

SECRETARY'S CERTIFICATE AS TO MASTER RESOLUTION

I, ELLIOTT A. SHAW, Secretary of the Albany County Airport Authority (the "Authority"), HEREBY CERTIFY that I am the officer charged with the duty of keeping and having custody of minutes and official records of the Authority and that the Resolution attached hereto entitled "A Resolution Authorizing The Issuance Of Airport Revenue Bonds Of The Albany County Airport Authority; Prescribing The Limitations On And The Conditions Of Issuance And The Form Of Such Bonds; Providing For The Details Of Such Bonds; Covenanting as to the Revenues, Income And Charges Of Said Authority And The Use And Application Of Such Revenues, Income And Charges; Pledging Such Revenues, Income And Charges To The Payment Of The Principal Of, Premium, If Any, And Interest On Such Bonds And Limiting Such Payment Solely To Such Revenues, Income and Charges; And Making Other Covenants And Agreements In Connection With The Foregoing" (the "Master Resolution") was duly adopted by the members of the Authority at a meeting duly called and held on January 6, 1997, at which a quorum was present and acting throughout, and that said Master Resolution has been compared by me with the original thereof recorded in the minute book of said Authority and it is a true, complete and correct copy of said Master Resolution and that said Master Resolution has not been altered, amended or repealed but is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 31st day of January, 2008.



Elliott A. Shaw
Secretary
Albany County Airport Authority

As Adopted

ALBANY COUNTY AIRPORT AUTHORITY

A RESOLUTION AUTHORIZING THE ISSUANCE OF AIRPORT REVENUE BONDS OF THE ALBANY COUNTY AIRPORT AUTHORITY; PRESCRIBING THE LIMITATIONS ON AND THE CONDITIONS OF ISSUANCE AND THE FORM OF SUCH BONDS; PROVIDING FOR THE DETAILS OF SUCH BONDS; COVENANTING AS TO THE REVENUES, INCOME AND CHARGES OF SAID AUTHORITY AND THE USE AND APPLICATION OF SUCH REVENUES, INCOME AND CHARGES; PLEDGING SUCH REVENUES, INCOME AND CHARGES TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON SUCH BONDS AND LIMITING SUCH PAYMENT SOLELY TO SUCH REVENUES, INCOME AND CHARGES; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

Adopted January 6, 1997

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND COMPUTATIONS

SECTION 1.01. Definitions and Computations 1

ARTICLE II

AUTHORIZATION OF AIRPORT REVENUE BONDS

**SECTION 2.01. Authorization of Bonds; Source of Payment
Thereof; Pledges to and Liens for Such Payment;
Limited Obligations. 13**

**SECTION 2.02. Authorization of First Series of Bonds and of
Additional Bonds Hereunder. 15**

SECTION 2.03. Completion Bonds. 16

SECTION 2.04. Refunding Bonds. 16

SECTION 2.05. Subordinate Lien and Other Obligations. 17

SECTION 2.06. Variable Rate Bonds 17

SECTION 2.07. Passenger Facility Charges. 18

SECTION 2.08. Hedge, Support and Other Financial Agreements. 19

**SECTION 2.09. Medium of Payment of Principal, Interest and
Premium of Bonds; Interest on Bonds; Cancellation and Destruction
of Bonds. 20**

SECTION 2.10. Redemption or Purchase of Bonds. 20

**SECTION 2.11. Registration, Transfer, Exchange and Ownership
of Bonds. 22**

SECTION 2.12. Execution and Authentication of Bonds. 24

SECTION 2.13. Mutilated, Lost, Stolen or Destroyed Bonds. 24

SECTION 2.14. Temporary Bonds. 25

SECTION 2.15. Book Entry. 25

ARTICLE III

CONSTRUCTION FUND
AND OTHER FUNDS

SECTION 3.01. Construction Fund and Accounts Therein. 26

SECTION 3.02. Funds for Airport Purpose Not Constituting Pro-
ject Costs 31

ARTICLE IV

CREATION OF CERTAIN FUNDS; APPLICATION
OF FUND PROCEEDS; INVESTMENTS

SECTION 4.01. Creation of Special Funds and Accounts; Applica-
tion of Revenues. 31

SECTION 4.02. Creation of the Operation and Maintenance Fund
and Accounts Therein. 32

SECTION 4.03. Creation of the Bond Fund and Accounts Therein. 33

SECTION 4.04. Creation of the Bond Reserve Fund. 36

SECTION 4.05. Creation of the Renewal and Replacement Fund. 39

SECTION 4.06. Creation of the Development Fund. 39

SECTION 4.07. Investment of Moneys in Funds Other Than Con-
struction Fund. 40

ARTICLE V

PARTICULAR COVENANTS OF THE AUTHORITY

Particular Covenants 41

SECTION 5.01. Annual Airport Budget. 41

SECTION 5.02. Covenant as to Rates, Rentals, Fees and Charges. 41

SECTION 5.03. To Pay Principal, Premium and Interest of Bonds. 42

SECTION 5.04. Possession of Land. 42

SECTION 5.05. Filings and Recordings. 42

SECTION 5.06. To Complete Acquisitions and Constructions
Promptly. 43

SECTION 5.07. To Keep Airport System in Good Repair and to
Make Improvements and Betterments Thereto. 43

	<u>Page</u>
SECTION 5.08.	To Operate and Maintain Airport System. 43
SECTION 5.09.	Other Leases and Contracts. 43
SECTION 5.10.	Governmental Approval. 43
SECTION 5.11.	Compliance With Terms of Grants-in-aid; Appli- cation Thereof. 43
SECTION 5.12.	To Employ Competent Personnel; Fidelity Bonds. 44
SECTION 5.13.	Books and Accounts; Audits. 44
SECTION 5.14.	No Superior or Equal Lien Bonds; Junior Lien Obligations Permitted. 45
SECTION 5.15.	Not to Encumber or Dispose of Airport System Properties; Condemnation. 45
SECTION 5.16.	Insurance. 47
SECTION 5.17.	Payment of Taxes and Claims by the Authority. 48
SECTION 5.18.	Prosecution and Defense of Suits. 48
SECTION 5.19.	Protection of Security. 49
SECTION 5.20.	Special Covenant With Respect to Federal Tax Status of Bonds. 49
SECTION 5.21.	Obeying Laws; Performance of All Obligations and Covenants Under this Resolution. 49
SECTION 5.22.	Taking Any Further Action Required for the Purposes of this Resolution. 50
SECTION 5.23.	Certain County Costs Under the County-Authority Lease 50

ARTICLE VI

**AMENDING AND SUPPLEMENTING THIS RESOLUTION;
EXECUTION OF INSTRUMENTS BY BONDHOLDERS
AND OWNERSHIP OF BONDS; MEETINGS OF BONDHOLDERS;
BONDS NOT OUTSTANDING HEREUNDER**

SECTION 6.01.	Amending and Supplementing this Resolution Without Consent of Bondholders. 50
SECTION 6.02.	Amending and Supplementing this Resolution With Consent of Bondholders. 52
SECTION 6.03.	Notation upon Bonds; Bonds Delivered upon Amendments. 53
SECTION 6.04.	Effectiveness of Supplemental Resolution. 53
SECTION 6.05.	Consent, etc., of Bondholders; Proof of Owner- ship of Bonds. 53
SECTION 6.06.	Meetings of Bondholders. 54

	<u>Page</u>
SECTION 6.07. Certain Bonds Deemed Not Outstanding Hereunder.	55

ARTICLE VII

DEFAULTS AND REMEDIES

SECTION 7.01. Events of Default.	56
SECTION 7.02. Action of Trustee in Event of Default.	57
SECTION 7.03. Effect of Delay or Omission; Waiver of Default.	59
SECTION 7.04. Suits or Actions by Bondholders.	59
SECTION 7.05. Bondholders' Committee.	59

ARTICLE VIII

SPECIAL FACILITY BONDS; SEPARATE IMPROVEMENTS

SECTION 8.01. Special Facility Bonds and Special Facility Agreements.	60
SECTION 8.02. Separate Improvements.	61

ARTICLE IX

**DEFEASANCE; MONEYS HELD FOR PAYMENT
OF DEFEASED BONDS**

SECTION 9.01. Discharge of Liens and Pledges; Bonds No Longer Outstanding Hereunder.	62
SECTION 9.02. Bonds Not Presented for Payment When Due; Moneys Held for the Bonds after Due Date of Bonds.	64

ARTICLE X

FORMS OF BONDS, ENDORSEMENT AND ASSIGNMENT PROVISIONS, CERTIFICATE OF AUTHENTICATION

SECTION 10.01. Forms of Bonds, Endorsement and Assignment Provisions, Certificate of Authentication. 65

ARTICLE XI

CONCERNING THE TRUSTEE AND THE PAYING AGENTS

SECTION 11.01. Appointment of Trustee for Bonds; Removal Thereof; Qualifications of Successor Thereto. 65
SECTION 11.02. Duties of Trustee; Reliance on Certificates and Opinions. 68
SECTION 11.03. Evidence of Compliance With the Conditions Precedent; Examination of Evidence. 68
SECTION 11.04. Trustee Hereunder Not Liable for Acts of Authority or Other Trustees; No Representations by Trustee. 69
SECTION 11.05. Paying Agents; Paying Agents to Hold Moneys in Trust. 69
SECTION 11.06. Trustee, Registrars, Paying Agents and Securities Depository May Buy, Hold, Sell or Deal in Bonds and Other Indebtedness of Authority. 69
SECTION 11.07. Reimbursement of Trustee, Registrars and Paying Agents Hereunder for Fees, Expenses and Charges. 69

ARTICLE XII

MISCELLANEOUS

SECTION 12.01. No Personal Liability. 70
SECTION 12.02. Limitation of Rights. 70
SECTION 12.03. Laws Governing; Severability. 70
SECTION 12.04. Effect of Sundays and Legal Holidays. 71
SECTION 12.05. Section Headings; Table of Contents. 71
SECTION 12.06. Effectiveness of this Resolution. 71

A RESOLUTION AUTHORIZING THE ISSUANCE OF AIRPORT REVENUE BONDS OF THE ALBANY COUNTY AIRPORT AUTHORITY; PRESCRIBING THE LIMITATIONS ON AND THE CONDITIONS OF ISSUANCE AND THE FORM OF SUCH BONDS; PROVIDING FOR THE DETAILS OF SUCH BONDS; COVENANTING AS TO THE REVENUES, INCOME AND CHARGES OF SAID AUTHORITY AND THE USE AND APPLICATION OF SUCH REVENUES, INCOME AND CHARGES; PLEDGING SUCH REVENUES, INCOME AND CHARGES TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON SUCH BONDS AND LIMITING SUCH PAYMENT SOLELY TO SUCH REVENUES, INCOME AND CHARGES; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

BE IT RESOLVED BY THE ALBANY COUNTY AIRPORT AUTHORITY:

ARTICLE I

DEFINITIONS AND COMPUTATIONS

SECTION 1.01. *Definitions and Computations.* Unless the context shall clearly indicate some other meaning, the terms defined in this section shall, for all purposes of this Resolution and of any resolution, certificate or other instrument supplemental hereto and of any opinion or instrument or document herein or therein mentioned, have the meanings herein specified, with the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined. The term:

"Act" shall mean the Albany County Airport Authority Act, Title 32 of Article 8 of the New York State Public Authorities Law, as amended.

"Accountant" means an independent certified public accountant or a firm of independent certified public accountants of recognized standing, employed by the Authority but in fact independent and not under the control of the Authority.

"Additional Bonds" means any additional bonds authorized and issued pursuant to Sections 2.02, 2.03 and 2.04 hereof at any time Outstanding.

"Airport" means the terminal buildings, runways and ramps, public parking facilities and public roads, general aviation area, including all fueling facilities and fixed base operations, and related facilities and land located within the boundaries of the Albany Airport on the date of adoption of this resolution and such other facilities or properties which are hereafter included in the definition of Airport by resolution of the Authority.

"Airport Consultant" means an independent person or firm or corporation (a) not under the control of the Authority or any airline or air carrier landing at the Airport on a routine basis, and (b) who shall have a widely known and favorable reputation for special skill, knowledge and experience in methods of the development, operation and management of airports of the approximate size and character as the properties constituting the Airport System.

"Airport Purpose" means any action or undertaking by the Authority reasonably related to the development and promotion of the Airport System as a destination for air commerce or as industrial or commercial sites at an Airport System facility or related to the development and promotion of air transportation and commerce by air.

"Airport System" means the Airport and such other airport(s) which may be included in the definition of Airport System by resolution of the Authority.

"Authority" means the Albany County Airport Authority, a body corporate and politic constituting a public benefit corporation created and existing pursuant to the laws of the State of New York, or, if such corporation shall be abolished, the authority, board, body, commission or agency succeeding to the principal functions thereof or to which the powers and duties granted or imposed by this Resolution shall be given by law.

"Bond" or "Bonds" means any Airport Revenue Bond authorized by Sections 2.01, 2.02, 2.03 or 2.04 hereof at any time Outstanding under and pursuant to this Resolution, including the Series of Bonds issued pursuant to the first paragraph of Section 2.02 hereof at any time Outstanding, Additional Bonds at any time Outstanding, Completion Bonds at any time Outstanding, and Refunding Bonds at any time Outstanding, but shall not include any Special Obligation Bonds defined in Article VIII hereof.

"Bond Fund" means the separate special fund of the Authority created pursuant to Section 4.03 hereof and designated in that section as the "Albany County Airport Authority Bond Fund".

"Bondholder" or "Holder" means the registered owner of any Bond as shown on the books of registry of the Registrar maintained pursuant to this Resolution, and shall include any beneficial owner of a Bond or his nominee.

"Bond Reserve Fund" means the separate special fund of the Authority created pursuant to Section 4.04 hereof and designated in that section as the "Albany County Airport Authority Bond Reserve Fund".

"Bond Reserve Fund Requirement" means with respect to any Series of Bonds, unless otherwise provided in the Supplemental Resolution authorizing such Series, the lesser of (i) the greatest amount of principal and interest payable on a Series of Bonds in the then current or any future Fiscal Year, (ii) 125 % of the average annual principal and interest payable on such Series of Bonds (calculated by dividing the sum of principal and interest payments on such Series

of Bonds by the number of years to the final maturity of such Series of Bonds) or (ii) 10% of the initial public offering price of such Series of Bonds currently Outstanding.

"Completion Bonds" means Bonds issued pursuant to Section 2.03 hereof.

"Construction Fund" means the separate special fund of the Authority created and established in Section 3.01 hereof and designated in that section as the "Albany County Airport Authority Construction Fund".

"County" means the County of Albany, New York, operating through its legislature, legislative committees, or elected or appointed officials.

"County-Authority Lease" means that certain Lease Agreement between the County and the Authority dated as of December 5, 1995 and, unless the context shall clearly indicate otherwise, shall include all amendments and supplements thereto.

"Debt Service" means with respect to any Series of Bonds the total, as of any particular date of computation and for any particular period or year, of the aggregate amount required pursuant to Section 4.03 of this Resolution to be deposited during such period or year in the Bond Fund (i) to provide for the payment of interest on the Bonds of such Series, (ii) to provide for the payment at maturity of any such Bonds of such Series issued in serial form, and (iii) to provide for the retirement of any such Bonds of such Series issued in term form. Such interest and principal installments shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of principal installments for the Bonds of such Series on the due date thereof or through operation of the Term Bond Principal Account in the Bond Fund. "Debt Service" shall not include the following with respect to any Bonds at the time of calculation then Outstanding, (a) interest on such Bonds to the extent such interest is to be paid from (i) amounts credited to a Construction Interest Account in the Construction Fund, (ii) amounts credited to any Interest Account for such Series, including PFC Revenues irrevocably deposited or to be irrevocably deposited in a segregated subaccount therein, or (iii) any other available amounts irrevocably deposited hereunder for the payment of interest, (b) principal on such Bonds to the extent such principal is to be paid from (i) amounts credited to any Principal Account for such Series, including PFC Revenues irrevocably deposited or to be irrevocably deposited in a segregated subaccount therein, or (ii) any other available amounts irrevocably deposited hereunder for the payment of principal. For the purposes of computing Debt Service with respect to a Series of Bonds issued as Variable Rate Bonds or an Integrated Swap Agreement that provides for variable rate payments to be made by the Authority, the interest rate per annum thereon shall be determined as follows: (1) with respect to a Series of Variable Rate Bonds or an Integrated Swap Agreement at the time of calculation then Outstanding or entered into, the interest rate shall be the higher of (i) the current interest rate per annum borne by or the current variable rate payment payable under the Series of Variable Rate Bonds or Integrated Swap Agreement or (ii) the weighted average interest rate per annum borne by or the variable rate payment payable under such Series of Variable Rate Bonds or Integrated Swap Agreement (computed on an actual day basis) for the twelve month period then ended at the time of calculation, and (2) with respect

to Variable Rate Bonds or an Integrated Swap Agreement then proposed to be issued or entered into, the interest rate per annum shall be assumed to be either (x) the higher of (i) the initial interest rate per annum (if established and binding) to be borne by or the initial variable rate payment payable under the Series of Variable Rate Bonds or Integrated Swap Agreement, (ii) the weighted average interest rate per annum borne by or the variable rate payment payable under any Outstanding Series of Variable Rate Bonds or existing Integrated Swap Agreement (computed on an actual day basis) for the twelve month period then ended at the time of calculation (which is calculated in the same manner as the interest rate or variable rate payment on the Variable Rate Bonds or Integrated Swap Agreement then proposed to be issued or entered into), or (y) the Revenue Bond Index; *provided, however, that if the Authority enters into an Integrated Swap Agreement with respect to a Series of Variable Rate Bonds that provides for fixed payments to be made by the Authority, the interest rate thereon shall be determined as follows: (a) with respect to a Series of Variable Rate Bonds at the time of calculation then Outstanding for which the Integrated Swap Agreement is in effect, the interest rate shall be the sum of (i) the fixed interest rate established under the Integrated Swap Agreement and (ii) to the extent that variable rate payments under the Integrated Swap Agreement are based on an interest index and not the Authority's actual variable rate on the Variable Rate Bonds, the greatest difference between such index and the variable interest rates actually paid during the prior twelve or three months, which ever is highest, and (b) with respect to Variable Rate Bonds then proposed to be issued, the fixed interest rate established under the Integrated Swap Agreement.* With respect to any payment under any agreement referred to in Section 2.08 hereof which payments are payable from Net Revenues and secured by a lien on and pledge of Net Revenues on a parity with the lien on and pledge of the Net Revenues created for the payment and security of the Bonds, "Debt Service" shall include the full amount of any such payments.

"Designated Financial Officer" means the chief financial officer of the Authority.

"Development Fund" means the separate special fund of the Authority created pursuant to Section 4.06 hereof and designated in that section as the "Albany County Airport Authority Development Fund".

"Financial Institution" means any issuer or issuers of the Support Facility, its successors or assigns.

"Fiscal Year" means the fiscal year for the Authority as established from time to time by the Authority, being on the date this Resolution becomes effective the twelve month period ending December 31.

"Hedge Agreement" means an interest rate swap or exchange agreement, including an Integrated Swap Agreement, a payment exchange agreement, forward purchase agreement or any other hedge agreement entered into by the Authority for any purpose providing for payments between the parties based on levels of, or changes in, interest rates, stock or other indices or contracts to exchange cash flows or a series of payments or contracts, including without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar risk.

