

Goodman

Amending and restating the Basic Resolution of the City of Minneapolis (A)

Whereas, the Minneapolis Community Development Agency (the "Agency") has adopted Resolution No. 82-512, as amended (the "Agency Basic Resolution") in order to provide for the issuance of "Common Fund Bonds" as defined therein;

Whereas, pursuant to the Agency Basic Resolution, the Agency has issued several series of Common Fund Bonds pursuant to various resolutions entitled "Supplemental Bond Resolution and Indenture," relating to the specific series of Common Fund Bonds (the "Supplemental Bond Resolutions");

Whereas, pursuant to the authority of 2003 Minnesota Laws, Chapter 127, Article 12, Sections 31-34, and as contemplated by Chapter 415 of the Minneapolis Code of Ordinances, the Agency and the City of Minneapolis (the "Issuer") have executed an Assignment and Assumption Agreement dated as of January 1, 2004, in order to transfer the assets, rights and obligations of the Agency related to the Agency Basic Resolution and Supplemental Bond Resolutions to the Issuer; and

Whereas, the Issuer deems it advisable to amend and restate the Agency Basic Resolution to clarify its rights and obligations with respect to the Common Fund Bonds issued and to be issued;

Now Therefore, Be It Resolved by The City Council of The City of Minneapolis, that the Agency Basic Resolution is hereby amended and restated as follows:

ARTICLE I

DEFINITIONS AND LEGAL AUTHORIZATION

Section 101. Definitions. The following terms used herein, unless the context hereof shall require otherwise, shall have the following meanings:

“*A Subaccount*” means the subaccount of the IDB Account so named;

“*Accumulated Revenues*” at any time means all Available Revenues, including earnings thereon, then retained by the Issuer in the Common Bond Fund and any amounts, including earnings thereon, then credited to and retained in the Issuer Subaccount and A Subaccount of the IDB Account;

“*Act*” means Minnesota Statutes, Chapter 469, Minnesota Statutes, Chapter 475, and all other power or authorizing authority of the Issuer, as the same may be from time to time amended, supplemented or redesignated, or all of them;

“*Additional Common Fund Bonds*” means Common Fund Bonds issued pursuant to Section 202 hereof in accordance with Section 311(d) hereof and a Supplemental Bond Resolution authorizing the issuance of Additional Common Fund Bonds to pay the cost of completion of a Facility;

“*Administrative Fee*” means the fees to be paid by a Contracting Party to the Issuer at the times and in the amounts specified in the applicable Revenue Agreement and designated therein as Administrative Fees;

“*Administrative Fee Account*” means the account by that name in the Common Bond Fund created and established by Section 402 hereof;

“*Approved Letter of Credit*” means in respect of a series of Common Fund Bonds a letter of credit delivered pursuant to Section 402(d) hereof to the Trustee at or prior to the applicable Bond Closing for compliance with the Minimum Deposit requirement of Section 202 hereof, which letter of credit may be drawn upon by the Trustee to obtain funds (a) promptly in accordance with the applicable Supplemental Bond Resolution or Revenue Agreement upon the occurrence of any failure to pay any Net Revenues when due under the applicable Revenue Agreement, (b) during a period of at least one (1) year following the Bond Closing at any time that the Reserve Deposit in respect of such series may be withdrawn from the Common Reserve Account pursuant to Section 403(c)(ii) hereof and the applicable Supplemental Bond Resolution; and (c) within forty-five (45) days prior to the expiration of such letter of credit (“Expiring Letter”) at any time, provided that Common Fund Bonds of such series are then Outstanding (and not scheduled to finally mature on or prior to such expiration), and provided there has not been delivered to the Trustee prior to such time cash sums for deposit in the applicable Reserve Deposit subaccount in the Common Reserve Account, Subsequent Approved Letters of Credit or any combination of such sums and such Subsequent Approved Letters of Credit, whereby any such sums, together with any amounts drawable under such Subsequent Approved Letters of Credit for at least one (1) continuous year immediately following such expiration, equal the maximum amount drawable under such Expiring Letter; an Approved Letter of Credit shall be in form and substance and issued by a financial institution satisfactory to the Issuer in its sole discretion;

“Articles and Sections,” mentioned by number only, means the respective Articles and Sections of this Basic Resolution so numbered;

“Authorized Newspaper” means a newspaper or newspapers furnishing financial news as part of its or their service and printed in the English language, which newspaper or newspapers separately or collectively (a) are published daily or weekly in Minneapolis or its metropolitan areas and circulated throughout the State, and (b) are generally circulated in the City of New York, New York;

“Available Revenues” means at the time of determination:

(a) all Net Revenues theretofore received and retained by the Issuer in the Common Bond Fund;

(b) all other amounts (including earnings and Reserve Deposits) then held by the Issuer pursuant to the terms hereof in the Common Bond Fund, but excluding (i) earnings on Reserve Deposits funded other than by Common Fund Bond proceeds if such earnings are exempted by the Issuer pursuant to Section 402(d) hereof from the lien created hereby and (ii) Restricted Funds; and

(c) such other amounts as the Issuer may from time to time designate;

“Available Surplus” means in respect of any calendar year the amount by which Available Revenues retained as of December 31 of such year are greater than (i) the Projected Debt Service Deficiency, if any, for the next following calendar year and (ii) the Common Reserve Requirement as of such December 31;

“Bank” means U.S. Bank National Association, in Minneapolis, Minnesota, or any successor bank issuing a subsequent Letter of Credit;

“Basic Resolution” means this Amended and Restated Basic Resolution and Indenture and any amendments or supplements hereto permitted hereby;

“Bond Closing” means the respective dates on which there is delivery and payment for each series of Common Fund Bonds;

“Bond Counsel” means any firm of nationally recognized bond counsel selected by the Issuer;

“Borrower” means a Person, other than the Issuer or a Tenant, who enters into a Loan Agreement with the Issuer to finance or refinance a Facility;

“Business Day” means any day other than a Saturday, Sunday or recognized national holiday on which national banks are generally closed;

“Code” means the Internal Revenue Code of 1986, as amended;

“Collateral Proceeds” means any proceeds (other than Prepaid Net Revenues or Retained Funds or Restricted Funds) from the sale of all or a part of a Facility or from a lump sum settlement in connection with such Facility received by the Issuer, whether before or after

foreclosure, after deducting all the Issuer's expenses and giving credit for any Issuer equity in connection therewith;

"Common Bond Fund" means the fund established and designated in Section 402 hereof from which the principal or Redemption Price of and interest on the Common Fund Bonds are payable;

"Common Fund Bonds" means any bonds or obligations from time to time issued by the Issuer pursuant to this Basic Resolution and the applicable Supplemental Bond Resolution;

"Common Reserve Account" means the reserve account so created and established by Section 402 hereof and forming a part of the Common Bond Fund, which Common Reserve Account is to be used for the payment of principal or Redemption Price of and interest on the Common Fund Bonds under the circumstances described herein;

"Common Reserve Requirement" means at any time in respect of Bonds not theretofore discharged (a) all Reserve Deposits not theretofore credited against Net Revenues or otherwise to the benefit of a Contracting Party in accordance with the applicable Revenue Agreement, plus (b) all Prepaid Net Revenues, Collateral Proceeds or Retained Funds in respect of any series of Common Fund Bonds Outstanding which have not been applied pursuant to Section 403(d) hereof to the purchase, payment, prepayment, redemption or discharge of such series of bonds (or interest or premium thereon) or as credit against payments due from a Contracting Party under a Revenue Agreement related to such series;

"Construction Contract" means any contract entered into by the Issuer or any Contracting Party and a contractor or contractors under which the contractor agrees to construct, install and supply on the Facility Premises all or a part of such building, improvements or equipment as are provided in the Plans and Specifications for such Facility;

"Construction Fund" means any account established for each Facility by the Issuer in its official books and records pursuant to Section 311 hereof;

"Contracting Party" means any Person who contracts with the Issuer under a Lease, Loan Agreement or other Revenue Agreement;

"Debt Service Account" means the account by that name in the Common Bond Fund created and established by Section 402 hereof;

"Deficiency Account" means the account by that name in the Common Bond Fund created and established by Section 402 hereof;

"Disbursing Agreement" means any Disbursing Agreement for a series of Common Fund Bonds pursuant to which funds are disbursed from the applicable Construction Fund;

"Facility" means any revenue-producing properties from time to time owned, leased or otherwise financed in whole or in part by the Issuer pursuant to this Basic Resolution and operated, used or leased for one or more of the purposes authorized by the Act and more specifically identified in the applicable Revenue Agreement;

"Facility Costs" means those costs of a Facility permitted under the Act to be financed from the proceeds of Common Fund Bonds as identified in the applicable Revenue Agreement;

“*Facility Premises*” means the premises upon which a Facility is located as more specifically identified in the applicable Revenue Agreement;

“*Guarantee*” means an agreement whereby any Person guarantees the performance in whole or in part of any Contracting Party under a Revenue Agreement;

“*Guarantor*” means a Person liable pursuant to a Guarantee for the performance of a Contracting Party under a Revenue Agreement;

“*Hereby*,” “*herein*,” “*hereof*,” “*hereto*,” “*hereunder*” and similar terms refer to this Basic Resolution as a whole; the term “*heretofore*” means before the date of execution of this Basic Resolution, and the term “*hereafter*” means after the date of execution of this Basic Resolution;

“*Holder*” when used with reference to any Common Fund Bond or Common Fund Bonds, means any Person who shall be the bearer of any Outstanding Common Fund Bond not registered or registered as to principal to bearer or the registered owner of any Outstanding Common Fund Bond which shall at the time be fully registered or registered as to principal other than to bearer, and, when used with reference to any coupon or coupons, means the bearer thereof;

“*IDB Account*” means, collectively, the “Issuer Subaccount” and the “A Subaccount” of the “IDB Account” created and established pursuant to the IDB Account Resolution and subject to all terms and conditions applicable to such account as established thereunder or pursuant thereto;

“*IDB Account Resolution*” means Resolution No. _____ of the Issuer, adopted on June 18, 2004, as amended;

“*Independent Counsel*” means any attorney (or firm of attorneys) designated by the Issuer and duly admitted to practice law before the highest court of any state who is not a full-time employee or officer of the Issuer or the Contracting Party for the Facility to which the engagement of such attorney (or firm of attorneys) relates and who or which shall be reasonably satisfactory to the Issuer;

“*Independent Engineer*” means an engineer or engineering firm designated by the Issuer, registered and qualified to practice the profession of engineering under the laws of the State who or which is not a full-time employee of either the Issuer or the Contracting Party for the Facility to which the engagement of such engineer (or engineering firm) relates and who or which shall be reasonably satisfactory to the Issuer;

“*Issuer*” means the City of Minneapolis, Minnesota, and any successor or successors to its powers, duties and obligations hereunder;

“*Issuer Subaccount*” means the subaccount of the IDB Account so named;

“*Lease*” means any written agreement whereby the Issuer leases one or more than one Facility to a Person;

“*Letter of Credit*” means an irrevocable letter of credit issued by a Bank in favor of the Trustee or the Issuer pursuant to the Reimbursement Agreement, meeting the requirements of Section 405 hereof;

“Loan Agreement” means any written agreement, other than a Lease or Operating Agreement, between the Issuer and a Borrower in connection with the financing of a Facility with proceeds of a series of Common Fund Bonds whereby the Borrower agrees to pay to the Issuer or its order such amounts at such times as the Issuer determines to be appropriate under such written agreement;

“Minimum Deposit” means in respect of any series of Common Fund Bonds the sum designated as such in Section 202 hereof;

“Net Revenues” means revenues received by the Issuer in respect of any series of Common Fund Bonds and all Facilities and designated as such in Sections 302 or 303 hereof;

“Operating Agreement” means a written agreement, other than a Revenue Agreement, between the Issuer and any other Person under which such Person operates or occupies any Facility pursuant to Section 303 hereof;

“Operating Fund” means the fund or funds established in accordance with Section 303 hereof for the purpose of paying operation and maintenance expenses incurred in connection with the operation of any Facility by the Issuer itself or by any Person under the Operating Agreement pursuant to Section 303 hereof;

“Operator” means any Person, other than the Issuer, who operates or occupies any Facility under an Operating Agreement;

“Opinion of Bond Counsel” means a written opinion of Bond Counsel delivered to the Trustee;

“Opinion of Counsel” means a written opinion of legal counsel (who or which may be counsel, except as otherwise expressly provided herein, for the Issuer or a Contracting Party of the Facility to which the opinion relates) and who or which is satisfactory to the Trustee, delivered to the Trustee;

“Opinion of Independent Counsel” means a written opinion of legal counsel who or which is not a full-time employee of either the Issuer or the Contracting Party of the Facility to which the opinion relates and who or which is satisfactory to the Trustee;

“Outstanding” when used herein with reference to Common Fund Bonds and as of any particular date, means all Common Fund Bonds of all series theretofore and thereupon being authenticated and delivered except:

(a) any Common Fund Bond canceled by the Trustee or surrendered to the Trustee for cancellation at or before said date;

