service Reserve Requirement, the Authority shall be required to restore the Debt Service Reserve Account to the Debt Service Reserve Requirement at the earliest practicable time either by withdrawing any and all moneys from any Pledged Fund or Account and depositing such moneys in such Debt Service Reserve Account or from moneys transferred for deposit in the Debt Service Reserve Account pursuant to Section 6.2(B) of this Resolution.

In lieu of moneys or Investment Obligations, the Authority may, to the extent permitted by law, deposit or cause to be deposited to or substituted for deposit to the Debt Service Reserve a Debt Service Reserve Credit Facility for the benefit of the holders of the Bonds secured by the Debt Service Reserve Account for all or any part of the Debt Service Reserve Requirement. Each Debt Service Reserve Credit Facility deposited to the Debt Service Reserve Account shall be payable (upon the giving of such notice as may be required thereby) on any date on which moneys are required to be withdrawn from the Debt Service Reserve Account and such withdrawal cannot be made without drawing upon such Debt Service Reserve Credit Facility. For the purposes of this Section, in computing the amount on deposit in the Debt Service Reserve Account, a Debt Service Credit Facility shall be valued at the amount available to be drawn or payable thereunder on the date of computation.

Whenever the moneys on deposit in the Debt Service Reserve Account shall exceed the Debt Service Reserve Account Requirement, the Trustee shall, at the written direction of the Authority, withdraw the amount of such excess and deposit such amount in the Pledged Revenues Account, except that, upon the written direction of the Authority, the Trustee shall transfer amounts representing earnings on the Gross Proceeds of a Series of Bonds on deposit in the Debt Service Reserve Account to the Construction Account for such Series of Bonds.

When a Series of Bonds is refunded in whole or in part or is otherwise paid within the meaning of Article XII hereof, at the written direction of the Authority all or any portion of the amounts accumulated therein with respect to the Bonds being refunded may be withdrawn from the Debt Service Reserve Account to pay or provide for the payment of such Bonds or Refunded Bonds, as the case may be, or may be transferred and applied to any reserve fund or account established for the refunding bonds issued to refund such Refunded Bonds; provided that such withdrawal shall not be made unless (i) upon such refunding, the Bonds being refunded shall be deemed to have been paid within the meaning and with the effect provided in this Resolution, and (ii) the amount remaining in the Debt Service Reserve Account, after giving effect to any Debt Service Reserve Credit Facility deposited in such Fund pursuant to this Resolution, shall not be less than the Debt Service Reserve Requirement, and provided, further, that, at the time of such withdrawal, there shall exist no deficiency in the Interest Account, Principal Account or Bond Retirement Account.

The Authority may determine by Supplemental Resolution or Certificate of Determination that a Series of Bonds shall not be secured by the Debt Service Reserve Account, in which case no amounts shall be required from the proceeds of such Series of Bonds for deposit in the Debt Service Reserve Account, and no amounts shall be payable from the Debt Service Reserve Account to pay amounts due or payable with respect to such Bonds.

The Authority may determine by Supplemental Resolution or Certificate of Determination that the portion of the Debt Service Reserve Requirement attributable to a Series of Bonds shall be funded by Net Pledged Revenues by equal monthly deposits over a period not to exceed sixty (60) months from the issuance of such Series of Bonds.

(F) Moneys on deposit in the Bond Fund shall be transmitted by the Trustee to any Paying Agent at such times as shall be necessary prior to the date upon which any installment of interest or principal is due on the Bonds (either at the maturity date thereof or redemption date prior to maturity) to pay, and in amounts sufficient to meet such installments of, principal of, premium, if any, and interest on the Bonds and net amounts payable to a Swap Provider under a Qualified Swap Agreement with the Authority, in either case then due, at such times as shall be necessary prior to the date upon which any payments thereunder are due, to pay such amounts then due. In the event that there shall be a deficiency in the Interest Account, Principal Account or Bond Retirement Account seven (7) Business Days before any interest, principal or Sinking Fund Installment is due on a Series of Bonds, the Trustee shall, on that same day, give an Authorized Officer of the Authority telephonic and written notice of the amount of said deficiency. If, within two (2) Business Days, the Authority does not make up said deficiency, the Trustee shall promptly make up such deficiency from the Debt Service Reserve Account for such Series by the withdrawal of cash therefrom for that purpose or by the sale or redemption of Investment Securities held in the Debt Service Reserve Account, if necessary, in such amounts as will provide cash in the Reserve Account sufficient to make up any such deficiency or by the transfer of Investment Securities (or undivided interests therein) in which moneys in the Interest Account, Principal Account or Bond Retirement Account, as the case may be, may be invested, or by taking such steps as may be necessary to realize the benefit of any surety bond, insurance policy or letter of credit deposited in the Debt Service Reserve Account for such Series.

Moneys set aside from time to time with any Paying Agent for the purpose of paying the principal of, premium, if any, and interest on the Bonds shall be held in trust for the holders of the Bonds in respect of which the same shall have been so set aside. Until so set aside, all moneys in the Bond Fund shall be held in trust for the benefit of the holders of all Bonds at the time Outstanding, equally and ratably.

Whenever the amounts on deposit in the Bond Fund (regardless of the account therein to which such amounts are credited) shall be sufficient to provide moneys to retire all Bonds then Outstanding, including such interest thereon as thereafter may become due and payable and any premiums upon redemption thereof and to make all payments due with respect to any Qualified Swap Agreement and Debt Service Reserve Credit Facility contemplated in (D) above, no further deposits need be made by the Authority into the Bond Fund, and, at the written direction of the Authority, the Trustee shall call, except in the event of the final maturity of all Bonds then Outstanding, all Bonds which may be redeemed by their terms, for redemption on the next succeeding redemption date for which the required notice of redemption can practicably be given and shall apply such moneys to such retirement or redemption.

Section 6.5. Junior Lien Indebtedness Fund. Amounts on deposit in the Junior Lien Indebtedness Fund may be applied only to the payment of interest on and principal and redemption price of Junior Lien Indebtedness as provided in the Supplemental Resolution or

other resolution, indenture or agreement authorizing the issuance of such Junior Lien Indebtedness.

Junior Lien Indebtedness may be issued to finance any lawful corporate purpose of the Authority. Junior Lien Indebtedness may be secured by a pledge of such amounts in the Junior Lien Indebtedness Fund as may from time to time be available for the payment thereof and of Pledged Revenues; provided, however, that any pledge of Pledged Revenues shall be, and shall be expressed to be, subordinate in all respects to the pledge created by this Resolution with respect to the Bonds.

The Authority shall have the right to covenant with the holders from time to time of Junior Lien Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued; provided, however, that the Supplemental Resolution or indenture or other agreement providing for the issuance of such Junior Lien Indebtedness shall not permit the holders of such obligations to declare the same, or instruct such holders' trustee to declare the same, to be immediately due and give rise to such a declaration unless all Outstanding Bonds shall have been declared immediately due payable in accordance with Section 9.5 hereof.

Section 6.6. Government Payments Fund. Moneys in the Government Payments Fund may only be applied to payments to the State of New York or Government of Canada as may be provided for in the Act.

Section 6.7. Capital Improvement Fund.

(A) Moneys in the Capital Improvement Fund may only be applied to the cost of major or extraordinary renewal, replacement, resurfacing or reconstruction of the Toll Bridge System.

(B) Each month the Authority shall transfer, to the extent not otherwise provided, from the Revenue Fund, after making the transfers described in Sections 6.2(A) and 6.2(B)(1) through 6.2(B)(10) of this Resolution, for deposit into the Capital Improvement Fund the amounts required by paragraph (C) below.

(C) Moneys shall be deposited in the Capital Improvement Fund for any Fiscal Year only if and to the extent that the Consulting Engineer files a certificate with the Authority and the Trustee stating the cost for such Fiscal Year of major or extraordinary renewal, replacement, resurfacing or reconstruction of the Toll Bridge System and which deems such moneys necessary: (i) to restore, or prevent physical damage to, the Toll Bridge System, (ii) for the safe and efficient operation of the Toll Bridge System or (iii) to prevent loss of Pledged Revenues. The Authority shall establish the Annual Capital Improvement Fund Requirement for such Fiscal Year based upon such certificate.

Section 6.8. System General Fund. Upon requisition by the Trustee, the Authority shall transfer from the Unpledged System General Account an amount required to make up any deficiencies in payment to the other Funds and Accounts specified in Section 6.2(A), in the priority specified in Section 6.2(A), and shall transfer from the Pledged System General Account an amount required to make up any deficiencies in payment to the other

Funds and Accounts specified in Section 6.2(B), in the priority specified in Section 6.2(B), or, in the event of a transfer of moneys from the Debt Service Reserve Account, to the Debt Service Reserve Account to make up any deficiency therein.

Subject to any lien or pledge securing Subordinated Indebtedness that has been determined by the Authority to be superior to the purposes described in clauses (i) and (ii) below in this paragraph, amounts in the System General Fund not immediately required for the purposes referred to in the preceding paragraph shall, pursuant to resolution of the Authority, be applied to the following purposes, in the Authority's discretion (i) to the purchase, redemption or payment at maturity of Bonds or Junior Lien Indebtedness, or (ii) paid to the Authority, free and clear of the lien and pledge created by this Resolution, for any lawful corporate purpose of the Authority, including but not limited to payment of amounts due with respect to Subordinated Indebtedness.

Subordinated Indebtedness may be issued to finance any lawful corporate purpose of the Authority. To the extent permitted by law, Subordinated Indebtedness may be secured by a pledge of such amounts in the System General Fund as may from time to time be available for the payment thereof and of Pledged Revenues; provided, however, that any pledge of Pledged Revenues shall be, and shall be expressed to be, subordinate in all respects to the pledge created by this Resolution with respect to the Bonds and any pledge of Pledged Revenues with respect to Junior Lien Indebtedness.

The Authority shall have the right to covenant with the holders from time to time of Subordinated Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds or Junior Lien Indebtedness may be issued; provided, however, that the Supplemental Resolution or indenture or other agreement providing for the issuance of such Subordinated Indebtedness shall not permit the holders of such obligations to declare the same, or instruct such holders' trustee to declare the same, to be immediately due and give rise to such a declaration unless all Outstanding Bonds and Junior Lien Indebtedness shall have been declared immediately due and payable in accordance with Section 9.5 hereof.

Section 6.9. Construction Fund. The Supplemental Resolution providing for the issuance of any Series of Bonds may create and establish (unless theretofore created and established with respect to such purpose) a separate special trust account to be known as the "Series ___ Construction Account", or such other designation as may be appropriate (the blank to be completed with the year in which the Construction Account is created). The Construction Fund shall be held in trust by the Authority, for the benefit of the holders of the Bonds, as their interests may appear, pending application thereof in accordance with the terms of this Resolution and each appropriate Supplemental Resolution. In the event any interest on such Bonds is to be capitalized from the proceeds of such Bonds or any other Series of Bonds, there shall be created in the Bond Fund a special account to be known as the "Capitalized Interest Account," or such other designation as may be appropriate.

From the proceeds derived from the sale of such Bonds there shall be deposited:

(1) with the Trustee for deposit in the Bond Fund for credit to the Interest Account, an amount equal to the accrued interest on the Bonds paid as part of the purchase price;

(2) with the Trustee for deposit in the Bond Fund for credit to the Interest Account, the amount, if any, equal to the interest on the Bonds being capitalized from the proceeds thereof;

(3) with the Trustee for payment into the Bond Fund for credit to the Debt Service Reserve Account, the amount equal to the Debt Service Reserve Account Requirement;

(4) with the Authority for credit to the Note Repayment Fund, the amount as set forth in the applicable Supplemental Resolution, for payment of Notes; and

(5) with the Authority for credit to the applicable Construction Account, the balance of the Bond proceeds which shall be applied to the payment of the Costs of Construction as shall be provided for in the applicable Supplemental Resolution and subject to any requirements imposed by the Code, including any Cost of Issuance and any proceeds of the Bonds representing Defeasance Moneys that are to be subsequently invested and disbursed pursuant to an Escrow Agreement. Any balance remaining in such Construction Account upon completion of payment of such costs shall be used for any lawful purpose of the Authority, provided that the Authority shall have obtained a written opinion of nationally recognized bond counsel acceptable to the Trustee that such application will not impair the exemption from federal income taxation of interest on any of the Bonds, or subordinate obligations of the Authority, under the Code.

Section 6.10. Payments from Construction Fund. Payments from the respective Construction Accounts shall be as specified in the Supplemental Resolution authorizing the issuance of a Series of Bonds.

Section 6.11. Note Repayment Fund. The Supplemental Resolution providing for the issuance of any Series of Bonds may create and establish (unless theretofore created and established with respect to such purpose) a separate special trust account to be known as the "Series ___ Note Repayment Account, ," or such other designation as may be appropriate (the Blank to be completed with the year in which the Note Repayment Account is created). The Note Repayment Fund shall be held in trust by the Authority for the benefit of the holders of the Notes, as their interest may appear, pending application thereof in accordance with the terms of this Resolution and the resolution authorizing issuance of the Notes.