"Holder" has the meaning provided in this section under "Bondholder".

"Integrated Swap Agreement" means any interest rate swap agreement entered into by the Authority with respect to a Series of Bonds having a notional amount equal to the principal amount of such Series of Bonds and pursuant to which the Authority agrees to make payments on the basis of (a) a fixed rate of interest or (b) a variable rate of interest.

"Integrated Swap Agreement Payments" means payments made pursuant to an Integrated Swap Agreement on the basis of fixed or variable rates of interest; specifically excluding, however, termination payments, fees, expenses and other amounts payable under an Integrated Swap Agreement not specifically made on the basis of interest rates.

"Interest Increment Amount" means, as of any particular date of computation and for any particular period or year, with respect to any Variable Rate Bonds the difference, if any, between the rate of interest per annum borne by Variable Rate Bonds in accordance with their terms as set forth in the Supplemental Resolution providing for the issuance thereof for all Holders other than a Financial Institution and the rate such Variable Rate Bonds bear when such Variable Rate Bond are held by a Financial Institution.

"Interest Payment Date" means, with respect to any particular Series of Bonds, any date on which interest is payable on such Series of Bonds as such date shall be established in the Supplemental Resolution providing for the issuance of such Series of Bonds.

"Investment Securities" means any of the following which at the time are legal investments under the laws of the State of New York for the moneys held hereunder then proposed to be invested therein: (i) direct general obligations of, or obligations the payment of the principal and interest of which are unconditionally guaranteed by the United States of America; (ii) obligations of any of the following which constitute the full faith and credit of the United States of America: Export-Import Bank, Farm Credit System Financial Assistance Corporation, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, and Federal Housing Administration; (iii) senior debt obligations rated "AAA" by Standard & Poor's Ratings Group and "Aaa" by Moody's Investors Service issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; (iv) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's Ratings Group and "P-1" by Moody's Investors Service and maturing not more than 360 days after the date of purchase; (v) commercial paper rated "A-1+" by Standard & Poor's Ratings Group and "P-1" by Moody's Investors Service at the time of purchase and which matures not more than 270 days after the date of purchase; (vi) investments in a money market fund rated "AAAm" or AAm-G" or better by Standard & Poor's Ratings Group; (vii) repurchase agreements collateralized by Direct Obligations of the U.S. Treasury or GNMA's, each at a collateral percentage of 103% or FNMA's or FHLMC's each at a collateral percentage of 104% with any registered Broker/Dealer (a "Broker/Dealer") or any commercial bank insured by the

FDIC (a "Bank"), if at the time of the investment such Broker/Dealer (or its parent) has long-term uninsured, unsecured and unguaranteed debt rated "A3" or better by Moody's Investors Service ("Moody's) or "A-" or better by Standard & Poor's Ratings Group ("S&P") or such Bank has long-term uninsured, unsecured and unguaranteed debt rated "Aa" or better by Moody's and "AA" or better by S&P, provided:

(a) a master repurchase agreement or specific written repurchase agreement governs the transaction; and

(b) the securities are held free and clear of any lien of this Resolution or of an independent third party acting solely as agent ("Agent) for the Authority or the Trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the Authority or the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Authority or the Trustee; and

(c) a security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Bondholders; and

(d) the Authority will be provided with a valuation for the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

(e) the Authority has the option of terminating the repurchase agreement in the event that the long-term debt ratings of the provider, are reduced below "Baa3" by Moody's and "BBB-" by S&P, respectively if such provider is a Broker/Dealer and below "A3 "by Moody's and "A-" by S&P if such provider is a Bank;

and (viii) investment agreements with:

(a) a Broker/Dealer (or its parent) which has long-term unsecured, uninsured and unguaranteed debt rated "A3" or better by Moody's or "A-" or better by S&P; provided, that such Broker/Dealer collateralizes the obligations under the investment agreement with securities described in paragraph (I) above meeting the requirements of subparagraphs b through d of paragraph (I) above; provided further, that such agreement shall include a provision to the effect that if the long-term rating of the Broker/Dealer (or its parent, where applicable) is downgraded below "Baa3" by Moody's and "BBB-" by S&P, the Authority shall have the option of terminating such agreement.

(b) a Bank which has a long-term unsecured, uninsured and unguaranteed debt rating "Aa" or better by Moody's and "AA" or better by S&P provided, that such Bank collateralizes the obligations under the investment agreement with securities described in paragraph (I) above meeting the requirements of subparagraphs (b) through (d) of the paragraph

(I) above; provided further that if such Bank's rating falls below "A3" by Moody's and "A-" by S&P, the Authority shall have the option to terminate such agreement.

(c) a corporation whose principal business is to enter into such investment agreements provided that such corporation has been assigned a "Aaa" counterparty rating by Moody's or S&P has rated the investment agreements of such corporation "AAA" provided further that if such counterparty rating is downgraded below "Aaa" by Moody's and the investment agreement of such corporation is downgraded below "AAA" by S&P the Authority shall have the option to terminate the agreement.

"Maximum Annual Debt Service" means the greatest amount of Debt Service payable on Bonds in the then current or any future Fiscal Year.

"Net Revenues" means (i) for any period or year which has concluded at the time a calculation was made, the aggregate of the Revenues minus for such past period or year the aggregate of the Operation and Maintenance Expenses; and (ii) for any future period or year the aggregate of the Revenues that is estimated for such future period or year, minus for such future period or year the aggregate of the estimated Operation and Maintenance Expenses in such future year or period.

"Operation and Maintenance Fund" means the separate special fund of the Authority created and established in Section 4.02 hereof and designated in that section as the "Albany County Airport Authority Operation and Maintenance Fund".

"Operation and Maintenance Expenses" means the reasonable and necessary expenses of the Authority paid or accrued under generally accepted accounting principles (or to be paid or accrued under generally accepted accounting principles) in administering, operating, maintaining, and repairing the Airport System. The term "Operation and Maintenance Expenses" shall include, without limitation, the following items:

- (a) costs of collecting Revenues and of making any refunds therefrom lawfully due others;
- (b) engineering, auditing, legal and other overhead expenses directly related to the administration, operation, maintenance, and repair of the Airport System;
- (c) costs of all or a portion of salaries, wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing with respect to officers and employees of or properly allocable to the Airport System;
- (d) costs of repairs, replacements, renewals and alterations occurring in the usual course of business of the Airport System;

(e) taxes, assessments and other governmental charges, or payments in lieu thereof, imposed on the Airport System or any part thereof or on the operation thereof or on the income therefrom or on any privilege in connection with the ownership or operation of the Airport System or otherwise imposed on the Airport System or the operation thereof or income therefrom;

(f) costs of utility services with respect to the Airport System;

(g) costs and expenses of general administrative overhead of the Authority allocable to the Airport System;

(h) costs of equipment, materials and supplies used in the ordinary course of business, including ordinary and current rentals of equipment or other property allocable to the Airport System;

(i) contractual services and professional services for the Airport System, including but not limited to, legal services, accounting services and services of financial consultants and airport consultants;

(j) costs of fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to the Airport System or Revenues or any other moneys held hereunder or required hereby to be held or deposited hereunder;

(k) costs of carrying out the provisions of this Resolution, including Paying Agents' fees and expenses, fees for remarketing Bonds and Support Facilities, costs of insurance required hereby, or a properly allocable share of any premium of any blanket policy pertaining to the Airport System or Revenues; and costs of recording, mailing and publication;

(l) all rent payable pursuant to Articles 3.6, 3.9 and 5.3 of the County-Authority Lease as of the date of delivery of the first Series of Bonds issued hereunder, and

(m) all other costs and expenses of administering, operating, maintaining and repairing the Airport System arising in the routine and normal course of business;

provided, however, that (A) for the purpose of Sections 2.02 and 5.02 hereof, the term "Operation and Maintenance Expenses" shall not include: (1) any allowance for depreciation or any amounts for capital replacements or reserves therefor; (2) costs of extensions, enlargements, betterments and improvements or reserves therefor; (3) reserves for operation, maintenance, renewals and repairs occurring in the normal course of business; (4) payment (including redemption) of Bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor; and (B) for all purposes of this Resolution, the term "Operation and Maintenance Expenses" shall not include any (i) operation and maintenance costs and expenses pertaining to (1) Special Facilities or expenses incurred by any lessee under a Special Facility

Agreement (defined in Article VIII hereof), (2) properties or facilities financed, operated, managed or otherwise controlled by the property management department of the Authority which are not included in the definition of Airport, (3) any Separate Improvement, or (4) lands and properties not a part of the Airport System leased for industrial, governmental or other non-aviation purposes, or (ii) payments under a Hedge Agreement.

"Outstanding" when used with respect to any Bond shall have the construction given to such word in Section 9.01 hereof, i.e., a Bond shall not be Outstanding hereunder if such Bond is at the time not deemed to be Outstanding hereunder by reason of the operation and effect of said Section 9.01.

For purposes of this Resolution, in the event any Bonds of a Series are issued and sold at a price such that a portion of or all of the interest thereon is intended to be earned by accrual of original issue discount, the amount of such Bonds deemed to be Outstanding for the purpose of calculating the principal amount of any such Bonds and the principal amount of Bonds Outstanding in connection with the exercise of any voting right or privilege, the giving of any consent or direction or the taking of any other action that the Holders of the Bonds are entitled to take pursuant to Articles VI and VII of this Resolution or otherwise, shall be the accreted value thereof. The accreted value of any such Bonds on any date shall be the present value thereof on the immediately preceding Interest Payment Date for such Series of Bonds (or if such date is an Interest Payment Date for such Series of Bonds, on such date) determined by computing the present worth of all payments of principal and interest remaining to be paid thereon using a discount factor equal to the yield at which such Bonds were initially offered to the public. Prior to the issuance and delivery of any Bonds of the character described in this paragraph, a certificate of the Authority shall be executed setting forth the accreted value thereof as of each Interest Payment Date for such Series of Bonds to the stated maturity date thereof, which certificate shall be conclusive in the absence of manifest error. Unless otherwise provided in the Supplemental Resolution providing for the issuance of a Series of Bonds, this paragraph shall apply only to issues with an original issue discount in excess of five percent (5%) of the par amount thereof.

"Paying Agent" means as to any Bond of a Series the Paying Agent or Paying Agents for the Bonds of such Series appointed in the Supplemental Resolution providing for the issuance of the Bonds of such Series.

"PFC Revenues" means the proceeds of any passenger facility or analogous charge or fee that may hereafter be levied which are received and retained by the Authority and any investment earnings thereon.

"Project Costs" means Project Costs as defined in Section 3.01 hereof.

"Rating Agency" means Standard & Poor's Corporation or Moody's Investors Service, Inc. or Fitch Investors Service, Inc. or any other nationally recognized rating agency, or their respective successors.

"Record Date" means, with respect to any particular Series of Bonds, the date designated as the Record Date for such Series of Bonds in the Supplemental Resolution authorizing the issuance thereof.

"Refunded Municipal Obligations" means non-callable obligations of any state, the District of Columbia or possession of the United States of America or any political subdivision thereof which obligations are rated in the highest rating category by Moody's Investors Service and Standard & Poor's Ratings Group and provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of direct obligations of the United States of America, which are held by a bank or trust company organized and existing under the laws of the United States of America or any state, the District of Columbia or possession thereof in the capacity as custodian, the maturing principal of and premium, if any, and interest on which obligations when due and payable shall be sufficient to pay when due the principal of and interest on such obligations of such state, the District of Columbia, possession, or political subdivision.

"Refunding Bonds" means Bonds issued pursuant to Section 2.04 hereof.

"Registrar" means with respect to a Series of Bonds, the Registrar appointed for such Series of Bonds by the Authority in the Supplemental Resolution providing for the issuance of the Bonds of such Series.

"Remarketing Agent" means with respect to a Series of Variable Rate Bonds the Remarketing Agent appointed by the Authority in the Supplemental Resolution providing for the issuance of the Bonds of such Series and serving as such under the Remarketing Agreement for such Series, including any successors or assigns.

"Remarketing Agreement" means with respect to any Series of Variable Rate Bonds the agreement entered into by the Authority with a Remarketing Agent which provides for the purchase and remarketing of such Variable Rate Bonds, as such agreement may be supplemented and amended from time to time.

"Renewal and Replacement Fund" means the separate special fund of the Authority created pursuant to Section 4.05 hereof and designated in that section as the "Albany County Airport Authority Renewal and Replacement Fund".

"Resolution" means this Resolution, as the same may be amended and supplemented from time to time, and, unless the context shall clearly indicate otherwise, shall include all Supplemental Resolutions.

"Revenue Bond Index" means the Revenue Bond Index of *The Bond Buyer* a publication in New York, New York, or any successor publication maintaining such Index or in the event *The Bond Buyer* or any successor publication does not maintain such Index, an equivalent index with the same components as the Revenue Bond Index.

"Revenue Fund" means the separate special fund of the Authority created and established in Section 4.01 hereof and designated in that section as the "Albany County Airport Authority Airport Revenue".

"Revenues" means the total of all income and revenue from all sources collected or accrued under generally accepted accounting principles by the Authority in connection with the Airport System, including (a) all rates, charges, rentals, fees and any other compensation, regardless of form, and investment income earned by the Authority, except as hereinafter provided to the contrary, (b) that amount on deposit from a prior Fiscal Year in the Development Fund which is transferred or credited by the Authority to the Revenue Fund, and (c) PFC Revenues, but only to the extent specifically included in Revenues as provided in Section 2.07(b)(ii) hereof.

The term "Revenues" shall not include:

- (i) proceeds from Bonds issued by the Authority or proceeds from loans obtained by the Authority;
- (ii) condemnation proceeds or insurance proceeds except insurance proceeds received from rental or business interruption insurance;
- (iii) all income and revenue collected and received by the Authority with respect to properties and facilities which are not included in the definition of Airport;
- (iv) revenues derived from any Special Facility (other than ground rents) including amounts which are assigned as security to liquidate indebtedness incurred to finance such Special Facility;
- (v) grants-in-aid or similar payments received from any federal or state entities or payments from any Federal or state entities that are restricted as to use.
- (vi) PFC Revenues;
- (vii) moneys or securities received by the Authority as gifts or grants;
- (viii) investment income derived from moneys or securities on deposit in the Construction Fund and Development Fund and investment income derived from any moneys or securities which may be placed in escrow or trust to defease bonds of the Authority, including the Bonds, or to meet the Authority's obligation under any consent decree;
- (ix) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the rulings and regulations promulgated thereunder;

(x) the proceeds of any Support Facility;

(xi) revenues from any Separate Improvement, including, but not limited to, payments under any contract or agreement with respect to such Separate Improvement.

"Separate Improvement" means Separate Improvement as defined in Section 8.02 hereof.

"Series" or **"Series of Bonds"** means any particular Series of Bonds issued pursuant to a Supplemental Resolution in accordance with Article VI hereof.

"Special Facility" means a hangar, overhaul, maintenance or repair building or shop, or other aviation or aerospace or airport or air navigation facility, including, without limitation, any hotel, garage or other building or facility incident or related to the Airport System.

"Supplemental Resolution" means any resolution adopted under and pursuant to Article VI hereof providing for the issuance of a Series of Bonds or amending or supplementing this Resolution as originally enacted or as theretofore amended and supplemented in accordance with said Article.

"Support Agreement" means any agreement entered into by the Authority which provides for a Support Facility, and any and all modifications, alterations, amendments and supplements thereto.

"Support Facility" means any instrument, contract or agreement entered into or obtained in connection with an issue of Variable Rate Bonds such as a letter of credit, a committed line of credit, insurance policy, surety bond or standby bond purchase agreement, or any combination of the foregoing, and issued by a bank or banks, other financial institution or institutions, or any combination of the foregoing, which Support Facility provides for the payment of (i) the purchase price equal to the principal of and accrued interest on Bonds delivered to the Remarketing Agent or any depository, tender agent or other party pursuant to a Remarketing Agreement or Supplemental Resolution and discount, if any, incurred in remarketing such Bonds, and/or (ii) principal of and interest on all Bonds becoming due and payable during the term thereof.

"Trustee" means Fleet National Bank, a national banking association, organized and existing under the laws of the United States and having its principal and corporate trust office in Hartford, Connecticut, in its capacity as Trustee under this Resolution, and its successors or assigns, and any successor as Trustee under this Resolution.

"Variable Rate Bonds" means any Bonds issued bearing interest at a rate or rates per annum subject to adjustment from time to time pursuant to the terms thereof and calculated in a manner which precludes the actual rate for the entire term of such debt from being ascertainable in advance. For the purposes of this definition, Bonds shall not be considered to

be Variable Rate Bonds upon the establishment or conversion of the rate of interest thereon to a fixed interest rate.

Whenever in this Resolution any governmental unit, or any board, officer, director or department of a governmental unit, including the Authority, is defined or referred to, such definition or reference shall be deemed to include the governmental unit or board, officer, agency, commission, body or department succeeding to or in whom or which is vested, the functions, rights, powers, duties and obligations of such governmental unit, board, officer, director or department, as the case may be, encompassed by this Resolution.

Unless the context shall clearly indicate otherwise, in this Resolution (i) words importing persons include firms, partnerships, associations, corporations (public and private), public bodies and natural persons, and also include executors, administrators, trustees, receivers or other representatives; and (ii) the terms "herein", "hereunder", "hereby", "hereto", "hereof", and any similar terms, refer to this Resolution as a whole and not to any particular section or subdivision hereof.

Unless the context shall clearly indicate otherwise, in this Resolution (not including in such term wherever used in this paragraph any Supplemental Resolution) (i) references to sections and other subdivisions, whether by number or letter or otherwise, are to the respective or corresponding sections and subdivisions of this Resolution, as such sections or subdivisions may be amended from time to time, (ii) the term "heretofore" means before the time of effectiveness of this Resolution; (iii) the term "now" means at the time of effectiveness of this Resolution; and (iv) the term "hereafter" means after the time of effectiveness of this Resolution.

Unless the facts shall then be otherwise, all computations required for the purposes of this Resolution shall be made on the assumptions that: (i) the principal of and interest on all Bonds shall be paid as and when the same become due; (ii) all credits required by any Supplemental Resolution to be made to the Term Bond Principal Account in the Bond Fund shall be made in the amounts and at the times required by such Supplemental Resolution; and (iii) all Bonds required by any Supplemental Resolution to be redeemed from moneys credited to the Term Bond Principal Account in the Bond Fund shall be redeemed on the respective dates and in the respective amounts on such dates as required by the provisions of such Supplemental Resolution.