(b) any Common Fund Bond discharged pursuant to Article VI hereof or concerning which moneys sufficient, together with any investment earnings thereon, to pay on the date of maturity or Redemption Date the principal or Redemption Price thereof, as the case may be, with interest to the date of maturity or Redemption Date, shall have theretofore or thereupon been deposited with the Trustee or one or more Paying Agents or escrow agents in trust (whether upon or prior to maturity or the Redemption Date of such Common Fund Bond) and, except in the case of a Common Fund Bond to be paid at maturity, of which notice of redemption shall have been duly given; and

(c) any Common Fund Bond for which another Common Fund Bond shall have been authenticated and delivered pursuant to the applicable Supplemental Bond Resolution in lieu thereof or in substitution therefor; provided, however, that in determining whether the Holders of the requisite principal amount of any particular Common Fund Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver thereunder, Common Fund Bonds owned by the Issuer or the Contracting Party with respect to the Facilities financed thereby or any affiliate of such Contracting Party shall be disregarded and deemed not to be Outstanding except that, in determining whether the Trustee or the Issuer, as the case may be, shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Common Fund Bonds which the Trustee knows to be so owned shall be so disregarded (an “*affiliate*” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person; for the purposes of this definition, “*control*,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “*controlling*” and “*controlled*” have meanings correlative to the foregoing); provided, further, that Common Fund Bonds so owned which have been pledged in good faith may be regarded as “Outstanding” if the pledgee establishes to the satisfaction of the Trustee or the Issuer, as the case may be, the pledgee’s right to act as a Holder with respect to such Common Fund Bonds and that the pledgee is not the Issuer or the Contracting Party or any affiliate of the Contracting Party; provided, further, that a Common Fund Bond which would be considered “Outstanding” but for the fact that money, or money together with investment earnings thereon, sufficient for the payment or redemption thereof has theretofore been deposited in full with the Trustee or any Paying Agent or escrow agent in trust for the Holder thereof (or that the Basic Resolution has theretofore been discharged with respect to the series of which such Common Fund Bond is a part pursuant to Article VI hereof) shall, for the purposes of Article III (to the extent that a default referred to herein or under the applicable Revenue Agreement might adversely affect the exemption from federal income taxation of interest on such Common Fund Bond) and Article VIII (to the extent that any supplement, amendment, modification or waiver referred to therein might adversely affect the exemption from federal income taxation of interest on such Common Fund Bond), be deemed to be “Outstanding” unless such Common Fund Bond shall be due and payable in accordance with its terms or through redemption proceedings or otherwise as provided in the Basic Resolution and the Supplemental Bond Resolution authorizing said series; provided, further, that the Trustee or the Issuer shall be fully protected in requiring and relying on an Opinion of Counsel with respect to whether any such default, supplement, amendment, modification or waiver might adversely affect the exemption from federal income taxation of interest on any such Common Fund Bond;

“*Paying Agent*” means any paying agent for Common Fund Bonds or coupons appointed by or pursuant to Section 702 hereof, and its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to this Resolution and the applicable Supplemental Bond Resolution;

“*Permitted Encumbrances*” means any lease and any mortgage or security agreement securing obligations under a Revenue Agreement and, as of any particular time and for any particular Facility:

(a) liens for taxes and special assessments not then delinquent or duly contested as permitted under the applicable Revenue Agreement;

(b) utility, access and other easements and rights-of-way, building, zoning and subdivision ordinances and regulations and any other restrictions and exceptions that Independent Counsel or an Independent Engineer certifies will not interfere with or impair the operation of or marketability of title to the Facility (or, if it is not being operated, the operations for which it was designed and last modified);

(c) any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or is duly contested in the manner permitted under the applicable Revenue Agreement;

(d) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to a Facility and do not, in the Opinion of Bond Counsel or Opinion of Independent Counsel, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Contracting Party or materially impair the marketability of title to such property;

(e) any lien which, in the Opinion of Bond Counsel, will not materially impair the security of the Holders; and

(f) other restrictions, easements and encumbrances, if any, which are defined as Permitted Encumbrances under the applicable Revenue Agreement;

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof;

"Plans and Specifications" means the plans and specifications, including any modifications thereof, for the construction and improvement of a Facility;

"Prepaid Net Revenues" means any sum deposited in the Common Reserve Account required under a Revenue Agreement to be so deposited (a) upon termination of such agreement, or (b) upon the sale of the Facility financed in whole or in part by such agreement or (c) pursuant to any prepayment provision in such agreement, but only to the extent the amount of such sum is determined by the amount of funds necessary at the time of such termination, sale or prepayment to purchase, redeem or otherwise discharge all Common Fund Bonds Outstanding which financed such Facility in whole or in part;

"Projected Debt Service Deficiency" means in respect of a calendar year (a) the amount, if any, by which amounts projected to be withdrawn from the Common Bond Fund (other than transfers pursuant to 404(c) hereof) during such year (or remaining due from a prior year) exceed during such year all amounts projected to be deposited in the Common Bond Fund (other than transfers and deposits pursuant to Section 404(a) or 405(a) hereof) and the earnings thereon (other than Retained Earnings), less (b) all reductions estimated to occur in such year in the Common Reserve Requirement (not considering any additions to the Common Reserve Requirement during such Year);

“Redemption Price” when used with respect to a Common Fund Bond or portion thereof, means the principal amount of such Common Fund Bond or portion thereof plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms pursuant hereto or to the applicable Supplemental Bond Resolution;

“Reimbursement Agreement” means any agreement between the Issuer and a Bank pursuant to which a Letter of Credit is issued and which provides for the Issuer’s reimbursement obligation with respect to any draw under the Letter of Credit and related matters, as the same may be amended, supplemented or replaced by any substitute agreement in connection with delivery of a substitute Letter of Credit;

“Reserve Deposit” means in respect of any series of Common Fund Bonds funds meeting the requirements of Section 202 hereof deposited in the Common Reserve Account as the applicable Minimum Deposit and any amounts paid to the Issuer or Trustee and deposited in the Common Reserve Account under or in substitution for any amounts payable under an Approved Letter of Credit or Subsequent Approved Letter of Credit;

“Restricted Funds” means any amounts, including earnings, transferred from the construction fund established in respect of a series of Common Fund Bonds after completion of the Facility financed in whole or part thereby, which amounts are required under the applicable Revenue Agreement to be applied or held for application solely to the purchase, redemption or discharge of Common Fund Bonds of such series;

“Retained Earnings” means any earnings on sums held in the Common Reserve Account of the Common Bond Fund or any subaccounts therein required under a Revenue Agreement to be applied to or credited against any payments due thereunder or to be credited to the applicable Contracting Party;

“Retained Funds” means Retained Earnings or Retained Revenues held in one or more subaccounts of the Common Reserve Account in accordance herewith;

“Retained Revenues” means any amounts (other than Reserve Deposits, Prepaid Net Revenues or Retained Earnings) required pursuant to a Revenue Agreement to be credited to or deposited in the Common Reserve Account to be held by the Issuer and applied to or credited against any payments due under a Revenue Agreement or to be credited to the applicable Contracting Party;

“Revenue Agreement” means any revenue or other agreement other than an Operating Agreement, including, without limitation, a Lease or Loan Agreement, authorized by the Act and entered into with the Issuer by a Contracting Party to finance a Facility;

“State” means the State of Minnesota;

“Subsequent Approved Letter of Credit” means in respect of a series of Common Fund Bonds a letter of credit delivered to the Trustee on or prior to the later of the expiration date of an Approved Letter of Credit delivered to the Trustee pursuant to Section 402(d) hereof in respect of such series or any other related Subsequent Approved Letter of Credit then drawable upon which has been delivered to the Trustee; provided such letter of credit may be drawn upon by the Trustee to obtain funds (a) promptly (as determined by the Issuer) in accordance with the applicable Supplemental Bond Resolution or Revenue Agreement upon the occurrence of any failure to pay any Net Revenues when due under the applicable Revenue Agreement, (b) during

a period of at least one (1) year following such later of expiration dates at any time that a Reserve Deposit in respect of such series may be withdrawn from the Common Reserve Account pursuant to Section 403(c)(i) hereof, and the applicable Supplemental Bond Resolution, and (c) within forty-five (45) days prior to the expiration of such letter of credit ("Expiring Letter") at any time, provided that Common Fund Bonds of such series are then Outstanding (and not scheduled to finally mature on or prior to such expiration) and provided there has not been delivered to the Trustee prior to such time cash sums for deposit in the applicable Reserve Deposit Account of the Common Reserve Account, another Subsequent Approved Letter of Credit or any combination of such sums and other Subsequent Approved Letters of Credit, whereby any such sums, together with any amounts drawable under such other Subsequent Approved Letters of Credit, during the one (1) continuous year immediately following such expiration, equal the maximum amount drawable under such Expiring Letter; a Subsequent Approved Letter of Credit shall be in form and substance and issued by a financial institution satisfactory to the Issuer in its sole discretion;

"*Supplemental Bond Resolution*" means a resolution authorizing the issuance of a series of Common Fund Bonds pursuant to Section 202 hereof;

"*Surety*" means any Person who has paid Surety Proceeds;

"*Surety Proceeds*" means payments or proceeds under any letter of credit, insurance policy, guaranty or other surety or security instrument payable to Holders of any series of Common Fund Bonds upon the failure or inability of the Issuer to pay when due any principal or Redemption Price of or interest on such bonds, unless such proceeds or payments are required by the applicable Supplemental Bond Resolution or Revenue Agreement, or such letter of credit, policy, guaranty or instrument to be deposited in the Common Bond Fund or IDB Account;

"*Surety Rights*" means the rights of any Holders to receive payment of principal or Redemption Price of or interest on Common Fund Bonds, or any rights or claims of a Surety for money permitted to be satisfied from the Common Bond Fund, to which rights or claims a Surety becomes subrogated or entitled under the applicable Supplemental Bond Resolution upon payment by such Surety of Surety Proceeds;

"*Tenant*" means any Person who leases a Facility from the Issuer under a Lease Agreement;

"*Trustee*" means Wells Fargo Bank, National Association, or any corporation or association which may at any time be substituted in its place pursuant to Section 709 hereof, and means one or more Persons, as the context may require; and

"*Underwriter*" means Piper Jaffray & Co., Minneapolis, Minnesota and RBC Dain Rauscher, Inc., Minneapolis, Minnesota, or any other firm or firms of underwriters appointed by the Issuer.

Section 102. Legal Authorization. The Issuer is a municipal corporation duly organized and existing under the laws of the State of Minnesota and its home rule charter, and is authorized under the Act to finance revenue-producing projects and issue Common Fund Bonds in the manner and upon the terms set forth in the Act, this Basic Resolution and any Supplemental Bond Resolution.

ARTICLE II

COMMON FUND BONDS

Section 201. General Authorization to Issue Common Fund Bonds. The Issuer may issue Common Fund Bonds payable from the Common Bond Fund as provided herein and in any Supplemental Bond Resolution.

Section 202. Issuance of Common Fund Bonds. The Issuer may from time to time, upon the conditions stated in this Section 202, agree upon and approve the issuance and delivery of series of Common Fund Bonds for any purpose authorized under the Act, including the refunding of obligations previously issued, equally and ratably payable from the Net Revenues and other funds pledged and appropriated hereunder for Common Fund Bonds of any series theretofore or thereafter authorized, but bearing such date or dates and interest rate or rates and with such maturities and redemption privileges, redemption dates and premiums and other terms as may be determined under a Supplemental Bond Resolution. Every series of such Common Fund Bonds shall be authorized by a Supplemental Bond Resolution, establishing the terms thereof and providing for Net Revenues, which if collected in full and when due will be sufficient to pay the interest when due and to pay and redeem such Common Fund Bonds at maturity or when required by the provisions of such Supplemental Bond Resolution; provided, however, that credit may be given in the applicable Revenue Agreement against Net Revenues due thereunder to the extent of the Reserve Deposit and any Prepaid Net Revenues, Collateral Proceeds or Retained Funds deposited under the Revenue Agreement even though at the time such credit is given such Reserve Deposit, Prepaid Net Revenues, Collateral Proceeds or Retained Funds may have been withdrawn to pay the principal or Redemption Price of or interest on Common Fund Bonds because of defaults in the payment of any Net Revenues. Each series of such Common Fund Bonds shall be secured, executed, authenticated and delivered as provided herein and in the applicable Supplemental Bond Resolution, and prior to the delivery of such series of Common Fund Bonds there shall be filed with the Trustee the Opinion of Bond Counsel approving the legality of such series of Common Fund Bonds and such other documents and opinions as may be reasonably required by Bond Counsel. No such Common Fund Bonds, however, shall be issued, executed, authenticated or delivered if an effect thereof would be to subject the interest payable on any other issue of Common Fund Bonds to federal income taxes. No series of Common Fund Bonds shall be issued, executed, authenticated or delivered unless either consent to the issuance of such Common Fund Bonds and the approval of the Supplemental Bond Resolution authorizing issuance of the Common Fund Bonds has been secured from the Underwriter (which consent shall not be unreasonably withheld) or such consent and approval has been secured from the Holders of not less than fifty-one percent (51%) of the aggregate principal amount of the then outstanding and undischarged Common Fund Bonds in the manner provided herein. Additional Common Fund Bonds in an amount sufficient to complete a Facility may be issued in accordance with Section 311(d) hereof without such Underwriter's or Holders' consent. No Common Fund Bonds of any series shall be issued under this Section 202 or secured by the Common Bond Fund or the IDB Account unless at or prior to the time of such issuance: (i) subject to Section 402(d) hereof, there shall have been deposited in the Common Reserve Account of the Common Bond Fund, from funds to which no lien has theretofore attached which remains undischarged under this Basic Resolution, a "Minimum Deposit" for such series which shall be a sum not less than the lesser of (A) the maximum aggregate principal and interest on the Common Fund Bonds of such series scheduled to become due in any future calendar year (determined with respect to such series as of the date of the Bond Closing thereof and taking into account redemptions only if made pursuant to a mandatory redemption schedule) or (B) fifteen percent (15%) of the original face

amount of such series, unless the net amounts received by the Issuer from issuing such series (after all expenses of issuing such series) is less than ninety eight percent (98%) of such original face amount, in which case fifteen percent (15%) of such net amount; (ii) there shall have been deposited in the Common Bond Fund all other payments required hereunder or under the applicable Supplemental Bond Resolution with respect to such issue to be deposited therein; and (iii) there shall be on deposit in the IDB Account at least \$10,000,000 or the Bank shall have consented in writing to such issuance.