Section 6.12. Payments from Note Repayment Fund. Payments from the respective Note Repayment Accounts in the Note Repayment Fund shall be as specified in the Supplemental Resolution authorizing the issuance of a Series of Bonds.

Section 6.13. Lien on Moneys in the Construction Fund and Pledged Revenues Account, Pledged Operating Account, Pledged Operating Reserve Account, Bond Fund, Pledged Government Payments Account, Pledged Capital Improvement Account and Pledged System General Account. Other than Defeasance Moneys, amounts on deposit in any Construction Fund

or the Pledged Revenues Account, Pledged Operating Account, Pledged Operating Reserve Account, Bond Fund, Pledged Government Payments Account, Pledged Capital Improvement Account and Pledged System General Account, pending their application as provided in this Resolution and Supplemental Resolution, shall be subject to a prior and paramount lien and charge in favor of the holders of the Bonds, and the holders of the Bonds shall have a valid claim on such moneys for the further security of the Bonds and the other obligations herein described until paid out or transferred as herein provided.

Section 6.14. Investment of Funds. Moneys in the Interest Account, Principal Account and Bond Retirement Account in the Bond Fund shall, to the fullest extent practicable and reasonable, be invested and reinvested by the Trustee (at the written direction of the Authority) solely in, and obligations credited to such Accounts shall be, United States Government Obligations which shall mature or be subject to redemption at the option of the holder thereof on or prior to the respective dates when the moneys in such accounts will be required for the purposes intended. Moneys in the Debt Service Reserve Account in the Bond Fund not required for immediate disbursement for the purpose for which said Account is created shall, to the fullest extent practicable and reasonable, be invested and reinvested by the Trustee at the written direction of the Authority solely in, and obligations credited to said Debt Service Reserve Account shall be, United States Government Obligations which shall mature or be subject to redemption at the option of the holder thereof no later than five (5) years from the purchase of such Government Obligations. The Trustee shall not be liable for any depreciation in value of any such investments. In the event that the Authority has not directed the Trustee as to the investment of the moneys in the Bond Fund, the Trustee shall seek such written direction in order to minimize the extent to which any such moneys remain uninvested.

Moneys in the Revenue Fund, not required for immediate disbursement for the purposes for which such Fund is created shall, to the fullest extent practicable and reasonable, be invested and reinvested by the Authority, to the extent allowed by law, solely in, and obligations deposited in such Fund shall be, Investment Securities which shall mature or be subject to redemption at the option of the holder thereof not later than such times as shall be necessary to provide moneys when needed to provide payments from such Fund. To the extent that no deficiencies exist in such Accounts, all investment earnings in the Pledged Government Payments Account, the Pledged Capital Improvement Account and the Pledged System Reserve Account will be deposited as received into the Revenue Fund.

Moneys in the Government Payments Fund, Capital Improvement Fund, and the Construction Fund not required for immediate disbursement for the purposes for which said Fund is created shall, to the fullest extent practicable and reasonable, be invested and reinvested by the Authority for such Fund, to the extent allowed by law, solely in, and obligations deposited in said Fund shall be, Investment Securities which shall mature or be subject to redemption at the option of the holder thereof not later than such times as shall be necessary to provide moneys when needed to provide payments from said Fund.

To the extent permitted in this Resolution, all income received from the investment or reinvestment of moneys in the Funds and Accounts established hereunder other than the Unpledged Revenues Account, Unpledged Operating Account, Unpledged Operating Reserve Account, Unpledged Government Payments Account, Unpledged Capital Improvement

Account and Unpledged System General Account shall be deposited in the respective Funds and Accounts from which such investments are made to the extent of any deficiencies therein and otherwise to the Pledged Revenue Account; provided, however, that, at the direction of the Authority, all or a portion of the income received from the investment or reinvestment of moneys in any such Fund and Account may be deposited in the Construction Fund. All income received from the investment or reinvestment of moneys in a Construction Account shall only be deposited in said Account. All income received from the investment or reinvestment of moneys in the Unpledged Revenues Account, Unpledged Operating Account, Unpledged Government Payments Account, Unpledged Capital Improvement Account and Unpledged System General Account shall be deposited in the respective Accounts from which such investments are made to the extent of any deficiencies therein and otherwise to the Unpledged Revenues Account.

Nothing in this Resolution shall prevent (i) any Investment Securities acquired as investments of funds held under this Resolution from being issued or held in book entry form, or (ii) a single Investment Security being apportioned among one or more Funds, Accounts or Subaccounts hereunder so long as no provision hereof or of the laws of the State is thereby contravened and the records of the Trustee or Authority, as appropriate, reflect such apportionment.

Section 6.15. Valuation or Sale of Investments.

(A) Investment Securities in any Fund or Account created under the provisions of this Resolution shall be deemed at all times to be part of such Fund or Account and any profit realized from the liquidation of such investment shall be credited to such Fund or Account and any loss resulting from liquidation of such investment shall be charged to such Fund or Account. Any net profits remaining after accumulating the sum of all profits realized and losses suffered from the liquidation of such investments in any Fund or Account during each quarterly period shall be transferred or paid as provided in Section 6.14 hereof.

(B) In computing the amount in any Fund or Account, Investment Securities therein shall be valued at Amortized Cost.

(C) Except as otherwise provided in this Resolution, the Trustee shall use its best efforts to sell at the best price obtainable, or present for redemption, any Investment Securities held by the Trustee in any Fund or Account whenever it shall be necessary, and upon oral request (later confirmed in writing) from an Authorized Officer of the Authority in order to provide moneys to meet any payment or transfer from such Fund or Account other than the Operating Fund and the Unpledged Revenues Account. The Trustee shall not be liable or responsible for any loss resulting from any such investment, sale, liquidation or presentation for investment made in the manner provided above.

Section 6.16. Valuation of Funds and Accounts.

(A) The Trustee shall, as of the close of business on the last day of each Fiscal Year, and may, at any other such time it deems necessary (but no more frequently than once per month), compute in the manner set forth in Section 6.15 hereof the value of the moneys and Investment Securities in the Bond Fund and the Accounts therein and shall as promptly as

practicable thereafter notify the Authority as to the result of such computation and the amount of deficiency or surplus in such Fund and Accounts as of such date.

(B) The Trustee shall, on the first day of the eleventh (11th) month of each Fiscal Year, compute in the manner set forth in Section 6.15 hereof the value of the moneys and Investment Securities in the Debt Service Reserve Account, exclusive of accrued interest not received on said first day of the eleventh (11th) month. Deficiencies due to draws shall be replenished as set forth in paragraph (E) of Section 6.4 hereof.

(C) The Authority shall, as of the close of business on the last day of the third (3rd) and ninth (9th) months of each Fiscal Year, compute in the manner set forth in Section 6.15 hereof the value of the moneys and Investment Securities in the Revenue Fund, the Operating Fund, the Government Payments Fund, the Capital Improvement Fund, the System General Fund and the Construction Fund, if any, and the Accounts therein.

ARTICLE VII

CONCERNING THE TRUSTEE, THE PAYING AGENT AND THE REGISTRAR

Section 7.1. Qualifications and Appointment of Trustee; Resignation or Removal Thereof; Successor Thereto. In the Supplemental Resolution providing for the issuance of a Series of Bonds hereunder, the Authority shall appoint a Trustee hereunder (herein defined and referred to as the "Trustee") to hold and administer the Bond Fund created and established in Section 6.1 hereof and such other Funds and Accounts as may be created and established by Supplemental Resolution. The Trustee shall be a bank or trust company with capital stock, surplus and undivided profits aggregating in excess of fifty million U.S. dollars (\$50,000,000), or the equivalent in Canadian dollars. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Resolution as such Trustee by executing and delivering to the Authority a written acceptance of the provisions of this Resolution. The Trustee may be removed at the request of or upon the affirmative vote of (i) the holders of a majority of the principal amount of Bonds Outstanding, or (ii) the majority of the members of the Authority; provided, however, that the Trustee may not be removed pursuant to the preceding clause (ii) upon the occurrence of an Event of Default (as defined in Section 9.2 hereof) or while such an Event of Default shall be continuing unless such removal is with cause.

In the event of the removal pursuant to clause (i) of the preceding sentence, resignation, disability or refusal to act of the Trustee, a successor may be appointed by the holders of a majority of the principal amount of Bonds Outstanding, excluding any Bonds held by or for the account of the Authority, and such successor shall have all the powers and obligations of the Trustee under this Resolution theretofore vested in its predecessor; provided, that unless a successor Trustee shall have been appointed by the holders of Bonds as aforesaid, the Authority by a duly executed written instrument signed by a majority of the members of the Authority shall concurrently appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the holders of Bonds as authorized in this paragraph. Any successor Trustee appointed by the Authority pursuant to this paragraph shall, immediately and without further act, be superseded by a Trustee so appointed by the holders of Bonds.

In the event of the removal of the Trustee pursuant to clause (ii) above, the Authority by a duly executed written instrument signed by a majority of the members of the Authority shall concurrently appoint a successor Trustee.

A successor Trustee shall be a bank or trust company with capital stock, surplus and undivided profits aggregating in excess of fifty million dollars (\$50,000,000), or the equivalent in Canadian dollars.

If the Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of a supervising or examining authority of the United States of America or any state thereof, or of the Federal Government of Canada or any province thereof, as the case may be, then for the purposes of determining its qualifications hereunder, the capital stock, surplus and undivided profits of such Trustee at any time shall be deemed to be its capital stock, surplus and undivided profits as set forth in its most recent report of conditions so published.

Any Trustee hereunder may resign at any time by giving not less than sixty (60) days notice to the Authority in writing and to the Bondholders by publishing a notice of resignation once within ten (10) days after the giving of such notice to the Authority in the same newspapers in which notices of redemption of Bonds are to be published pursuant to Section 5.3 hereof.

The resigning Trustee, if within fifty (50) days after the publication of notice of its resignation no successor Trustee shall have been appointed and shall have accepted such appointment, may petition any court of competent jurisdiction for the appointment of a successor Trustee, or any holder of a Bond who has been a bona fide holder of a Bond for at least six (6) months may, on behalf of such holder and others similarly situated, petition any such court for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

In case at any time any of the following shall occur: (1) any Trustee hereunder shall cease to be eligible in accordance with the provisions hereof and shall fail to resign after written request therefor has been given to such Trustee by the Authority or by any holder of a Bond who has been a bona fide holder of a Bond for at least six (6) months, or (2) any Trustee hereunder shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of such Trustee or of its property shall be appointed, or any public officer shall take charge or control of such Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, or (3) any Trustee hereunder shall neglect or fail in the performance of its duties hereunder, then, in any such case, the Authority may remove such Trustee by an instrument in writing or any such holder of a Bond may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of such Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, remove such Trustee.

Notwithstanding the foregoing provisions of this Section 7.1, no removal or resignation of a Trustee pursuant to this Section shall be effective until a successor Trustee shall have accepted such appointment as provided in this paragraph. Any successor Trustee shall meet

the qualifications of this Section. Such successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the Authority, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further acts, deed or conveyance, shall become fully vested with all the rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named as Trustee; but such predecessor shall, nevertheless, on the written request of the Authority or such successor Trustee, execute and deliver an instrument transferring to such successor Trustee all rights, powers, trusts, duties and obligations of such predecessor in trust hereunder and shall deliver all moneys held by it to such successor Trustee, together with an accounting of funds held by it hereunder. The successor Trustee shall have no responsibility for the acts of the predecessor Trustee.

Upon acceptance of appointment by the successor Trustee, as provided in this Section, the Authority shall publish notice of the succession of such Trustee to the trusts hereunder at least once in the same newspapers in which notices of redemption are to be published under Section 5.3 hereof. If the Authority shall fail to publish such notice, within ten (10) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be published at the expense of the Authority.

Any corporation into which a Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which a Trustee shall be a party, or any corporation to which a Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor Trustee under this Resolution without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding; provided such corporation meets the qualifications of this Section.

Section 7.2. Duties of Trustee; Reliance on Certificates and Opinions. Prior to an Event of Default as defined in Section 9.2 hereof of which a Trustee hereunder has actual knowledge, and after the curing or waiving of all such Events of Default, such Trustee (1) shall not be liable except for the performance of such duties as are specifically set out in this Resolution to be performed by such Trustee in the absence of, or without regard to, an Event of Default and (2) may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, in the absence of bad faith on the part of such Trustee, upon certificates or opinions conforming to the requirements of this Resolution. In case of an Event of Default as defined in Section 9.2 hereof of which a Trustee hereunder has actual knowledge, such Trustee shall exercise such rights and powers vested in it by this Resolution, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs. The Authority shall notify the Trustee promptly upon the Authority's breach of any of its covenants hereunder.