ARTICLE II

AUTHORIZATION OF AIRPORT REVENUE BONDS

SECTION 2.01. *Authorization of Bonds; Source of Payment Thereof; Pledges to and Liens for Such Payment; Limited Obligations.* There is hereby established and created under this Resolution an issue of bonds (herein defined and referred to as the "Bonds") of the Authority, to be known and designated as "Airport Revenue Bonds". The Bonds may be issued

hereunder in Series from time to time as hereinafter provided in this Resolution, in order to accomplish any Airport Purpose. Subject to the provisions of Sections 2.02 and 2.03 hereof, the aggregate principal amount of Bonds which may be issued hereunder and secured hereby and be Outstanding at any time is not limited as to amount, except as may otherwise hereafter be provided by law. The Bonds, including principal thereof and interest and premium, if any, thereon, shall be payable *pari passu* from, and be equally and ratably secured by a pledge of and lien upon, and the Authority does hereby pledge, the Net Revenues of the Authority. The foregoing pledges and liens shall be valid, binding and perfected from the time of the delivery of and payment for the first Series of Bonds issued hereunder, and the moneys representing the Net Revenues shall thereupon be immediately subject to such pledge and lien upon receipt thereof by the Authority, the Trustee or a Paying Agent without any physical delivery or further act. The Bonds shall not in any manner or to any extent constitute or be a charge upon any moneys or property of the Authority not specifically pledged thereto by this Resolution. The Authority has no taxing power and its obligations are not debts of the State of New York or of any political subdivision of the State of New York, or of the United States of America. The Bonds will not constitute a pledge of the faith and credit of the State of New York or of any political subdivision thereof nor shall the Bonds be payable out of funds or properties other than those of the Authority herein set forth. The issuance of Bonds will not obligate the State of New York or any of its political subdivisions other than the Authority or the United States of America to levy or pledge the receipts from any form of taxation for the payment of the Bonds. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. This Resolution shall constitute a "Security Agreement" with respect to the property pledged hereunder which is within the purview of the New York Uniform Commercial Code.

The covenants and agreements herein set forth to be performed by the Authority shall be for the equal and proportionate benefit, security and protection of all Holders of the Bonds without preference, priority or distinction as to payment or security or otherwise of any of the Bonds over any of the others for any reason or cause whatsoever (except as to the maturity thereof or any mandatory redemption thereof or as may otherwise be expressly provided therein or herein), and all Bonds shall rank *pari passu* and shall be secured equally and ratably without discrimination or preference whatsoever.

The issuance of the Bonds may be authorized in one or more Series by a Supplemental Resolution or Supplemental Resolutions of the Authority adopted subsequent hereto. Each Supplemental Resolution authorizing the issuance of a Series of Bonds shall, in addition to the title "Airport Revenue Bonds" designate such Bonds by an appropriate Series designation and shall also specify: (a) the authorized principal amount of such Series of Bonds; (b) the purposes for which Bonds of such Series are being issued; (c) the date, maturity date or dates and the Interest Payment Dates of the Bonds of said Series with interest being payable on said Bonds at the times and in the manner provided in the Supplemental Resolution providing for the issuance thereof; (d) the interest rate or rates, or the manner of determining such rates; (e) the denominations and manner of numbering the Bonds of such Series; (f) whether such Bonds will be issued in coupon form with or without privilege of registration or in fully registered form or both; and the privileges, if any, of convertibility from one form to another;

and the place or places of such registration and conversion; (g) the redemption premium or premiums, and the redemption price or prices, if any, to be paid upon the redemption of the Bonds of such Series; the period or periods, if any, during which such premiums or prices shall be payable; and the terms and conditions, if any, of such redemption; (h) the purchase price or prices, if any, to be paid upon the tender of the Bonds of such Series; the period or periods, if any, during which such Bonds may be tendered; and the terms and conditions, if any, of such tender; (i) if any of the Bonds of said Series are issued in the form customarily known as "term bonds", the amount and due dates of each sinking fund installment payment for the Bonds of such Series (and the Term Bond Principal Account in the Bond Fund shall constitute such sinking fund, anything in such Supplemental Resolution to the contrary notwithstanding); the date or dates upon which and redemption price or prices at which the said Bonds may be redeemed from such installments; and the manner and procedure of applying such installments to the redemption of such Bonds; (j) the place or places of payment of such Bonds and interest thereon; (k) the provisions for the sale or other disposition of the Bonds of such Series and the use, application and investment, if any, of the proceeds of such sale or other disposition, and which use, application and investment shall not be inconsistent or in conflict with the provisions hereof, including any deposits to a construction interest account or the Bond Reserve Fund; (l) any other provisions which may be required to be inserted therein by other provisions of this Resolution; and (m) any other provision not inconsistent or in conflict with the provisions of this Resolution.

No Holder of a Bond shall be required to see that the moneys derived from such Bond are applied to the purpose or purposes for which the Bond is issued. The validity of the Bonds shall neither be dependent upon or affected by the validity or regularity of any proceedings or contracts relating to the acquisition, purchase, construction, reconstruction, restoration, addition, expansion, improvement, betterment, extension, renewal or replacement to the Airport System, nor by the use and application of the proceeds of the Bonds.

SECTION 2.02. *Authorization of First Series of Bonds and of Additional Bonds Hereunder.* For the purpose of paying Project Costs of additions, expansions and improvements to the Airport System, there is hereby authorized to be issued, and shall be issued, hereunder one or more Series of the Bonds in such aggregate principal amount or amounts as shall be set forth in the Supplemental Resolution providing for the issuance of such Bonds, to be adopted hereafter pursuant to and in accordance with the provisions of Section 2.01 hereof.

Subsequent to the issuance of the first Series of Bonds hereunder (which may be one or more Series delivered contemporaneously), the Authority may issue hereunder at one time or from time to time an additional Series of the Bonds (herein defined and referred to as "Additional Bonds") for any Airport Purpose by means of a Supplemental Resolution or Supplemental Resolutions, adopted pursuant to and in accordance with the provisions of Section 2.01 hereof, but only upon compliance with the following conditions:

- (1) The Designated Financial Officer shall have found and determined that no Event of Default (as defined in Section 7.01 hereof) exists hereunder.

(2) Either (i) the Designated Financial Officer shall have certified that, based on the latest available audited financial statements of the Authority, the Net Revenues for that Fiscal Year as derived from said audited financial statements shall have equaled not less than one hundred twenty-five percent (125%) of Maximum Annual Debt Service on all Bonds Outstanding and the Bonds of the Series then proposed to be issued; or (ii) an Airport Consultant shall have certified that estimated Net Revenues to be derived in each of the three full Fiscal Years following the Fiscal Year in which (a) the Authority estimates a substantial portion of the project or projects, the Project Costs of which are to be financed by the issuance of such Additional Bonds, will be placed in continuous service or in commercial operation or amounts on deposit in the Construction Interest Account with respect to such project or projects are fully expended, whichever is later, or (b) Bonds which are not issued to fund Project Costs or Refunding Bonds are issued, shall equal not less than the greater of one hundred twenty-five percent (125%) of the Debt Service on all Bonds to be Outstanding upon the issuance of such Additional Bonds and including such Additional Bonds and one hundred percent (100%) of all claims, charges or obligations to be payable from Net Revenues.

The Supplemental Resolution authorizing the issuance of such Series of Additional Bonds shall provide for the disposition of the proceeds thereof.

SECTION 2.03. *Completion Bonds.* Without complying with the preceding provisions of Section 2.02(2), the Authority may at any time and from time to time issue in accordance with the provisions of this section one or more Series of Additional Bonds hereunder by means of a Supplemental Resolution adopted pursuant to and in accordance with the provisions of Section 2.01 hereof, for the purpose of completing any project specified and described in such Supplemental Resolution and for which Bonds have been previously issued, in an amount not to exceed 15% of the principal amount of the initial Series of Bonds issued to finance such project.

SECTION 2.04. *Refunding Bonds.* The Authority may at any time and from time to time issue one or more Series of Bonds (herein defined and referred to as "Refunding Bonds") hereunder by means of a Supplemental Resolution adopted pursuant to and in accordance with the provisions of Section 2.01 hereof upon compliance with the provisions of Section 2.02; *provided* the Authority need not comply with the provisions of Section 2.02 with respect to Refunding Bonds issued for the purpose of refunding at any time only part of the Bonds, *provided* that the aggregate Debt Service on the Refunding Bonds shall not be greater than the aggregate Debt Service on the Bonds refunded. For the purposes of this section the Authority may treat an issue of Variable Rate Bonds as Bonds bearing (i) the Revenue Bond Index or (ii) a fixed rate of interest if, and for such period as, the Authority has entered into an Integrated Swap Agreement pursuant to which the Authority has agreed to pay a fixed rate of interest to a counterparty and such counterparty has agreed to pay in full Authority's variable rate of interest on the Variable Rate Bonds.

Bonds of any one or more Series may be refunded by the same Series of Refunding Bonds, which Bonds to be refunded shall be specified in the Supplemental Resolution

authorizing the Refunding Bonds, and the principal amount of such Refunding Bonds may include amounts necessary to pay the principal of the Bonds to be refunded, interest thereon to the date of redemption thereof, any premium payable thereon upon such redemption. The proceeds of the Refunding Bonds shall be held and applied in such manner, consistent with the provisions of Section 9.01 hereof with respect to Bonds being refunded as is provided in the Supplemental Resolution authorizing such Refunding Bonds, so that upon the delivery of such Refunding Bonds the Bonds to be refunded thereby shall no longer be deemed to be Outstanding hereunder in accordance with the provisions of said Section 9.01.

The provisions of this section shall not be applicable to the refunding at one time of all the Bonds then Outstanding.

SECTION 2.05. *Subordinate Lien and Other Obligations.* Nothing contained in this Resolution shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Authority from issuing bonds, notes, certificates, warrants or other evidences of indebtedness for any corporate use or purpose of the Authority relating to the Airport System payable as to principal and interest from the Net Revenues subject and subordinate, and secured by a lien and pledge on the Net Revenues junior and inferior, to the lien on and pledge of the Net Revenues herein created for the payment and security of the Bonds.

Nothing contained in this Resolution shall prevent the Authority from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness, other than Bonds, for the purpose of providing proceeds to finance any Airport Purpose payable from and secured by a pledge of and lien on those revenues, proceeds, grants or other sources specifically excluded from the definition of Revenues and all income or revenues derived with respect to any Airport Purpose so financed shall constitute Revenues and be paid into the Revenue Fund. Nothing described in this paragraph shall be deemed to preclude the Authority from financing any Separate Improvement pursuant to Section 8.02 hereof.

SECTION 2.06. *Variable Rate Bonds.* Nothing in this Resolution shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Authority from issuing Variable Rate Bonds. The Supplemental Resolution or Resolutions providing for the issuance of such Variable Rate Bonds may provide for the Authority to obtain Support Facilities or alternate Support Facilities and enter into Support Agreements in connection therewith, enter into Remarketing Agreements and appoint Remarketing Agents in accordance with standards specified in the Supplemental Resolution, provide for interest to be payable or redetermined on such dates and to accrue over such periods as set forth in such Supplemental Resolution, provide for the determination or establishment of rates of interest based on determinations of a Remarketing Agent, market auction procedures or the establishment, use, composition, adjustment and change of interest indices or the establishment and use of alternate interest indices or the establishment of a fixed interest rate or rates, provide for an Interest Increment Amount, provide for the establishment of special funds and accounts in connection with the issuance of such Variable Rate Bonds, provide for special redemption or purchase provisions for such Variable Rate Bonds and establish notice provisions in connection with the purchase, redemption, delivery or tender of such Variable Rate Bonds.

SECTION 2.07. Passenger Facility Charges. (a) Notwithstanding anything herein to the contrary, the Authority may by Supplemental Resolution, upon complying with the applicable provisions of Section 2.02 hereof (i) grant as additional security a pledge of and lien on, and a security interest for the benefit of Bondholders in, all or a portion of the PFC Revenues to a particular Series of Bonds (hereinafter referred to as the "PFC Bonds") issued hereunder, and (ii) provide that, upon compliance with such terms and provisions as may be set forth in the Supplemental Resolution providing for the issuance thereof, such Series of PFC Bonds shall be secured solely by a pledge of and lien on such PFC Revenues. In the event the Supplemental Resolution providing for the issuance of a Series of PFC Bonds also contains provisions as set forth in (a)(ii), the Authority shall set forth in a separate resolution (hereinafter referred to as a "PFC Resolution") adopted prior to the time such Series of PFC Bonds is issued the terms and provisions of which shall apply to such Series of PFC Bonds at such time as such Bonds are no longer secured by the Net Revenues.

(b) In the event the Authority issues a Series of PFC Bonds, the following provisions shall apply so long as such Series of PFC Bonds are Outstanding hereunder:

(i) PFC Revenues shall be segregated in a separate account in the Revenue Fund (hereinafter referred to as the "Segregated Account") and shall be disbursed solely to the accounts and in the order of priority as set forth below and, to the extent any PFC Revenues remain in such Segregated Account at the end of a Fiscal Year, may be transferred to and deposited in a separate fund or account established under the PFC Resolution and may be applied to any lawful purpose:

(1) an interest account in the Bond Fund in which shall be deposited PFC Revenues necessary to pay interest on such Series of PFC Bonds.

(2) a principal account in the Bond Fund in which shall be deposited PFC Revenues necessary to pay principal of such Series of PFC Bonds.

(3) an account in the Bond Reserve Fund in which shall be deposited PFC Revenues necessary to maintain such account in amount established in the Supplemental Resolution providing for the issuance of such Series of PFC Bonds.

(ii) The PFC Revenues shall be treated as Revenues for the purposes of meeting the Authority's obligations under Section 4.01 (subject, however, to the provisions of (i) above), Section 2.02 and Section 5.02 hereof with respect to PFC Bonds; *provided* the PFC Revenues shall not constitute Revenues with respect to any other Series of Bonds for the purposes of said Sections 4.01(b), 2.02 and 5.02.

(iii) PFC Revenues consisting of investment earnings shall be deposited in the Revenue Fund, credited to the Segregated Account and applied in the same manner as all other PFC Revenues on deposit therein. Investment earnings on the proceeds of a Series of PFC Bonds issued in accordance with this Section 2.07 (a) on deposit in the Construction Fund shall be retained therein and applied to the same purposes as the

proceeds of such Series of PFC Bonds and after completion of any project financed with said Series of PFC Bonds shall be deposited in the Revenue Fund for credit to the Segregated Account, (b) on deposit in an account in the Bond Reserve Fund shall be deposited in the Revenue Fund for credit to the Segregated Account. All excess proceeds of any Series of PFC Bonds issued in accordance with this Section 2.07, whether in the Construction Fund or the Bond Reserve Fund, shall be deposited in the Revenue Fund for credit to the Segregated Account.

(iv) To the extent there is any deficiency in any account referred to in (b)(i) above, PFC Revenues credited to the Segregated Account shall be applied to make up any such deficiency in any such account, and in the event PFC Revenues credited to the Segregated Account are insufficient to make up such deficiency, Net Revenues shall be credited to said account in an amount necessary, together with the PFC Revenues on deposit therein, to make up such deficiency. To the extent Net Revenues are credited to any account to make up any deficiency and PFC Revenues subsequently become available prior to the expenditure of such Net Revenues, such Net Revenues shall be immediately restored to the Revenue Fund.

(c) At such time as such Series of PFC Bonds is no longer secured by the Net Revenues, such PFC Bonds shall be deemed to be no longer Outstanding hereunder and shall be outstanding solely for the purpose of the PFC Resolution. Any PFC Revenues on credit to the Segregated Account and proceeds of the Series of PFC Bonds, whether on deposit in the Construction Fund or Bond Reserve Fund, held hereunder shall be transferred to and applied in the manner provided in the PFC Resolution.

SECTION 2.08. *Hedge, Support and Other Financial Agreements.* Nothing in this Resolution shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Authority from entering into Hedge Agreements, Support Agreements or other financial agreements under which payments (including but not limited to, fees, charges, expenses but excluding any termination, indemnification or other payments intended to pay any person for loss of benefits under such agreement) are payable from Net Revenues and secured by a lien on and pledge of Net Revenues on a parity with the lien on and pledge of the Net Revenues created for the payment and security of the Bonds; *provided* such payments shall meet the requirements of Section 2.02 hereof; and *provided, further*, that Integrated Swap Agreement Payments shall be treated as payment of interest on Bonds. In the event any such payments, other than payments constituting principal of, premium, if any, and interest on, Bonds, shall be secured by a lien on and pledge of Net Revenues on a parity with the lien on and pledge of the Net Revenues created for the payment and security of the Bonds, a separate account shall be established in the Bond Fund for the payment thereof and payments to such account shall be made ratably from Net Revenues at the time Net Revenues are disbursed to the other accounts in the Bond Fund pursuant to Section 4.03 hereof. For the purposes of Sections 2.02, 5.02, and for any other provision of this Resolution as otherwise appropriate, any obligation to make payments which are payable from Net Revenues and secured by a lien on and pledge of Net Revenues on a parity with the lien on and pledge of the Net Revenues created for the payment and security of the

Bonds as provided in this Section 2.08 shall be deemed and treated as a "Bond" under this Resolution.

SECTION 2.09. *Medium of Payment of Principal, Interest and Premium of Bonds; Interest on Bonds; Cancellation and Destruction of Bonds.* The Bonds shall be payable as to interest, principal and premium, if any, in any coin or currency of the United States of America which at the time of payment thereof is legal tender for public and private debts. The principal of and premium, if any, on any Bond shall be payable upon maturity or redemption to the Holder thereof upon surrender thereof at the principal office of the Authority, or the Paying Agent appointed therefor, as determined in the Supplemental Resolution authorizing such Bond. The interest on any Bond when due and payable shall be paid to the Holder by check or draft mailed to the Holder thereof at his address as shown on the books of registry maintained pursuant to Section 2.11 hereof; *provided* that with respect to any particular Series of Bonds, the Supplemental Resolution authorizing the issuance of such Series of Bonds, may provide alternative methods or procedures for the payment of interest.

All Bonds upon the payment thereof at maturity or upon redemption shall, as directed by the Authority, either be cancelled by a Paying Agent therefor and such cancelled Bonds and a certificate evidencing such cancellation transmitted to the Authority or be destroyed by a Paying Agent therefor and a certificate evidencing such destruction transmitted to the Authority.

SECTION 2.10. *Redemption or Purchase of Bonds.* The Bonds of a Series may be subject to purchase or redemption at the option of the Authority or the Holders thereof and mandatory purchase and redemption prior to the stated maturity thereof, upon such terms and conditions and at such dates and redemption prices or premiums or purchase price as shall be set forth in the Supplemental Resolution authorizing the issuance of such Series of Bonds. Unless or except as may otherwise be provided in the Supplemental Resolution providing for the issuance of such Bonds:

(1) Notice of redemption of Bonds shall state: the designation, date and maturities of the Bonds called for redemption; the redemption premium, if any, payable upon such redemption; the date of redemption; if less than all the Bonds then Outstanding of the Series of Bonds of which the Bonds called for redemption are a part are called for redemption, the numbers of the Bonds called for redemption; that the interest on the Bonds, or on the principal amount thereof to be redeemed, designated for redemption in such notice shall cease to accrue and be payable from and after such redemption date; and that on said redemption date there will become due and payable on each said Bond the principal amount thereof to be redeemed, the then applicable redemption premium, if any, and the interest accrued on such principal amount to the redemption date.

(2) Each notice of redemption mailed to the Holder of a Bond to be redeemed shall, if less than the entire principal sum thereof is to be redeemed, also state the principal amount thereof to be redeemed and that such Bond must be surrendered in exchange for the payment of the principal amount thereof to be redeemed and the

issuance of a new Bond equalling in principal amount that portion of the principal sum, if any, not to be redeemed of the Bond to be surrendered.

(3) Notice of the redemption thereof shall be mailed not less than thirty (30) days prior to the redemption date, by registered or certified mail, to the Holder of such Bond at his address as it appears on the registration books.

(4) The Authority, at any time it shall call Bonds for redemption, shall mail a copy of the notice of redemption of the Bonds so called to the Registrar referred to in Section 2.11 hereof (if a Paying Agent) for each Series of Bonds of which such Bonds are a part at least forty-five days prior to the redemption date, or such shorter time as shall be acceptable to it.