Section 203. Obligations Not Secured by the Basic Resolution. The Issuer reserves the right and power, in its discretion, to issue outside of this Basic Resolution any other obligations issued and secured under the provisions of any authorizing resolution for any purpose authorized by the Act or any other law, including the refunding of any Common Fund Bonds. Such obligations shall not be secured by the covenants and provisions hereof and may be issued without regard to the limitations contained herein. No obligations so issued or premium or interest thereon shall be payable from or be entitled to any lien or charge on the Common Bond Fund or the IDB Account, except as provided in the Issuer's Resolution No. _____ adopted on June 18, 2004, as amended.

ARTICLE III

GENERAL COVENANTS

Section 301. Payment of Principal or Redemption Price and Interest. The Issuer covenants that it will promptly and duly pay or cause to be paid the principal or Redemption Price of and interest on all Common Fund Bonds issued hereunder and under the applicable Supplemental Bond Resolutions at the place, on the dates and in the manner provided in such Supplemental Bond Resolutions and in said Common Fund Bonds and any coupons appurtenant thereto.

Section 302. Net Revenues Derived From Contracting Party. Prior to the issuance of each series of Common Fund Bonds, the applicable Contracting Party shall enter into a Revenue Agreement with the Issuer requiring the Contracting Party to pay to the Issuer amounts which are sufficient to pay when due the principal or Redemption Price of and interest on the Common Fund Bonds of such series; provided, however, that credit may be given in the Revenue Agreement against Net Revenues due thereunder to the extent of the Reserve Deposit and any Prepaid Net Revenues, Collateral Proceeds or Retained Funds deposited under the Revenue Agreement even though at the time such credit is given such Reserve Deposit, Prepaid Net Revenues, Collateral Proceeds or Retained Funds may have been withdrawn to pay the principal or Redemption Price of or interest on Common Fund Bonds because of defaults in the payment of any Net Revenues. The Contracting Party shall also be required under such Revenue Agreement to pay all taxes and special assessments levied on or with respect to the Facility financed by such series of Common Fund Bonds, all costs of operation, maintenance, repairs, insurance and utilities and all other costs (except such costs, if any, as may be specifically agreed to be paid by the Issuer from available funds). The Net Revenues of a Facility, in addition to the meaning assigned such term in Section 303 hereof, means (a) all amounts required under the applicable Revenue Agreement to be paid to the Issuer by or on behalf of the applicable Contracting Party for the purpose of providing funds which if paid when due will equal and fund when due all payments of principal and interest on Common Fund Bonds of the applicable series scheduled as of such Bond Closing to become due thereafter and (b) any other amounts required pursuant to a Revenue Agreement to be deposited in the Common Bond Fund subsequent to Bond Closing (but such term shall not include Reserve Deposits, Prepaid Net Revenues, Collateral Proceeds, Administrative Fees, Retained Funds, Restricted Funds, Surety Proceeds, amounts required under a Revenue Agreement to be deposited in the Common Reserve Account or any charges payable to the Issuer for specific costs to be paid by the Contracting Party or any Guarantor under the applicable Revenue Agreement or any related Guarantee, except as and to the extent any such amounts shall be applied or credited against amounts otherwise payable as Net Revenues).

Section 303. Net Revenues From Operations. For each Facility operated by the Issuer itself or an Operator under an Operating Agreement, the Issuer will maintain in its official books and records a bookkeeping account to be designated as the Operating Fund of that Facility, reflecting all revenues derived from that Facility and all operating costs incurred by the Issuer in respect of the Facility. The revenues from time to time deposited in the Operating Fund shall be applied first to the payment, promptly as incurred, of all necessary, reasonable and current costs of the operation of such Facility, determined in accordance with accepted accounting practices, including, but without limitation, reasonable administrative expenses incurred solely with respect to the operation of the individual Facility; current maintenance and repairs necessary to maintain such Facility in adequate operating condition; labor and the cost of materials and supplies necessarily used for such current operation, maintenance and repairs;

insurance of the premises against risks and in amounts for which insurance is usually carried by prudent owners of like properties; insurance of the Issuer and its officers and employees against liability for damage to persons and property incurred in connection with such operation in amounts such as are usually carried by prudent operators of similar enterprises or in lesser amounts to which the Issuer's liability may be limited by law; and charges for accumulation of appropriate reserves for the payment of operating costs which recur periodically but in varying amounts. The operating costs of any Facility shall not include any allowance or payment for depreciation, renewal, replacement or improvement of or additions to capital assets; any portion of the salary or wages paid to any officer or employee of the Issuer or any liability incurred by the Issuer or any officer or employee for damage to persons or property in excess of the amount of such liability compensated by insurance. The Net Revenues of any such Facility constitute all those revenues from time to time received by the related Operating Fund in a given calendar month, determined, in the discretion of the Issuer, to exceed total operating costs incurred or payable in such month.

Section 304. Pledge of Available Revenues. All Available Revenues are hereby pledged and appropriated and shall be credited as received by or credited to the Common Bond Fund (and the accounts therein) to the extent and in the manner set forth in Sections 401, 402, 403 and 404 hereof. The pledge herein made shall constitute a first and prior lien on all Available Revenues derived in respect of all Facilities; provided, however, that as set forth in Section 404(c) hereof, twenty-five percent (25%) of the Available Surplus for a calendar year is hereby pledged and irrevocably appropriated and shall be transferred to the A Subaccount of the IDB Account (subject to Section 404(a) hereof) and the remaining seventy-five percent (75%) of such amount shall be available for any proper lawful purpose of the Issuer; and provided further that in accordance with Section 403(e) hereof twenty-five percent (25%) of the Administrative Fees shall be transferred to the A Subaccount of the IDB Account and seventy-five percent (75%) thereof shall be available for any proper lawful purpose of the Issuer.

Section 305. Books and Records. The Issuer covenants that so long as any Common Fund Bonds of any series are Outstanding and unpaid the Issuer will keep or cause to be kept proper books and records and accounts in which full, true and correct entries will be made of all its financial dealings or transactions with and in relation to all Facilities, Reserve Deposits, Restricted Funds, the IDB Account and all Net Revenues and all other sums derived under a Revenue Agreement or Guarantee. The Issuer's books shall be open to inspection and copying during all reasonable business hours by any Holder or the agent or attorney of such Holder, and the costs of any copying shall be borne by the applicable Holder or the agent or attorney of such Holder. Any Operating Funds, Restricted Funds and each account in the Common Bond Fund and the IDB Account will be audited and certified annually by an independent certified public accountant selected by the Issuer, no later than one hundred twenty (120) days following the close of each calendar year, and the report of each such audit will be made available for examination at all reasonable business hours by any Holder of such Common Fund Bonds, without charge. A copy of the report of each such audit shall be filed with the Underwriter, the rating bureaus, the Finance Officer (or his or her successor) of the Issuer and with each Holder who formally requests in writing each year that the name and address of the Holder be kept on file with the Issuer for such audit distribution purposes.

Section 306. List of Holders. To the extent that such information is made available to the Trustee, the Trustee will keep on file at its office a list of the names and addresses of the last-known Holders of all Common Fund Bonds and the serial numbers of the Common Fund Bonds believed to be held by each of such last-known Holders. Any Holder may request that his name and address be placed on said list by filing a written request therefor with the Trustee, which

request shall include a statement of the principal amount of Common Fund Bonds held by such Holder and the serial numbers of such Common Fund Bonds. The Trustee shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by Holders and/or owners (or a designated representative thereof) of ten percent (10%) or more in principal amount of Common Fund Bonds Outstanding hereunder, such authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

Section 307. Nature of Security. The Common Fund Bonds shall not be payable from or be a charge upon any funds of the Issuer other than the revenues and funds pledged to the payment thereof; nor may any Holder or Holders of the Common Fund Bonds have the right to compel any exercise of the taxing power of the Issuer to pay the principal or Redemption Price of any Common Fund Bonds or the interest thereon or to enforce payment thereof against any property of the Issuer other than the revenues and other amounts so pledged. The Common Fund Bonds shall not otherwise constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer, and no Common Fund Bond of any series shall constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation; but nothing herein shall impair the rights of the Holders of Common Fund Bonds to enforce the covenants made for the security thereof as provided herein, and by authority of the Act, the Issuer has made the covenants and agreements herein for the equal and proportionate benefit of all Holders of the Common Fund Bonds of every series and any coupons appurtenant thereto and any Sureties to the extent and in the manner herein provided. Notwithstanding the foregoing, nothing herein shall impair the rights of the Holders of any Common Fund Bonds designated under Chapter 424 of the Code of Ordinances of the Issuer as secured thereby, to enforce the pledge and covenants made on behalf of the Holders of such designated Common Fund Bonds as provided in Chapter 424 of the Code of Ordinances.

Section 308. Enforcement of Covenants. The Issuer covenants that it will promptly give all notices and do all other acts and things required under the terms of all applicable Leases, Loan Agreements, Operating Agreements, Guarantees and other agreements it may from time to time have entered into with Contracting Parties, Guarantors, Operators or Sureties with respect to any of the Facilities for the performance of obligations of the Issuer and for the enforcement of all obligations of such Contracting Parties, Guarantors, Operators or Sureties and for the collection of all rentals, payments on notes or other similar payments or rates and charges to become due, to the extent and in the manner that the Issuer reasonably determines is prudent and necessary to protect the interests of the Holders; provided that nothing herein shall prevent the Issuer, with or without the consent of or notice to the Holders and at its sole discretion, from renegotiating any such Lease, Loan Agreement, Guarantee, Operating Agreement or other agreement or from waiving any default thereunder so long as such renegotiation or waiver is consistent with covenants made herein and in the applicable Supplemental Bond Resolution; and provided further that the Issuer may act upon the Opinion of Bond Counsel, Opinion of Independent Counsel or advice of an Independent Engineer or certified public accountant selected by the Issuer in the exercise of reasonable care; and the Issuer shall not be responsible for any loss or damage resulting from nonaction or from any action taken in good faith in reliance upon such opinion or advice.

Section 309. Production of Adequate Revenues and Staff Support. The Issuer covenants that, consistent with and in accordance with the terms hereof and of any applicable Revenue Agreement at the time in effect, the Issuer shall use its best efforts to lease, operate or otherwise cause each Facility to be used or held for sale and shall require such rentals, prices, payments on notes or other similar payments or rates and charges in connection with each such

Facility as are sufficient to assure prompt payment of principal or Redemption Price of and interest on all Common Fund Bonds which financed, in whole or in part, such Facility. The Issuer shall employ and maintain a staff to administer the operations of the Issuer in numbers, skill and training so as to permit the Issuer to use such best efforts to continuously: (a) monitor performance by all Contracting Parties of their covenants in the Revenue Agreements, (b) expend such time as is practicable and appropriate on leasing and releasing Facilities operated by itself or under an Operating Agreement, (c) enforce all covenants in the Revenue Agreements as may from time to time be required to assure a continuous flow to the Issuer of Net Revenues from Facilities and (d) perform such other duties as may from time to time be required to provide sufficient Net Revenues and other sums required to be deposited hereunder to meet the requirements hereof; provided that nothing herein shall be construed as imposing a duty on the Issuer to review any financial statements of any Contracting Party filed with the Issuer in accordance with the provisions of a Revenue Agreement.

Section 310. Continuing Status of Issuer. While any Common Fund Bonds of any series are Outstanding and not discharged, the Issuer will not, except as may be required by applicable law or judicial determination, terminate its existence as an independent governmental entity, terminate, surrender or otherwise delegate any of its authority or surrender or otherwise transfer any of its assets, except that this prohibition shall not apply to the sale or other disposition of the Issuer's assets by the Issuer in the course of its operation or as otherwise required or permitted hereby.

Section 311. Facilities Financed by Common Fund Bonds.