No provision of this Resolution shall be construed to relieve a Trustee hereunder from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that such Trustee shall at all times: (1) be protected from liability for any error of judgment made in good faith by a responsible officer or officers unless it shall be proved that such Trustee was negligent in ascertaining the pertinent facts; and (2) be protected with respect to any action taken or omitted to be taken by it in good faith in accordance with (i) the direction of the holders of not less than a majority in principal amount of the Bonds then

Outstanding or (ii) the direction, or lack of required consent, as the case may be, of any persons (including, without limitation, the issuer of any municipal bond insurance policy with respect to a Series of Bonds) who are entitled to so direct or consent to such action, pursuant to the Supplemental Resolution governing the terms of the Series of Bonds pursuant to which such action is taken or omitted to be taken, as the case may be, relating to the time, method and place of conducting any proceeding for any remedy available to such Trustee or to be taken by it, or exercising any trust or power conferred upon such Trustee, under this Resolution. Such Trustee shall be protected when acting in good faith and upon advice of counsel who may be counsel to the Authority.

Section 7.3. Evidence of Compliance with the Conditions Precedent: Examination of Evidence. The Authority will furnish, or will cause to be furnished, to each Trustee hereunder evidence of compliance with the conditions precedent, if any, provided in this Resolution (including any covenant compliance with which constitutes a condition precedent) which relate to any action to be taken by such Trustee at the request or upon the application of the Authority. Such Trustee shall examine such evidence, and any evidence furnished to it pursuant to any other provisions of this Resolution, to determine whether or not such evidence conforms to the requirements of this Resolution.

Section 7.4. Statement by Trustee Hereunder of Funds and Accounts and Other Matters. Not more than sixty (60) days after the close of each Fiscal Year each Trustee hereunder shall furnish the Authority, and any Bondholder filing with such Trustee a written request for a copy, a statement setting forth (to the extent applicable) in respect to such Fiscal Year (a) all transactions relating to the receipt, disbursement, and application of all moneys received by such Trustee pursuant to the terms of this Resolution, (b) the amount held by such Trustee at the end of such Fiscal Year to the credit of each Fund and Account provided for in this Resolution and the value of Investment Securities therein, (c) a brief description of all obligations held by such Trustee as an investment of moneys in any Fund or Account hereunder as of the end of such Fiscal Year, (d) the principal amount of Bonds purchased by such Trustee during such Fiscal Year from moneys available therefor in any Fund or Account pursuant to the provisions of this Resolution and the respective purchase price of such Bonds, (e) in the case of the Trustee, the principal amount of Bonds redeemed or retired during such Fiscal Year and the redemption prices thereof, if any, and (f) any other information which the Authority may reasonably request.

Section 7.5. Trustees Hereunder May File Proofs of Claims and Other Papers and Documents. Any Trustees hereunder may file such proofs of claims and other papers or documents as may be necessary or advisable in order to have claims of such Trustee and of the holders of the Bonds allowed in any judicial proceedings relative to the Authority, its creditors or its properties.

Section 7.6. Trustees Hereunder Not Liable for Acts of the Authority or Other Trustees; No Representations by Trustee. No Trustee (including any successor Trustee) hereunder shall be responsible or have any liability for any act of the Authority or of any other Trustee. No Trustee hereunder shall be responsible in any manner whatsoever for the correctness of the recitals, statements and representations in this Resolution or in the Bonds, all of which are made by the Authority solely. No Trustee hereunder makes any representation as to the validity

of this Resolution or of the Bonds issued hereunder, and no Trustee hereunder shall incur any liability or responsibility in respect of any such matters. The Trustee shall have no responsibility or duty with respect to the application of proceeds of the sale of Bonds. Subject to the provisions of Section 7.2, the Authority agrees to indemnify and hold the Trustee harmless against any liabilities, costs, expenses, litigation costs, and counsel fees and expenses which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or willful misconduct.

Section 7.7. Registrar and Paying Agent. Except as otherwise provided in the Supplemental Resolution providing for the issuance of a Series of Bonds, the Trustee shall serve as Registrar and Paying Agent and the protections and indemnities afforded to the Trustee hereunder or in connection herewith shall also be afforded to any Registrar and Paying Agent (whether in a successor capacity or otherwise). If it is determined by Supplemental Resolution to use a separate or additional Registrar or Paying Agent, the Supplemental Resolution shall contain or incorporate by reference to an earlier Supplemental Resolution appropriate provisions relating to the appointment, qualifications, duties and compensation of such Registrar and Paying Agent.

Section 7.8. Trustees Hereunder and Paying Agents May Buy, Hold, Sell or Deal in Bonds and Other Indebtedness of the Authority. Each Trustee hereunder and its directors, officers, employees or agents, and each Paying Agent and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued under the provisions of this Resolution, subject to any applicable law, and may join any action which any holder of a Bond may be entitled to take, with like effect as if such Trustee or Paying Agent were not a Trustee or a Paying Agent, as the case may be, under this Resolution. Any Trustee hereunder or any Paying Agent may in good faith hold any other form of indebtedness of the Authority, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Authority, and make disbursements for the Authority and enter into any commercial or business arrangement therewith.

Section 7.9. Reimbursement of Trustees and Agents Hereunder for Fees, Expenses and Charges. Each Trustee hereunder shall be entitled to reasonable fees and reimbursement (including any amounts due pursuant to Section 7.6 hereof) by the Authority for all expenses, charges, counsel fees and other disbursements reasonably incurred by it in the performance of its duties and powers under this Resolution, including those of its attorneys, agents and employees. Each Trustee hereunder shall have a lien for such fees and reimbursement on the moneys pledged to secure the Bonds hereunder at any time held by it hereunder, prior to the lien or claim of the holders of the Bonds on all such moneys. Each Paying Agent and Registrar hereunder shall also be entitled to reasonable fees and to reimbursement by the Authority for all expenses and charges reasonably incurred by it in the performance of its duties hereunder in such capacity.

Section 7.10. Administration of Certain Authority Moneys.

If the Trustee is a bank or trust company located in Canada, the Authority may at any time request that any moneys in U.S. dollars in the Funds and Accounts held and administered by the Trustee be deposited with a bank or trust company located in the United States chosen by the Authority so long as said bank or trust company meets the Trustee

qualifications enumerated in Section 7.1 hereof. In such event, the Trustee shall remain responsible for administering such moneys.

ARTICLE VIII

PARTICULAR COVENANTS OF THE AUTHORITY

The Authority hereby covenants and agrees with the purchasers and holders of all Bonds issued pursuant to this Resolution as follows:

Section 8.1. To Maintain the Properties of the Toll Bridge System; To Keep the Toll Bridge System in Good Repair. The Authority shall, so long as any Bonds are Outstanding, operate and maintain or cause the Toll Bridge System to be operated and maintained in a sound economical manner. The Authority shall (i) maintain, preserve and keep, or cause to be maintained, preserved and kept, the properties of the Toll Bridge System and all additions and betterments thereto and extensions thereof, and every part and parcel thereof in good repair, working order and condition, (ii) from time to time make, or cause to be made, all necessary and proper repairs, renewals, replacements, additions, extensions and betterments thereto, so that at all times the business carried on in connection therewith shall be properly and advantageously conducted, and (iii) comply or cause to be complied with the terms and conditions of any permit or license for the Toll Bridge System or any part thereof issued by any governmental agency or body of the United States of America, the Government of Canada, the State of New York, the Province of Ontario or any political subdivision thereof and with any law or regulation of the United States of America, the Government of Canada, the State of New York, the Province of Ontario, or any political subdivision or instrumentality thereof applicable to the construction, operation, maintenance and repair of the Toll Bridge System or requiring a license, permit or approval therefor.

The Authority has, and will have so long as any Bonds are Outstanding, the right and lawful power to construct, reconstruct, improve, maintain, operate and repair the Toll Bridge System and the exclusive right, subject to this Resolution, to fix and collect tolls, fees, rents or other charges for its use.

Section 8.2. Tolls and Charges.

(A) The Authority shall fix reasonable tolls for each class of service rendered by the Toll Bridge System.

(B) So long as any Bonds are Outstanding, the Authority shall at all times maintain tolls, fees, rentals, and other charges sufficient to pay, and any contracts entered into by the Authority for the use of the Toll Bridge System shall contain tolls, fees, rentals, or other charges sufficient to pay, the cost of operation and maintenance of the Toll Bridge System, the Debt Service on the Bonds and any Parity Reimbursement Obligations and to maintain any reserve or other funds required by the terms of this Resolution. The Authority shall not reduce any such tolls, fees, rentals, and other charges unless on the effective date of such reduction the Traffic Consultant shall have recommended such reduction in writing and a copy of such

recommendation shall have been filed with the Trustee pursuant to paragraph (G) of Section 8.2 or such reduction is done pursuant to paragraph (G) of Section 8.2 hereof.

(C) The Authority shall at all times keep on file with the Trustee, any Qualified Swap Agreement provider and any Additional Security provider copies of its rates schedules for the Toll Bridge System, as in effect from time to time.

(D) For purposes of this Section 8.2, Debt Service on any Variable Rate Bonds shall be determined in accordance with the provisions of Section 3.4 (F) of this Resolution.

(E) The Authority covenants that it will at all times charge and collect or cause to be charged and collected tolls for transit over the toll facilities of the Toll Bridge System at tolls not less than those established in the schedule of tolls set forth in a Supplemental Resolution, and in any event such tolls for transit over the toll facilities of the Toll Bridge System shall be charged in order that the Net Pledged Revenues will be sufficient in each Fiscal Year to pay an amount for such Fiscal Year at least equal to the greater of:

(1) one hundred and twenty-five percent (125%) of the Annual Debt Service Requirement in such Fiscal Year; or

(2) one hundred percent (100%) of the sum, in such Fiscal Year, of: (a) the Annual Debt Service Requirement; (b) any deficiency in the amount required to be on deposit in the Debt Service Reserve Account; (c) any required deposits into the Junior Lien Indebtedness Fund, Government Payments Fund or, in connection with Subordinated Indebtedness, the System General Fund; and (d) the Annual Capital Improvement Fund Deposit.

(F) On or before the fifteenth day of the tenth month of each Fiscal Year the Authority shall complete a review of the financial condition of the Toll Bridge System for the purpose of estimating whether the Net Pledged Revenues for such Fiscal Year and the next succeeding Fiscal Year will be sufficient to provide the applicable amount specified by this Section 8.2 and shall by subsequent proceedings make a determination with respect thereto. A copy of such subsequent proceedings, properly certified by the Authority, together with a certificate of an Authorized Officer of the Authority setting forth a reasonably detailed statement of the actual and estimated Net Pledged Revenues and other pertinent information for such Fiscal Years upon which such determination was made, shall be sent to the Trustee. If the Authority determines that such Net Pledged Revenues may not be sufficient to provide the applicable amounts, it shall (i) forthwith cause the Traffic Consultant to make a study for the purpose of recommending a schedule of Tolls for transit over the Toll Bridge System which, in the opinion of the Traffic Consultant, will cause sufficient Net Pledged Revenues to be received in the following Fiscal Year to provide funds equal to the amounts specified in subparagraph (E) above for such following Fiscal Year and will cause additional Net Pledged Revenues to be received in such following and later Fiscal Years sufficient to restore the amount of any deficiency at the earliest practicable time, (ii) as promptly as practicable and in any case no later than the fifteenth day of the fourth month of such Fiscal Year, establish and place in effect a schedule of Tolls as recommended by the Traffic Consultant and (iii) notify the Trustee of such Toll Schedule. The Traffic Consultant is required to take into account all adjustments of Tolls necessary to reflect

currency fluctuations between U.S. and Canadian dollars in such Fiscal Year in its Toll Schedule recommendation. If, in any Fiscal Year, the Tolls collected shall not have been sufficient to provide the applicable amount specified by said subparagraph (E), the Authority shall (a) unless it has already obtained a traffic study and recommendation in compliance with the immediately preceding sentence, forthwith cause the Traffic Consultant to make a study for the purpose stated in such sentence, (b) as promptly as practicable and in any case no later than the first day of the sixth month of such Fiscal Year, establish and place in effect a schedule of Tolls as recommended by the Traffic Consultant and (c) notify the Trustee of such Toll Schedule. As an alternative to any schedule of Tolls developed and recommended by the Traffic Consultant, a different schedule of Tolls developed by the Authority, which will provide sufficient Net Pledged Revenues in the appropriate Fiscal Year to comply with the revenue covenant described above and which will provide additional Net Pledged Revenues in such Fiscal Year to eliminate any deficiency at the earliest practicable time, may be implemented if the Traffic Consultant certifies that said alternative schedule of Tolls is sufficient.

(G) The Authority covenants that it will not effect any reduction in any rate of Tolls (excluding any Toll increases authorized but not yet implemented) for transit over the Toll Bridge System except after thirty (30) days' notice to the Trustee and then only if accompanying said notice there shall be filed with the Trustee:

(1) A certificate of the Traffic Consultant setting forth estimates of the Pledged Revenues for the then current and each succeeding Fiscal Year, and a favorable recommendation from the Traffic Consultant that such proposed reduction be placed in effect;

(2) A certificate of the Authority setting forth for the Fiscal Years and based on the assumptions specified in the certificate of the Traffic Consultant pursuant to clause (1) above, estimates of the Operating Expenses of the Authority for the Toll Bridge System prepared in accordance with this Resolution; and

(3) A certificate of an Authorized Officer of the Authority setting forth (i) the Annual Gross Debt Service for the then current and each succeeding Fiscal Year, (ii) that the Net Pledged Revenues in the then current Fiscal Year and the estimated Net Pledged Revenues (as derived from the certificates pursuant to clauses (1) and (2) above) for each future Fiscal Year are not less than one hundred and twenty five percent (125%) of an amount equal to the Annual Gross Debt Service for such respective current or future Fiscal Year and one hundred percent (100%) of any deficiency in the Debt Service Reserve Account, and (iii) that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Resolution;

provided that no such proposed reduction shall be undertaken if the anticipated result is that such reduction will cause estimated Net Pledged Revenues to be reduced by more than 10% for the Fiscal Year immediately succeeding such reduction or below the requirements of paragraph (E) hereof.