(5) The Authority shall give notice of all redemption of Bonds, or shall cause such notice to be given in its name and on its behalf, and shall promptly notify the respective Paying Agents for the Bonds of the Series of Bonds called for redemption as to any redemption of the Bonds of such Series and as to the numbers of the Bonds called for redemption.

(6) Bonds subject to mandatory sinking fund redemption shall be selected by lot. Whenever provision is made for the selection by lot of Bonds to be redeemed, the particular Bonds to be redeemed shall be selected from among the Bonds then subject to redemption and selection by lot for such redemption, such selection to be made by the Authority in any manner which it deems fair.

(7) In the event that part only of the principal sum of a Bond shall be called for redemption or prepaid, payment of the amount to be redeemed or prepaid shall be made only upon surrender of such Bond. Upon surrender of such Bond, the Authority shall execute and deliver, or cause to be delivered, to the registered owner thereof, at the expense of the Authority, a new duly executed Bond or Bonds of authorized principal sums equal in aggregate principal amount to, and of the same Series, maturity and interest rate as, the unredeemed portion of the Bond surrendered.

If a Bond is subject by its terms to prior redemption and has been duly called for redemption and notice of the redemption thereof has been duly given as aforesaid and moneys for the payment of the principal amount thereof to be redeemed, the applicable redemption premium, if any, which is payable upon such redemption and the interest to accrue on such principal amount to the redemption date, are held for the purpose of such payment by a Paying Agent for the Series of Bonds of which such Bond is one, then on the redemption date designated in such notice, such Bond (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable at the principal amount to be redeemed and the applicable redemption premium, if any, thereon; interest on said Bond (or the principal amount thereof to be redeemed) so called for redemption shall cease to accrue.

Any notice of optional redemption may state that such redemption may be conditional upon the receipt by the Paying Agent for the Bonds proposed to be redeemed on the date fixed for redemption of moneys sufficient to pay in full the redemption price of the Bonds proposed to be redeemed. If the notice contains such condition, and moneys sufficient to pay in full the redemption price of the Bonds proposed to be redeemed shall not be received on or prior to the date fixed for redemption, such notice of redemption shall be null and void and of no force and effect, the Authority shall not redeem or be obligated to redeem any Bonds, and the Paying Agent at the Authority's direction shall give notice, in the same manner as notice of redemption is given, that moneys sufficient to pay in full the redemption price of the Bonds proposed to be redeemed were not received on or prior to the date fixed for redemption and such redemption did not occur. In the event of the failure to redeem, all Bonds surrendered for redemption shall be promptly returned to the registered Holder by the State or the Paying Agent for the Bonds.

With respect to Bonds subject to mandatory or optional purchase, provisions relating to notice, the effect of purchase and other matters relating to any Bonds shall be provided in the Supplemental Resolution providing for the issuance thereof.

All Bonds surrendered or redeemed pursuant to the provisions of this section, shall be cancelled.

The Authority may assign any duties imposed upon it by this section with respect to any Bond to a Paying Agent for the Series of Bonds of which such Bond is one or to the Trustee. In the event of such an assignment of the duties imposed upon the Authority by paragraph (6) above, the selection by lot of Bonds to be redeemed shall be made in any manner deemed fair by the Paying Agent to which such duty is assigned or the Trustee.

SECTION 2.11. *Registration, Transfer, Exchange and Ownership of Bonds.* The Authority will keep at its principal office, or will cause a Paying Agent for the Series of Bonds of which such Bond is one to keep at its principal office, sufficient books for the registration and transfer of the Bonds (the Authority or such Paying Agent, as the case may be, keeping such books being hereinafter referred to as the "Registrar"). The Authority may designate a Co-Registrar for a particular Series of Bonds in the Supplemental Resolution providing for the issuance thereof and, in such event such Co-Registrar shall perform all of the functions and duties of the Registrar provided in this Resolution and such Supplemental Resolution. Such books, if not kept by the Authority itself, shall at all times be open to inspection by the Authority. The Registrar, upon presentation to it for such purpose shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, as hereinafter set forth, Bonds for which it serves as such Registrar.

Unless or except as may otherwise be provided in the Supplemental Resolution providing for the issuance of a Series of Bonds, any Bond may, in accordance with its terms, be transferred upon the books of registry required pursuant to the provisions of this section to be kept therefor, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond, accompanied by delivery of a written

instrument of transfer duly executed and in form satisfactory to the Registrar therefor. Whenever any Bond shall be surrendered for transfer, the Authority shall execute, and the Registrar therefor shall deliver or cause to be delivered, a new duly executed Bond or Bonds, of the same Series, interest rate and maturity and for a like aggregate principal sum. Unless or except as may otherwise be provided in the Supplemental Resolution providing for the issuance of such Bond, the Registrar may charge a sum not exceeding the actual cost thereof for each new Bond delivered upon any such transfer and shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charges required to be paid with respect to such transfer. Unless otherwise provided in the Supplemental Resolution providing for the issuance of such Series of Bonds, no transfer of a Bond shall be required to be made after the Record Date, nor during the forty-five (45) days next preceding the date fixed for redemption of Bonds of the Series of which such Bond is a part.

Unless otherwise provided in the Supplemental Resolution providing for the issuance of such Series of Bonds, any Bond may be exchanged at the principal office of the Registrar therefor for a like aggregate principal amount of Bonds in authorized principal sums of the same Series, interest rate and maturity (or for a like aggregate principal amount of Bonds in other authorized principal sums of the same Series, interest rate and maturity), and the Authority shall execute the Bond or Bonds to be delivered upon such exchange and the Registrar shall deliver the Bond or Bonds to be delivered upon such exchange. Unless or except as may otherwise be provided in the Supplemental Resolution providing for the issuance of such Bonds, the Registrar may charge a sum not exceeding the actual cost thereof for each new Bond delivered upon any exchange (except in the case of an exchange of temporary Bonds for definitive Bonds, the first exchange of a Bond and such other free exchanges of Bonds as may be provided in the Supplemental Resolution providing for their issuance, all of which exchanges shall be at the expense of the Authority). The Registrar shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charges required to be paid with respect to such exchange. Unless otherwise provided in the Supplemental Resolution providing for the issuance of a Series of Bonds, no such exchange shall be required to be made after the Record Date, nor during the forty-five (45) days next preceding the date fixed for redemption of Bonds of the Series of which such Bond is a part.

All Bonds surrendered pursuant to this section shall be cancelled.

If so requested by the Holder of a Bond, any Registrar in lieu of delivering such Bond to such Holder as above provided, may mail the same to such Holder at his risk and expense.

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

whose name any Bond shall at the time be registered on said books of registry, shall be valid and effectual fully to satisfy and discharge all liability of the Authority and any Paying Agent upon such Bond to the extent of the sum or sums so paid.

SECTION 2.12. *Execution and Authentication of Bonds.* The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of the Chairman or Vice Chairman of the Authority and the seal of the Authority (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Secretary of the Authority, or in such other manner as may be required or permitted by law. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Registrar therefor, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the Authority by such persons as at the time of the execution of such Bonds shall be duly authorized or hold the proper office in the Authority, although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

Unless and except as otherwise provided in a Supplemental Resolution providing for the issuance of a Series of Bonds, the Bonds of each Series shall bear thereon a certificate of authentication in such form as provided in the Supplemental Resolution providing for the issuance of such Series of Bonds and executed manually by an authorized officer of the Registrar therefor as registration agent for the Authority. Unless and except as otherwise provided in a Supplemental Resolution providing for the issuance of a Series of Bonds, only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by an authorized officer of the Registrar therefor. Any such certificate of the Registrar therefor upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Resolution and the Holder of such Bond is entitled to the benefits and security of this Resolution.

In the event the Authority is acting as Paying Agent and Registrar for a Series of Bonds no authentication of Bonds of such Series shall be required.

SECTION 2.13. *Mutilated, Lost, Stolen or Destroyed Bonds.* In the event any Bond is mutilated, lost, stolen or destroyed, the Authority may execute and the Registrar therefor authenticate and deliver a new Bond of like Series, date, tenor, maturity and denomination as the Bond mutilated, lost, stolen or destroyed, provided that, in all cases there shall be first furnished to the Authority and the Registrar for such Series of Bonds indemnity and evidence of ownership of such Bond satisfactory to each of them, and in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Authority or Registrar for the Series of which such Bond is one, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Authority and the Registrar for such Series of Bonds evidence

of such loss, theft or destruction satisfactory to each of them. In the event any such mutilated, lost, stolen or destroyed Bond shall have matured, or would have matured within sixty (60) days, or has been called for redemption and the redemption date has arrived or will arrive within sixty days, instead of issuing a substitute Bond the Authority upon being furnished with indemnity and evidence of mutilation, loss, theft or destruction, as aforesaid, may pay or direct the Paying Agent for such Series of Bonds to pay the same without surrender thereof. The Authority may charge the owner of such Bond with its reasonable fees and expenses in this connection. Any Bond issued under the provisions of this section shall be equally and proportionately entitled in accordance with its terms to the security and benefits of this Resolution with the Bonds then Outstanding of the Series of Bonds of which such mutilated, lost, stolen or destroyed Bond was one. All mutilated Bonds surrendered pursuant to this section shall be cancelled.

SECTION 2.14. *Temporary Bonds.* Until the definitive Bonds of any Series are prepared, the Authority may execute, and, upon the request of the Authority, the Registrar therefor shall authenticate and deliver, in lieu of definitive Bonds but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds, the Registrar therefor shall authenticate and, without charge to the Holder of such Bond, deliver in exchange therefor definitive Bonds of the same Series, date, tenor, aggregate principal amount and maturity as the temporary Bonds surrendered. Until so exchanged each temporary Bond shall in all respects be equally and proportionately entitled in accordance with its terms to the same benefits and security of this Resolution as definitive Bonds authenticated and issued pursuant to this Resolution.

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

SECTION 2.15. *Book Entry.* The Authority may provide in the Supplemental Resolution providing for the issuance of a particular Series of Bonds that such Series shall be in book entry form and setting forth the terms and conditions in connection therewith. In the event that a Series of Bonds is issued in book-entry form the Authority may act as Paying Agent and Registrar in accordance with the provisions hereof and as determined in the Supplemental Resolution providing for the issuance of such Series of Bonds.

Notwithstanding anything herein to the contrary, the Authority or the Trustee shall not be required to treat any depository or its nominee as the registered owner of a Series of Bonds for purposes of this Resolution in connection with the exercise of any voting right or privilege, the giving of any consent or direction or the taking of any other action that the Holders of the Bonds are entitled to take pursuant to Articles VI and VII hereof or otherwise, or the exercise of Bondholder remedies pursuant to Article VII hereof unless such depository or nominee presents evidence reasonably acceptable to the Authority or the Trustee that such depository or nominee has obtained the requisite consents, directions or approvals with respect

to any act or direction to be taken or given by a Bondholder hereunder from the requisite beneficial owners of such Series of Bonds.

ARTICLE III

CONSTRUCTION FUND AND OTHER FUNDS

SECTION 3.01. *Construction Fund and Accounts Therein.* There is hereby created and established hereunder a separate special fund of the Authority, which fund shall be held and administered by the Authority hereunder and be designated the "Albany County Airport Authority Construction Fund" (herein defined and referred to as the "Construction Fund"). There shall be created such accounts in the Construction Fund as shall be necessary to comply with the provisions hereof.

There shall be deposited in the Construction Fund that amount of the proceeds of the first Series of Bonds issued hereunder which, pursuant to the provisions of the Supplemental Resolution providing for the issuance of such Bonds, are to be used and applied to the payment of Project Costs of additions, expansions and improvements to the Airport System. Of such amount so deposited, there shall be credited to the construction interest account or accounts, the amount of interest on such Series of Bonds, if any, to be provided from the proceeds of such Series of Bonds as is specified in the Supplemental Resolution providing for the issuance thereof, and the remainder shall be credited to a construction account or accounts.

In the event of the issuance of a Series of Additional Bonds hereunder for the purposes of paying Project Costs of additions, expansions and improvements to the Airport System, the Authority shall in the Supplemental Resolution providing for the issuance of such Series of Additional Bonds create a construction account or accounts in the Construction Fund from which such Project Costs shall be paid, and shall provide for a credit to such account of that amount of the proceeds of such Series of Additional Bonds which are to be applied to the payment of such Project Costs. In the event that the interest on such Series of Additional Bonds is to be provided from the proceeds of such Bonds, the Authority in the Supplemental Resolution providing for the issuance of such Series of Additional Bonds shall specify the amount of such proceeds to be applied to the payment of such interest or the formula for determining such amount, and shall establish a construction interest account or accounts in the Construction Fund, to which shall be credited the amount of the proceeds so specified.

The moneys on deposit from time to time in a construction account or construction interest account in the Construction Fund shall be held under and subject to this Resolution; shall be subject to a lien and pledge for the security and benefit of the Holders of the Series of Bonds for which such accounts were created; and shall be used and applied solely to the payment of Project Costs of additions, expansions and improvements to the Airport System, in accordance with the remaining provisions of this section.

For the purpose of this Resolution: (i) the word "construction" shall include acquisition, construction, reconstruction, purchase, establishment, development, expansion, remodeling, renovating, adding to or improving; (ii) the word "acquisition" shall include the remodeling or renovation of buildings and facilities acquired; and (iii) the term "Project Costs" shall include any and all of the following pertaining to the construction (as above defined) of properties included or to be included in the Airport System:

- (a) the cost of acquiring any building or facility and the site thereof;
- (b) costs of acquiring such land, rights, rights of way, leases, easements or other interest in land or other properties (real, personal or mixed) as may be deemed necessary or convenient by the Authority for the construction or operation of the Airport System, including costs of options and partial payments, escrow deposits, preliminary and final awards or judgments and settlements or compromises, with respect to the foregoing; costs of reclaiming land; costs of dredging or filling incurred in the creation of land; and site preparation, including the costs of demolishing, removing or relocating any building or facility and the costs of any lands to which such building or facility may be removed or relocated;
- (c) costs of acquiring any rights, interests or franchises deemed necessary or convenient by the Authority for the construction or operation of the Airport System;
- (d) costs of labor, services, material, supplies, machinery, equipment and apparatus, including payments to contractors, builders and materialmen in connection therewith, and of restoration of property damaged or destroyed in connection with construction work;
- (e) costs of installation of utility services or connections thereto or relocation thereof;
- (f) costs and expenses of all preliminary work necessary or incidental to construction;
- (g) costs and expenses of planning, engineering and other studies, architectural drawings, surveys, tests and specifications, whether preliminary or otherwise; and costs of other engineering and architectural and other consulting services;
- (h) costs of supervision and inspection;
- (i) costs of builders' risk or other insurance on the buildings and facilities being constructed, or a reasonably allocated share thereof;
- (j) costs of indemnity and fidelity bonds and expenses of administration properly chargeable to such construction;

(k) costs and expenses of financing, including Trustee's, Paying Agents' and Remarketing Agent's fees and expenses during such period, if any, as shall be determined by the Authority; and costs incurred in issuing the Bonds, including bond insurance premiums, printing, engraving and advertising; and other similar costs;

(l) costs of the initial furnishings of any building or structure;

(m) costs of publication, advertising, filing and recording;

(n) taxes and assessments;

(o) expenses incurred in enforcing any remedy against a contractor or subcontractor in respect of any default;

(p) costs of estimates of costs and economic feasibility reports whether preliminary or otherwise; fees, costs and expenses of appraising, printing, advice, accounting and fiscal services, airport consultants, financial consultants, attorneys (including bond counsel), clerical help and other independent contractors, agents and employees;

(q) the payment and discharge of the principal of and interest and premium, if any, on any interim or temporary construction financing or loans, including the reimbursement to the Authority of moneys advanced for such construction from other funds;

(r) if and to the extent (i) permitted by law and (ii) determined by the Authority, interest on the Bonds issued to finance the construction of any project during the estimated period of construction and for one year after the completion thereof;

(s) salaries of Authority personnel, overhead and other costs properly chargeable to a project; and

(t) any and all other costs and expenses necessary or desirable and pertaining or incident to construction of any project, as estimated or otherwise ascertained by the Authority.

Withdrawals of moneys on deposit in the Construction Fund (but not including moneys on credit to a construction interest account therein) shall be made only in accordance with applicable law and upon a written requisition for such payment signed by the Designated Financial Officer and, in the case of clauses (d), (e), (f), (g), (h), of the preceding paragraph of this section, by the engineer or architect (who may be an engineer or architect in the employ of the Authority), if any, supervising the construction of the project to which such requisition pertains stating (provided that the engineer or architect need not certify as to (v) below):

(i) the amount to be paid and the name of the person to whom payment is due;

(ii) that an obligation in the stated amount has been incurred by the Authority and has not theretofore been paid;

(iii) that the payment of such amount is a proper charge against a specified construction account and specifying the purpose and circumstances of such obligation in reasonable detail, accompanied by a bill or statement of account for such obligation;

(iv) that the signers have no notice of any vendor's, mechanic's or other liens or rights to liens, or conditional sales contracts, or other contracts or obligations, which have not been released or will not be released simultaneously with such payment and which should be satisfied or discharged before such payment is made;

(v) with respect to Bonds the interest on which is excludable from gross income for federal income tax purposes, that of the total amount of the proceeds of the Bonds theretofore applied and the amount then being requisitioned, no less than ninety-five percent (95%) has been or will be expended as of the date of such requisition for the qualified cost of the Airport within the meaning of Section 142(a)(1) of the Internal Revenue Code of 1986, as amended;

(vi) that such requisition contains no item representing payment on account of any retained percentages which the Authority is, as of the date of such requisition, entitled to retain; and

(vii) with respect to any such requisition for payment for labor, services, materials, supplies, furnishings, apparatus or equipment, that such labor or services were actually performed or such materials, supplies, furnishings, apparatus or equipment were actually used in or about the construction of the project or delivered at the site thereof for such purpose, or delivered for storage or fabrication at a place or places approved by the signers and under the control of the Authority, or if not so used or delivered, that an advance payment therefor is required by the supplier thereof.

Moneys in the Construction Fund on credit to a construction interest account therein established with respect to a particular Series of Bonds shall be applied by the Authority as follows: on each Interest Payment Date until the moneys in such construction interest account are exhausted, there shall be withdrawn from such construction interest account moneys, together with accrued interest received upon the sale of the Series of Bonds with respect to which such construction interest account was established, equal to the amount of interest to become due on the next ensuing Interest Payment Date on such Series of Bonds. The moneys so withdrawn from such construction interest account shall be deposited in the Bond Fund for credit to the Interest Account established for such Series of Bonds.

Moneys on deposit to the Construction Fund and credited to a construction account therein established with respect to a particular Series of Bonds shall be invested and reinvested to the extent reasonable and practicable in Investment Securities maturing in such amounts and at such times as is anticipated by the Authority will provide moneys required to pay the Project Costs to be satisfied from such account. Moneys on deposit in the Construction Fund and credited to a construction interest account shall be invested and reinvested to the extent reasonable and practicable in Investment Securities maturing in such amounts and at such times so that the transfers required by the preceding paragraph to be made therefrom can be made when due. The interest and income derived from all such investments shall be credited to the account from which such investment is made, to be used and applied in the same manner as are the other moneys credited to such account.