(a) Before issuing any series of Common Fund Bonds in accordance with Section 202 hereof to finance the acquisition, installation, construction or improvement of any one or more Facilities, the Issuer shall establish in its official books and records a bookkeeping account to be designated as the Construction Fund for each such Facility. In addition to such other amounts which the Issuer may authorize for deposit therein, the Issuer shall credit or allocate to such Construction Fund all proceeds of the Common Fund Bonds except any portion thereof deposited in the Common Bond Fund: (i) in accordance with Section 402(d) hereof, (ii) to pay interest accrued on such Common Fund Bonds prior to the related Bond Closing or thereafter, or (iii) for any purpose in accordance with the applicable Supplemental Bond Resolution. Subject to the terms hereof, the amounts and earnings thereon in each Construction Fund shall be held and disbursed therefrom in accordance with the applicable Supplemental Bond Resolution, Revenue Agreement and Disbursing Agreement. On or after the date of termination of the Letter of Credit, each such Construction Fund may be held and moneys disbursed therefrom by the Issuer or by any entity so designated by the Issuer. While the Letter of Credit is in effect, the Bank may act in such capacity, if required by the Reimbursement Agreement.

(b) Prior to completion of any Facility, as determined in accordance with the applicable Revenue Agreement, moneys in the related Construction Fund constituting proceeds of any Common Fund Bonds may be used only to pay or reimburse payment of any related Facility Costs which may be financed by bonds under the Act or, to the extent permitted in the applicable Supplemental Bond Resolution, to pay obligations of the Contracting Party due under the applicable Revenue Agreement or to redeem the applicable Common Fund Bonds. Earnings on sums in the Construction Fund shall be held and applied as established in the applicable Revenue Agreement or Supplemental Bond Resolution. No draw by a Contracting Party for Facility Costs (other than for costs

related to the issuance of the applicable Common Fund Bonds) shall be allowed for payment or reimbursement from the applicable Construction Fund unless in the determination of the Trustee or the Issuer sums held in the Construction Fund, together with amounts pledged or drawable under letters of credit, loan agreements or other instruments or agreements (all in form satisfactory to the Issuer) for payment of Facility Costs on deposit in the Construction Fund, are sufficient to pay all such Facility Costs then estimated to be necessary for completion of the applicable Facility in accordance with the applicable Plans and Specifications and Revenue Agreement. Such a draw by a Contracting Party shall also not be permitted unless either: (i) a Construction Contract or Contracts shall have been entered into and executed and filed with the Issuer providing for the completion of the Facility in accordance with the Plans and Specifications, and a payment and performance bond shall have been secured from each contractor, unless waived by the Issuer, executed by a responsible surety company authorized to do business in the State, in a penal sum equal to the entire amount to become payable under the contract and conditioned as required by law, for the completion of the work in accordance with the Plans and Specifications and for the payment of all amounts due to subcontractors and suppliers or (ii) a Construction Contract shall have been entered into for at least the work and materials for which a draw is requested (or if the work and materials were not furnished pursuant to a Construction Contract, other evidence satisfactory to the Issuer that the work and materials shall have been furnished in accordance with the Plans and Specifications) and the Issuer shall have received written estimates of the total cost of completing the Facility, and the Issuer shall have secured such bond or such other assurances as it deems necessary to assure completion of the Facility and payment of the costs thereof. No draw shall be allowed for payment or reimbursement under any Construction Contract until approved by the Issuer or its agent and except in accordance with the applicable Disbursing Agreement.

(c) The Issuer shall use its best efforts to cause the Contracting Party under each Revenue Agreement to cause each Facility to be completed as provided by the applicable Plans and Specifications and Construction Contract or Contracts (if any); and the Issuer shall thereafter, consistent with its rights under the applicable Revenue Agreement, use its best efforts to: (i) cause the same to be operated or held for sale for one or more of the purposes set forth in the Act and (ii) with respect to any Facility in which the Issuer holds title or has a mortgage or other security interest, hold such Facility free from all liens thereon except Permitted Encumbrances. The Issuer shall hold all Net Revenues and other sums derived by the Issuer from each Facility free from all liens other than the liens herein granted or provided for.

(d) In the Supplemental Bond Resolution authorizing a series of Common Fund Bonds respecting any Facility the Issuer may reserve the power to issue Additional Common Fund Bonds under Section 202 hereof in any amount which may be found necessary by the Issuer to pay all claims payable from the applicable Construction Fund until the Facility is completed. No liability will be incurred by the Issuer for the payment of capital costs in excess of the amount of the Common Fund Bonds agreed to be issued for a Facility, until and unless the amount of such excess is deposited in the applicable Construction Fund; provided that nothing herein shall be construed as preventing the Issuer from using its own funds or funds from other sources to meet such excess requirements allocated and, thereupon, receiving reimbursement for any such advance in accordance with the applicable Revenue Agreement.

(e) Upon completion of a Facility in accordance with the applicable Revenue Agreement and upon adequate provision having been made for payment of all costs thereof, any balance remaining in the Construction Fund related thereto, including any remainder of deposited funds and earnings thereon, shall be allocated and disbursed in accordance with the provisions of the applicable Supplemental Bond Resolution, Revenue Agreement and Disbursing Agreement.

Section 312. Enforcement of Common Fund Bond Covenants. No Holder of any Common Fund Bond of any series shall have the right to institute any suit, action or proceeding, in equity or at law, for the enforcement of any covenant contained herein, in any Supplemental Bond Resolution or Revenue Agreement unless:

(a) there shall have been obtained, prior to instituting such suit, action or proceedings the written concurrence thereto by the Holders of not less than ten percent (10%) in aggregate principal amount of all Common Fund Bonds then Outstanding or twenty percent (20%) in aggregate principal amount of any series of Common Fund Bonds then Outstanding, and pursuant to such concurrence, a written request, containing the reasons therefor, shall have been made of the Trustee to institute such suit, action or proceeding; and

(b) the Trustee shall have refused or neglected to comply with such request within forty-five (45) days after the Trustee's receipt of such request or the Trustee shall have given written consent thereto; and

(c) such suit, action or proceeding is initiated and continued for the ratable benefit of all Holders of each series of Common Fund Bonds Outstanding and any coupons appurtenant thereto which may be directly affected, adversely or positively, from the disposition of such suit, action or proceeding, subject to the provisions hereof.

The Holders of fifty-one percent (51%) in principal amount of the Outstanding Common Fund Bonds shall have the right to direct the Trustee on their behalf to direct the time, method and place of conducting any proceeding for any remedy available to the Holders of such Common Fund Bonds and for the exercise of any power conferred on them and the right to waive default in the performance of any covenant and its consequences as it relates to such Common Fund Bonds, except a default in the payment of the principal or Redemption Price of or interest on any such Common Fund Bond when due or required to be redeemed. However, nothing herein shall impair the absolute and unconditional right of the Holder of each Common Fund Bond to receive payment of the principal or Redemption Price thereof and interest thereon at the times provided in the applicable Supplemental Bond Resolution and to institute suit for the enforcement of any such payment in accordance with the terms of the Common Fund Bond to the extent not inconsistent herewith. Before the Holders may take or require the Issuer or the Trustee to take any action hereunder, the Issuer and the Trustee may require that each be furnished an indemnity bond satisfactory to it for the reimbursement of all expenses which it may incur in such regard and to protect it against all liability, except liability which is adjudicated to have resulted from the negligence or willful default of the Issuer or the Trustee, by reason of any action so taken by the Holders, the Issuer or the Trustee.

Notwithstanding anything in this Section to the contrary, no Holder of any Common Fund Bond or any coupon appurtenant thereto shall have any right in any manner whatever by such Holder's action to affect, disturb or prejudice the lien and security interest of the Issuer pursuant hereto or to the Supplemental Bond Resolution or to the applicable Revenue Agreement on any

Facility or any part thereof or, except in the manner herein provided, to enforce any right hereunder.

All rights of action hereunder, under the applicable Supplemental Bond Resolution or upon any of the Common Fund Bonds of any series or any coupons appurtenant thereto which are enforceable by the Holders may be enforced by the Trustee on behalf of the Holders without the possession of any of the Common Fund Bonds or any coupons appurtenant thereto or the production thereof at the trial or other proceedings relative thereto, and any suit, action or proceeding so instituted by the Trustee shall be brought in its name as the trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the Holders of said Common Fund Bonds and any coupons appurtenant thereto in respect of which such judgment shall have been recovered, subject to the provisions hereof.

Section 313. Operation of Facilities. Subject to the provisions of Section 308 hereof, the Issuer agrees in the event of a default under a Revenue Agreement with respect to any Facility to which the Issuer has title or in which it has a mortgage or other security interest, that it will use its best efforts while any Common Fund Bonds remain Outstanding and undischarged to lease or otherwise cause the Facility to be operated to provide revenues to help pay the principal or Redemption Price of and interest on the Common Fund Bonds and maintain the Common Bond Fund and, in the event of sale, to secure the best price obtainable, subject, however, to any limitations necessary to maintain the tax exempt status of any Common Fund Bonds. This covenant, to the extent that it may obligate the Issuer to lease, release or sell any Facility for the benefit of the Holders, may be enforced against the Issuer only to the extent that at such time the Issuer is permitted by law to sell the property or to the extent that any consent required for leasing or releasing the property has been given.

Section 314. Insurance. Consistent with the applicable Revenue Agreement, the Issuer shall use its best efforts to cause all Facilities to be insured with responsible insurance companies against all risks and in the amounts for which insurance is usually carried by prudent owners of like properties and will cause the Issuer and its officers and employees to be insured against liability for damage to persons and property incurred in connection with its ownership or operation of any such Facility, in such amounts as it deems appropriate, and will cause a provision for the maintenance of such insurance to be included in each applicable Revenue Agreement.

Section 315. Performance by Issuer of Covenants. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions to be performed by it contained herein, in each and every Common Fund Bond executed, authenticated and delivered hereunder and in all proceedings of its governing body pertaining thereto; that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue Common Fund Bonds (and to make the pledge set forth in Section 401 hereof in connection therewith) in the manner and to the extent herein set forth; that all action on its part for the issuance of Common Fund Bonds and for the execution and delivery of each series thereof has been or shall be duly and effectively taken; and that such Common Fund Bonds in the hands of the Holders and owners thereof are or shall be valid and enforceable obligations of the Issuer according to the terms thereof.

Section 316. Additional Restrictions on the Issuance of Common Fund Bonds. Notwithstanding any other provisions herein to the contrary, no Common Fund Bonds shall be issued, unless on the day of the delivery of such Common Fund Bonds, the sum of the Cash Reserve Ratio and the Letter of Credit Reserve Ratio total twenty-five percent (25%) or more.

For purposes of this Section 316, and Section 317, the following terms have the following meanings:

(a) “*Cash Reserve Ratio*” means the sum of the following: (i) a fraction, the numerator of which is the sum of all money credited to the Common Reserve Account and the A Subaccount and the denominator of which is the Outstanding Principal, plus (ii) a fraction, the numerator of which is the sum of all money credited to the Issuer Subaccount and the denominator of which is the Outstanding CBF Principal;

(b) “*Letter of Credit Reserve Ratio*” means the sum of the following: (i) a fraction, the numerator of which is the sum of all unexpired Approved Letters of Credit and Subsequent Approved Letters of Credit, and the denominator of which is the Outstanding Principal, plus (ii) a fraction, the numerator of which is the amount of the Letter of Credit (if still in effect) and the denominator of which is the Outstanding CBF Principal;

(c) “*Outstanding Principal*” means, at any time, the aggregate principal amount of all Common Fund Bonds then outstanding under the Basic Resolution, exclusive of any defeased Common Fund Bonds and any other Common Fund Bonds, the underlying credit of which would be rated not less than “A” by Standard & Poor’s, without giving effect to the credit enhancement provided by the Common Bond Fund;

(d) “*Outstanding CBF Principal*” means, at any time, the Outstanding Principal plus the aggregate principal amount of all Common Fund Bonds Outstanding under the Issuer’s Resolution No. _____, as amended, exclusive of any defeased Common Fund Bonds issued under such resolution, or other Common Fund Bonds issued under such resolution, the underlying credit of which would be rated not less than “A” by Standard & Poor’s, without giving effect to the credit enhancement provided by the Common Bond Fund created by such resolution.

Section 317. Maintenance of Cash Reserve Ratio and Letter of Credit Reserve Ratio.

The Issuer shall maintain the sum of the Cash Reserve Ratio and the Letter of Credit Reserve Ratio at an amount equal to at least twenty-five percent (25%). If the sum of the Cash Reserve Ratio and Letter of Credit Reserve Ratio should at any time fall below 25% (the “Ratio Requirement”) the Issuer shall:

(a) not issue additional Common Fund Bonds as set forth in Section 316;

(b) increase the amount of remaining Available Surplus, if any, transferred to the A Subaccount of the IDB Account in accordance with Section 404(c)(ii) from twenty-five percent (25%) to one hundred percent (100%) of any remaining Available Surplus until the Ratio Requirement is maintained; and

(c) increase the amount transferred from the Administrative Fee Account to the A Subaccount of the IDB Account in accordance with Section 403(e) from twenty-five percent (25%) to one hundred percent (100%) of such sums in the Administrative Fee Account until the Ratio Requirement is maintained.

The obligation to maintain the Ratio Requirement is limited solely to the sources herein specified and the Issuer shall not have any obligation to levy taxes for or make

any advance or payment or incur any expense or liability from its general funds in performing the provisions of this Section 317.