(H) The failure in any Fiscal Year to comply with the covenants in paragraph (F) of this Section 8.2 shall not constitute an Event of Default under this Resolution if the

Authority shall comply with subparagraph (ii) of paragraph (F) of this Section 8.2; provided that if the Traffic Consultant shall be of the opinion that a schedule of Tolls for the Toll Bridge System which would provide funds to meet the requirement specified in subparagraph (i) of paragraph (F) of this Section 8.2 is impracticable at that time, and the Authority therefore cannot comply with subparagraph (ii) of paragraph (F) of this Section 8.2, then the Authority shall fix and establish such schedule of Tolls as is recommended by the Traffic Consultant to comply as nearly as practicable with the covenant in subparagraph (i) of paragraph (F) of this Section 8.2, and in such event the failure of the Authority to comply with subparagraphs (i) and (ii) of paragraph (F) of this Section 8.2 shall not constitute an Event of Default under the provisions of this Resolution.

(I) The Authority covenants that Tolls will be classified in a reasonable way to cover all traffic using the Toll Bridge System, so that the Tolls will be uniform in application to all traffic falling within any reasonable class regardless of the status or character of any person, firm or corporation participating in the traffic, except by reason of privileges based upon frequency, volume, time of traffic or method of payment. The Authority may make any other adjustment or reclassification of Toll rates or establish special Toll rates, introductory Tolls or temporary Tolls, provided that the Traffic Engineer determines that such action will not cause the Authority to fail to comply with this Section 8.2. All classifications of Tolls used or authorized by the Authority as of the effective date of this Resolution shall be deemed to be reasonable for the purposes of this Resolution.

(J) In making a determination regarding Debt Service as may be required by the provisions of this Section 8.2 from time to time, Debt Service on any Variable Rate Bonds shall be determined in accordance with Section 3.4 (E) of this Resolution.

(K) So long as any Bonds issued pursuant to this Resolution are Outstanding and unpaid, the Authority will not provide any asset, service or transit, directly or indirectly, in connection with the ownership and operation of the Toll Bridge System, free of charge to any person, firm or corporation, public or private, except as required by law and except to: (i) directors, former directors, employees and former employees of the Authority, (ii) hearses in procession, (iii) police, fire, ambulance and other emergency personnel while in the discharge of their official duties, (iv) employees of concerns operating on the Toll Bridge System and independent contractors of the Authority while in the discharge of their employment obligations related to the Toll Bridge System and (v) parades, military and charity events, and other such onetime occasions, as determined by the directors of the Authority. In addition, the Authority will promptly enforce the payment of any and all accounts owing to the Authority by reason of the ownership and operation of the Toll Bridge System.

Section 8.3. Sale, Lease or Other Disposition of Properties of the Toll Bridge System.

(A) The Authority covenants that so long as any Bonds are Outstanding under this Resolution, it will not sell, lease or otherwise dispose of or encumber the Toll Bridge System or any part thereof or of any of the Pledged Revenues and will not create or permit to be created any charge or lien on the Pledged Revenues, except as expressly permitted under this Resolution. The Authority may lease or make contracts or grant licenses for operation of, or grant easements

or other rights with respect to, any part of the Toll Bridge System if such action does not impede or restrict the operation by the Authority of the Toll Bridge System. The foregoing sentence includes but is not limited to the granting of such rights for construction and maintenance.

The Authority may transfer the assets and liabilities (including the Bonds) of the Toll Bridge System to another public entity authorized by law to accept such transfer, so long as, among other requirements, such transfer would not result in (a) the Bonds becoming federally taxable or (b) credit ratings on the Bonds lower than the then current ratings on the Bonds.

(B) The Authority may, however, from time to time, sell, lease, encumber or otherwise dispose of any land or rights in land, machinery, fixtures, apparatus, tools, instruments, or other property of the Toll Bridge System if the Authority determines, in accordance with a certification by the Traffic Engineer, that such sale, lease, encumbrance or other disposition will in no way have a material adverse effect on Pledged Revenues, and the proceeds of the disposition thereof shall be applied to the Revenue Fund or any other Fund at the discretion of the Authority.

(C) The determination of the Authority referred to in paragraph (B) above is not required if such sale, lease, encumbrance or other disposition aggregates to an amount of \$100,000, as adjusted by the annual producer price index published by the Bureau of Labor Statistics of the United States Department of Labor, or less in a Fiscal Year.

Section 8.4. Insurance. (A) The Authority shall at all times maintain, to the extent reasonably obtainable and not cost prohibitive, the following kinds and the following amounts of insurance, with such variations as shall reasonably be required to conform to applicable standard or customary insurance practice and subject to such exceptions and permissible deductibles as are ordinarily required:

(1) Property insurance on the facilities of the Toll Bridge System, if available, covering direct physical loss or damage thereto from causes customarily insured against by those operating similar facilities, in such amounts as the Authority deems necessary or advisable to provide against such loss or damage and to assure the continued operation of the Toll Bridge System.

(2) Business interruption insurance covering loss of Pledged Revenues and Unpledged Revenues by reason of interruption, total or partial, in the use of the facilities of the Toll Bridge System, due to loss or damage to any such facility for a period of not less than one year, in such amounts as the Authority determines will provide income during the period of interruption equal to the amount of the loss of Revenues, computed on the basis of Revenues for the corresponding period during the preceding Fiscal Year or, if not then available, for the corresponding period during the most recent Fiscal Year for which audited financial statements are available, attributable to such loss or damage.

(3) Commercial liability insurance covering injuries to persons and property in the amount of not less than \$1,000,000.

(4) During the construction or reconstruction of any portion of the facilities of the Toll Bridge System, such insurance as is customarily carried by others with respect to

similar structures used for similar purposes, provided that the Authority shall not be required to maintain any such insurance to the extent that insurance is carried for the benefit of the Authority by contractors.

(5) Any additional or other insurance which the Authority considers necessary or advisable to assure the continued operation of the Toll Bridge System.

(B) Except as provided in paragraph (C), below, such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the Authority.

(C) In the event the insurance required by paragraph (A) of this Section 8.4 cannot be obtained on the terms described therein, the Authority may provide for self insurance of the Toll Bridge System in lieu of maintaining any of the foregoing types of insurance; provided, however, that:

(1) the self insurance program must be approved by an independent insurance consultant.

(2) the self insurance program must be maintained on an actuarially sound basis.

(3) the self insurance fund must be held in a separate trust fund by an independent trustee.

(4) in the event the self insurance program is discontinued, the actuarial soundness of the claim reserve fund must be maintained.

(5) no self insurance will be permitted with respect to title or rental interruption insurance.

Section 8.5. Reconstruction; Application of Insurance Proceeds. (A) The proceeds of any insurance paid on account of damage or destruction of any portion of the Toll Bridge System and the proceeds of any business interruption insurance shall be held by the Authority and applied as follows:

(1) If any necessary portion of the Toll Bridge System shall be damaged or destroyed, the Authority shall, as expeditiously as possible, continuously and diligently proceed with the reconstruction or replacement thereof. The proceeds of any insurance paid on account of such damage or destruction, shall be applied to the cost of such reconstruction or replacement. The proceeds of any insurance not so applied within 24 months after receipt shall be deposited in the Revenue Fund and applied pursuant to Section 6.2 hereof unless there shall have been sooner filed with the Trustee a certificate of an Authorized Officer stating the intention of the Authority to apply such proceeds to such reconstruction or replacement. The proceeds of any such insurance may be deposited in the Revenue Fund and applied pursuant to Section 6.2 prior to the end of the 24-month period following receipt thereof, provided that there shall have been filed with

the Trustee a certificate of an Authorized Officer certifying that the reconstruction or replacement for which such proceeds were received is completed and fully paid.

(2) If the proceeds of insurance authorized by this Section to be applied to the reconstruction or replacement of any portion of the Toll Bridge System are insufficient for such purpose, the deficiency may be supplied out of moneys in the Capital Improvement Fund and the System General Fund to the extent, as shown by a certificate of the Consulting Engineer filed by the Authority with the Trustee, not needed to be reserved for the purposes of the Fund from which such moneys have been withdrawn.

(3) The proceeds of insurance against physical loss of or damage to any Project for which separate account is established in the Construction Fund, or of contractors' performance bonds with respect to such Project received during the period of construction thereof, shall be paid into the separate account established in the Construction Fund for such project. The proceeds of insurance against loss of or damage to the Toll Bridge System or of contractors' performance bonds not required to be deposited into a separate account established in the Construction Fund shall be paid into the Capital Improvement Fund.

(4) The proceeds of any business interruption insurance shall be paid into the Revenue Fund.

(B) Any amounts paid from a self insurance reserve fund pursuant to a self insurance program established pursuant to Section 8.4 hereof shall be deemed to be proceeds of the insurance in lieu of which such fund was established and such amounts shall be applied in the manner set forth in paragraph (A) of this Section 8.5.

Section 8.6. Consulting Engineer and Traffic Consultant.

(1) The Authority covenants that it will employ one or more independent engineers or engineering firms or corporations experienced in the duties imposed by this Resolution upon said Consulting Engineer, to advise the Authority with respect to construction, renovation and repair of the Peace Bridge and all special projects of the Authority and to perform all other duties of a similar nature under this Resolution.

(2) The Authority will make or cause to be made a report of the traffic over the Peace Bridge for each Fiscal Year. Copies of such report or a reasonable summary thereof shall be filed by the Authority within one hundred twenty (120) days after the end of each Fiscal Year with the Trustee and mailed, upon request, by the Trustee to any person requesting a copy thereof upon payment of the cost of reproduction and mailing by the requesting person.

(3) The Authority shall also, prior to the end of each Fiscal Year, cause the Peace Bridge to be inspected by the Consulting Engineer, who shall make a written report of such inspection and of the condition of the Peace Bridge of the Authority and file such annual report with the Authority within one hundred twenty (120) days after the end of each Fiscal Year. The Authority shall mail upon request, and make available generally,

the report of said Consulting Engineer, or a reasonable summary thereof, to any holder of Bonds issued pursuant to this Resolution.

(4) The Authority shall employ one or more Traffic Consultants pursuant to the duties mentioned in Section 8.2 who shall be independent engineers or engineering firms or corporations experienced in such duties.

Section 8.7. Annual Budget Requirement. The Authority will adopt an Annual Budget for each Fiscal Year. The Authority may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year.

If for any reason the Authority fails to adopt the Annual Budget, the budget for the preceding Fiscal Year shall be deemed to be in effect for such Fiscal Year until the Annual Budget is adopted.

Section 8.8. Books of Account; Annual Audit. The Authority shall maintain and keep proper books of account relating to the Toll Bridge System in accordance with generally accepted accounting principles except that the New York Act specifically provides that operating expenses of the Authority shall not include any provision for depreciation on bridge and buildings. Within one hundred twenty (120) days after the end of each Fiscal Year, the Authority shall cause such books of account to be audited by an independent certified public accountant. A copy of each audit report and financial statements prepared in conformity with generally accepted accounting principles, with the exception noted above, shall be filed promptly with the Trustee and sent to any Bondholder filing with the Trustee a written request for a copy thereof. In connection with the preparation of such annual audit report and financial statement, as well as any financial calculations required by the terms of this Resolution, including, but not limited to, the calculation of Net Pledged Revenues under Sections 3.4 and 8.2 hereof, all moneys, investments, accounts, statements of revenues, expenses or valuations of assets, property, equipment or liabilities denominated in Canadian currency shall be translated into United States currency in accordance with procedures approved by an independent certified public accountant retained by the Authority.

Section 8.9. To Pay Bonds Punctually. The Authority shall duly and punctually pay, or cause to be paid, but only from the funds pledged therefor under this Resolution, the principal of, premium, if any, and interest on each and every Bond on the dates and at the places, and in the manner provided in the Bonds according to the true intent and meaning thereof, and the Authority shall faithfully do and perform and at all times fully observe and keep any and all of its covenants, undertakings, stipulations and provisions contained in the Bonds and in this Resolution.