The annual audit to be made pursuant to Section 5.13 hereof shall include the Construction Fund, and shall show all receipts of such Fund and each account therein, the investments held therein and the disbursements and withdrawals therefrom.

Until used and applied in accordance with the foregoing provisions of this section, all moneys on deposit in the Construction Fund shall be secured in the manner provided by law.

With respect to Bonds the interest on which is excludable from gross income for federal income tax purposes, the Authority will maintain records to enable the Authority to cause to be made the computations necessary to determine whether the Bonds meet the requirements of Section 148 of the Internal Revenue Code of 1986 and the regulations thereunder, including, but not limited to, records showing the dates and amounts of all investments of funds held in the Construction Fund and the dates and amounts of the receipts of the earnings, sales proceeds and maturities of such investments.

All moneys and securities remaining in the Construction Fund which are derived from Bonds the interest on which is excludable from gross income for federal income tax purposes shall be applied by the Authority after the completion of any project for one or more of the following purposes:

- (i) rebate to the extent required by the preceding paragraph; or
- (ii) deposit to the Bond Fund for purchase and cancellation of Bonds or redemption of Bonds at the earliest practicable redemption date, as provided in Section 4.03 hereof; or
- (iii) payment of the cost of any additional exempt facilities (as that term is defined in Section 142(a)(1) of the Internal Revenue Code of 1986, as amended), provided that the Authority shall have adopted such resolutions as may be necessary to provide for the financing of such facilities and provided further that the Authority shall have obtained a written opinion of a firm of nationally recognized bond counsel that such application will not impair the exemption from federal income taxation of the interest on any of the Bonds; or

(iv) for any other purpose which in the opinion of a firm of nationally recognized bond counsel will not impair the exemption from federal income taxation of interest on any of the Bonds.

All other moneys and securities remaining in the Construction Fund after the completion of any project may be applied for any Airport Purpose as directed by the Authority.

SECTION 3.02. Funds for Airport Purpose Not Constituting Project Costs. In the event the Authority issues a Series of Bonds for the purpose of paying the costs of any Airport Purpose which are not otherwise Project Costs, the Authority shall create such funds and accounts and prescribe such procedures as the Authority deems necessary for the receipt and disbursement of the proceeds of such Series of Bonds.

ARTICLE IV

CREATION OF CERTAIN FUNDS; APPLICATION OF FUND PROCEEDS; INVESTMENTS

SECTION 4.01. *Creation of Special Funds and Accounts; Application of Revenues.* (a) There is hereby created and established hereunder a separate special fund of the Authority to be known and designated as the "Albany County Airport Authority Revenue Fund" (herein defined and referred to as the "Revenue Fund"), to be held and administered by the Authority hereunder so long as any of the Bonds are Outstanding. The moneys deposited, or to be deposited, in the Revenue Fund shall not be commingled with any other moneys of the Authority; shall be used and applied only in the manner and for the purposes hereinafter provided in this section; and shall be withdrawn from said Fund for said purposes only in accordance with such procedure as is provided by law.

All Revenues shall be collected by or for the account of the Authority and shall be set aside as collected and, except as is specifically provided otherwise herein, shall be deposited in the Revenue Fund. There shall also be deposited in the Revenue Fund the moneys required to be deposited therein by Sections 5.15 and 5.16 hereof; and Sections 8.01 and 9.01 hereof.

(b) The moneys in the Revenue Fund shall be used and applied at the following times, in the following amounts, for the following purposes and in the following order of priority:

First, there shall be deposited each month into the Operation and Maintenance Fund and the Accounts therein the amounts required by this Resolution to be used for the purposes specified herein.

Second, there shall be deposited each month into the Bond Fund and the Accounts therein the amount required by this Resolution to be used for the purposes specified herein.

Third, there shall be applied the amount, if any, required to be deposited in the Bond Reserve Fund.

Fourth, there shall be deposited each month the amount necessary to pay principal of, premium, if any, and interest on bonds, notes, certificates, warrants or other evidences of indebtedness referred to in the first paragraph of Section 2.05 hereof in the funds and accounts established therefor.

Fifth, there shall be applied each month the amount required, if any, to be deposited in any reserve fund or account established with respect to any bonds, notes, certificates, warrants or other evidences of indebtedness referred to in the first paragraph of Section 2.05 hereof.

Sixth, there shall be applied each month the amount required, if any, to be deposited in the Renewal and Replacement Fund.

Seventh, after making all deposits and credits required as described in "First" through "Sixth" of this subsection (b), all moneys remaining on deposit in the Revenue Fund shall be deposited each month in the Development Fund and shall be applied as authorized by Section 4.06 hereof.

SECTION 4.02. *Creation of the Operation and Maintenance Fund and Accounts Therein.* There is hereby created and established hereunder a separate special trust fund of the authority to be known and designated as the "Albany County Airport Authority Operation and Maintenance Fund" (herein defined and referred to as the "Operation and Maintenance Fund"), and to be held and administered by the Authority hereunder so long as any of the Bonds are Outstanding for the purpose of paying Operation and Maintenance Expenses.

The moneys deposited in the Operation and Maintenance Fund shall not be commingled with any other moneys of the Authority; shall be used and applied only in the manner and for the purposes hereinafter provided in this section.

Operation and Maintenance Account. There is hereby created a separate account in the Operation and Maintenance Fund to be known as an "Operation and Maintenance Account". Moneys in the Operation and Maintenance Account shall be disbursed by the Authority for the purpose of paying Operation and Maintenance Expenses. In each month, commencing with the first business day of such month, the Authority shall deposit to the Operation and Maintenance Account an amount determined by the Designated Financial Officer to be necessary to be credited to said Account to pay Operation and Maintenance Expenses during such month.

Operation and Maintenance Reserve. There is hereby created a separate account in the Operation and Maintenance Fund to be known as an "Operation and Maintenance Reserve Account". Moneys in the Operation and Maintenance Reserve Account shall be disbursed by the Authority solely for the purpose of paying Operation and Maintenance Expenses in the event

there shall be insufficient money in the Operation and Maintenance Account to pay the same when due. In each month, commencing with the first business day of the month following the date of substantial completion of the project to be constructed with the proceeds of the first Series of Bonds issued hereunder, and on the first business day of each month thereafter, the Authority shall deposit to the Operation and Maintenance Reserve Account one-twenty-fourth (1/24) of the amount estimated by the Designated Financial Officer to be equal to two months Operation and Maintenance Expenses (hereinafter referred to as the "Operating Reserve"), until the Operating Reserve is fully funded. Thereafter, in each month, commencing with the first business day of such month, the Authority shall deposit to the Operation and Maintenance Reserve Account an amount, if any, necessary to maintain a balance equal to the Operating Reserve as estimated by the Designated Financial Officer.

SECTION 4.03. *Creation of the Bond Fund and Accounts Therein.* There is hereby created and established hereunder a separate special trust fund of the Authority to be known and designated as the "Albany County Airport Authority Bond Fund" (herein defined and referred to as the "Bond Fund"), and to be held and administered by the Authority hereunder so long as any of the Bonds are Outstanding. The Authority is hereby obligated to, and shall, set aside and deposit in said Fund the Net Revenues pledged hereunder, to the extent necessary to provide for the punctual payment of the principal of and interest and premium, if any, on the Bonds as and when the same become due, whether such due date be by reason of stated maturity or by redemption, as hereinafter provided, or otherwise.

The moneys on deposit to the Bond Fund shall be used solely for the payment of principal and interest and premium, if any, due upon the Bonds. Until used and applied as provided in this section, all moneys in each account in the Bond Fund and the securities in which such moneys may from time to time be invested shall be held hereunder in trust and shall be subject to a lien and pledge for the security and benefit of the Holders of the Series of Bonds for which accounts were created as provided herein for the payment of such principal and interest and premium, if any. The Authority shall make whatever arrangements with the Paying Agents for the Bonds of each Series that may be necessary so that the Bonds payable at the offices of such Paying Agents which are presented to such Paying Agents may be paid as and when the same become due.

The moneys deposited in the Bond Fund shall not be commingled with any other moneys of the Authority; shall be used and applied only in the manner and for the purposes hereinafter provided in this section; and shall be withdrawn from said Fund for said purposes only in accordance with such procedure as is provided by law. Until used and applied as hereinafter provided in this section, all moneys in the Bond Fund and the securities in which such moneys may, from time to time be invested, shall be held hereunder in trust for the equal and ratable benefit and security of all the Bonds and shall be subject to the liens and pledges created by Section 2.01 hereof.

Supplemental to the foregoing provisions of this section, there shall be deposited in the Bond Fund: (i) the moneys, if any, required by Section 3.01 to be deposited in this Fund; (ii) any amounts held hereunder which, at the option and in the discretion of the Authority may

be applied to the purchase or redemption of Bonds, to the extent the Authority has determined that such moneys shall be applied to such purposes and such application is permitted by the provisions hereof; and (iii) Net Revenues, in the following amounts and at the following times:

Interest Account. There is hereby created a separate account in the Bond Fund for each Series of Bonds issued hereunder each to be known as an "Interest Account". Moneys in the Interest Account shall be disbursed by the Authority solely for the purpose of paying interest on the Bonds of the Series for which such Interest Account was created as the same becomes due and may not be applied to the payment of interest on any other Series of Bonds. In each month, commencing with the first business day of the month which follows the last month for which interest on such Series of Bonds, if any, is fully provided from moneys credited to a construction interest account, (a) with respect to each Series of Bonds (other than Variable Rate Bonds which have Interest Payment Dates occurring at intervals of one month or less), commencing on such first business day and continuing on the first business day of each month thereafter so long as any of the Bonds of each such Series are Outstanding, the Authority shall credit to the Interest Account established for each such Series of Bonds an amount such that, if the same amount were so credited to each such Interest Account on the first business day of each succeeding month thereafter, the aggregate of such amounts on credit to each such Interest Account on the first business day of the month preceding an Interest Payment Date will be equal to the installment of interest falling due on the Bonds of such Series on such Interest Payment Date or the amount required to reimburse the Financial Institution for a draw on the Support Facility made to provide funds for the payment thereof, and (b) with respect to Variable Rate Bonds (which have Interest Payment Dates occurring at intervals of one month or less), on the first business day of the month prior to each Interest Payment Date the Authority shall credit to each Interest Account the amount required together with other funds available therefor in the Interest Account, to pay, or to reimburse the Financial Institution for a draw on the Support Facility made to provide funds for the payment of, the interest payable on each Series of Outstanding Variable Rate Bonds on such Interest Payment Date.

In making the foregoing credits to each Interest Account, consideration shall be given to and allowance made for accrued interest received upon the sale of a Series of the Bonds deposited in the Bond Fund and credited to the appropriate Interest Account and for credits made or to be made to a particular Interest Account from moneys credited to a construction interest account.

Serial Bond Principal Account. There is hereby created a separate account in the Bond Fund for each Series of Bonds issued hereunder, each to be known as a "Serial Bond Principal Account". Moneys in the Serial Bond Principal Account shall be disbursed by the Authority solely for the purpose of paying principal on the Bonds of the Series for which such Serial Bond Principal Account was created as the same becomes due and may not be applied to the payment of principal on any other Series of Bonds. In the event of the issuance of any Series of Bonds hereunder maturing at times customarily known as maturing serially, in order to provide for the payment of principal of such Bonds of such Series, or to reimburse the Financial Institution for a draw on the Support Facility made to provide funds for the payment of such Series of Bonds maturing serially, unless otherwise provided in a Supplemental

Resolution providing for the issuance of a Series of Bonds, commencing with the month which is twelve months prior to the first principal payment of any of such Bonds maturing serially and in each month thereafter so long as any of such Series of Bonds so maturing are Outstanding, there shall be credited to the Serial Bond Principal Account established for such Series of Bonds an amount such that, if the same amount were so credited to such Account on the first business day of each succeeding month thereafter prior to the next date upon which the principal of any of said Series of Bonds maturing serially becomes due and payable, the aggregate of the amounts on credit to such Account will on each such next principal payment date be equal to the principal amount of said Series of Bonds becoming due on such principal payment date.

Term Bond Principal Account. There is hereby created a separate account in the Bond Fund for each Series of Bonds issued hereunder, each to be known as an "Term Bond Principal Account". Moneys in the Term Bond Principal Account shall be disbursed by the Authority solely for the purpose of paying principal on the Bonds of the Series for which such Term Bond Principal Account was created as the same becomes due and may not be applied to the payment of principal on any other Series of Bonds. In the event of the issuance of any Series of Bonds hereunder in the form customarily known as "term bonds", for the purpose of retiring such Bonds, or to reimburse the Financial Institution for a draw on the Support Facility made to provide funds for the payment of such term Bonds, unless otherwise provided in a Supplemental Resolution providing for the issuance of a Series of Bonds, commencing with the month which is twelve months immediately prior to the date upon which the first sinking fund installment to provide for the retirement of such term Bonds is due, and in each month thereafter so long as any of such Bonds are Outstanding, there shall be credited to each Term Bond Principal Account an amount such that, if the same amount were so credited to this Account on the first business day of each succeeding month thereafter prior to the next date upon which a sinking fund installment falls due, the aggregate of the amounts on credit to each such Account will on each such next date upon which a sinking fund installment falls due be sufficient to redeem such term Bonds in the principal amounts and at the times specified in the Supplemental Resolution providing for the issuance thereof. The respective amounts of moneys credited to the Term Bond Principal Account for the purpose of providing for the retirement of the term Bonds of a particular Series shall be applied to the redemption of such Bonds of such Series on each date on which such an installment for said Bonds is due in the respective principal amounts required by the Supplemental Resolution providing for the issuance of the Bonds of such Series to be on credit to this Account on each such date, or, if so determined by the Authority, semi-annually on both such due dates and the day six (6) months prior to such due date, in the respective principal amounts on credit to this Account on such days for the Bonds of such Series, so that the aggregate amount so applied in each calendar year will equal the respective principal amount required by the respective Supplemental Resolution providing for their issuance to be credited to this Account on such installment dates. The Authority may also apply the moneys credited to this Account for the retirement of Bonds of a particular Series issued in term form to the purchase of those Bonds, in which event the principal amount of said Bonds required to be redeemed on the next respective ensuing installment date shall be reduced by the principal amount of the Bonds so purchased; *provided, however*, that no Bonds shall be purchased during the interval between the date on which notice of redemption of said Bonds from such installment is given and the date of redemption set forth in such notice, unless the Bonds so purchased are

Bonds called for redemption in such notice or are purchased from moneys other than those credited to this Account; and *provided further*, that no purchase of Bonds shall be made if such purchase would require the sale at a loss of securities credited to the Term Bond Principal Account unless the difference between the actual purchase price (including accrued interest and any brokerage or other charge) paid for such Bonds and the then maximum purchase price (plus accrued interest) permitted to be paid therefor, is greater than the loss upon the sale of any such securities. Any purchase of Bonds pursuant to this paragraph may be made with or without tenders of Bonds and at either public or private sale, but in any event at a purchase price (including accrued interest and any brokerage or other charge) not to exceed the then applicable redemption price of such Bonds, plus accrued interest. All Bonds purchased or redeemed pursuant to this paragraph shall be cancelled and not reissued.

The moneys on deposit in the Bond Fund on credit to the Interest Account, Serial Bond Principal Account and Term Bond Principal Account shall be transferred to the respective Paying Agents for said Bonds in such amounts and at such times as shall be necessary to pay the principal of, premium, if any, and interest on said Bonds as the same become due and payable, whether upon their maturity or upon the redemption or the purchase thereof from the moneys credited to the Term Bond Principal Account or upon declaration, as hereinafter provided, or otherwise.

SECTION 4.04. *Creation of the Bond Reserve Fund.* There is hereby created and established hereunder a separate special trust fund of the Authority, to be known and designated as the "Albany County Airport Authority Bond Reserve Fund" (herein defined and referred to as the "Bond Reserve Fund"), to be held and administered by the Authority hereunder so long as any of the Bonds are Outstanding. A separate account shall be established in the Bond Reserve Fund for each Series of Bonds issued hereunder. From and after the initial funding thereof, unless otherwise provided in a Supplemental Resolution with respect to a particular Series of Bonds, each such account shall be maintained in an amount equal to the Bond Reserve Fund Requirement with respect to such Series of Bonds and shall be disbursed by the Authority solely for the purpose of paying principal of and interest on Bonds of the Series for which such account was established for the payment of which there shall be insufficient money in the Bond Fund and the Holders of any other Series of Bonds shall have no right to payment of principal of or interest on Bonds from or lien on amounts on deposit in such account. Until used and applied as provided in this section, all moneys in each account in the Bond Reserve Fund and the securities in which such moneys may from time to time be invested shall be held hereunder in trust and shall be subject to a lien and pledge for the security and benefit of the Holders of the Series of Bonds for which such accounts were created. Except as otherwise provided in a Supplemental Resolution with respect to a Series of Bonds, the Bond Reserve Fund Requirement shall be determined with respect to a Series of Bonds at the time of issuance of such Series of Bonds, as of the last day of each Fiscal Year and such other time or times as the Authority shall determine.

Subject to the remaining provisions of this paragraph: (a) if upon an optional valuation by the Authority during a Fiscal Year the moneys on deposit in the Bond Reserve Fund are less than the Bond Reserve Fund Requirement, the amount of the deficiency shall be restored

from the first available Net Revenues; (b) if at the end of any Fiscal Year, the moneys on deposit in the Bond Reserve Fund are less than the Bond Reserve Fund Requirement for all Series of Bond Outstanding, the Authority shall deposit an amount in the Bond Reserve Fund from Net Revenues on deposit in the Revenue Fund after making the deposits "First" through "Third" as required by Section 4.01(b) so that there shall then be on deposit in the Bond Reserve Fund an amount equal to the Bond Reserve Fund Requirement for all Series of Bonds Outstanding; (c) if the deficiency in the Bond Reserve Fund is due to the withdrawal of moneys on deposit therein to pay principal of or interest on a particular Series of Bonds then in each month, commencing with the month which follows the month in which such withdrawal is made from the Bond Reserve Fund, the Authority shall deposit from the Net Revenues on deposit in the Revenue Fund after making the deposits "First" through "Third" as required by Section 4.01(b) to the Bond Reserve Fund at least an amount which, if the same amount were so deposited to the Bond Reserve Fund in each month thereafter until the day which is thirty-six (36) months from the making of the first of such deposits, there shall be on deposit in the Bond Reserve Fund on such day an amount not less than the Bond Reserve Requirement for such Series of Bonds; and (d) if at any time and for so long as the moneys on deposit in the Bond Reserve Fund are at least equal to the Bond Reserve Fund Requirement for all Series of Bonds Outstanding, no further deposits shall be made to the Fund, and any amounts in excess of the Bond Reserve Fund Requirement for a particular Series of Bonds may be restored to the Revenue Fund for use and application as are all other moneys on deposit therein. Notwithstanding the provisions of the foregoing sentence, amounts in excess of the Bond Reserve Fund Requirement in an account established in the Bond Reserve Fund with respect to a particular Series of Bonds may be applied as provided in the Supplemental Resolution providing for the issuance of a particular Series of Bonds.

When a Series of Bonds is refunded in whole or in part or is otherwise paid so that all of the Bonds of such Series are no longer Outstanding moneys may be withdrawn from the account in the Bond Reserve Fund established for such Series of Bonds to pay or provide for the payment of such Bonds or refunded Bonds, as the case may be, may be transferred and applied to any reserve fund or account established for the refunding bonds issued to refund such refunded Bonds or may be applied to any other Airport Purpose; *provided* that immediately after such withdrawal or transfer there shall be on credit to the Bond Reserve Fund an amount equal to the Bond Reserve Fund Requirement.