ARTICLE IV

FUNDS AND ACCOUNTS

Section 401. Funds Pledged and Assigned. All Accumulated Revenues, Available Revenues, Net Revenues, Prepaid Net Revenues, Retained Funds, Collateral Proceeds, Administrative Fees and Reserve Deposits from time to time to be received or retained by the Issuer (not including Restricted Funds which shall be pledged to a particular series of Common Fund Bonds to the extent provided in the applicable Supplemental Bond Resolution) are hereby pledged and appropriated to secure the payment in accordance herewith when due of all principal and Redemption Price of and interest on all Common Fund Bonds from time to time Outstanding or any Surety Rights. All Net Revenues, Prepaid Net Revenues, Retained Funds, Collateral Proceeds, Administrative Fees, Reserve Deposits and other sums required to be deposited or credited in the Common Bond Fund (but not including Restricted Funds) pursuant hereto or an applicable Supplemental Bond Resolution shall be credited to the funds and accounts described herein to the extent, in the manner and for the purposes set forth herein and in all applicable Supplemental Bond Resolutions; and to the extent deposited and retained in the Common Bond Fund or A Subaccount of the IDB Account, but subject to this Article IV, such amounts shall not be subject to any lien or attachment by any creditor of the Issuer other than the lien of Holders or Sureties, and, to the extent expressly provided in the Reimbursement Agreement on the date hereof, the lien and security interest of the Bank.

Section 402. Common Bond Fund.

(a) *Common Bond Fund.* There is hereby created and established a Common Bond Fund which shall constitute a special and separate fund to be held by the Trustee. The Common Bond Fund shall consist of the Debt Service Account, Deficiency Account, Common Reserve Account and Administrative Fee Account as special and separate accounts in the Common Bond Fund, which special and separate accounts are hereby created and established. The Issuer from time to time as required shall establish and create within the Common Reserve Account segregated subaccounts with respect to each series of Common Fund Bonds to hold separately each of the following: (i) Reserve Deposits, (ii) Prepaid Net Revenues, (iii) Collateral Proceeds and (iv) Retained Funds. The Issuer may establish such additional subaccounts within any of the foregoing accounts as it deems appropriate, provided that claims permitted hereunder to any amounts held in any such account shall not in any manner be impaired thereby. Reference to the Common Bond Fund herein shall include reference to all accounts and subaccounts therein, unless otherwise stated. Unless otherwise provided herein or in the applicable Supplemental Bond Resolution, withdrawals permitted or required from any account established hereunder may be made from any subaccounts in such account in any order of withdrawal, as the Issuer in its sole discretion shall determine.

(b) *Debt Service Account.* In addition to transfers or payments into the Debt Service Account pursuant to Sections 402(h), 404(a), 403(d)(ii) and 405(a) hereof and subject to withdrawals in accordance herewith, the Issuer shall deposit in or credit to such account all Net Revenues when received by the Issuer and, to the extent required by any applicable Supplemental Bond Resolution or Revenue Agreement and to the extent not inconsistent herewith, proceeds from Common Fund Bonds for the payment of interest accrued on the applicable series of Common Fund Bonds prior to the Bond Closing therefor or thereafter (to the extent such proceeds may be lawfully so applied) or

otherwise. Earnings on all funds held in or credited to the Debt Service Account shall be credited to such account.

(c) *Common Reserve Account.* In addition to transfers or payments into the Common Reserve Account pursuant to Sections 402(h) and 404(a) hereof and subject to withdrawals in accordance herewith, the Issuer shall deposit the following funds in respect of any series of Common Fund Bonds each into separate subaccounts established for such series in the Common Reserve Account: all Reserve Deposits, Prepaid Net Revenues, Collateral Proceeds and Retained Funds. Subject to Sections 402(d) and 402(e) hereof, earnings (other than Retained Earnings) on any funds held in the Common Reserve Account or in any subaccount thereof shall be credited to such account or subaccount as the case may be.

(d) *Reserve Deposit Funding Requirements; Approved Letter of Credit.* The Minimum Deposit required by Section 202 hereof in respect of each series of Common Fund Bonds may be met by deposits of any unencumbered funds qualifying under such Section, including proceeds of the Common Fund Bonds in respect of which any such requirement arises and funds provided by or on behalf of the applicable Contracting Party. Additionally, the Minimum Deposit shall be deemed met in respect of any series of Common Fund Bonds to the extent of amounts drawable under an Approved Letter of Credit. If at any time all Reserve Deposits retained in the Common Reserve Account are inadequate to meet any withdrawals otherwise required to be made hereunder from Reserve Deposits, the Trustee shall, in such order of priority as the Trustee deems appropriate (but not inconsistent with any applicable Supplemental Bond Resolution or Revenue Agreement), promptly draw upon funds available under Approved Letters of Credit and subsequent Approved Letters of Credit, if any, in an aggregate amount adequate for such withdrawals, and the Trustee shall promptly deposit such amounts in the applicable Reserve Deposit subaccounts in the Common Reserve Account. Between forty-five (45) and thirty (30) days prior to the expiration of any Approved Letter of Credit or Subsequent Approved Letter of Credit (the "Expiring Letter"), the Trustee shall cause such Expiring Letter to be fully drawn upon, if any Common Fund Bonds of the series to which such Expiring Letter relates are then Outstanding (and not scheduled to finally mature on or prior to such expiration), and if there has not been delivered to the Trustee prior to such time cash sums for deposit in the applicable Reserve Deposit subaccount in the Common Reserve Account, another Subsequent Approved Letter of Credit or any combination of such sums and other Subsequent Approved Letters of Credit, whereby any such sums, together with any amounts drawable under such other Subsequent Approved Letters of Credit during the one (1) continuous year immediately following such expiration, equal the maximum amount drawable under the Expiring Letter. Notwithstanding any other provision herein, before withdrawal of Reserve Deposits pursuant to Section 403(c)(ii) hereof, the Trustee shall fully draw upon any Approved Letter of Credit or Subsequent Approved Letter of Credit in respect of which any default in any payment of Net Revenues has occurred under the applicable Revenue Agreement (unless such default has been theretofore cured). Notwithstanding anything to the contrary herein, the Issuer shall have the power to permit earnings on any Reserve Deposit to be free of any lien created hereby or to be credited to such Contracting Party or its designee under terms and conditions established by the Issuer; provided that in no event may the principal amount of such deposit be free of the lien thereon created hereby.

(e) *Retained Earnings.* All Retained Earnings shall be credited to the subaccount maintained for Retained Funds for the applicable series of Common Fund Bonds to which such Retained Earnings relate.

(f) *Administrative Fee Account.* Subject to withdrawals in accordance herewith, the Issuer shall deposit all Administrative Fees when received into the Administrative Fee Account; provided, however, that if the aggregate sums in a given month paid or credited as paid by a Contracting Party for Administrative Fees and Net Revenues are less than the total Administrative Fees and Net Revenues due to the Issuer from such party in such month, the aggregate sums so paid shall be allocated to the extent thereof first to satisfy such Net Revenues due (after satisfaction of any past due unpaid amounts of Net Revenues) and then to satisfy such Administrative Fees (after satisfaction of any past due unpaid amounts of Administrative Fees). Earnings on funds in the Administrative Fee Account shall when credited be deemed a deposit of Administrative Fees to such account.

(g) *Restricted Funds.* Restricted Funds received by the Issuer in respect of any series of Common Fund Bonds shall be deposited in such fund, account or subaccounts not maintained in the Common Bond Fund as the Issuer shall in its sole discretion determine, but subject to the terms of any applicable Revenue Agreement or Supplemental Resolution, and any amounts, including earnings, in any such fund, account or subaccount shall be applied, withdrawn or credited to the benefit of a Contracting Party as provided in the applicable Supplemental Bond Resolution or Revenue Agreement.

(h) *Deficiency Account.* Amounts transferred pursuant to Section 404(c)(i) hereof shall be deposited in the Deficiency Account, subject to withdrawals in accordance herewith. Earnings on amounts in the Deficiency Account shall be credited thereto, subject to withdrawals in accordance herewith.

(i) *Miscellaneous Funding.* Amounts received by the Issuer in respect of any Facility or Revenue Agreement not otherwise required hereunder to be deposited in a specific fund, account or subaccount established hereby may be deposited in any fund, account or subaccount, subject to any provisions not inconsistent herewith in any Supplemental Bond Resolution or Revenue Agreement, relating to the deposit, withdrawal, transfer or use of funds therein, or the treatment of earnings thereon.

Section 403. Withdrawals.

(a) *Bond Payments.* Except as otherwise provided herein: (i) all payments required hereunder to be made by the Issuer of principal or Redemption Price of or interest on Common Fund Bonds of any series or in respect of any Surety Rights when due shall be made, to the extent of funds therein, first from the Debt Service Account, then from the Deficiency Account, then from the Administrative Fee Account, then from retained Reserve Deposits in such order of priority as the Issuer may determine which is not inconsistent with the applicable Revenue Agreements or Supplemental Bond Resolutions (but subject to Section 402(d) hereof), and then from remaining subaccounts in the Common Reserve Account in such order of priority as the Issuer may determine; (ii) to the extent such foregoing funds shall not be sufficient to make all such payments, such payments shall be made, to the extent of funds therein, from the A Subaccount of the IDB Account, then from the Issuer Subaccount of the IDB Account

and then (to the extent, if any, determined in the sole discretion of the Issuer) from other available funds of the Issuer in accordance with Section 404(a) hereof; and (iii) if all such foregoing funds required (or permitted at the discretion of the Issuer) to be used for such payments shall not be sufficient to make all such payments, the Letter of Credit (if outstanding) shall be drawn upon in accordance with Section 405(a) hereof.

(b) *Debt Service Account.* In addition to withdrawals pursuant to Sections 404(a), 404(c) and 405(b) hereof and any amounts advanced by the Issuer on behalf of a Contracting Party pursuant to the applicable Supplemental Bond Resolution, funds required hereunder to be deposited in or credited to the Debt Service Account may be withdrawn and used while any Common Fund Bonds are Outstanding only for the payment of (i) interest on Common Fund Bonds as or after it becomes due and payable, including accrued interest on any Common Fund Bonds redeemed before maturity pursuant to the applicable Supplemental Bond Resolution, increases in interest resulting from a series of Common Fund Bonds becoming taxable for federal tax purposes, interest accruing on any Common Fund Bond after its stated maturity, if such bond is not then paid or redeemed, and to the extent that payment of such interest is lawful, interest upon overdue installments of interest due on Common Fund Bonds at the rate borne by such Common Fund Bonds, (ii) the principal amount or Redemption Price of any Common Fund Bonds at their stated maturities or when called for redemption and prepayment in accordance with any applicable Supplemental Bond Resolution, (iii) the discharge of Common Fund Bonds of any series in accordance with Article VI hereof, or the purchase of any such bonds in accordance herewith or with any applicable Supplemental Bond Resolution, (iv) any amounts due under the Reimbursement Agreement or under Section 405(b) hereof, (v) any amounts for which the Issuer has a right of reimbursement from a Contracting Party or Guarantor paid in the reasonable discretion of the Issuer to prevent impairment of the first lien created hereby or any equity or security interest of the Issuer in any Facility, and (vi) any Surety Rights. Notwithstanding any other provision herein, amounts constituting Net Revenues received by the Issuer after they were due and payable may be transferred to any subaccount in the Common Reserve Account to the extent amounts in such account were withdrawn because of the delay in receipt of such Net Revenues.

(c) *Reserve Deposits.* In addition to withdrawals pursuant to Section 404(c) hereof, and subject to Section 411 hereof, while any Common Fund Bonds are Outstanding Reserve Deposits shall be used and withdrawn only for (i) the last payments of the principal or Redemption Price of or interest on the applicable series of Common Fund Bonds; and (ii) any purpose for which funds in the Debt Service Account may be withdrawn, but only after exhaustion of the Administrative Fee Account, the Debt Service Account (as determined before any transfers thereto pursuant to Section 404(a) for the specific purpose for which such withdrawal is required) and the Deficiency Account. Except as otherwise provided in an applicable Supplemental Bond Resolution or Revenue Agreement and Section 402(d) hereof, funds may be withdrawn from Reserve Deposits in accordance herewith in any order of priority as among such Reserve Deposits as may be selected by the Issuer in its sole discretion; provided that for purposes of clause (ii) above, amounts shall first be drawn from the Reserve Deposits for any series of Common Fund Bonds in respect of which any default in payment of applicable Net Revenues has occurred and is then continuing.

(d) Prepaid Net Revenues, Collateral Proceeds and Retained Funds.

(i) Subject to Section 404 hereof, any funds required hereunder to be deposited in or credited to any subaccount established for a series of Common Fund Bonds concerning Prepaid Net Revenues or Collateral Proceeds shall be withdrawn and used only for the purpose of purchasing, paying, prepaying, redeeming or discharging Common Fund Bonds or interest or premium thereon (A) of such series in the case of Prepaid Net revenues and (B) of any series of Common Fund Bonds in the case of Collateral Proceeds; provided, however, that Prepaid Net Revenues and Collateral Proceeds shall be withdrawn to the extent required for the purposes for which other funds in the Common Reserve Account may be otherwise withdrawn, but only after exhaustion of the Deficiency Account, Debt Service Account and Administrative Fee Account and other funds in the Common Reserve Account other than in subaccounts for Prepaid Net Revenues, Collateral Proceeds or Retained Funds (as the foregoing funds and accounts are determined before any transfers pursuant to Section 404(a) hereof for the specific purpose for which withdrawal is required).