Section 8.10. Extension of Payments. The Authority shall not extend or assent to the extension of the maturity of any Bond or installment of interest, and if the maturity of any Bond or installment of interest shall be extended, such Bond or installment of interest shall not be entitled, in case of any default under this Resolution, to the benefit of this Resolution or to payment out of Pledged Revenues or Funds or Accounts established by this Resolution or moneys held by the Trustee or Paying Agent (except moneys held in trust for the payment of such Bond or installment of interest) until the prior payment of the principal of all Bonds

Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such claims for interest. Nothing herein shall be deemed to limit the right of the Authority to issue refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 8.11. Payment of Taxes and Other Claims. The Authority shall from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or payments in lieu thereof, lawfully imposed upon the properties of the Toll Bridge System (or any part thereof) or upon the Pledged Revenues or income received therefrom when the same shall become due, as well as all lawful claims for labor, material and supplies, which, if not paid, might become a lien or charge upon said properties or any part thereof, or upon the Pledged Revenues derived from the ownership or operation thereof, or which might in any way impair the security of the Bonds, except any such assessments, charges or claims which the Authority shall in good faith contest as to validity.

Section 8.12. Employee Fidelity Bonds; Agencies to Indemnify the Authority. The Authority shall require employees of the Authority collecting or handling money in connection with the operation of the properties of the Toll Bridge System, including those employees holding and administering the Revenue Fund, the Operating Fund, the Junior Lien Indebtedness Fund, the Government Payments Fund, the Capital Improvement Fund and the System General Fund, to obtain fidelity bonds with a responsible surety company or companies as surety in reasonable amounts usually obtained by public agencies operating like properties, to protect the Authority from loss.

Section 8.13. Further Assurances. The Authority shall, at any and all times, insofar as it may be authorized so to do, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, indentures, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming any and all of the rights, Pledged Revenues and other funds hereby pledged or charged with or assigned to the payment of the Bonds and any Parity Reimbursement Obligation or intended so to be, or which the Authority may hereafter become bound to pledge or charge or assign.

Section 8.14. Protection of Security. The Authority is duly authorized under all applicable law to create and issue the Bonds and to adopt this Resolution and to pledge and assign the Net Pledged Revenues and other moneys, securities and funds purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. The Pledged Revenues and other moneys, securities and funds so pledged and assigned are and will be free and clear of any pledge, lien, charge or encumbrance thereon which is prior to, or of equal rank with, the pledge created by this Resolution, except as otherwise expressly provided herein, and all action on the part of the Authority to that end has been duly and validly taken; provided, however that nothing contained in this Resolution shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Authority from entering into or issuing: (i) evidences of indebtedness and any pledge securing the same as shall be, and as shall be expressed to be, subordinate in all respects to the provisions of this Resolution and the pledge created by this Resolution, (ii) evidence of indebtedness and any pledge securing the same as shall be payable from moneys in the Construction Fund as part of the Cost of Construction, and (iii) evidence of

indebtedness and any pledge securing the same as shall be payable from, or secured by the pledge of, Pledged Revenues to be derived after the pledge of Pledged Revenues provided in this Resolution shall be discharged and satisfied as provided in Section 13.1 hereof. The Bonds are and will be valid and legally enforceable 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 Pledged Revenues, and other moneys, securities and funds pledged under this Resolution and each Supplemental Resolution and all the rights of the Bondholders and the providers of any Parity Reimbursement Obligation hereunder against all claims and demands of all persons whomsoever.

Without limiting the generality of the foregoing, the Authority shall cause to be filed promptly, in the appropriate State and county offices as may be required by the provisions of the Uniform Commercial Code and in the appropriate Provincial offices as may be required by the provisions of the Personal Property Security Act, R.S.O. 1990, Chapter p.10, between the Authority and the Trustee covering the granting of a security interest in the Pledged Revenues and other items pledged to the Trustee, and such continuation statements from time to time as may be required pursuant to the provisions of said Uniform Commercial Code and said Personal Property Security Act.

Section 8.15. Use of Defeasance Moneys. The Authority shall only apply Defeasance Moneys as provided in the Supplemental Resolution creating same.

Section 8.16. Tax Covenants. 1. The Authority covenants that it will not take any action, or fail to take any action, or permit such action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or failure to take action would adversely affect the exclusion from gross income for federal income tax purposes under Section 103 of the Code of the interest on the Bonds that are issued as tax-exempt bonds. Without limiting the generality of the foregoing, the Authority covenants that it will comply with the instructions and requirements of any Tax Certificate and Agreement, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of a Series of Bonds.

2. The Authority shall not permit at any time, any proceeds of any Bonds or any other funds of the Authority to be used directly or indirectly to acquire any investment property, the acquisition of which would cause any Bond to be an “arbitrage bond” as defined in Section 148 of the Code.

3. The Authority shall not permit at any time any proceeds of any Bonds or any other funds of the Authority to be used, directly or indirectly, in a manner which would result in the classification of any Bond as a “private activity bond” within the meaning of Section 141 of the Code.

4. Notwithstanding the foregoing, the Authority hereby reserves the right to elect to issue obligations the interest on which is not excludable from federal gross income for federal income tax purposes, if such election is made prior to the issuance of such obligations, and the covenants contained in this Section shall not apply to such obligations.

Section 8.17. Notice as to Event of Default. The Authority shall notify each issuer of a Credit Facility and the Trustee in writing that an “Event of Default,” as such term is defined in Section 9.2 hereof, has occurred and is continuing, which notice shall be given within five (5) days after the Authority has obtained actual knowledge thereof; provided, however, that the Authority shall provide the issuer of a Credit Facility with immediate notice of any payment default after the Authority has obtained actual knowledge thereof.

Section 8.18. Covenants with Credit Facility Providers. The Authority may make such covenants as it may in its sole discretion determine to be appropriate with any provider of a Credit Facility or Reserve Credit Facility for Bonds of any one or more Series that shall enhance the security or the value of such Bonds and thereby reduce the principal and interest requirements on such Bonds. Such covenants may be set forth in or provided for by the applicable Supplemental Resolution and shall be binding on the Authority, the Trustee, the Paying Agents, and all the owners of Bonds the same as if such covenants were set forth in full in this Resolution.

ARTICLE IX

POWERS OF TRUSTEE; DEFAULTS; REMEDIES

Section 9.1. 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 pursuant to Section 20 of the New York Act.

Section 9.2. Events of Default. Each of the following events is hereby defined as and declared to be and shall constitute an “Event of Default”:

(a) (i) if payment of the principal of or premium, if any, on any Bond shall not punctually be made when due and payable, whether at the stated maturity thereof or upon proceedings for the redemption thereof (whether by voluntary redemption or a mandatory sinking fund redemption or otherwise);

(ii) if payment of the interest on any Bond shall not punctually be made when due;

(iii) if the provisions of any Supplemental Resolution with respect to mandatory Sinking Fund Installment payments or the redemption of Term Bonds therefrom, as the case may be, shall not punctually be complied with at the time and in the manner specified in such Supplemental Resolution;

and any such occurrence shall continue for a period of thirty (30) days or such other lesser period as provided for in the Act (although any such occurrence with respect to Junior Lien Indebtedness or Subordinated Indebtedness shall not constitute an Event of Default);

(b) (i) if the moneys on deposit in the Interest Account are not sufficient, as of the twenty-fifth (25th) day of the month immediately preceding the date upon which an installment of interest falls due on the Bonds, to pay such installment in full; or

- (ii) if the moneys on deposit in the Principal Account are not sufficient, as of the twenty-fifth (25th) day of the month immediately preceding the date upon which an installment of Serial Bonds falls due, to pay such installment in full; or
- (iii) if the moneys on deposit in the Bond Retirement Account are not sufficient, as of the twenty-fifth (25th) day of the month immediately preceding the date upon which a Sinking Fund Installment of Term Bonds falls due, to pay such installment in full;

and any such occurrence shall continue for a period of five (5) days (although any such occurrence with respect to Junior Lien Indebtedness or Subordinated Indebtedness shall not constitute an Event of Default);

(c) if the Authority shall fail to duly and punctually perform or observe any other of the covenants, agreements or conditions contained in this Resolution or in the Bonds, on the part of the Authority to be performed, and such failure shall continue for sixty (60) days after written notice thereof from the Trustee or the holders of not less than twenty five percent (25%) of the Bonds then Outstanding; provided that, if such failure shall be such that it cannot be corrected within such sixty (60) day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected;

(d) if an order, judgment, or decree shall be entered by any court of competent jurisdiction, with the consent or acquiescence of the Authority, or if such order, judgment or decree, having been entered without the consent or acquiescence of the Authority, shall not be vacated or set aside or discharged or stayed (or in case custody or control is assumed by said order, such custody or control shall not otherwise be terminated) within thirty (30) days after the entry thereof, and if appealed, shall not thereafter be vacated or discharged: (i) appointing a receiver, trustee or liquidator for the Authority or for the Toll Bridge System or any part of the Toll Bridge System; or (ii) assuming custody or control of the Toll Bridge System or any part thereof under the provisions of any law for the relief or aid of debtors; or (iii) approving a petition filed against the Authority under the provisions of 11 USC 90146, as amended (the "Bankruptcy Act"); or (iv) granting relief to the Authority under any amendment to said Bankruptcy Act, or under any other applicable bankruptcy act, which shall give relief substantially similar to that afforded by said Bankruptcy Act;

(e) if the Authority shall (i) admit in writing its inability to pay its debts generally as they become due; or (ii) file a petition in bankruptcy or seeking a composition of indebtedness; or (iii) make an assignment with respect to the Toll Bridge System for the benefit of its creditors; or (iv) file a petition or any answer seeking relief under the Bankruptcy Act referred to in the preceding clause, or under any amendment thereto, or under any other applicable bankruptcy act which shall give relief substantially the same as that afforded by said Bankruptcy Act; or (v) consent to the appointment of a receiver of the whole or any substantial part of the Toll Bridge System; or (vi) consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the Authority or of the whole or any substantial part of the Toll Bridge System; and

(f) if the Authority shall fail or refuse to comply with the provisions of the New York Act or the Canadian Act.

The Trustee shall not be deemed to have knowledge of a default unless the Trustee shall have actual knowledge of such default or the Trustee shall have received written notice of such default making specific reference to such default as a default. The Trustee shall, however, always be deemed to have actual knowledge of a default under paragraph (a) or (b) of this Section 9.2.

Upon the occurrence of an Event of Default, but subject to Section 9.14 of this Resolution, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, the Trustee may, and upon the written request of the holders of not less than twenty-five percent (25%) of all Series of Bonds then Outstanding shall, in its own name:

(a) By mandamus or other suit, action or proceeding in law or in equity, enforce all rights of the Bondholders including the right to require the Authority to collect tolls and rentals adequate to carry out any agreement as to or pledge of such tolls and rentals and to require the Authority to carry out any other agreements with the Bondholders and to perform its and their duties under the Act; or any of them;

(b) Bring suit upon the Bonds;

(c) By action or suit in equity, require the Authority to act as if it were the trustee of an express trust for the Bondholders;

(d) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders;

(e) Declare all Bonds due and payable and if all defaults shall be made good, then with the consent of the holders of twenty-five percent (25%) of the principal amount of the Bonds then Outstanding, to annul such declaration and its consequences; and

(f) With or without entry and whether or not all of the Bonds have been declared due and payable foreclose the lien of the Bonds under the New York Act and the Canadian Act by actions, suits or other appropriate proceedings for that purpose in accordance with and subject to the provisions and requirements of laws of New York, of Canada and of the Province of Ontario, in such cases made and provided. Upon the commencement of any such action, suit or proceeding or at any time during its pendency the Trustee shall be entitled as of right to the appointment of a receiver who may enter and take possession of the assets and property of the Authority or any part or parts thereof and operate and maintain the same and collect and receive all Tolls, rentals and other revenues thereafter arising therefrom in the same manner as the Authority itself might do and deposit all such moneys in a separate account and apply the same in such manner as the Court shall direct. In any such suit, action or proceeding by the Trustee, the fees, counsel fees and expenses of the Trustee and of the Receiver, if any, shall constitute proper disbursements and all costs and disbursements allowed by the Court shall be a first charge on any tolls, rentals and other revenues derived from such assets.

Section 9.3. Notice to Bondholders of an Event of Default. The Trustee, within thirty (30) days after the occurrence of an Event of Default (as defined in Section 9.2 hereof) of which it has knowledge, shall give to the Bondholders, in the manner provided in Section 13.4 hereof, notice of all defaults known to the Trustee, unless such defaults shall have been cured before the giving of such notice (the term “default” or “defaults” for the purpose of this Section being defined to be any Event or Events of Default specified in said Section 9.2).

Section 9.4. Inspection of Books and Records; the Authority to Account as Trustee for Express Trust. The Authority covenants that if an Event of Default (as defined in Section 9.2 hereof) shall have happened and shall not have been remedied, the books of record and account of the Authority relating to the Toll Bridge System and all other records relating thereto shall at all times be subject to the inspection and use of the Trustee and any persons holding at least twenty five percent (25%) of the principal amount of Bonds Outstanding and of their respective agents and attorneys or of any committee therefor.

The Authority covenants that if an Event of Default (as defined in Section 9.2 hereof) shall have happened and shall not have been remedied, the Authority will continue to account, as a trustee of an express trust, for all Pledged Revenues and other moneys, securities and funds pledged under this Resolution.