The Supplemental Resolution providing for the issuance of a Series of Bonds shall provide for the initial funding of an bond reserve account for a Series of Bonds, which may be at such time or times and from such sources as specified in such Supplemental Resolution, and set forth such provisions regarding the removal and disposition of any arbitrage earnings in the accounts established in the Bond Reserve Fund for such Series of Bonds and such other provisions with respect to the accounts established in the Bond Reserve Fund for such Series of Bonds so as to enable the Authority to comply with the provisions of Section 5.20 hereof.

Whenever the total of the moneys on deposit in the Bond Fund (regardless of the Account therein to which such moneys are credited) and the Bond Reserve Fund with respect to a particular Series of Bonds which are not required for the payment of principal and interest

and premium, if any, which has theretofore become due (whether by maturity or upon redemption or by purchase or by declaration, as hereinafter provided, or otherwise) with respect to such Series of Bonds, but is unpaid, is sufficient to retire at maturity, or to redeem prior to maturity in accordance with their respective terms, all of the Bonds of such Series then Outstanding, together with interest thereon to their maturity date or the date fixed for the redemption thereof, no further deposits need be made to the Bond Fund or the Bond Reserve Fund with respect to such Series of Bonds, and without further authorization or direction of the Authority, the proper officers of the Authority shall call for redemption all Bonds of such Series which may be redeemed by their terms, on the next succeeding redemption date for which the required redemption notice may practicably be given, and shall apply such total to such retirement or redemption.

In lieu of the deposit of moneys in the Bond Reserve Fund, the Authority may cause to be so credited a surety bond or an insurance policy payable to the Authority for the benefit of the Holders of the Bonds of a Series or a letter of credit in an amount equal to the difference between the Bond Reserve Fund Requirement and the amounts then on deposit in the Bond Reserve Fund with respect to the Bonds of a Series. The surety bond, insurance policy or letter of credit shall be payable (upon the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the Bond Reserve Fund and applied to the payment of the principal of or interest on any Bonds of such Series and such withdrawals cannot be made by amounts credited to the Bond Reserve Fund. The insurer providing such surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest rating category by a Rating Agency or any insurer who holds the highest policyholder rating accorded insurers by A.M. Best & Co. or any comparable service. The letter of credit issuer shall be a bank or trust company which is rated not lower than the second highest rating category by either Standard & Poor's Ratings Group or Moody's Investors Service, or their successors, and the letter of credit itself shall be rated in the highest category of either such rating agency. If a disbursement is made pursuant to a surety bond, an insurance policy or a letter of credit provided pursuant to this paragraph the Authority shall be obligated either (i) to reinstate the maximum limits of such surety bond, insurance policy or letter of credit or (ii) to deposit funds into the Bond Reserve Fund in accordance with clause (c) of the second paragraph of Section 4.04, or a combination of such alternatives, as shall provide that the amount credited to the Bond Reserve Fund equals the Bond Reserve Fund Requirement for such Series of Bonds.

If the issuer of a surety bond, insurance policy or letter of credit on deposit in the Bond Reserve Fund shall cease to have a rating described in the immediately preceding paragraph, the Authority shall use reasonable efforts to replace such surety bond, insurance policy or letter of credit with one issued by an issuer having a rating so described, but shall not be obligated to pay, or commit to pay, increased fees, expenses or interest in connection with such replacement or to deposit Net Revenues in the Bond Reserve Fund in lieu of replacing such surety bond, insurance policy or letter of credit with another and such surety bond, insurance policy or letter of credit shall fully satisfy the Bond Reserve Fund Requirement with respect to a particular Series of Bonds notwithstanding such decrease in rating.

Notwithstanding anything herein to the contrary, the Authority may establish a single Account and Bond Reserve Fund Requirement for two or more Series of Bonds in a Supplemental Resolution providing for the issuance thereof and such Series of Bonds shall be treated as a single Series of Bonds for the purposes of this Section 4.04.

SECTION 4.05. *Creation of the Renewal and Replacement Fund.* There is hereby created and established hereunder a separate special fund of the Authority to be known and designated as the "Albany County Airport Authority Renewal and Replacement Fund" (herein defined and referred to as the "Renewal and Replacement Fund"), and to be held and administered by the Authority hereunder so long as any of the Bonds are Outstanding. In each month, commencing with the first business day of the month following the date of substantial completion of the project to be constructed with the proceeds of the first Series of Bonds issued hereunder, and on the first business day of each month thereafter, the Authority shall deposit to the Renewal and Replacement Fund the amount set forth in a report of the Airport Consultant so that there shall be on deposit in such fund \$500,000 by the end of the 24 month period following such date of substantial completion of the project (including the year in which such substantial completion occurs as a year for this purpose). Thereafter the amount on deposit in the Renewal and Replacement Fund shall be maintained in such amount as the Authority shall determine (hereinafter referred to as the "Required Amount"); *provided, however,* such amount shall not be less than \$500,000. If at any time during a Fiscal Year, the moneys on deposit in the Renewal and Replacement Fund are less than the Required Amount, the Authority, beginning with the first month of the Fiscal Year following the Fiscal Year in which said deficiency occurs and within a period of twenty-four (24) months thereafter, shall deposit, on the first business day of each month, amounts into the Renewal and Replacement Fund from Net Revenues on deposit in the Revenue Fund, after making the deposits "First" through "Fifth" as required by Section 4.01(b), so that not less than the Required Amount will be on deposit in the Renewal and Replacement Fund.

The moneys on deposit in the Renewal and Replacement Fund shall be used solely for non-recurring major maintenance, repairs, renewals, or replacements related to the Airport System.

The moneys deposited in the Renewal and Replacement Fund shall not be commingled with any other moneys of the Authority and shall be used and applied only in the manner and for the purposes hereinabove provided.

SECTION 4.06. *Creation of the Development Fund.* There is hereby created and established hereunder a separate fund of the Authority to be known and designated as the "Albany County Airport Authority Development Fund" (herein defined and referred to as the "Development Fund"), and to be held and administered by the Authority hereunder so long as any of the Bonds are Outstanding. The Authority shall deposit in the Development Fund all remaining Net Revenues on deposit in the Revenue Fund after making the deposits "First" through "Sixth" as required by Section 4.01(b). The moneys on deposit in the Development Fund shall be applied first to make up any deficiencies in any Fund or Account established under

this Resolution and thereafter may be used by the Authority for any corporate purpose of the Authority.

SECTION 4.07. *Investment of Moneys in Funds Other Than Construction Fund.*

Moneys in the Operation and Maintenance Fund and the Renewal and Replacement Fund shall be invested and reinvested by the Authority to the extent reasonable and practicable in Investment Securities maturing in the amounts and at the times as determined by the Authority so that the payments required to be made from such Funds may be made when due. Moneys in the Bond Fund shall be invested and reinvested by the Authority to the extent reasonable and practicable in Investment Securities maturing in the amounts and at the times as determined by the Authority so that the payments required to be made from such Fund may be made when due. Moneys on credit to the Bond Reserve Fund shall be invested by the Authority in Investment Securities so as to mature by no later than the earlier of eight (8) years from the date of investment or the final maturity date of all Bonds then Outstanding. The Authority shall be authorized to sell any investment when necessary to make the payments to be made from the Funds (other than the Construction Fund) created hereby. All earnings on and income from investments of moneys in the Funds (other than the Construction Fund and the Development Fund) created hereby shall be deposited in the Revenue Fund, for use and application as are all other moneys deposited in that Fund; *provided, however*, that prior to the completion date of any project the Project Costs of which will be paid from the proceeds of a particular Series of Bonds, earnings amounts in any account in the Bond Reserve Fund established with respect to such Series of Bonds shall be deposited in the Construction Fund and credited either to the construction account or construction interest account established with respect to such Series of Bonds as provided in the Supplemental Resolution providing for the issuance of such Series of Bonds. All earnings on and income from investments of moneys in the Development Fund shall be deposited therein. Unless invested as above provided, all moneys in the Funds referred to in this paragraph shall be secured in the manner provided by law for the securing of public funds.

All Investment Securities shall constitute a part of the respective Fund (other than the Construction Fund) and Account therein from which the investment in Investment Securities was made. Amounts in the Bond Reserve Fund shall be valued at the time of any withdrawal therefrom, as of the last day of each Fiscal Year and at such other time or times as the Authority shall determine. For the purposes of making any calculations or computations at any time and from time to time of the amounts in any such Fund or Account, including the Bond Reserve Fund, which may be required for the purposes of this Resolution, all investments shall be valued at the then market value thereof or as otherwise required by the Act.

The Authority will maintain or cause to be maintained records to enable it to cause to be made the computations necessary to determine whether a Series of Bonds the interest on which is excludable from gross income for federal income tax purposes meets the requirements of Section 148 of the Internal Revenue Code of 1986 and the regulations thereunder, including, but not limited to, records showing the dates and amounts of all investments of funds held in the Bond Fund and Bond Reserve Fund and the dates and amounts of the receipts of the earnings, sales proceeds and maturities of such investments.

ARTICLE V

PARTICULAR COVENANTS OF THE AUTHORITY

Particular Covenants. The Authority hereby covenants and agrees with the purchasers and Holders of all Bonds issued pursuant to this Resolution and any Supplemental Resolution as follows:

SECTION 5.01. *Annual Airport Budget.* The Authority, before the beginning of each Fiscal Year, shall prepare and adopt an annual budget for such Fiscal Year. Such budget shall set forth in reasonable detail Revenues anticipated to be derived in such Fiscal Year and the expenditures anticipated to be paid or provided for therefrom in such Fiscal Year including, without limitation, the amounts required to provide for the payment of the principal of, interest and premium, if any, on the Bonds during such Fiscal Year, to pay or provide for Operation and Maintenance Expenses for such Fiscal Year, to make up any deficiencies in any fund or account anticipated for the then current Fiscal Year, and to pay or provide for the payment of all other claims or obligations required to be paid from Revenues in such Fiscal Year. Such budget shall be open for inspection by the Holder of any Bond. The Authority shall mail either a copy of the budget or a copy of a summary thereof to any Holder of a Bond who shall file a written request therefor with the Authority.

SECTION 5.02. *Covenant as to Rates, Rentals, Fees and Charges.* (a) The Authority shall impose and prescribe such schedule of rates, rentals, fees and charges for the use and services of and the facilities and commodities furnished by the Airport System, and shall revise the same from time to time whenever necessary, and collect the income, receipts and other moneys derived therefrom, so that the Airport System shall be and always remain financially self-sufficient and self-sustaining. The rates, rentals, fees and charges imposed, prescribed and collected shall be such as will produce Revenues at least sufficient (i) to pay the principal of and interest and premium on the Bonds as and when the same become due (whether at maturity or upon required redemption prior to maturity or otherwise); (ii) to pay as and when the same become due all Operation and Maintenance Expenses, (iii) to pay as and when the same become due any and all other claims, charges or obligations payable from Revenues, and (iv) to carry out all provisions and covenants of this Resolution. Without limiting the provisions of the next preceding sentence of this section, at all times and in any and all events such rates, rentals, fees and charges shall be imposed, prescribed, adjusted, enforced and collected which will yield Net Revenues in an amount at least equal to one hundred twenty-five percent (125 %) of Debt Service on all Bonds Outstanding.

(b) The failure to comply with the covenant in subsection (a) of this Section 5.02 shall not constitute an Event of Default under this Resolution if the Authority shall promptly (i) cause an Airport Consultant to make a study for the purpose of making recommendations with respect to rates, rentals, fees and charges for the Airport System in order to provide funds for all the payments and other requirements as specified in subsection (a) of this Section 5.02; (ii) consider the recommendations of the Airport Consultant, and (iii) take such

action as the Authority, in its discretion, may deem necessary to comply with subsection (a) of this Section 5.02.

In the event that the rates, fees and charges imposed by the Authority are insufficient to produce Net Revenues in amounts referred to in clause (i) in the first paragraph above, the Authority shall implement the recommendations of the Airport Consultant; provided that, in preparing its study and making its recommendations, the Airport Consultant shall not make any recommendations that would require the Authority to violate or otherwise be in contravention of any state or federal law, regulation or mandate or any other agreement to which the Authority is a party.

SECTION 5.03. *To Pay Principal, Premium and Interest of Bonds.* The Authority will duly and punctually pay, or cause to be paid, but solely from Net Revenues and other moneys pledged hereunder, the principal of and interest and premium, if any, on each and every Bond at the place, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning hereof and thereof.

SECTION 5.04. *Possession of Land.* The Authority covenants (i) that it is lawfully possessed of the Airport System as presently existing and the Authority is entitled to the exclusive possession of the Airport, subject to Permitted Encumbrances as defined hereinafter in this paragraph, and (ii) that it will continually defend its interest in the Airport System and every part thereof for the benefit of the Holders of the Bonds against the claims and demands of all persons whomsoever. If any defect (other than said Permitted Encumbrances) shall be discovered in the title to the Airport System, the Authority shall promptly take such action as may be necessary or proper to remedy or cure the same. For the purpose of this paragraph "Permitted Encumbrances" means, as of any particular time, (i) the County-Authority Lease; (ii) liens for ad valorem taxes, if any, not then delinquent; (iii) utility, access and other easements and rights of way, restrictions and exceptions that will not interfere with or impair the operations being conducted at the Airport System; (iv) mechanics', materialmen's and other liens as and to the extent permitted by and referred to in Section 5.17; (v) encumbrances or restrictions imposed in any conveyances to the Authority of Airport System properties or interests therein by the Federal Government, Albany County, New York, or the Town of Colonie, New York, or other governmental body conveying properties to the Authority; and (vi) such defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the Airport System and as do not, in the opinion of counsel (who may be counsel to the Authority), materially impair the use of the property affected thereby for the purpose for which it was acquired or is held by the Authority. Nothing contained in this Section 5.04 shall be construed as an acknowledgment that property owned or operated by the Authority is subject to any *ad valorem* taxes or mechanics' or materialmen's liens.

SECTION 5.05. *Filings and Recordings.* The Authority will comply with, or cause to be complied with, any written direction of Authority's bond counsel regarding the adoption of such Supplemental Resolutions, and the undertaking, execution, acknowledgement, delivery, filing, registration, recording, re-filing, re-registration or re-recording of such

instruments as bond counsel directs are required for the better assuring, pledging, charging and confirming unto the Holders of the Bonds, the Net Revenues and other moneys pledged hereunder to the payment of the principal of and interest and premium, if any, on the Bonds.

SECTION 5.06. *To Complete Acquisitions and Constructions Promptly.* The Authority will proceed with all reasonable dispatch to complete the acquisition, purchase, construction, improvement, betterment, extension, addition, reconstruction, restoration, equipping and furnishing of any properties the costs of which are to be paid from the proceeds of Bonds or from any other moneys held hereunder.

SECTION 5.07. *To Keep Airport System in Good Repair and to Make Improvements and Betterments Thereto.* The Authority will maintain, preserve, keep and operate, or cause to be maintained, preserved, kept and operated, the properties constituting the Airport System (including all additions, improvements and betterments thereto and extensions thereof and every part and parcel thereof) in good and efficient repair, working order and operating condition in conformity with standards customarily followed in the aviation industry for airports of like size and character. The Authority will from time to time make all necessary and proper repairs, renewals, replacements and substitutions to said properties, and construct additions and improvements thereto and extensions and betterments thereof which are economically sound, so that at all times the business carried on in connection therewith shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost.

SECTION 5.08. *To Operate and Maintain Airport System.* The Authority shall operate and maintain the Airport System as a revenue-producing enterprise and shall manage the same in the most efficient manner consistent with sound economy and public advantage and consistent with the protection of the Holders of the Bonds and so as to assure that the same shall be financially self-sufficient and self-sustaining.

SECTION 5.09. *Other Leases and Contracts.* The Authority shall perform all contractual obligations undertaken by it under leases or agreements pertaining to or respecting the Airport System and shall enforce its rights thereunder. The Authority shall not enter into any contract or lease pertaining to the Airport System by which the rights, payment or security of the Bonds might be impaired or diminished.

SECTION 5.10. *Governmental Approval.* The Authority will perform any construction, reconstructions and restorations of, improvements, betterments and extensions to, and equippings and furnishings of, and will operate and maintain the Airport System at standards required in order that the same may be approved by the proper and competent Federal Government authority or authorities for the landing and taking off of aircraft operating in scheduled service, and as a terminal point of the Authority for the receipt and dispatch of passengers, property and mail by aircraft.

SECTION 5.11. *Compliance With Terms of Grants-in-aid; Application Thereof.* The Authority shall comply with the requirements of the Federal Government of grants-in-aid accepted by the Authority.

SECTION 5.12. *To Employ Competent Personnel; Fidelity Bonds.* The Authority will at all times employ competent supervisory personnel for the operation and management of the properties constituting the Airport System, and will establish and enforce reasonable rules, regulations and standards governing the employment of operating personnel at reasonable compensation, salaries, fees and charges, and all persons employed by the Authority will be qualified for their respective positions; *provided, however,* that the provisions of this paragraph shall be subject to any law of the State of New York applicable to the appointment or employment of personnel and employees of the Authority or the salary, wages or compensation thereof.

The Authority shall cause to be bonded, in such amount as it may deem sufficient, each director, officer or employee of the Authority handling or having custody of or having in his possession Revenues or other moneys, including the proceeds of Bonds, held hereunder or required hereby to be deposited or held hereunder, which bond shall be conditional upon the proper application of Revenues and other moneys, including the proceeds of Bonds, held hereunder or required hereby to be deposited or held hereunder, but such application need not necessarily be limited thereto.

SECTION 5.13. *Books and Accounts; Audits.* The Authority shall maintain and keep proper books, records and accounts in which complete and correct entries shall be made of all dealings and transactions relating to the Airport System. Such accounts shall show the amount of Revenues available for the purposes of this Resolution, and the application of such Revenues to the purposes specified in this Resolution and all financial transactions in connection therewith.

The Authority shall cause such financial accounts to be audited by an Accountant. Such Accountant shall be selected with special reference to his general knowledge, skill and experience in auditing books and accounts. Such audit shall be made annually and shall be completed within one hundred fifty (150) days after the close of each Fiscal Year. Each such audit shall contain the Accountant's opinion of the Authority's financial accounts and schedules contained in the audit report. A copy of each such annual audit shall be open for public inspection, filed with the Trustee, and shall be mailed to any Holder of Bonds filing with the Authority a request for the same.

Each audit report, in addition to whatever matters may be thought proper by the Accountant to be included therein, shall include the following: (a) a statement in detail of the income and expenses pertaining to the Airport System for the audit period, including but not limited to a statement of the amounts of Revenues, Operation and Maintenance Expenses, including a schedule of capital expenditures; (b) a balance sheet as of the end of the Fiscal Year, including, without limitation, the amounts on hand, both cash and investments, in each of the funds and accounts created hereunder or in any Supplemental Resolution, and the Bonds Outstanding; (c) a schedule demonstrating compliance with subsection (a) of Section 5.02 of this Resolution, and (d) the Accountant's comments, if any, regarding the Authority's internal control practices and the manner in which the Authority has carried out the requirement of this Resolution.