(ii) Any funds required hereunder to be deposited in or credited to any subaccount for Retained Funds established for a series of Common Fund Bonds shall be withdrawn and used when and in the manner as such funds are required to be applied and credited against payments due under the Revenue Agreement related to such series of bonds in accordance with the terms of such agreement; provided, however, that such funds may be used for the purpose of purchasing, redeeming or discharging Common Fund Bonds of the series to which such funds relate to the extent the Issuer expressly determines that such use will not materially adversely affect the future cash requirements of the Issuer; and provided further, that such funds shall be withdrawn to the extent required for the purposes for which other funds in the Common Reserve Account may be otherwise withdrawn, but only after exhaustion of the Deficiency Account, the Debt Service Account and Administrative Fee Account and other funds in the Common Reserve Account other than in subaccounts for Prepaid Net Revenues, Collateral Proceeds or Retained Funds (as the foregoing funds and accounts are determined before any transfers pursuant to Section 404(a) hereof for the specific purpose for which withdrawal is required). Retained Funds credited against Net Revenues otherwise due under a Revenue Agreement shall, to the extent available therefore, be transferred to the Debt Service Account as and when so credited.

(iii) Notwithstanding any other provision herein, upon discharge of any series of Common Fund Bonds, funds in any subaccount for such bonds concerning Prepaid Net Revenues, Collateral Proceeds or Retained Funds shall thereupon be released to the Common Reserve Account generally or other appropriate subaccounts as determined in the sole discretion of the Issuer, except as such funds may be transferred in order to effect such a discharge and except as any such funds may be owing to the applicable Contacting Party under the terms of the applicable Revenue Agreement. Except as aforestated or otherwise provided in the applicable Supplemental Bond Resolution or Revenue Agreement, amounts in subaccounts for Prepaid Net Revenues, Collateral Proceeds or Retained Funds may be withdrawn in any order of priority selected by the Issuer among such accounts. Any application of or withdrawal of Prepaid Net Revenues, Collateral Proceeds or Retained Funds shall be credited, if at all, against Net Revenues or other sums otherwise due in the manner and to the

extent provided in any applicable Supplemental Resolution or Revenue Agreement.

(e) *Administrative Fee Account.* In addition to any withdrawals pursuant to Section 404(c) hereof, funds held in the Administrative Fee Account shall be withdrawn only for the purposes for which funds in the Debt Service Account may be withdrawn, but only after exhaustion of the Debt Service Account (as determined before any transfers thereto pursuant to Section 404(a) hereof for the specific purpose for which such withdrawal is required); provided that to the extent any amounts deposited in the Administrative Fee Account are not withdrawn for the foregoing purposes during the calendar month of such deposit, twenty-five percent (25%) of such amounts shall be transferred on the last day of such month to the A Subaccount of the IDB Account and seventy-five percent (75%) thereof shall be available for any proper lawful purpose of the Issuer.

(f) *Deficiency Account.* In addition to withdrawals pursuant to Section 404(c)(ii) hereof, amounts in the Deficiency Account after exhaustion of the Debt Service Account may be withdrawn only for the purposes for which funds in the Debt Service Account may be withdrawn.

Section 404. Transfers of Funds and Accounting Procedures.

(a) *Payment and Restoration of Deficiency.* If at any time funds in the Common Bond Fund are not sufficient to pay the principal or Redemption Price of and interest on any Common Fund Bonds of any series when due or to maintain funds in the Common Reserve Account sufficient to meet the Common Reserve Requirement, amounts sufficient to make such payment and maintain or restore the Common Reserve Account at or to the level of the Common Reserve Requirement shall be forthwith transferred, first to the Debt Service Account to the extent necessary for any such payments, and then to the Common Reserve Account into appropriate subaccounts therein (i) out of funds to the extent thereof held in the A Subaccount and then the Issuer Subaccount of the IDB Account, and (ii) in the event that funds in such IDB Account are not sufficient to fully make any such payment and restoration, but only if the Issuer so elects in its sole discretion, then from other available funds of the Issuer. Notwithstanding the foregoing, amounts in the Issuer Subaccount of the IDB Account may be used to maintain or restore the Common Reserve Account at or to the Common Reserve Requirement only to the extent that the amounts in the Issuer Subaccount, following any such maintenance or restoration, are not less than \$5,000,000. If transfers pursuant to this paragraph are not sufficient to pay all principal and interest on any Common Fund Bonds when due, the Trustee shall then draw upon the Letter of Credit pursuant to Section 405 hereof for the purpose of making such payment of principal or interest, but not (except as provided in Section 405) for the purpose of restoring the amount of funds in the Common Reserve Account to the level of the Common Reserve Requirement. If transfers pursuant to this paragraph to the Common Reserve Account are not sufficient to fully restore all subaccounts in the Common Reserve Account to the level at which the Common Reserve Requirement is determined, amounts so transferred shall be allocated among all subaccounts in the Common Reserve Account as determined by the Issuer (in a manner not inconsistent with any applicable Supplemental Bond Resolution or Revenue Agreement). Thereafter, subject to Section 405(b) hereof, the subaccounts in the Common Reserve Account shall be fully restored from amounts, if any, available therefor from time to time in the Debt Service Account, IDB Account or

earnings (other than Retained Earnings) on amounts in other accounts or subaccounts in the Common Bond Fund.

(b) *Available Surplus Determination.* Promptly following the end of each calendar year the Issuer shall determine the "Available Surplus," if any, from such year. Notwithstanding any other provision herein, the Issuer in its sole discretion may elect a different method to determine "Available Surplus" and amounts appropriate or not appropriate to transfer pursuant to Section 404(c) hereof based on procedures deemed by the Issuer to be more appropriately related than the foregoing procedure to the Issuer's receipt of Net Revenues in comparison with payments required to be made from the Common Bond Fund provided that such method shall not reduce the amounts retained in the Common Bond Fund below the amounts which would have been retained under the method expressly provided herein.

(c) Available Surplus and Other Transfers.

(i) On December 31 of each year there shall be transferred to the Deficiency Account (A) all amounts in the Debt Service Account, except for a reasonable carry over amount not to exceed one-twelfth of annual debt service on all Common Fund Bonds then Outstanding, and (B) all earnings (other than earnings exempted pursuant to Section 402(d) hereof, Retained Earnings and amounts in the Deficiency Account) held in any subaccount in the Common Reserve Account which, together with other sums held in such subaccount, exceed the amount related to such subaccount on which the Common Reserve Requirement is determined.

(ii) Promptly following a determination of the Available Surplus from a year pursuant to section 404(b) hereof and to the extent on the date of the following transfer the Common Reserve Account is not reduced below the Common Reserve Requirement determined as of such date (or the amounts in any subaccounts therein reduced below the levels upon which the Common Reserve Requirement is determined as of such date), such Available Surplus shall be transferred to the A Subaccount of the IDB Account to the extent of an amount equal to all available transfers previously made therefrom pursuant to Section 404(a) hereof (and which have not been previously repaid), and thereafter, twenty-five percent (25%) of any remaining Available Surplus shall be transferred to such A Subaccount of the IDB Account and seventy-five percent (75%) of such remaining Available Surplus shall be available for any proper lawful purpose as the Issuer shall from time to time determine.

Section 405. Letter of Credit.

(a) *Draws.* (i) The Trustee shall draw under the Letter of Credit (if it is still outstanding) to the extent necessary to pay the principal of or interest on Common Fund Bonds of any series then due (a "Payment Draw") and which the Issuer is then obligated and which the Issuer is unable to pay from the Common Bond Fund after all sums required to be transferred pursuant to Section 404(a) hereof have been transferred. All moneys received from a Payment Draw under the Letter of Credit shall be deposited in the Debt Service Account. At the time and date specified in the Letter of Credit, but in no event later than the expiration of the Letter of Credit, the Trustee shall draw the entire remaining balance of the Letter of Credit (an "Expiry Draw") if the Letter of Credit has not

been renewed or extended, or if a substitute Letter of Credit meeting the requirements of Section 405(c) has not been delivered to the Trustee by or on behalf of the Issuer prior to the date of the Expiry Draw. All moneys received from an Expiry Draw under the Letter of Credit shall be deposited in the Issuer Subaccount of the IDB Account.

(b) *Repayment of Draws on Letter of Credit.* (i) A Payment Draw on the Letter of Credit and any interest accrued on the moneys therefrom shall be repaid by the Issuer from any funds of the Issuer legally available therefor and in addition, at the option of the Issuer, may be repaid by the Issuer from any amounts deposited in the Debt Service Account after any Payment Draw and not needed to pay principal or Redemption Price of and interest on Common Fund Bonds due within ninety (90) days following such deposit, and (ii) An Expiry Draw on the Letter of Credit and any interest accrued on the moneys therefrom shall be repaid (x) first, from amounts in the Issuer Subaccount of the IDB Account, provided that immediately after such repayment the amount of funds in the Common Reserve Account shall equal not less than the Common Reserve Requirement and amounts in the IDB Account shall equal not less than such levels as shall be required by Sections 202 and 406 hereof and the terms of the IDB Account Resolution and Supplemental Bond Resolutions, whichever shall be greatest, and (y) second, from any other funds of the Issuer legally available therefor.

(c) *Substitution of Letter of Credit.* The Issuer may substitute for the initial Letter of Credit a subsequent Letter of Credit issued by another bank or other financial institution at any time subsequent hereto, provided that such substitution does not cause the bond rating assigned to Common Fund Bonds by any national bond rating agency to be lowered below the rating obtainable immediately before such substitution; provided further that if at the time of any such substitution there is no such rating on Common Fund Bonds, then the other bank or financial institution shall have deposits or shareholders' equity or net worth (or the equivalent thereof) at least equal to that of the Bank at the date of such substitution.

(d) *Reduction of Amount Drawable.* The Issuer may, in its sole discretion, but however consistent with the terms of this Basic Resolution, the IDB Account Resolution and Supplemental Bond Resolutions, reduce the amount drawable under the Letter of Credit or terminate a Letter of Credit, as provided in the Letter of Credit or Reimbursement Agreement.

Section 406. IDB Account. In accordance with Section 404(c) the Issuer shall from time to time credit to the A Subaccount of the IDB Account Available Surplus and any other sums required hereunder or pursuant to a Supplemental Resolution to be transferred thereto. No Common Fund Bond of any series may be issued unless at the time of such issuance amounts or investments valued at market in the IDB Account are equal to at least \$10,000,000, unless a Letter of Credit of not less than a five (5) year initial term has been issued and is outstanding in favor of the Issuer that if fully drawn upon would provide an amount available for deposit in the Debt Service Account which, together with other sums on hand in the IDB Account, would be equal to at least \$10,000,000.

Section 407. Construction Fund. Forthwith upon the Bond Closing for any series of Common Fund Bonds the proceeds of such series of Common Fund Bonds (less any accrued interest and any other amounts paid into the Common Bond Fund as provided in Section 311 hereof), together with any other funds permitted to be deposited therein pursuant to the applicable Supplemental Bond Resolution, shall be deposited in a separate Construction Fund

for such series of Common Fund Bonds established in accordance with Section 311 hereof. Except as otherwise provided in the applicable Supplemental Bond Resolution, earnings on amounts in such Construction Fund shall be credited thereto.

Section 408. Deposit of Funds with Trustee and Paying Agent and Paying Agent Fees.

(a) On or prior to any date of payment for principal or Redemption Price of or premium on any Common Fund Bonds Outstanding, the Issuer shall cause the transfer to the Trustee from the Common Bond Fund amounts required for such payment in accordance herewith when due, and the Trustee in turn shall disburse such amounts or transfer such amounts to the appropriate Paying Agent(s) for such payment when due. The Trustee and any Paying Agent shall hold in trust for the Holders of such Common Fund Bonds and of any interest coupons appurtenant thereto all sums so transferred to the Trustee and any Paying Agent, respectively, until paid to such Holders or otherwise disposed of as herein provided.

(b) The Issuer shall pay any Paying Agent fees from any available funds of the Issuer as the Issuer so directs unless otherwise provided in the applicable Supplemental Bond Resolution.

Section 409. Priority of Payment. All Common Fund Bonds shall be equally and ratably secured by and payable from the Common Bond Fund, without priority of one such Common Fund Bond over any other; provided that nothing herein shall preclude the Issuer from using in accordance herewith Prepaid Net Revenues, Collateral Proceeds or Retained Funds to purchase, prepay or discharge any Common Fund Bonds that the Issuer in its sole discretion shall determine appropriate. In the event that the balance in the Common Bond Fund is at any time insufficient to pay all principal or Redemption Price of and interest then due on Common Fund Bonds, the Issuer shall apply the balance first to pay pro rata the interest then due on all such Common Fund Bonds and all Surety Rights arising from subrogation rights of Sureties to receive interest on such bonds, and the Issuer shall apply any remaining balance first to the pro rata payment of principal of the then matured (but unaccelerated) Common Fund Bonds and all Surety Rights arising from subrogation rights of Sureties to receive such principal, and then to the payment of all other Surety Rights, principal due on Common Fund Bonds and other items payable from the Common Bond Fund.