Section 9.5. Payment of Funds to the Trustee; Application of Revenues in an Event of Default. The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, upon demand of the Trustee, the Authority shall pay over to the Trustee (i) forthwith, all moneys, securities and funds then held by the Authority and pledged under this Resolution, and (ii) as promptly as practicable after receipt thereof, all Pledged Revenues.

During the continuance of an Event of Default as defined in items (a) through (c) of Section 9.2 hereof or of any other Event of Default as defined in Section 9.2 resulting in an Event of Default as defined in items (a) through (c) of Section 9.2 hereof, the Pledged Revenues received by the Trustee or by a Bondholders committee pursuant to the provisions of the first paragraph of Section 9.6 hereof as the result of the taking of possession of the business and properties of the Toll Bridge System shall be applied by the Trustee firstly to the payment of all necessary and proper Operating Expenses of the Toll Bridge System and all other proper disbursements or liabilities made or incurred by the Trustee; secondly, to the then due and overdue payments into the Bond Fund, including the making up of deficiencies therein; and lastly, for any lawful purpose in connection with the Toll Bridge System.

In the event that at any time the funds held by the Trustee pursuant to the preceding paragraph shall be insufficient for the payment of the principal of, premium, if any, and interest then due on the Bonds and all amounts secured on a parity therewith pursuant to Section 3.2 hereof, such funds (other than funds held for the payment or redemption of particular Bonds or coupons) and all Pledged Revenues of the Authority and other of its moneys received or collected for the benefit or for the account of holders of the Bonds and for the other parties entitled thereto under Section 3.2 hereof shall be applied by the Trustee as follows:

- (1) Unless the principal of all of the Bonds shall have become due and payable,

First, to the payment of all fees, expenses and other amounts due to the Trustee under the Resolution, including the costs and expenses of every such action, suit and proceeding, including reasonable compensation to the Trustee, its agents, attorneys and counsel and of all expenses, liabilities and advances made or incurred by the Trustee, and to the payment of all taxes, assessments and liens superior to the lien of this Resolution;

Second, to the payment to the persons entitled thereto pursuant to Section 3.2 hereof (i) all installments of interest then due (including any interest on overdue principal) on the Bonds in the order of maturity of such installments and (ii) all net payments due under any Qualified Swap Agreement in the order of the due dates of such installments and payments, earliest payments first, and if the amounts available shall not be sufficient to pay in full any installment of interest and any such net payments due under any such Qualified Swap Agreement due 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;

Third, to the payment to the persons entitled thereto of the principal and premium, if any, due and unpaid upon the Bonds at the time of such payment without preference or priority of any Bond over any other Bonds, and if the amounts available therefor shall not be sufficient to pay in full any principal and premium, if any, due and unpaid upon the Bonds at such time, then to the payment thereof, ratably, according to the amounts due respectively for principal and redemption premium on the Bonds, without any discrimination or preference;

Fourth, to the payment of the persons entitled thereto of any fees and charges of the Tender Agent, any Remarketing Agreement and the provider of any Additional Security (for amounts other than commitment fees therefor) which have become due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all amounts due on any date, then to the payment thereof ratably, according to the amounts due on such date, to the Person entitled thereto, without any discrimination or preference; and

Fifth, if any surplus remains, it shall be paid to the Authority or to whomsoever may be lawfully entitled to receive the same or as any court or courts of competent jurisdiction shall direct.

(2) If the principal of all of the Bonds shall have become due and payable,

First, to the payment of the costs and expenses of every such action, suit and proceeding, including reasonable compensation to the Trustee, its agents, attorneys and counsel and of all expenses, liabilities and advances made or incurred by the Trustee, and to the payment of all taxes, assessments and liens superior to the lien of this Resolution;

Second, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bonds, and all net payments due under any Qualified Swap

Agreement, as and to the extent said obligations are secured on a parity with the Bonds pursuant to Section 3.2 hereof, ratably, according to the amounts due, to the persons entitled thereto without any discrimination or preference;

Third, to the payment of the persons entitled thereto of any fees and charges of the Tender Agent, any Remarketing Agreement and the provider of any Additional Security (for amounts other than commitment fees therefor) which have become due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all amounts due on any date, then to the payment thereof ratably, according to the amounts due on such date, to the Person entitled thereto, without any discrimination or preference; and

Fourth, if any surplus remains, it shall be paid to the Authority or to whomsoever may be lawfully entitled to receive the same or as any court or courts of competent jurisdiction shall direct.

Whenever moneys are to be applied pursuant to the foregoing paragraphs, such moneys shall be applied by the Trustee, at such times, and from time to time, as it shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future.

If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses, and liabilities of the holders of the Bonds, their respective agents and attorneys, and all other sums payable by the Authority under this Resolution including the principal of and premium, if any, on all Bonds which shall then be payable, shall either be paid in full 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 and secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate therefor, the Trustee shall pay over to the Authority all of its moneys, securities, funds and Pledged Revenues then remaining unexpended in the hands of the Trustee (except moneys, securities, funds or Pledged Revenues deposited or pledged, or required by the terms of this Resolution to be deposited or pledged, with the Trustee), control of the business and possession of the property of the Authority shall be restored to the Authority, and thereupon the Authority and the Trustee shall be restored to their former positions and rights under this Resolution, and all Pledged Revenues shall thereafter be applied as provided in Article VI. No such payment over to the Authority by the Trustee or resumption of this application of Pledged Revenues as provided in Article VI shall extend to or affect any subsequent default under this Resolution or impair any right consequent thereon.

Section 9.6. Appointment of a Receiver. Upon the occurrence of an Event of Default (as defined in Section 9.2 hereof) and at any time while such Event of Default shall be continuing, the Trustee or the holders of twenty five percent (25%) or more in principal amount of the Bonds then Outstanding shall, but only if and to the extent then permitted by law and this Resolution, be entitled to the appointment of a receiver to take possession of the Toll Bridge System, to manage the operation and maintenance thereof, and to receive and apply the Pledged Revenues in accordance with the terms of this Resolution.

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, funds and Pledged Revenues deposited or pledged with it under this Resolution or agreed or provided to be delivered to or deposited or pledged with it under this Resolution.

Section 9.7. Certain Powers and Rights of Trustee. If an Event of Default shall happen and shall not have been remedied then, and in every such case, the Trustee, either in its own name or as Trustee of an express trust, or as attorney in fact for the holders of the Bonds, or in any one or more of such capacities, by its agents and attorneys, shall be entitled and empowered to proceed forthwith to institute such suits, actions and proceedings at law or in equity for the collection of all sums due in connection with the Bonds and to protect and enforce its rights and the rights of the holders of the Bonds under this Resolution for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as Trustee of any 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. The Trustee shall be entitled and empowered either in its own name or as a Trustee of an express trust, or as attorney in fact for the holders of the Bonds or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and of the holders of the Bonds allowed in any equity, receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization or other similar proceedings. For this purpose the Trustee is hereby irrevocably appointed the true and lawful attorney in fact of the respective holders of the Bonds (and the successive holders of the Bonds by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) with authority to make and file in the respective name of the holders of the Bonds any such proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings, and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all acts and things for and on behalf of the holders of the Bonds as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Trustee and the holders of the Bonds allowed in any such proceeding and to receive payment of and on account of such claims; provided, however, that nothing contained herein shall be deemed to give the Trustee any right to accept or consent to any plan of reorganization or compromise or otherwise take any action of any character in any such proceedings to receive or change in any way any right of any holder of Bonds. The Trustee shall be entitled to seek the direction of the Bondholders prior to taking any action not expressly required or authorized hereunder and shall be entitled to act in accordance with such directions.

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.

Section 9.8. Bondholders May Direct Proceedings. Anything contained in this Resolution to the contrary notwithstanding, the holders of not less than a majority in principal amount of the Bonds at the time Outstanding shall be authorized and empowered (1) to direct the time, method, and place of conducting any proceeding for any remedy available to the holders of the Bonds or to the Trustee therefor, or of exercising any trust or power conferred upon the Trustee hereunder provided that such direction shall not be otherwise than in

accordance with law or the provisions of this Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction. The Trustee shall be under no obligation to exercise any rights or powers vested in it by this Resolution at the request or direction of any of the Bondholders pursuant to this Resolution, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against costs, expenses and liability which might be incurred by it in compliance with such request or direction.

Section 9.9. Suits by Individual Bondholders. Except as otherwise specifically provided in this Section, no holder of any of the Bonds 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 defined in Section 9.2 hereof) and the holders of at least twenty five percent (25%) in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee and shall have offered it reasonable opportunity either to exercise the power granted under this Resolution or to institute such action, suit or proceeding in its own name, and unless such Bondholder 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 for a period of sixty (60) days after the receipt by it of such notice, request and offer of indemnity shall have refused to comply with such request; it being understood and intended that, except as above provided, no one or more holders of Bonds shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the pledge created by this Resolution, or to enforce any right under this Resolution, except in compliance with the conditions precedent to the initiation of such litigation as herein provided, and that all proceedings at law or in equity to enforce any provision of this Resolution shall be instituted, had and maintained in the manner provided in this Resolution and for the equal benefit of all holders of the Outstanding Bonds.

Section 9.10. Remedies Not Exclusive. No remedy by the terms of this Resolution conferred upon or reserved to the holders of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder to the holders of the Bonds or now or hereafter existing at law or in equity or by statute.

Section 9.11. Waivers of Default. No delay or omission of any holder of Bonds to exercise any right or power arising upon the occurrence of a default hereunder, including an Event of Default (as defined in Section 9.2 hereof), shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescence therein. Every power and remedy given by this Article to the Trustee or to the holders of Bonds may be exercised from time to time and as often as may be deemed expedient by such Trustee or by such holders.

Section 9.12. Waiver of Extension Laws. The Authority will not at any time insist upon or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force which may affect the covenants and

agreements contained in this Resolution, or in the Bonds, but all benefit or advantage of any such law or laws is hereby expressly waived by the Authority.

Section 9.13. Abandonment of Proceedings; Adverse Determination. In case the Trustee or the holders of the Bonds (or a committee therefor) shall have proceeded to enforce any right under this Resolution and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or to the holders of the Bonds (or such committee therefor), then and in every such case the Authority, the Trustee and the holders of the Bonds shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the holders of the Bonds shall continue as if no such proceedings had been taken.

Section 9.14. Limitation of Remedies; Venue. (A) The foregoing remedies of the Bondholders and of the Trustee, however, are subject to the limitations that before declaring the principal of all Bonds due and payable, the Trustee shall first give notice in writing to the Authority and to the Attorney General of the State of New York and if, when such notice is given to the Attorney General, the Legislature of the State of New York shall be in session, the Trustee shall not declare the principal of the Bonds due before the Legislature of the State of New York adjourns sine die or if the Legislature of the State of New York be not then in session, the Trustee shall not declare the principal of the Bonds due until such an adjournment of the next regular session. If at such session the Legislature of the State of New York shall take any action as a result of which past due principal and interest, with interest on past due interest, together with fees, counsel fees and expenses of the Trustee and of the Receiver, if any, as fixed by the Court, shall be paid within sixty (60) days of adjournment, default in the payment thereof shall thereby be remedied. Venue for any and all proceedings brought by the Trustee on behalf of the Bondholders shall be laid in the Supreme Court, State of New York, County of Erie.

(B) The foregoing remedies of the Bondholders and of the Trustee are subject, however, to the limitation that before taking any proceeding to enforce such remedies, or any of them, the Trustee shall first give notice in writing to the Attorney General of Canada; and if, when such notice is given to the said Attorney General, Parliament shall be in session, the Trustee shall not declare the principal of the Bonds due before Parliament prorogues; provided, however, that Parliament has been in session for at least four weeks after notification shall have been given to the Attorney General as aforesaid. If Parliament be not then in session, or has not been in session for at least four weeks after notification shall have been given to the Attorney General as aforesaid, the Trustee shall not declare the principal of the Bonds due until the next regular session of Parliament is ended by prorogation. If at any session of Parliament referred to in this Section, Parliament shall take any action as a result of which past due principal and interest, with interest on past due interest, together with fees, counsel fees and expenses of the Trustee and of the Receiver, if any, as fixed by the Court of competent jurisdiction shall be paid within sixty (60) days after prorogation, default in the payment thereof shall thereby be remedied.

ARTICLE X

AMENDING AND SUPPLEMENTING OF RESOLUTION

Section 10.1. Amending and Supplementing of Resolution Without Consent of Holders of Bonds. The Authority, from time to time and at any time and without the consent or concurrence of any holder of any Bond, may adopt a resolution amendatory hereof or supplemental hereto (herein defined and referred to as a “Supplemental Resolution”), (i) for the purpose of providing for the issuance of Bonds pursuant to the provisions of Article III hereof or the issuance of Junior Lien Indebtedness or Subordinated Indebtedness; or (ii) if the provisions of such Supplemental Resolution shall not adversely affect the rights of the holders of the Bonds then Outstanding, for any one or more of the following purposes:

- (1) to make any changes or corrections in this Resolution as to which the Authority shall have been advised by an Opinion of Counsel that the same are verbal corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in this Resolution, or to insert in this Resolution such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable;
- (2) to add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds or any one or more Series of Bonds;
- (3) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this Resolution;
- (4) to confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge, or charge, created or to be created by the provisions of this Resolution;
- (5) to grant or to confer upon the holders of the Bonds any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them, or to grant to or to confer upon the Trustee for the benefit of the holders of the Bonds any additional rights, duties, remedies, powers, authority or security or to provide for additional security; and
- (6) to make any other change which the Authority deems necessary or desirable.