SECTION 5.14. *No Superior or Equal Lien Bonds; Junior Lien Obligations Permitted.* The first Series of the Bonds and Additional Bonds, Completion Bonds and Refunding Bonds may be issued hereunder upon compliance with the provisions of Sections 2.01, 2.02, 2.03, 2.04, 2.06, 2.07 or 2.08 hereof. Except as otherwise provided in the preceding sentence, the Authority will not hereafter create or permit the creation of or issue any bonds, notes, warrants or other obligations or evidences of indebtedness or create any additional indebtedness which will be payable as to principal or interest, or both, from Net Revenues prior to or on a parity with the payment therefrom of the principal of or interest on the Bonds, or prior to or on a parity with the payments and credits from Revenues to be made pursuant to the provisions of Section 4.03 hereof to the Interest Account, Serial Bond Principal Account and Term Bond Principal Account in the Bond Fund and Section 4.04 hereof to the Bond Reserve Fund, or which will be secured as to principal or interest, or both, by a lien and charge on Net Revenues superior or equal to the lien and charge of the Bonds and the interest thereon, or superior or equal to the lien and charge on Net Revenues or the payments and credits therefrom to be made pursuant to the provisions of Section 4.03 hereof to the Interest Account, Serial Bond Principal Account and Term Bond Principal Account in the Bond Fund and Section 4.04 hereof to the Bond Reserve Fund.

Nothing in this Resolution, and particularly nothing in the preceding paragraph, shall prevent the Authority from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness which as to principal or interest, or both, are payable from Net Revenues after and subordinate to the payment from Net Revenues of the principal of and interest on the Bonds and after and subordinate to the payments and credits from Net Revenues to be made pursuant to the provisions of Section 4.03 hereof to the Interest Account, Serial Bond Principal Account and Term Bond Principal Account in the Bond Fund and Section 4.04 hereof to the Bond Reserve Fund and which are secured as to principal or interest, or both, by a lien and charge on Net Revenues junior and inferior to the lien and charge on Net Revenues of the Bonds and interest thereon and junior and inferior to the lien and charge on Net Revenues of the payments and credits therefrom to be made pursuant to the provisions of Section 4.03 hereof to the Interest Account, Serial Bond Principal Account and Term Bond Principal Account in the Bond Fund and Section 4.04 hereof to the Bond Reserve Fund.

Nothing in this Resolution, and particularly nothing in the first paragraph of this Section 5.14, shall prevent the Authority from issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness as provided in the second paragraph of Section 2.05 hereof.

SECTION 5.15. *Not to Encumber or Dispose of Airport System Properties; Condemnation.* Except as set forth below, the Authority shall not create or give, or cause to be created or given, or permit to be created or given, any mortgage, lien, pledge, charge or other encumbrance upon any real or personal property constituting the Airport System or upon Revenues and the moneys held hereunder, other than the liens, pledges and charges specifically created herein or specifically permitted hereby.

The Authority shall not sell, lease, sublease, or otherwise dispose of all, or substantially all, of the properties constituting the Airport System without simultaneously with such sale, lease, sublease or other disposition depositing pursuant to and in accordance with the provisions of Section 9.01 hereof, cash or Governmental Obligations (as defined in said Section 9.01) in an amount sufficient so that no Bonds are any longer deemed Outstanding hereunder as provided by and in accordance with said Section 9.01. Nothing herein shall preclude an exchange of Airport System property for property of comparable value.

The Authority may execute leases, licenses, easements and other agreements of or pertaining to properties constituting the Airport System in connection with the operation of the Airport System and in the normal and customary course of business thereof, according to the Authority's policy regarding rates, rentals, fees and charges of the Airport System, which rates, rentals, fees and charges shall be part of Revenues and which properties shall remain part of the Airport System, but any such leasing shall not be inconsistent with the provisions of this Resolution, and no lease shall be entered into by which the security of and payment for the Bonds might be impaired or diminished. The Authority may enter into Special Facility Agreements pursuant to and in accordance with the provisions of Article VIII hereof.

The Authority may from time to time sell, lease or otherwise dispose of any portion of the properties and facilities (real or personal) comprising a part of the Airport System which are surplus. Surplus properties or facilities shall be those the disposal of which will not impede or prevent the use of the Airport or its facilities for the conduct of air transportation or air commerce and which the Authority has determined have become unserviceable, unsafe or no longer required or which have been replaced by other property of substantially equal revenue-producing capability and of substantially equal utility for the conduct of air transportation or air commerce. Any moneys received by the Authority as the proceeds of any such sale, lease, sublease or other disposition of such surplus properties or facilities shall become Revenues and be deposited in the Revenue Fund; *provided, however*, that to the extent that the original construction or acquisition of such surplus properties or facilities was financed from moneys derived from grants or passenger facility charges, then such proceeds shall be deposited in the Revenue Fund only to the extent that such application of proceeds is consistent with the conditions agreed to by the Authority with any governmental authority, or imposed on the Authority by law or any governmental authority, in obtaining such grants or passenger facility charges.

In the event any Airport System properties shall be taken by the exercise of the power of eminent domain, the amount of the award received by the Authority as a result of such taking shall be deposited in the Development Fund and applied to any Airport Purpose, including to the redemption or purchase of Bonds (such purchases to be made subject to the same conditions that purchases of Bonds may be made pursuant to Section 4.03 hereof from moneys credited to the Term Bond Principal Account in the Bond Fund) and to acquire or construct revenue producing properties to constitute a part of the Airport System.

Notwithstanding the provisions of this Section 5.15, the Authority may enter into a tax benefit transfer or similar transaction with any person involving the lease and sublease back

with respect to the Airport having such terms and provisions, including such option, default and indemnity provisions, as the Authority shall determine; *provided, however*, that (i) the lease and sublease back shall be subject and subordinate to the Bonds and this Resolution, the provisions thereof and the payments required to be made hereunder and thereunder, and (ii) all payments made or to be made with respect to such lease and sublease back shall be secured by a lien and pledge, if any, junior and inferior to the lien on and pledge of the Net Revenues herein created for the payment and security of the Bonds; *provided, further*, however, that any escrows or reserves established with the proceeds derived in such a transaction shall not be treated as Net Revenues subject to the lien and pledge created by Section 2.01 hereof so long as no Event of Default shall have occurred and be continuing, or any deficiency shall exist in any fund or account establish hereunder, on the date such escrows or reserves are established.

SECTION 5.16. Insurance. The Authority will carry insurance with generally recognized responsible insurers with policies payable to the Authority against risks, accidents or casualties at least to the extent that similar insurance is usually carried by airport operators operating properties similar to the Airport System. The Authority shall seek the advice and counsel from time to time of an independent insurance consultant or consultants to advise and assist the Authority with respect to the insurance program of the Airport System, and the Authority shall take into consideration, but will not be bound to follow, the advice of such insurance consultant or consultants in the placement of insurance and the establishment of a self-insurance fund or funds of the Authority as hereinafter provided.

Any insurance carried by the Authority pursuant hereto may be procured and maintained as part of or in conjunction with any other policy or policies carried by it. The Authority may create and establish special funds for self-insurance. In the event the Authority shall establish and maintain any such special funds, the Authority shall establish such reasonable reserves as shall be recommended by an insurance consultant and shall obtain at least annually a certificate of such insurance consultant regarding the adequacy of such reserves.

The proceeds of all insurance, to the extent the same are paid directly to the Authority, shall be held by the Authority under and subject to this Resolution and applied as follows: (i) the proceeds of fire and extended coverage insurance and war damage insurance shall be held separate and apart in the Revenue Fund and applied to the repairing, replacing or reconstruction of the damaged or destroyed property as hereinafter provided; (ii) the proceeds of loss of use insurance shall be deposited in the Revenue Fund for use and application as are all other moneys deposited in that Fund; and (iii) the proceeds of liability insurance and workmen's compensation insurance shall be held separate and apart in the Revenue Fund and applied toward extinguishing or satisfying or remedying the liability, loss or damage with respect to which such proceeds may be paid.

Immediately after any loss or damage to the Airport System, the Authority will promptly commence, and proceed to completion, with the repair, replacement or reconstruction of the damaged or destroyed property, and apply to the costs thereof the proceeds of the insurance received with respect to such damage or destruction; provided that no such repair, replacement or construction shall be required if the Authority finds that repair, replacement or

reconstruction of the damaged or destroyed property is not in the best interest of the Authority and, based on a certificate of an Airport Consultant, that the failure to repair, replace or reconstruct the damaged or destroyed property will not cause the Revenues in any future Fiscal Year of the Authority to be less than an amount sufficient to enable the Authority to comply with all covenants and conditions of this Resolution or impair the security or the payment of the Bonds. If the Authority elects to undertake the repair, replacement or reconstruction of the damaged or destroyed property and such proceeds of the aforesaid insurance are insufficient for such purpose, the amount of such insufficiency may be satisfied from moneys available under Section 4.01 hereof for any lawful Airport Purpose of the Authority. If the proceeds of such insurance are more than sufficient for the purpose of repair, replacement or reconstruction of the damaged or destroyed property or the Authority elects not to undertake such repair, replacement or reconstruction the excess amount of such proceeds or all such proceeds, as the case may be, shall be deposited in the Development Fund.

SECTION 5.17. *Payment of Taxes and Claims by the Authority.* The Authority shall, from time to time, duly pay and discharge, or cause to be paid or discharged, any taxes, assessments or other governmental charges lawfully imposed upon the Airport System or any part thereof or upon Revenues, or any required payments in lieu thereof, as well as all lawful claims for labor, materials and supplies furnished or supplied to the Airport System or any part thereof, when the same shall become due and payable, and keep the Airport System and all parts thereof and the Revenues free from judgments, mechanics' and materialmen's liens, and free from all other liens, claims, demands or encumbrances of whatsoever prior nature or character; provided that the Authority may, in good faith, contest, or permit or cause to be contested, by appropriate proceedings, duly prosecuted, the applicability or validity of any such tax, assessment or governmental charge or payment in lieu thereof, as well as any claim for labor, material or supplies for work completed or materials or supplies furnished and in such event may permit the items so contested to remain unpaid, unsatisfied and undischarged during the period of any such contest and appeal therefrom, even though such contest or proceeding may result in a judgment or lien against the Airport System or any part thereof or the Revenues, if and so long as such contest or proceeding shall stay the execution or enforcement of any such tax, assessment, charge, claim, judgment or lien so that pending the determination of such contest or proceeding the Airport System and all parts thereof and the Revenues is not affected thereby, and if and so long as such contest or proceeding does not impair the security or the payment of the Bonds. If any such execution or enforcement is so stayed and such stay shall thereafter expire, the Authority shall forthwith pay or discharge, or cause to be paid and discharged, any such tax, assessment or governmental charge or payment in lieu thereof or claim for labor, material or supplies or judgment.

SECTION 5.18. *Prosecution and Defense of Suits.* The Authority will promptly from time to time take such action as may be necessary and proper to remedy or cure any defect in or cloud upon the title to the Airport System or any part thereof (except for Permitted Encumbrances as defined in Section 5.04), whether now existing or hereafter developing; shall prosecute and defend all such suits, actions and other proceedings as may be appropriate for such purposes and shall indemnify and save every Bondholder harmless from all loss, cost, damage

and expense, including attorneys' fees, which they may incur by reason of any such defect, cloud, suit, action or proceeding.

The Authority shall defend, or cause to be defended, against every suit, action or proceeding at any time brought against any Bondholder by a person other than the Authority upon any claim arising out of the receipt, application or disbursement of any of the Revenues or any other moneys received, applied or disbursed under this Resolution, or involving the Airport System or the rights of any Bondholder under this Resolution and shall indemnify and save harmless all Bondholders against any and all liability claimed or asserted by any person whomsoever, arising out of such receipt, application or disbursement of the Airport System; *provided, however*, that any Bondholder at his election may appear in and defend any suit, action or proceeding. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect, even though the Bonds are no longer Outstanding hereunder and all indebtedness and obligations secured hereby may have been fully paid and satisfied and the lien, pledge and charge of this Resolution may have been released and discharged.

SECTION 5.19. *Protection of Security.* The Authority shall not take any action in such manner or to such an extent as might prejudice the security or the payment of the Bonds according to the terms thereof. The Authority will maintain, preserve and renew all the rights, powers, privileges and franchises now owned by it or hereafter acquired by it with respect to the Airport System. The Authority shall not take any action by which the rights, payment or security of the Bonds might be impaired or diminished.

SECTION 5.20. *Special Covenant With Respect to Federal Tax Status of Bonds.* With respect to any Series of Bonds the interest on which is excludable from gross income for federal tax purposes, so long as any of such Bonds shall be Outstanding, the Authority shall comply with all applicable provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended, and all applicable regulations of the Internal Revenue Service proposed and promulgated thereunder.

SECTION 5.21. *Obeying Laws; Performance of All Obligations and Covenants Under this Resolution.* The Authority shall comply promptly, fully and faithfully with and abide by any statute, law, ordinance, order, rule or regulation, judgment, decree, direction or requirement now in force or hereafter enacted, adopted or entered by any competent governmental authority or agency applicable or with respect to or affecting the acquisition, construction or reconstruction of the Airport System or any part or parcel thereof or applicable or with respect to or affecting the operation, manner or use or condition of the Airport System or any part or parcel thereof or adjoining public ways; *provided* that the Authority need not comply with any such statute, law, ordinance, rule, regulation, judgment, decree, direction or requirement if and so long as the Authority in good faith shall be contesting or permitting or causing to be contested the applicability or validity thereof by appropriate proceedings diligently prosecuted, even though such contest may result in the imposition of a lien or charge against the Airport System or the Revenues if (1) the Authority shall effectively prevent foreclosure or enforcement of any such lien or charge and (2) the foreclosure or enforcement of any such lien or charge shall be stayed, and if said stay thereafter expires, the Authority shall forthwith

discharge such lien or charge or cause the same to be discharged, so that pending such proceedings the Airport System and the Revenues thereof shall not be affected thereby, and the security of the Bonds shall not be impaired.

The Authority shall comply with and perform, or cause to be complied with and performed, all acts, things, covenants, agreements, obligations, duties and provisions, express or implied, required to be done or performed by or on its behalf under this Resolution and Supplemental Resolutions and the Bonds, in accordance with the terms hereof and thereof.

SECTION 5.22. *Taking Any Further Action Required for the Purposes of this Resolution.* The Authority shall, at any and all times, adopt, make, do, execute, acknowledge, deliver, register, file and record all such other and further ordinances, resolutions, acts, deeds, demands, conveyances, assignments, transfers, assurances and instruments and give such further notices and do such further acts, as may be reasonably necessary, proper or desirable for the better assuring, pledging and assigning the Net Revenues and other moneys pledged, assigned or charged hereunder or intended so to be, or which the Authority may hereafter become bound to pledge, assign or charge, or for the carrying out more effectively the purposes and intent, and the facilitating of the performance, of this Resolution.

SECTION 5.23. *Certain County Costs Under the County-Authority Lease.* The Authority shall not request the County to undertake a Capital Project, as such term is defined in the County-Authority Lease, (a) pursuant to clause (i) of the penultimate sentence of Article 3.9 of the County-Authority Lease unless the Designated Financial Officer shall certify that undertaking such Capital Project will not cause the Authority to violate the covenant continued in Section 5.02 hereof during the period any resulting additional amounts would be payable pursuant to clause (l) of the definition of Operation and Maintenance Expenses; or (b) pursuant to clause (ii) of the penultimate sentence of Article 3.9 of the County-Authority Lease without determining whether there will be any County costs of a Capital Project to be undertaken by the County in order to secure the necessary approvals in connection with the Authority's Capital Project and unless the Designated Financial Officer shall certify that undertaking such Capital Project will not cause the Authority to violate the covenant continued in Section 5.02 hereof during the period any resulting additional amounts would be payable pursuant to clause (l) of the definition of Operation and Maintenance Expenses.

ARTICLE VI

AMENDING AND SUPPLEMENTING THIS RESOLUTION; EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND OWNERSHIP OF BONDS; MEETINGS OF BONDHOLDERS; BONDS NOT OUTSTANDING HEREUNDER

SECTION 6.01. *Amending and Supplementing this Resolution Without Consent of Bondholders.* The Authority, from time to time and at any time and without the consent or concurrence of the Holder of any Bond, may adopt a Supplemental Resolution (herein defined

and referred to as a "Supplemental Resolution"): (i) for the purpose of providing for the issuance of Bonds pursuant to the provisions of Sections 2.01, 2.02, 2.03, 2.04, 2.05, 2.06, 2.07 or 2.08 hereof; (ii) to make any changes or modifications hereof or amendments or additions hereto or deletions herefrom which may be required to permit this Resolution to be qualified under the Trust Indenture Act of 1939 of the United States of America; and (iii) if the provisions of such Supplemental Resolution shall not materially adversely affect the rights of the Holders of the Bonds then Outstanding, for any one or more of the following purposes:

1. To make any changes or corrections in this Resolution or any Supplemental Resolution as to which it shall have been advised by its counsel that the same are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained herein or in any such Supplemental Resolution, or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable;

2. To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds;

3. To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this Resolution or any Supplemental Resolution;

4. To confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provisions of this Resolution or any Supplemental Resolution;

5. To grant to or confer upon the Holders of the Bonds any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them;

6. To prescribe further limitations and restrictions upon the issuance of the Bonds and the incurring of indebtedness by the Authority payable from the Net Revenues; and

7. To modify in any other respect any of the provisions of this Resolution, or any Supplemental Resolution previously adopted; *provided* that such modifications shall have no material adverse effect as to any Bond or Bonds which are then Outstanding.

Except for Supplemental Resolutions providing for the issuance of Bonds pursuant hereto or required to permit this Resolution to be qualified under the Trust Indenture Act of 1939 of the United States of America, the Authority shall not adopt any Supplemental Resolution authorized by the foregoing provisions of this section unless in the opinion of counsel (which opinion may be combined with the opinion required by Section 6.04 hereof) the adoption of such Supplemental Resolution is permitted by the foregoing provisions of this section and, except for a Supplemental Resolution adopted pursuant to subparagraph 7 above, the provisions of such

Supplemental Resolution are not contrary to or inconsistent with the covenants or agreements of the Authority contained in this Resolution as originally adopted or as amended with the consent of the Bondholders.

SECTION 6.02. *Amending and Supplementing this Resolution With Consent of Bondholders.* With the consent of the Holders of not less than fifty-one percent (51%) of the principal amount of the Bonds then Outstanding, the Authority, from time to time and at any time, may adopt a Supplemental Resolution amending or supplementing the provisions of this Resolution for the purposes of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Resolution or of any Supplemental Resolution, or modifying in any manner the rights of the Holders of the Bonds then Outstanding; *provided, however,* that, without the specific consent of the Holder of each such Bond which would be affected thereby, no such Supplemental Resolution amending or supplementing the provisions hereof shall: (1) change the fixed maturity date for the payment of the principal of any Bond or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any Bond or the rate of interest thereon or any premium payable upon the redemption thereof; or (2) reduce the aforesaid percentage of Bonds, the Holders of which are required to consent to any such Supplemental Resolution amending or supplementing the provisions hereof; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby; or (4) authorize the creation of any pledge of the Net Revenues or any lien thereon prior, superior or equal to the pledge and lien created herein for the payment and security of the Bonds; or (5) deprive any Holder of the Bonds of the security afforded by this Resolution. A modification or amendment of the provisions of Section 4.03 hereof with respect to the funds and accounts established thereby shall not be deemed a change in the terms of payment of the Bonds; *provided, however,* that no such modification or amendment shall, except upon the consent of the Holders of all Bonds then Outstanding affected thereby, reduce the amount or amounts required to be deposited from the Net Revenues to the Bond Fund or the priority of the deposits of such amounts. (Nothing herein contained, however, shall be construed as making necessary the approval of the Holders of the Bonds of the adoption of any Supplemental Resolution authorized by Section 6.01).