ARTICLE V

INVESTMENTS

Section 501. Investments by Issuer. All sums held in the funds or accounts established hereunder, to the extent practicable and permitted by the Act, will be deposited as received with a bank or banks duly designated and qualified as a depository of funds of the Issuer and shall be guaranteed by the pledge of securities of the types authorized by law, in value at all times equal to one hundred ten percent (110%) of such deposits not guaranteed by Federal Deposit Insurance. Notwithstanding the preceding sentence, amounts in the Common Bond Fund and each Construction Fund may be invested as permitted by applicable law in amounts or securities maturing before the times and in the amounts estimated to be required to pay expenses from the applicable Construction Fund and principal or Redemption Price and interest when due, including, but not limited to, repurchase agreements and mutual funds investing in commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less (including those with the Trustee) to the extent allowed by applicable law. The Trustee may make any and all such investments for the account of the Issuer through its own commercial or bond department. Nothing herein shall prevent the combining of funds in bank deposit accounts, in investment accounts, or in common trust funds maintained by the Trustee exclusively for the collective investment and reinvestment of moneys contributed thereto by the Trustee in the capacity as Trustee to the extent determined by the Issuer or Trustee to be necessary or desirable; provided, however, that accurate records shall be kept at all times showing the proportion of the income from investments properly attributable to each fund and account, and such income shall be credited on the books of the Issuer or Trustee to the fund or account from which the investment was made. Except as may be otherwise provided herein (or in any Supplemental Bond Resolution concerning funds related to the specific Facility financed thereunder or the construction of such Facility), all earnings on amounts credited to any fund, account or subaccount established pursuant hereto or pursuant to the applicable Supplemental Bond Resolution shall be credited when received to such fund, account or subaccount, as the case may be.

Section 502. Return on Investments. Except in respect of any Common Fund Bonds not issued for the purpose of bearing interest exempt from federal income taxation, (a) the Issuer will not use or permit the use of the proceeds of the Common Fund Bonds to be issued which shall cause such obligations to be arbitrage bonds within the meaning of Section 148 of the Code and any applicable and valid regulations from time to time promulgated thereunder; and (b) the Issuer will comply with the requirements of Section 148 of the Code and such applicable regulations pertaining thereto while any Common Fund Bonds remain Outstanding.

ARTICLE VI

DISCHARGE OF OBLIGATIONS TO HOLDERS

Section 601. Payment of Common Fund Bonds. When Common Fund Bonds of any series or portion of a series and any coupon appurtenant thereto have been discharged as provided in this Article, all pledges, covenants and other rights granted hereby and by the applicable Supplemental Bond Resolution shall cease as to the Holders of such series or portion of a series of Common Fund Bonds, such Common Fund Bonds shall no longer be considered outstanding under this Basic Resolution, and (if all Common Fund Bonds of such series be discharged) the lien herein created upon any Net Revenues and other sums derived from any Facility financed by such series of Common Fund Bonds and any and all covenants made herein with respect to the related Facility may be terminated with respect to the Holders of all Outstanding Common Fund Bonds; provided that nothing herein shall be construed as relieving the related Contracting Party with respect to the Facility financed by such series of Common Fund Bonds from its obligation under the Revenue Agreement relating to the Facility to continue to make the full amount of payments due under the applicable Revenue Agreement, nor as entitling the Contracting Party to a reduction in the amount by which such payments may be prepaid or the Facility may be purchased or for termination of the Revenue Agreement; and provided further that for the purposes of a particular Revenue Agreement all such Common Fund Bonds of that series whose maturity (or mandatory redemption) dates have not expired shall continue to be deemed Outstanding except if and to the extent the Contracting Party, with the consent of the Issuer, has provided for the discharge of the Common Fund Bonds. Subject to Section 602 hereof, the Issuer may discharge Common Fund Bonds under this Section 601 and interest due on any date by depositing with the Trustee or any escrow agent selected by the Trustee a sum sufficient for the payment thereof in full; and if any Common Fund Bond or interest thereon should not be paid when due, the same may nevertheless be discharged by depositing with the Trustee or any escrow agent selected by the Trustee a sum sufficient for the payment thereof in full with interest accrued from the due date to the day of such deposit.

Section 602. Prepayment of Common Fund Bonds. The Issuer may discharge any prepayable Common Fund Bonds of any series which are called for redemption on any date when they are prepayable according to their terms by depositing with the Trustee (or an escrow agent selected by the Trustee), who shall disburse or shall transfer to the appropriate Paying Agent for disbursement on or before that date a sum sufficient for the payment of the principal or Redemption Price thereof in full, including payment of interest thereon; provided that notice of the redemption thereof has been duly made in accordance with the terms of the Supplemental Bond Resolution authorizing such series of Common Fund Bonds.

Section 603. Deposit for Discharge. The Issuer may discharge all Common Fund Bonds of any series Outstanding at any time, when authorized by law, by irrevocably depositing in escrow with a suitable banking institution, as defined in Minnesota Statutes, Section 475.67, a sum of cash and securities in such aggregate face amount bearing interest at such rates and maturing or callable at the option of the holders thereof on such dates as shall be required to pay all principal or Redemption Price of and interest due on such series of Common Fund Bonds to their stated maturity (or mandatory redemption) dates or any earlier date upon which they may be redeemed prior to maturity (or mandatory redemption) in accordance with their terms; provided that notice of any such redemption shall have been duly given in accordance with the terms of the Common Fund Bonds of that series and the Supplemental Bond Resolution pursuant to which such series was authorized. The securities to be so deposited shall be limited to securities permitted under Minnesota Statutes, Section 475.67, Subdivision 8,

and any laws amendatory thereof or supplemental thereto but shall not otherwise be limited by the provisions hereof.

Section 604. Use of Deposited Funds. Any moneys or securities which at any time shall be deposited by or on behalf of the Issuer with the Trustee or any Paying Agent, escrow agent or any other banking institution for the purpose of paying and discharging any Common Fund Bonds of any series and any coupons appurtenant thereto shall be held in trust for the respective Holders of such Common Fund Bonds and coupons and are hereby irrevocably appropriated for such payment and discharge.

Section 605. Unclaimed Moneys. Notwithstanding any other provision hereof, any moneys held by the Trustee (or escrow agent selected by the Trustee) or any Paying Agent for the payment and discharge of any Common Fund Bond or any coupon appurtenant thereto which remains unclaimed after the date when that Common Fund Bond or coupon has become due and payable or which remains unclaimed after the date of deposit of moneys for the payment and discharge of a Common Fund Bond or coupon not paid when due, for a period of five (5) years after such due date or deposit date, shall be free from such trust and shall promptly thereafter be transferred to the Issuer by such Trustee, escrow agent or Paying Agent, if applicable, and the Trustee, such escrow agent or such Paying Agent shall be released and discharged with respect thereto, and the Holders of Common Fund Bonds and coupons payable from any such moneys shall look only to the Issuer for the payment thereof.

Section 606. Cancellation of Surrendered Common Fund Bonds and Coupons. The Issuer may at any time surrender to the Trustee for cancellation by the Trustee any Common Fund Bonds previously authenticated and delivered hereunder, together with any unpaid coupons thereto belonging, which the Issuer acquired in any manner whatsoever, and such Common Fund Bonds and any coupons appurtenant thereto, upon such surrender and cancellation, shall be deemed to be paid and retired.

ARTICLE VII

THE TRUSTEE AND THE PAYING AGENT

Section 701. Trustee. Wells Fargo Bank, National Association, is hereby appointed as Trustee, and the rights, powers and duties of the Trustee hereunder and under the applicable Supplemental Bond Resolution are hereby vested in said Trustee or such successor in trust for the Holders. The Issuer may appoint a successor Trustee pursuant to Section 709 hereof. In the event the Issuer appoints a successor Trustee, such successor shall execute and deliver to the Issuer a written acceptance of the office of Trustee, whereupon such successor shall signify its acceptance of the duties and obligations imposed upon it as Trustee hereby and by the applicable Supplemental Bond Resolution with respect to all Common Fund Bonds theretofore or thereafter to be issued pursuant hereto, but only, however, upon the terms and conditions set forth herein and in the applicable Supplemental Bond Resolution.

When required by the law of any jurisdiction or in the reasonable judgment of the Trustee, to enable the Trustee to perform the Trustee's duties and functions and exercise its powers and rights hereunder or under any Supplemental Bond Resolution on the Trustee's behalf as Trustee or on behalf of the Holders, the Trustee may appoint an additional individual or institution or additional individuals or institutions, as a separate trustee or co-trustee or both, and if and when the Trustee makes any such appointment or appointments, each and every remedy, power, right, claim, demand, cause of action and immunity expressed or intended hereby or by any Supplemental Bond Resolution (other than appointment of an additional or successor trustee or co-trustee hereunder) to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee to exercise such powers, rights and remedies under applicable law, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Every such separate trustee or co-trustee shall execute and deliver to the Issuer written acceptance thereof; and should any deed, conveyance or instrument in writing from the Issuer or the Trustee be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to such separate trustee or co-trustee such rights, powers, trusts, remedies, duties and obligations, any and all such conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer.

Section 702. Paying Agents. The Issuer may appoint by resolution one or more Paying Agents for the Common Fund Bonds of each series, which appointment shall be specified in the applicable Supplemental Bond Resolution adopted prior to the execution, authentication by said Paying Agent and delivery of said series of Common Fund Bonds; and the Issuer may, thereafter, at any time or from time to time by resolution, appoint one or more additional Paying Agents or one or more successor Paying Agents for any series of Common Fund Bonds. Each Paying Agent shall be a bank, trust company or national banking association having trust powers and having a capital and surplus aggregating at least ten million dollars (\$10,000,000), if there be such a bank or trust company or national banking association willing and able to accept the office of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon said Paying Agent hereby and by the applicable Supplemental Bond Resolution. Each Paying Agent shall signify its acceptance of the duties and obligations imposed on each Paying Agent hereby and by the applicable Supplemental Bond Resolution by executing and delivering to the Issuer and the Trustee written acceptance thereof. The Trustee may act as Paying Agent.

Section 703. Responsibilities of Trustee and Paying Agent.

(a) *General.* The recitals contained herein and in the Common Fund Bonds shall be taken as the statements of the Issuer, and neither the Trustee nor the Paying Agent assumes any responsibility for or shall have any liability in respect of the correctness of the same. Neither the Trustee nor the Paying Agent shall be under any responsibility or liability or duty with respect to the issuance of any Common Fund Bonds for value, the use thereof or the application of the proceeds thereof (except the Trustee to the extent such proceeds are paid to the Trustee in its capacity as Trustee) or the application of any moneys paid to the Issuer or to those other than the Trustee or the Paying Agent in accordance herewith and with the applicable Supplemental Bond Resolution. Neither the Trustee nor any Paying Agent shall be under any responsibility or liability or duty with respect to the application of any moneys to any other successor or to any separate or co-trustee or additional Paying Agent. Notwithstanding the foregoing, the Paying Agent shall be responsible for its representation contained in the certificate of authentication on the Common Fund Bonds.

(b) *Other Immunities, Duties and Powers of the Trustee.* The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder, either directly or by or through agents, attorneys or other persons not regularly in the Trustee's employ. The Trustee may in all cases pay reasonable compensation to all such agents, attorneys and other persons and shall be reimbursed or such compensation shall be paid in accordance with the provisions of the applicable Revenue Agreement.

The Trustee shall be responsible for the recording or re-recording, registration or re-registration or filing or re-filing of any financing, continuation or similar statements or other instruments of further assurance, with respect hereto, to any Supplemental Bond Resolution and to any security documents in connection therewith.

The permissive right of the Trustee to do things enumerated herein shall not be construed as a duty, and the Trustee shall not be liable for any action taken, suffered or omitted by the Trustee in good faith without negligence and reasonably believed by the Trustee to be within the discretion or power conferred upon the Trustee hereby.

The Trustee shall be under no liability for interest upon any uninvested moneys that the Trustee may at any time hold in trust or receive under any of the provisions hereof or of any Supplemental Bond Resolution, except such as the Trustee may agree in writing with the Issuer or a Contracting Party, as the case may be, to pay thereon.

Section 704. Funds Held in Trust. All moneys held by the Trustee and any Paying Agent at any time pursuant to the terms hereof and of the applicable Supplemental Bond Resolution shall be and hereby are assigned, transferred and set over unto the Trustee or the Paying Agent, as the case may be, in trust for the purposes and under the terms and conditions hereof and of the applicable Supplemental Bond Resolution.

Section 705. Evidence on Which Trustee and Paying Agent May Act. The Trustee and any Paying Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion, Common Fund Bond, coupon, requisition, voucher, invoice or other paper or document believed by it to be genuine and to have been signed or presented by the proper person or persons.