Except for Supplemental Resolutions providing for the issuance of Bonds pursuant hereto, the Authority shall not adopt any Supplemental Resolution authorized by the foregoing provisions of this Section unless in the Opinion of Counsel (upon which opinion the Trustee, subject to the provisions of Section 7.2 hereof, shall be fully protected in relying), which opinion may be combined with the opinion required by Section 10.4 hereof, the adoption of such Supplemental Resolution is permitted by the foregoing provisions of this Section and the provisions of such Supplemental Resolution do not adversely affect the rights of the holders of the Bonds then Outstanding. Any such Supplemental Resolution shall become effective in

accordance with its terms upon the filing with the Trustee of a certified copy thereof and the Opinion of Counsel referred to in the immediately preceding sentence.

Section 10.2. Amending and Supplementing of Resolution With Consent of Holders of Bonds. With the consent of the holders of not less than a majority of the Bonds then Outstanding, the Authority from time to time and at any time may adopt a resolution amendatory hereof or supplemental hereto (herein also defined and referred to as a “Supplemental Resolution”) for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Resolution, or modifying or amending the rights and obligations of the Authority hereunder, or modifying or amending in any manner the rights of the holders of the Bonds then Outstanding; provided, however, that, without the specific consent of the holder of each such Bond which would be affected thereby, no Supplemental Resolution amending or supplementing the provisions hereof shall: (1) change the fixed maturity date for the payment of the principal of any Bond or the dates for the payment of interest thereon or the terms of the redemption price (or the redemption premium) payable upon the redemption or prepayment there for or the interest rate thereon; or (2) reduce the aforesaid percentage of Bonds, the holders of which are required to consent to any Supplemental Resolution amending or supplementing the provisions of this Resolution; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby; or (4) authorize the creation of any pledge of the Net Pledged Revenues and other moneys pledged hereunder, prior, superior or equal to the pledge of and lien and charge thereon created herein for the payment of the Bonds except to the extent provided in Article III hereof; or (5) deprive any holder of the Bonds in any material respect of the security afforded by this Resolution; provided further, however, that without the specific consents of the holders of not less than a majority in principal amount of the Term Bonds then Outstanding and affected thereby, no Supplemental Resolution amending or supplementing the provisions of this Resolution shall (a) change the amount of any Sinking Fund Installments for the retirement of Term Bonds or the due dates of such installments or the terms for the purchase or redemption thereof from such installments, or (b) reduce the aforesaid percentage of Term Bonds, the holders of which are required to consent to any such Supplemental Resolution. (Nothing in this paragraph, however, shall be construed as making necessary the approval of the holders of the Bonds of the adoption of any Supplemental Resolution authorized by the provisions of Section 10.1 hereof.)

The proof of the giving of any consent required by this Section and of the holding of Bonds for the purpose of giving consents shall be made in accordance with the provisions of Article XI hereof. It shall not be necessary that the consents of the holders of the Bonds approve the particular form of wording of the proposed amendment or supplement or of the Supplemental Resolution affecting such amendment or supplement, but it shall be sufficient if such consents approve the substance of the proposed amendment or supplement. After the holders of the required percentage of Bonds shall have filed their consents to the amending or supplementing hereof pursuant to this Section, the Authority shall publish at least once a notice of such amending or supplementing hereof, in a newspaper specializing in financial matters printed in the English language and customarily published on each business day and of general circulation in the City of New York, New York, and in a newspaper of general circulation printed in the English language published in the City of Buffalo, New York and shall send a copy of such notice by first class mail, postage prepaid to each registered owner of Bonds then Outstanding, at his/her address, if any, appearing upon the registry books, and to the Trustee, but failure to mail

copies of said notice to any of said owners or holders shall not affect the validity of the Supplemental Resolution effecting such amendments or supplements or the consent thereto. (Nothing in this paragraph contained, however, shall be construed as requiring the giving of notice of any amending or supplementing of this Resolution authorized by Section 10.1 hereof.) A record, consisting of the papers required by this Section, shall be filed with the Trustee, and shall be proof of the matters therein stated until the contrary is proved. No action or proceedings to set aside or invalidate such Supplemental Resolution or any of the proceedings for its adoption shall be instituted or maintained unless such action or proceeding is commenced within sixty (60) days after the publication or the mailing of the notice required by this paragraph.

Section 10.3. Notation Upon Bonds; Bonds Issued Upon Amendments. Bonds delivered after the effective date of any action taken as provided in this Article may bear a notation as to such action, by endorsement or otherwise, and in form approved by the Authority. In that case, upon demand of the holder of any Bond Outstanding at such effective date and the presentation of such holder's Bond for that purpose at the principal office of the Trustee or other Paying Agent, transfer agent or Registrar hereunder for such Bond and at such additional offices, if any, as the Authority may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Authority shall so determine, new Bonds, so modified as in the opinion of the Authority to conform to the amendments or supplements made pursuant to this Article, shall be prepared, executed and delivered, and upon demand of the holder of any Bond then Outstanding shall be exchanged without cost to such holder, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

Section 10.4. Effectiveness of Supplemental Resolution. Upon the adoption (pursuant to this Article and applicable law) by the Authority of any Supplemental Resolution amending or supplementing the provisions of this Resolution and the delivery to the Trustee of an Opinion of Counsel that such Supplemental Resolution is in due form and has been duly adopted in accordance with the provisions hereof and applicable law and that the provisions thereof are valid and binding upon the Authority and that all conditions precedent have been satisfied (upon which opinion the Trustee, subject to the provisions of Section 7.2 hereof, shall be fully protected in relying), or upon such later date as may be specified in such Supplemental Resolution, (i) this Resolution and the Bonds shall be modified and amended in accordance with such Supplemental Resolution, (ii) the respective rights, limitations of rights, obligations, duties and immunities under this Resolution of the Authority, the Trustee or any Paying Agent and the holders of the Bonds shall thereafter be determined, exercised and enforced under this Resolution subject in all respects to such modifications and amendments, and (iii) all of the terms and conditions of any such Supplemental Resolution shall be a part of the terms and conditions of the Bonds and of this Resolution for any and all purposes.

Section 10.5. Supplemental Resolution Affecting Trustee Hereunder and Paying Agent. No Supplemental Resolution materially changing, amending or modifying any of the rights, duties and obligations of the Trustee or any Paying Agent may be adopted by the Authority or be consented to by the holders of the Bonds without written consent of the Trustee or such Paying Agent.

ARTICLE XI

EXECUTION OF INSTRUMENTS BY HOLDERS OF BONDS; OWNERSHIP OF BONDS; MEETINGS OF HOLDERS OF BONDS; EXCLUSION OF BONDS OWNED BY THE AUTHORITY

Section 11.1. Execution of Requests, Directions and Consents and Other Instruments and Proof of Same; Ownership of Bonds and Proof of Same. Any request, direction, consent or other instrument required by this Resolution to be signed or executed by holders of Bonds may be signed or executed by such holders in person or by an agent or agents duly appointed in writing, and may be in any number of concurrent writings of substantially similar tenor. Proof of the execution of any such request, direction, consent or other instrument or of a writing appointing any such agent, and of the holding or ownership of Bonds, shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the Authority, the Trustee and any Paying Agent hereunder with regard to any action taken by them under such request, direction, consent or other instrument or of a writing appointing any such agent, if made in the following manner: the fact and date of the execution by any person of any such request, direction, consent or other instrument in writing may be proved by the certificate of any notary public or other officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments of deeds to be recorded within such jurisdiction, to the effect that the person signing such request, direction, consent or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness to such execution.

Nothing contained in this Section shall be construed as limiting the Authority or the Trustee to the proof above specified, it being intended that the Authority and the Trustee may accept any other evidence of the matters herein stated which to them may seem sufficient. Any request, direction, consent or vote of the holder of any Bond shall bind and be conclusive upon the holder of such Bond giving such request, direction or consent or casting such vote and upon every future holder of the same Bond in respect of anything done or suffered to be done by the Authority or the Trustee or otherwise, or by the holders of other Bonds, in pursuance of such request, direction, consent or vote, and whether or not such future holder has knowledge of or information as to such request, direction, consent or vote; provided that any request, direction, consent or vote of the holder of a Bond required by any of the provisions hereof may be revoked by the holder giving such request, direction, consent or vote or by a subsequent holder, if such revocation in writing is filed with the Authority and the Trustee prior to the time when the request, direction, consent or vote of the percentage of the holders of the Bonds required by such provision shall have been given and action taken by the Authority or the Trustee or otherwise, or by the holders of other Bonds, under authority of such request, direction, consent or vote.

Anything in this Resolution to the contrary notwithstanding, the Authority, the Trustee and any Paying Agent hereunder may deem and treat the person in whose name any Bond shall at the time be registered on the books of registry kept for that purpose pursuant to this Resolution, as the absolute owner of such Bond for all purposes whatsoever, including payment thereof, and neither the Authority, the Trustee nor any Paying Agent hereunder shall be affected by any notice to the contrary. The payment of or on account of principal to or upon the order of the person in whose name a Bond shall at the time be registered on said books of registry and the payment of interest to or upon the order of any person in whose name any Bond in fully

registered form shall at the time be registered on said books of registry, shall be valid and effectual fully to satisfy and discharge all liability hereunder, upon such Bond to the extent of the sum or sums so paid.

Section 11.2. Meeting of Holders of Bonds. The Authority, the Trustee or the holders of not less than twenty five percent (25%) in principal amount of the Bonds then Outstanding may at any time call a meeting of the holders of the Bonds for the purpose of the consenting to, the approving, the requesting or the directing, by the holders of the Bonds, of any action required to be consented to or approved by them hereunder or which they may request or direct hereunder to be taken, or for the making by the holders of the Bonds of any appointments they may make hereunder, or for the purpose of taking any other action which the holders of the Bonds may take hereunder, or for any other purpose concerning the payment, security and enforcement of the Bonds. Every such meeting shall be held at such place, in the City of New York, State of New York, or in Erie County, New York, as may be specified in the notice calling such meeting. Written notice of such meeting, stating the place and time of the meeting and in general terms the business to be submitted, shall be mailed to the holders of the Bonds whose names and addresses then appear upon the books of registry hereof, by the Authority, the Trustee or the holders of the Bonds calling such meeting, not less than thirty (30) nor more than sixty (60) days before such meeting, and shall be published at least once on any day of the week, in the same newspapers in which notices of redemption are required to be published by Article V hereof, the date of such publication to be not less than thirty (30) days nor more than sixty (60) days preceding the meeting; provided, however, that the mailing of such notice shall in no case be a condition precedent to the validity of any action taken at any such meeting. Any meeting of the holders of the Bonds shall, however, be valid without notice if the holders of all Bonds then Outstanding are present in person or by proxy or if notice is waived before or within thirty (30) days after the meeting by those not so present.

Attendance and voting by holders of Bonds at meetings thereof may be in person or by proxy. Bondholders may, by an instrument in writing under their hands, appoint any person or persons with full power of substitution, as their proxy to attend and vote at any meeting for them.

Persons named by the Trustee, elected by the holders of a majority in principal amount of the Bonds represented at the meeting in person or by proxy in the event the Trustee is not represented at such meeting, shall act as temporary chairperson and temporary secretary of any meeting of holders of Bonds. A permanent chairperson and a permanent secretary of such meeting shall be elected by the holders of a majority in principal amount of the Bonds represented at such meeting in person or by proxy. The permanent chairperson of the meeting shall appoint two (2) Inspectors of Votes who shall count all votes cast at such meeting, except votes on the election of chairperson and secretary as aforesaid, and who shall make and file with the Secretary of the meeting, the Authority and the Trustee their verified report of all such votes cast at the meeting.

The holders of the same principal amount of the Bonds required by other provisions hereof to consent to, approve, request, or direct any action proposed to be taken at a meeting of holders of the Bonds, or required by other provisions hereof to make appointments proposed to be made at such meeting, or required by other provisions hereof to take any other

action proposed to be taken at such meeting, must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of such business, less than a quorum, however, having power to adjourn the meeting from time to time without other notice of such adjournment than the announcement thereof at the meeting; provided, however, that, if such meeting is adjourned by less than a quorum for more than ten (10) days, notice of such adjournment shall be published by the Authority at least five (5) days prior to the adjournment date of the meeting in the same newspapers in which notices of redemption are required to be published by Article V hereof.

Any registered owner of a Bond and any holders of a certificate provided for in this Section shall be entitled in person or by proxy to attend the vote at such meeting as holder of the Bond or Bonds registered or certified in his/her name without producing such Bond or Bonds (unless the Bond or Bonds described in any such certificate shall be registered in the name of or be produced by some other person at such meeting). Such persons and their proxies shall, if required, produce such proof of personal identity as shall be satisfactory to the Secretary of the meeting. All other persons seeking to attend or vote in such meeting must produce the Bond or Bonds claimed to be owned or represented at such meeting.