The Trustee may consult with Bond Counsel, and the written advice of Bond Counsel or an Opinion of Bond Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by the Trustee hereunder in good faith and in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a fact or matter be proved or established prior to taking, suffering or omitting to take any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by any certificate required or permitted to be filed with the Trustee under the provisions hereof and of the applicable Supplemental Bond Resolution or the applicable Revenue Agreement stating the same, and such certificate shall be full warrant for any action taken, suffered or omitted to be taken in good faith under the provisions hereof and of the applicable Supplemental Bond Resolution upon the faith thereof, but in its discretion, the Trustee may, in lieu thereof (but shall have no obligation to), accept other evidence of such fact or matter or may require such further or additional evidence as the Trustee may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof, any Supplemental Bond Resolution or any Revenue Agreement by or on behalf of the Issuer or any Contracting Party to the Trustee shall be sufficiently evidenced if executed by an authorized representative of the Issuer or an officer or other authorized representative of a Contracting Party and any resolution of the Issuer or of the board of directors or duly authorized action of the Contracting Party shall be sufficiently evidenced to the Trustee by a copy thereof certified by the Finance Officer of the Issuer or any duly authorized officer or party of the Contracting Party.

Each Paying Agent shall be protected in acting upon and shall act upon the written request, order, notice or other direction of the Issuer pursuant hereto and pursuant to and in accordance with the provisions of the applicable Supplemental Bond Resolution.

Section 706. Certain Permitted Acts. The Trustee and the Paying Agent may become the owner of or may deal in Common Fund Bonds and any coupons appurtenant thereto as fully and with the same rights the Trustee or the Paying Agent would have if it were not the Trustee or Paying Agent, respectively. To the extent permitted by law, the Trustee and the Paying Agent may act as depository for and permit any of their respective officers or directors to act as a member of or in any other capacity with respect to any committee formed to protect the rights of the Holders of Common Fund Bonds or to effect or aid in any reorganization growing out of the enforcement of the Common Fund Bonds or any coupons appurtenant thereto, this Basic Resolution and any Supplemental Bond Resolution, whether or not any such committee shall represent the Holders of at least a majority in aggregate principal amount of the Common Fund Bonds Outstanding.

Section 707. Resignation of Trustee or Paying Agent. The Trustee, the Paying Agent or any successors thereto may at any time resign and be discharged of its duties and obligations created hereby and by any Supplemental Bond Resolution by giving not less than forty-five (45) days' written notice to the Issuer (to the Issuer and the Trustee, if the Paying Agent shall resign and the Paying Agent be other than the Trustee) and by publishing notice thereof, specifying the date when such resignation shall take effect, in an Authorized Newspaper within twenty (20) days after the giving of such written notice, if any coupon Common Fund Bonds not registered as to principal or registered as to principal to bearer are Outstanding, and by mailing a notice to the foregoing effect to Holders of registered Common Fund Bonds and Holders of coupon Common Fund Bonds registered as to principal other than to bearer. Such resignation shall take effect upon the date specified in such written notice to the Issuer or the Issuer and the Trustee, as the case may be, unless a successor shall have been appointed prior to said date,

in which event such resignation shall take effect immediately on the appointment of such successor and such successor shall have assumed in writing all of the duties and obligations of its predecessor.

Section 708. Removal. The Trustee, or any successor Trustee subsequent thereto may be removed at any time by resolution of the Issuer or by the Holders of at least a majority in aggregate principal amount of all Common Fund Bonds then Outstanding, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Holders or by their attorneys duly authorized in writing and delivered to the Issuer. Copies of each such resolution or instrument shall be delivered, by the Issuer to the Trustee and any successor Trustee subsequent thereto.

The Paying Agent or any successor Paying Agent may be removed at any time by resolution of the Issuer. Copies of such written action shall be delivered to the Trustee and to such Paying Agent and any successor Paying Agent.

Section 709. Appointment of Successor Trustee. In the event that at any time the Trustee or any successor Trustee shall resign or shall be removed or shall become incapable of acting or shall be adjudged a bankrupt or insolvent or if a receiver, liquidator or conservator of the Trustee or such successor Trustee of its property shall be appointed or if any public officer shall take charge or control of the Trustee or such successor Trustee or of its property or affairs, the Issuer shall by resolution forthwith appoint a successor Trustee. The successor to the Trustee and each and every successor thereafter, shall be a bank, trust company or national banking association having trust powers and having a capital and surplus aggregating at least fifty million dollars (\$50,000,000), if there be such a bank or trust company or national banking association willing and able to accept the office of Trustee hereunder, on reasonable and customary terms and authorized by law to perform all the duties imposed upon such successor Trustee hereunder and under the applicable Supplemental Bond Resolution. The Issuer shall publish notice of any such appointment of a successor Trustee to the Trustee or mail notice thereof in accordance with the provisions of Section 707 hereof.

The Holders of at least a majority in aggregate principal amount of all Common Fund Bonds then Outstanding may, by an instrument or concurrent instruments in writing signed by such Holders or their attorneys duly authorized in writing and delivered to such successor Trustee appointed by the Issuer, with notification thereof to the Issuer and the predecessor Trustee, appoint a successor Trustee to supersede said successor Trustee so appointed by the Issuer. In such event, any successor Trustee appointed by the Issuer shall, immediately and without further act, be superseded by a successor Trustee appointed by the requisite percentage of Holders in the aforementioned manner, but only if such successor has the requisite capital and surplus as determined herein.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 709 within forty-five (45) days after the Trustee shall have given written notice to the Issuer as provided in Section 707 hereof or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any other separate trustee or co-trustee or any Holder may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Trustee.

Section 710. Transfer of Rights to Successor. Any successor to the Trustee which is appointed hereunder and any successor Trustee thereafter appointed shall execute,

acknowledge and deliver to its predecessor Trustee and also to the Issuer an instrument accepting such appointment, and thereupon such successor Trustee, without any further act or conveyance, shall become fully vested with all moneys, estates, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if named herein as such Trustee, but the Trustee ceasing to act shall, nevertheless, on the written request of the Issuer or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all rights, powers, duties and obligations of the predecessor Trustee hereunder and in and to the Common Bond Fund and the IDB Account. Should any conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such rights, powers, duties and obligations, any and all such conveyances and instruments in writing shall, on request and so far as may be authorized by law, be executed, acknowledged and delivered by the Issuer. Any such successor Trustee shall promptly notify any other separate trustee or co-trustee and any Paying Agent of its appointment as such successor Trustee.

Any successor Paying Agent appointed by the Issuer as provided for in this Basic Resolution shall execute, acknowledge and deliver to its predecessor Paying Agent and also to the Trustee and any separate trustee or co-trustee and the Issuer an instrument accepting such appointment, and thereupon, such successor Paying Agent, without any further act, deed or conveyance, shall become fully vested with all rights, powers, duties and obligations of such predecessor Paying Agent, with like effect as if named in the applicable Supplemental Bond Resolution as such Paying Agent. The Paying Agent ceasing to act as Paying Agent shall, on the written request of the Issuer, the Trustee and the successor Paying Agent, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required by the Issuer for more fully and certainly vesting in and confirming to such successor Paying Agent all rights, powers, duties and obligations of the predecessor Paying Agent.

Section 711. Merger or Consolidation. Any company into which the Trustee or any Paying Agent may be merged or converted or with which the Trustee or any Paying Agent may be consolidated or any company resulting from any merger, conversion or consolidation to which the Trustee or any Paying Agent shall be a party or any company to which the Trustee or any Paying Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company or national banking association which is qualified to be a successor Trustee under Section 709 hereof or a successor Paying Agent under Section 702 hereof, as the case may be, shall be authorized by law to perform all the duties imposed upon it hereby and by the applicable Supplemental Bond Resolution, and shall be the successor to the Trustee or Paying Agent, as the case may be, without the execution or filing of any paper or the performance of any further act.

ARTICLE VIII

BASIC RESOLUTION

Section 801. Amendments Not Requiring Consent. The Issuer reserves the right to amend this Basic Resolution at any time for the purpose of curing any ambiguity or formal defect or omission herein or in any amending or Supplemental Bond Resolution, to modify the accounting procedures herein and order of source of payment in respect of Bonds from accounts and subaccounts in the Common Bond Fund, to grant for the benefit of the Holders of Common Fund Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted or to make any other change which is not to the prejudice of any Holders of Common Fund Bonds. The Issuer covenants and agrees with the Holders of Common Fund Bonds issued hereunder and secured hereby that it will not amend this Basic Resolution in any other manner except upon consent of the Holders as hereinafter provided. Nothing herein shall limit the power of the Issuer to authorize the issuance of Common Fund Bonds by Supplemental Bond Resolution without Holder consent in accordance with the terms and conditions of Section 202.

In addition to the foregoing, the Issuer reserves the right to amend Sections 316 and 317 of this Basic Resolution, at any time, without the consent of any holders of Common Fund Bonds; provided however that consent of owners of 51% of owners of Common Fund Bonds affected by such amendment shall be required for any amendment which would decrease the Ratio Requirement to a level below 15%, or which would otherwise contravene the provisions of any Supplemental Bond Resolution.

Section 802. Amendments with Holders' Consent. The Holders of not less than fifty-one percent (51%) in aggregate principal amount of Common Fund Bonds which are at any time Outstanding and not discharged shall have the right to consent to and approve the amendment of this Basic Resolution (excluding any Supplemental Bond Resolution authorizing the issuance of Common Fund Bonds) by the Issuer, for the purpose of authorizing any modification, alteration, amendment or rescission of or any addition to this Basic Resolution, except that nothing herein shall permit a reduction in the aggregate principal amount of the Common Fund Bonds required for consent to any such amendment nor an extension of the maturity (or mandatory redemption) date of the principal of or the interest on any Common Fund Bond not held by a consenting Holder, nor grant a privilege or priority to any Common Fund Bond over any other Common Fund Bond not provided for herein. Any written consent to such an amendment may be embodied in and evidenced by one or any number of concurrent written instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing, and such consent shall become effective when such instrument or instruments are delivered to the Trustee.

Section 803. Proof of Consent. Proof of the execution of any consent or of a writing appointing any agent or of the holding by any person of Common Fund Bonds which are transferable by delivery shall be sufficient for any purpose (including those for which Holders have a voice under Sections 312, 708, 709 and 802 hereof) and shall be conclusive in favor of the Issuer or the Trustee, as the case may be, if made in the following manner: The fact and date of the execution by any person of any such consent may be proved by the affidavit of any witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the person signing such consent acknowledged to him the execution thereof. The amount of Common Fund Bonds transferable by delivery held by any person executing any such consent as a Holder and the distinguishing

numbers of such Common Fund Bonds and the date of his holding the same may be proved by a certificate executed by any trust company, bank or other depository, wherever situated, if such certificate shall be deemed satisfactory by the Issuer, showing that at the date therein mentioned such person had on deposit with such depository or exhibited to it the Common Fund Bonds therein described; or such facts may be proved by the certificate or affidavit of the person executing such consent as a Holder, if such certificate or affidavit shall be deemed satisfactory by the Issuer. The Issuer may conclusively assume that such ownership continues until written notice to the contrary is served upon it. The fact and date of execution of any such consent and the amount and distinguishing numbers of Common Fund Bonds held by the person executing the same may also be proved in any other manner which the Issuer may deem sufficient but the Issuer may nevertheless, in its sole discretion, require further proof in cases where it deems further proof desirable. Any consent by the Holder of any Common Fund Bond shall bind any future Holder of the same Common Fund Bond with respect to any amendment adopted by the Issuer pursuant to such consent.

Section 804. Notice of Amendment. Before adopting any amendment hereto which requires the consent of the Holders of Outstanding Common Fund Bonds, the Issuer will file a copy of the proposed amendment in its office and at the office of the Trustee or the Paying Agent at which such Common Fund Bonds are payable and will mail a notice to all owners of such Common Fund Bonds then Outstanding who shall have filed their names and addresses with the Issuer and will cause such notice to be published in a financial journal of general circulation in the State. Such notice shall briefly state the nature of the proposed amendment and that a copy is on file at the office of the Issuer for inspection by all Holders. No such amendment shall be adopted unless consent is received from the required percentage of Holders within six (6) months after such publication.

Section 805. Amendment of Supplemental Bond Resolution. In addition to the purposes set forth in Section 801, the Issuer may amend any Supplemental Bond Resolution authorizing the issuance of Common Fund Bonds for any purpose, in any manner and subject to any conditions set forth in the Supplemental Bond Resolution; provided that no such amendment may be inconsistent with the terms and conditions of this Basic Resolution.

ARTICLE IX

MISCELLANEOUS

Section 901. Severability. If any provision of this Basic Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of 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 in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses or paragraphs contained in the Basic Resolution shall not affect the remaining portions of the Basic Resolution or part thereof.

Section 902. Limitation of Liability. To the extent permitted by law and consistent with covenants made with the Holders of any series of Common Fund Bonds, no provision, covenant or agreement contained in the Basic Resolution shall give rise to or impose any pecuniary liability upon the Issuer or any of its officers, employees or agents.

Section 903. Table of Contents and Headings. The Table of Contents and headings herein are for convenience only and shall not affect the construction hereof.

Section 904. Minnesota Law to Govern. The Basic Resolution is delivered in and shall be governed by and construed in accordance with the laws of the State of Minnesota.

Section 905. Basic Resolution to Govern. Unless the express language or the clear context of a provision in any Supplemental Bond Resolution or Revenue Agreement clearly requires to the contrary, all provisions of such Supplemental Bond Resolution or Revenue Agreement shall be interpreted to apply in a manner not inconsistent herewith, and in case any such provision is inconsistent herewith, the provisions herein shall govern and control.