All proxies presented at such meeting shall be delivered to the Inspectors of Votes and filed with the Secretary of the meeting. The right of a proxy for a holder of a Bond to attend the meeting and act and vote thereat may be proved (subject to the Trustee's right to require additional proof) by a written proxy executed by such holder as aforesaid.

Officers or nominees of the Authority and officers or nominees of the Trustee may be present or represented at any meeting of the holders of the Bonds and take part therein, but shall not be entitled to vote thereat, except for such officers or nominees who are holders of Bonds or proxies for holders of Bonds (including the Trustee).

The vote at any such meeting of the holder of any Bond, or such holder's proxy, entitled to vote thereat shall be binding upon such holder and upon every subsequent holder of such Bond (whether or not such subsequent holder has notice thereof).

Any Supplemental Resolution providing for the issuance of Bonds in uncertificated form may contain appropriate provisions supplemental to those in this Section governing the participation of the owners of such Bonds in any meetings held pursuant to this Section.

Section 11.3. Exclusion of Bonds Held by or for the Authority and of Bonds No Longer Deemed Outstanding Hereunder. In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent, vote or waiver under this Resolution, any Bonds which are owned by or on behalf of or for the account of the Authority and, except for the purpose of Section 13.1 hereof, any Bonds which are deemed no longer Outstanding hereunder as provided in said Section 13.1, shall be disregarded and not included for the purpose of any such determination, and such Bonds shall not be entitled to vote upon, consent to or concur in any action provided in this Resolution, except that for the purpose of determining whether the Trustee shall be protected in relying on such demand, request, direction, consent, vote or waiver, only Bonds which the Trustee knows are owned as

aforesaid shall be disregarded by reason of such ownership. The Authority or the Trustee may require each holder of a Bond or Bonds before his/her demand, request, direction, consent, vote or waiver shall be deemed effective, to reveal if the Bonds as to which such demand, request, direction, consent, vote or waiver is made, granted, cast or given are disqualified as provided in this Section.

ARTICLE XII

DEFEASANCE; MONEYS HELD FOR PAYMENT OF DEFEASED BONDS

Section 12.1. Discharge of Liens and Pledges; Bonds No Longer Outstanding and Deemed to be Paid Hereunder. The obligations of the Authority under this Resolution and the liens, pledges, charges, trusts, covenants and agreements of the Authority herein made or provided for, shall be fully discharged and satisfied as to any Bond and such Bond shall no longer be deemed to be Outstanding hereunder,

(i) when such Bond shall have been cancelled, or shall have been surrendered for cancellation or is subject to cancellation, or shall have been purchased by the Trustee from moneys held under this Resolution; or

(ii) as to any Bond not cancelled or surrendered for cancellation or subject to cancellation or so purchased, when payment of the principal of and premium, if any, on such Bond, plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment, or otherwise) either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided for by irrevocably depositing with the Trustee or a Paying Agent for such Bond, in trust, for such payment either (1) moneys sufficient to make such payment or (2) Pre-Refunded Municipal Bonds or Investment Securities (which for the purposes of this Article shall include only those obligations described in items (a) of the definition of Investment Securities in Section 1.1 hereof which constitute United States Government Obligations (excluding any and all indebtedness of the Government National Mortgage Association) maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, whichever the Authority deems to be in its best interest, and all necessary and proper fees, compensation and expenses of the Trustee and the Paying Agent pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee and said Paying Agent; provided that if the Authority shall pay or cause to be paid to any Swap Provider all obligations, if any, under the Qualified Swap Agreement and the Qualified Swap Agreement shall have terminated, then the liens, pledges, charges, trusts, covenants and agreements of the Authority herein made or provided for, shall be fully discharged and satisfied. At such time as a Bond shall be deemed to be no longer Outstanding hereunder, as aforesaid, such Bond, except for the purposes of any payment from such moneys, Pre-Refunded Municipal Bonds or Investment Securities, shall no longer be secured by or entitled to the benefits of this Resolution. In addition, upon defeasance of all of the Outstanding Bonds, the Trustee shall, upon request of the Authority, pay over or deliver to the Authority all moneys or

securities held by it pursuant to this Resolution other than moneys and securities comprising Defeasance Moneys.

Notwithstanding the foregoing, in the case of a Bond which is to be redeemed or otherwise prepaid prior to its stated maturity, no deposit under clause (b) of subparagraph (ii) above shall constitute such payment, discharge and satisfaction as aforesaid until such Bond shall have been irrevocably designated for redemption or prepayment and proper notice of such redemption or prepayment shall have been previously published in accordance with Section 5.3 hereof or provision satisfactory to the Trustee shall have been irrevocably made for the giving of such notice.

Any such moneys so deposited with the Trustee or Paying Agent for the Bonds as provided in this Section may at the direction of the Authority also be invested and reinvested in Investment Securities, maturing in the amounts and times as hereinbefore set forth. All income from all Pre-Refunded Municipal Bonds and Investment Securities in the hands of the Trustee or Paying Agent pursuant to this Section which is not required for the payment of the Bonds and interest and premium thereon with respect to which such moneys shall have been so deposited, shall be paid to the Authority for deposit in the Revenue Fund free and clear of any trust, lien, security interest, pledge or assignment securing any Bonds or otherwise existing under this Resolution.

Notwithstanding any provision of any other Section of this Resolution which may be contrary to the provision of this Section, all moneys, Pre-Refunded Municipal Bonds or Investment Securities set aside and held in trust pursuant to the provisions of this Section for the payment of Bonds (including interest and premium thereof, if any) shall be applied to and used solely for the payment of the particular Bond (including interest and premium thereof, if any) with respect to which such moneys and Investment Securities have been so set aside in trust.

Anything in Article X hereof to the contrary notwithstanding, if moneys, Pre-Refunded Municipal Bonds or Investment Securities have been deposited or set aside with the Trustee or a Paying Agent pursuant to this Section for the payment of a specific Bond and such Bond shall be deemed to have been paid and to be no longer Outstanding hereunder as provided in this Section, but such Bond shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the holder of each Bond affected thereby.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously executed and delivered, which the Authority may have acquired in any manner whatever, and such Bonds upon such surrender for cancellation shall be deemed to be paid and no longer Outstanding hereunder.

Section 12.2. Bonds Not Presented for Payment When Due; Moneys Held for the Bonds After Due Date of Bonds. Subject to the provisions of the third sentence of this paragraph and to the extent permitted by law, if any Bond shall not be presented for payment when the principal thereof shall become due, whether at maturity or at the date fixed for the redemption thereof, or otherwise, and if moneys, Pre-Refunded Municipal Bonds or Investment

Securities shall at such due date be held by the Trustee, or a Paying Agent therefor, in trust for that purpose sufficient and available to pay the principal of and premium, if any, on such Bond, together with all interest due on such Bond to the due date thereof or to the date fixed for redemption thereof, all liability of the Authority for such payment shall forthwith cease and be completely discharged, and thereupon it shall be the duty of the Trustee, or such Paying Agent, to hold said moneys, Pre-Refunded Municipal Bonds or Investment Securities without liability to the holder of such Bond for interest thereon, in trust for the benefit of the holder of such Bond who thereafter shall be restricted exclusively to said moneys or Investment Securities for any claim of whatever nature of his/her part on or with respect to said Bond, including any claim for the payment thereof. The Authority shall be entitled to receive annually from the Trustee or a Paying Agent all earnings on moneys, Pre-Refunded Municipal Bonds or Investment Securities held by the Trustee or such Paying Agent remaining unclaimed by the holders of Bonds. Any such moneys, Pre-Refunded Municipal Bonds or Investment Securities held by any Paying Agent remaining unclaimed by the holders of such Bonds for two (2) years after the principal of the respective Bonds with respect to which such moneys, Pre-Refunded Municipal Bonds or Investment Securities have been so set aside has become due and payable (whether at maturity or upon redemption or prepayment or otherwise) shall upon the written request of the Authority be paid to the Authority, against its written receipt therefor, and the holders of such Bonds shall thereafter be entitled to look only to the Authority for payment thereof. Before being required to make any such payment to the Authority, the Trustee or such other Paying Agent may, at the expense of the Authority, publish in the same newspaper or newspapers in which notices of redemption are to be published pursuant to the provisions of Section 5.3 hereof, a notice, in such form as may be deemed appropriate by such Bond Fund Trustee or Paying Agent, listing the Bonds so payable and not presented and stating that such moneys remain unclaimed and that after a date set forth therein any balance thereof then remaining will be returned to the Authority.

ARTICLE XIII

MISCELLANEOUS

Section 13.1. Benefits of Resolution Limited to the Authority, Trustee, Bondholders and Other Parties. With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Bonds is intended or should be construed to confer upon or give to any person other than the Authority, the Trustee, the holders of the Bonds and any other parties that are on a parity with the holders of the Bonds pursuant to Section 3.2 hereof, any legal or equitable right, remedy or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Authority, the Trustee, the holders from time to time of the Bonds as herein and therein provided and any other parties that are on a parity with the holders of the Bonds pursuant to Section 3.2 hereof.

Section 13.2. Resolution Binding Upon Successors or Assigns of the Authority. All the terms, provisions, conditions, covenants, warranties and agreements contained in this Resolution shall be binding upon the successors and assigns of the Authority and shall inure to the benefit of the holders of the Bonds.

Section 13.3. No Personal Liability. No member, officer or employee of the Authority shall be individually or personally liable for the payment of the principal, premium, if any, or interest on, any Bond. Nothing herein contained shall, however, relieve any such member, officer or employee from the performance of any duty provided or required by law.

Section 13.4. Notice to Bondholders. Except as is otherwise provided in this Resolution, any provision in this Resolution for the mailing of a notice or other paper to holders of the Bonds shall be fully complied with if it is sent by first class mail, postage prepaid, to each registered owner of any of the Bonds then Outstanding at his/her address, if any, appearing upon the books of registry kept pursuant to Article IV hereof.

Section 13.5. Waiver of Notice. Whenever in this Resolution the giving of notice by mail, publication, or otherwise is required, the giving of such notice may be waived by the person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 13.6. Official Publications. Any publication, if any, to be made under the provisions of this Resolution in successive weeks may be made in each instance upon any business day of the week and need not be made on the same day of any succeeding week nor in the same newspaper for any or all of the successive publications, but may be made in separate newspapers permitted by such provisions. If and whenever any publications are required under the provisions of this Resolution to be made in different cities, such publication may be made in separate newspapers or journals permitted by such provisions in each such city. In the event that any required publication in any newspaper cannot be accomplished by reason of suspension of publication or otherwise, notice shall be published in any other newspaper or otherwise given by general news release, wire service or other procedure determined by the Trustee, in its discretion, to be in the best interest of the holders of the Bonds.

Section 13.7. Effect of Saturdays, Sundays and Legal Holidays. Whenever this Resolution requires any action to be taken on a Saturday, Sunday or legal holiday, such action shall be taken on the first Business Day occurring thereafter. Whenever in this Resolution the time within which any action is required to be taken or within which any right will lapse or expire shall terminate on a Saturday, Sunday or legal holiday, such time shall continue to run until midnight on the next succeeding Business Day.

Section 13.8. Applicable Currency Under this Resolution. Unless otherwise permitted, all dollar amounts shall mean U.S. dollars. Equivalent Canadian dollar amounts shall be calculated at the time the provision herein is exercised and not the date of adoption of this Resolution.

Section 13.9. Partial Invalidity. If any one or more of the covenants or agreements or portions thereof provided in this Resolution on the part of the Authority or the Trustee or any Paying Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, or such agreement or agreements, or such portions thereof, shall be deemed severable from the remaining covenants and agreements or portions thereof provided in this Resolution and the invalidity thereof shall in

no way affect the validity of the other provisions of this Resolution or of the Bonds, but the holders of the Bonds shall retain all the rights and benefits accorded to them hereunder and under any applicable provisions of law.

If any provisions of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable or invalid as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable or invalid in any other case or circumstance, or of rendering any other provision or provisions herein contained inoperative or unenforceable or invalid to any extent whatever.

Section 13.10. Law and Place of Enforcement of this Resolution. This Resolution shall be construed and interpreted in accordance with the laws of the State of New York and all suits and actions arising out of this Resolution shall be instituted in a court of competent jurisdiction in said State.

Section 13.11. Effect of Article and Section Headings and Table of Contents. The heading or titles of the several articles and sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Resolution.

Section 13.12. Repeal of Inconsistent Resolution. Any resolution of the Authority, and any part of any resolution, inconsistent with this Resolution is hereby repealed to the extent of such inconsistency; provided, however, that to the extent the provisions of any Supplemental Resolution are amendatory or supplementary of provisions set forth herein, those provisions of the Supplemental Resolution shall be controlling.

Section 13.13. Effectiveness of this Resolution. This Resolution shall become effective upon the defeasance of the Series 2005 Bonds.