The proof of the giving of any consent required by this section and of the holding of Bonds for the purpose of giving consents shall be made in accordance with the provisions of Section 6.05 hereof, and it shall not be necessary that the consents of the Holders of the Bonds approve the particular form or wording of the proposed amendment or supplement or of the Supplemental Resolution effecting such amendment or supplement, but it shall be sufficient if such consent approve the substance of the proposed amendment or supplement. After the Holders of the required percentage of Bonds shall have filed their consents to the amending or supplementing hereof pursuant to this section, the Authority shall mail a copy of a notice of such amending or supplementing hereof, postage prepaid to each owner of Bonds then Outstanding, at his address, if any, appearing upon the registry books, but failure to mail copies of said notice to any of said owners or Holders shall not affect the validity of the Supplemental Resolution effecting such amendments or supplements or the consents thereto. (Nothing herein contained, however, shall be construed as requiring the giving of notice of any amending or supplementing of this Resolution authorized by the first paragraph of this section.) A record, consisting of the

papers required by this paragraph, shall be proof of the matters therein stated until the contrary is proved. No action or proceeding to set aside or invalidate such Supplemental Resolution or any of the proceedings for its adoption shall be instituted or maintained unless such action or proceeding is commenced within sixty (60) days after the mailing of the notice required by this paragraph.

SECTION 6.03. *Notation upon Bonds; Bonds Delivered upon Amendments.* Bonds delivered after the effective date of any action taken as provided in this Article may bear a notation as to such action, by endorsement or otherwise and in form approved by the Authority. In that case, upon demand of the Holder of any Bond Outstanding at such effective date and the presentation of his Bond for the purpose at the office of a Paying Agent, transfer agent or registrar hereunder for such Bond and at such additional offices, if any, as the Authority may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as in the opinion of the Authority to conform to the amendments or supplements so consented to by the Holders of the Bonds shall be prepared, executed and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged without cost to such Holder, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

SECTION 6.04. *Effectiveness of Supplemental Resolution.* Upon the adoption pursuant to this Article and of applicable law of any Supplemental Resolution amending or supplementing the provisions of this Resolution and the rendering by counsel to the Authority of an opinion that such Supplemental Resolution is in due form, has been duly adopted in accordance with the provisions hereof and applicable law and the provisions thereof are valid and binding upon the Authority, or upon such later date after delivery of such Supplemental Resolution and rendering of opinion as may be specified in such Supplemental Resolution, this Resolution and the Bonds shall be modified and amended in accordance with such Supplemental Resolution, and the respective rights, limitations of rights, obligations, duties and immunities under this Resolution of the Authority and of the Holders of the Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all of the terms and conditions of any such Supplemental Resolution shall be a part of the terms and conditions of the Bonds and of this Resolution for any and all purposes.

SECTION 6.05. *Consent, etc., of Bondholders; Proof of Ownership of Bonds.* Any consent, request, direction, approval, objection or other instrument required by this Resolution to be signed or executed by the Holders of Bonds may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Holders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and, subject to the provisions of Section 2.08 hereof, of the ownership of Bonds, if made in the manner hereinafter in this section set forth shall be sufficient for any of the purposes of this Resolution and shall be conclusive in favor of the Authority with regard to any action taken under such request or other instrument. The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction, that the person signing such writing

acknowledged before him the execution thereof, or by affidavit of any witness to such execution. The fact of ownership by any person of Bonds shall be proved by the registration books maintained pursuant hereto, and for all purposes of this Resolution and of the proceedings for the enforcement hereof and of such Bonds, such persons shall be deemed to continue to be the Holder of such Bonds until the Authority shall have received notice in writing to the contrary.

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

SECTION 6.06. *Meetings of Bondholders.* The Authority or the Holders of not less than twenty percent (20%) in principal amount of the Bonds then Outstanding may at any time call a meeting of the Holders of the Bonds for any one or more of the following purposes: (1) to consent to, approve, request or direct any action required to be consented to or approved by the Holders of the Bonds hereunder (including, without limitation, to consent to amendments or supplements hereto or to waive any default or Event of Default or its consequences) or which they may request or direct hereunder to be taken; (2) to give any notices to the Authority; (3) to take any other action that Holders of the Bonds may take hereunder; and (4) for any other purposes concerning the payment, security or enforcement of the Bonds.

Every such meeting of the Holders of the Bonds shall be held at such place, in the City of New York, State of New York or in the County of Albany, State of New York, as may be specified in the notice of such meeting, stating the place and time of the meeting and in general terms the business to be submitted. The notice shall be mailed by the Authority or the Holders of the Bonds calling such meeting, at least thirty (30) days preceding the meeting to the Holders of a Series of Bonds at their addresses as they appear on the books of registry.

Attendance and voting by Holders of Bonds at meetings thereof may be in person or by proxy. Bondholders may, by an instrument in writing under their hands, appoint any person or persons, with full power of substitution, as their proxy to attend and vote at any meeting for them. The right of a proxy for a Holder of a Bond to attend a meeting and act and vote thereat may be proved (subject to the right of the Authority to require additional proof) by the written instrument executed by such Holder.

Any Holder of a Bond shall be entitled in person or by proxy to attend and vote at such meeting as Holder of the Bond or Bonds registered in his name without producing such Bond or Bonds (unless the Bond or Bonds shall be registered in the name of some other person at such meeting). Such person and their proxies shall, if required, produce such proof of personal identity as shall be satisfactory to the Secretary of the meeting.

Persons named by the Authority, or elected by the Holders of a majority in principal amount of the Bonds represented at the meeting in person or by proxy in the event the Authority is not represented at such meeting, shall act as temporary Chairman and temporary Secretary of any meeting of Holders of Bonds. A permanent Chairman and a permanent Secretary of such meeting shall be elected by the Holders of a majority in principal amount of the Bonds represented at such meeting in person or by proxy. The permanent Chairman of the meeting shall appoint two Inspectors of Votes. All instruments appointing proxies presented at such meeting shall be delivered to the Inspectors of Votes and filed with the Secretary of the meeting. The Inspectors of Votes shall count all votes cast at such meeting except votes on the election of Chairman and Secretary as aforesaid, and shall make and file with the Secretary of the meeting and the Authority their verified report of all such votes cast at the meeting.

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

The Holders of the same principal amount of the Bonds required by other provisions hereof to consent to, approve, request or direct any action proposed to be taken at a meeting of Holders of the Bonds, or required by other provisions hereof to take any other action proposed to be taken at such meeting, must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of such business, less than a quorum, however, having power to adjourn the meeting from time to time without other notice of such adjournment than the announcement thereof at the meeting; *provided, however*, that if such meeting is adjourned by less than a quorum for more than ten (10) days, notice of such adjournment shall be mailed to all Bondholders by the Authority or the Holders of the Bonds calling the meeting at least five (5) days prior to the adjourned date of the meeting.

The votes of the Holders of the same principal amount of the Bonds required by other provisions hereof to consent to, approve, request or direct any action hereunder shall be required to consent to, approve, request or direct any such action taken at a meeting of the Holders of the Bonds. The vote at any such meeting of the Holder of any Bond, or his proxy, entitled to vote thereat, shall be binding upon such Holder and upon every subsequent Holder of such Bond (whether or not such subsequent Holder has notice thereof) if the voters of the required percentage of the Holders of the Bonds have been cast and action taken by the Authority or by the Holders of other Bonds under authority of such votes.

SECTION 6.07. *Certain Bonds Deemed Not Outstanding Hereunder.* In determining whether the Holders of the requisite aggregate principal amount of Bonds have

consented to the amending or supplementing of this Resolution as provided in Section 6.05 hereof or have concurred in any waiver of an Event of Default as defined in Section 7.01 hereof, or have concurred in any other direction or consent regarding this Resolution, Bonds which are owned or controlled directly or indirectly by the Authority shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that for the purpose of determining whether the Authority shall be protected in relying on any such waiver, direction or consent, only Bonds which the Authority knows are so owned shall be so disregarded.

ARTICLE VII

DEFAULTS AND REMEDIES

SECTION 7.01. *Events of Default.* Each of the following is hereby defined as and declared to be and shall constitute an "Event of Default":

(a) If payment of any installment of interest on any Bond shall not be made when the same shall become due and payable; or

(b) If payment of the principal and premium (if any) of any Bond, whether at maturity or by proceedings for redemption (whether by voluntary redemption, redemption from the Term Bond Principal Account in the Bond Fund or pursuant to any other mandatory or optional redemption provisions set forth in a Supplemental Resolution with respect to a Series of Bonds) or otherwise, shall not be made when the same shall become due and payable; or

(c) If a default shall occur in the performance or observance by the Authority of the covenants, agreements and conditions contained in Section 5.02 (except as provided in subsection (b) of said Section); or

(d) If the Authority shall fail in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution (other than as described in (a) through (c) above) or in any Supplemental Resolution on the part of the Authority to be performed, and such failure shall continue for ninety (90) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Holders of not less than twenty percent (20%) in principal amount of the Bonds then Outstanding or any committee therefor; *provided* that if any such failure shall be such that it cannot be cured or corrected within such ninety day period, it shall not constitute an Event of Default hereunder if curative or corrective action is instituted within said period and diligently pursued until the failure of performance is cured or corrected; or

(e) If any proceedings shall be instituted with the consent or acquiescence of the Authority for the purpose of effecting a composition between the Authority and its

creditors and if the claim of such creditors is in any circumstance payable from any of the Revenues or any other moneys pledged and charged herein or in any Supplemental Resolution or for the purpose of adjusting the claims of such creditors, pursuant to any Federal or State statute now or hereafter enacted; or

(f) If an order or decree shall be entered (i) with the consent or acquiescence of the Authority, appointing a receiver or receivers of the Airport System or any of the buildings and facilities thereof, or (ii) without the consent or acquiescence of the Authority, appointing a receiver or receivers of the Airport System or any of the buildings and facilities thereof and such order or decree, having been entered, shall not be vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof; or

(g) If, under the provisions of any applicable bankruptcy laws or any other law for the relief or aid of debtors, (i) any court of competent jurisdiction shall assume custody or control of the Airport System or any of the buildings and facilities thereof, and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control; or (ii) any court of competent jurisdiction shall approve of any petition for the reorganization of the Airport System or rearrangement or readjustment of the obligations of the Authority hereunder; or

(h) If the Authority shall for any reason be rendered incapable of fulfilling its obligations hereunder.

The Trustee shall give written notice by mail to all the Holders of Bonds as their names and addresses appear upon the books of registry of all Events of Default known to the Trustee, within thirty (30) days after the occurrence thereof, unless the Event of Default shall have been cured before the giving of such notice.

The Authority agrees to give written notice of any Event of Default of which it is aware promptly to the Trustee, *provided* that failure to receive such notice shall not relieve the Trustee of its obligation act with respect to any Event of Default of which it otherwise has actual knowledge.

SECTION 7.02. *Action of Trustee in Event of Default.* Upon the occurrence of an Event of Default of which the Trustee has actual knowledge and at all times thereafter while such default shall continue, the Trustee shall become vested with all the estate, properties, rights, trusts, duties and obligations of the Trustee hereunder and shall enter into and take possession of, or supervision over, the funds and accounts continued or created under this Resolution, including a construction account in the Construction Fund created under any Supplemental Resolution, and collect and receive and apply all Net Revenues and other moneys held hereunder in the same manner as the Authority itself might do, and shall act in place of the Authority in the exercise of all rights and duties of the Authority hereunder.

The Trustee in case of an Event of Default may, and upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, shall, exercise any or all of the following remedies to the extent that the same shall then be legally available:

(a) The Trustee may proceed to protect and enforce its rights and the rights of the Holders of the Bonds by a suit or suits in equity, in bankruptcy or at law, either in mandamus or for the specific performance of any covenant or agreement contained herein or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, may deem most effectual to protect and enforce any of the rights or interests under the Bonds and/or this Resolution. The Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered (i) to institute any action or proceedings at law or in equity for the collection of all fees and charges, rents or sums, as the case may be, due and unpaid under any lease or other agreement to which the Authority is a party, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the other party to such lease or other agreement and collect in the manner provided by law out of the property of such party wherever situated the moneys adjudged or decreed to be payable, and (ii) to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and of the Holders of the Bonds allowed in any equity, receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization or other similar proceedings relative to the Authority or any party to a lease or agreement with the Authority. All rights of action under this Resolution or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on any trial or other proceeding relative thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, and any recovery of judgment shall be for the ratable benefit of the Holders of the Bonds;

(b) The Trustee may proceed by appropriate proceedings in any court of competent jurisdiction in the Event of Default in the payment of principal of or interest on any Bonds, to obtain the appointment of a receiver for the Airport System, which receiver may enter upon and take possession of the Airport System and fix rates and charges and collect all Revenues arising therefrom in as full a manner and to the same extent as the Authority itself might do. The receiver shall collect and dispose of Revenues in accordance with the terms and conditions of this Resolution or as the court shall direct.

(c) The Trustee may exercise any of the remedies available under applicable law, including, but not limited to, the provision of Section 2786 of the Public Authorities Law, except that the Trustee may not exercise the right to declare all Outstanding Bonds due and payable as provided in clause (d) of Subdivision 2 of Section 2786 of the Act.

The Trustee is hereby appointed, and the Holders of the Bonds from time to time shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney in fact of the respective Holders of the Bonds, with authority to make or file, in the respective names of the Holders of the Bonds, with or on behalf of all Holders of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other documents; to receive payment of all sums becoming distributable on account thereof; and to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of all Holders of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claims of the Holders of the Bonds against the Authority allowed in any equity, receivership, insolvency, liquidation, bankruptcy or other proceedings to which the Authority shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers.

SECTION 7.03. *Effect of Delay or Omission; Waiver of Default.* No delay or omission of the Trustee or of any Holder of any of the Bonds to exercise any right or power arising from any default on the part of the Authority shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Trustee or Bondholders of any such default, whether such waiver be full or partial, shall extend to or be taken to effect any subsequent default, or to impair the rights resulting therefrom, except as may be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing.

SECTION 7.04. *Suits or Actions by Bondholders.* No Bondholder shall have any right to institute or prosecute any suit or proceeding at law or in equity for the appointment of a receiver of the Authority, for the enforcement of any of the provisions hereof or of any remedies hereunder unless the Trustee, after a request in writing by the Holders of twenty-five percent (25%) in aggregate principal amount of the Outstanding Bonds, and after the Trustee shall have been assured such reasonable indemnity as it may require, shall have neglected for sixty (60) days to take such action; *provided, however*, that the right of any Holder of any Bond to receive payment of principal or interest, or both, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the consent of such Holder.

SECTION 7.05. *Bondholders' Committee.* If an Event of Default shall have occurred and be continuing, and the Trustee shall have failed or refused to comply with the written request or direction of the Holders of the Bonds in accordance with Section 7.04 hereof, the Holders of not less than twenty percent (20%) in principal amount of the Bonds then Outstanding may call a meeting of the Holders of Bonds for the purpose of electing a Bondholders' Committee. Such meeting shall be called and proceedings thereat shall be conducted as provided for other meetings of Bondholders pursuant to Section 6.06 hereof. At such meeting the Holders of not less than a majority in principal amount of the Bonds Outstanding must be present in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any notice other than the announcement thereof at the meeting. A quorum being present at such meeting the Bondholders present in person or by proxy may, by a majority of the votes

cast, elect one or more persons, who may or may not be Bondholders, to the Bondholders' Committee which shall act as trustee for all Bondholders. The Bondholders present in person or by proxy at said meeting, or at any adjourned meeting thereof, (i) shall prescribe the manner in which the successors of the persons elected to the Bondholders' Committee at such Bondholders' meeting shall be elected or appointed; (ii) may prescribe rules and regulations governing the exercise by the Bondholders' Committee of the power conferred upon it herein; and (iii) may provide for the termination of the existence of the Bondholders' Committee. The Bondholders' Committee elected by the Bondholders in the manner herein provided, and their successors, as a committee, are hereby declared to be trustees for the Holders of all the Bonds then Outstanding, and are empowered to exercise in the name of the Bondholders' Committee, as trustee, all the rights and powers conferred on the Trustee or any Bondholder.

ARTICLE VIII

SPECIAL FACILITY BONDS; SEPARATE IMPROVEMENTS

SECTION 8.01. *Special Facility Bonds and Special Facility Agreements.* Anything in this Resolution to the contrary notwithstanding, the Authority may issue bonds, notes or other evidences of indebtedness (herein referred to as "Special Facility Bonds") for the purpose of acquiring, constructing, renovating, remodeling or rehabilitating a Special Facility for use, lease or sublease thereof pursuant to the provisions of this section or for refunding other Special Facility Bonds. Such Special Facility Bonds (i) shall be payable solely from amounts payable by the user, lessee or sublessee under the Special Facility Agreement entered into with respect to such Special Facility to be financed from such Special Facility Bonds; (ii) shall not be a charge or claim against or payable from or secured by the Revenues or any other moneys held hereunder; (iii) will not result in a reduction of Net Revenues; and (iv) shall mature within the term of the Special Facility Agreement mentioned below entered into with respect to such Special Facility.

A Special Facility lease, loan or other agreement (herein referred to as "Special Facility Agreement") shall be entered into between the Authority and the user or occupier of such Special Facility pursuant to which the user, lessee or sublessee shall agree to pay or otherwise provide for payment of (i) installment amounts which will be sufficient to pay during such term as the same respectively becomes due the principal of and interest on all Special Facility Bonds to be issued pursuant to this section to pay the cost of construction or acquisition of the Special Facility; (ii) amounts necessary or required to provide or maintain all reserves required for such Special Facility Bonds and to pay all trustees', fiscal agents' and paying agents' fees and expenses in connection therewith; (iii) installment amounts equal to a properly allocable share of the administrative costs of the Authority arising out of such Special Facility Agreement and the issuance and servicing of such Special Facility Bonds or, if the land on which the Special Facility is to be constructed constitutes a part of the Airport System, a ground rental for the ground upon which such Special Facility is or to be located payable in periodic installments in amounts not less than shall be required pursuant to the Authority's policy for rental of ground space in the Airport System as fixed from time to time by the Authority; any

amount payable pursuant to this clause (iii) shall be free and clear of all charges under said Special Facility Agreement; shall be in addition to the amounts required by clauses (i), (ii) and (iv); and shall constitute Revenues and be paid into the Revenue Fund; and (iv) all costs connected with the ownership, operation, maintenance, repair, renewals and rehabilitation of the Special Facility (including, without limitation, insurance, utilities, taxes or payments in lieu of taxes and assessments).

Special Facility Bonds issued pursuant to the provisions of this section may also be refunded by Additional Bonds if (i) all such Special Facility Bonds then Outstanding and unpaid pertaining to the particular Special Facility are refunded at one time from such Additional Bonds or are then otherwise retired; and (ii) the conditions contained in Section 2.02 of this Resolution are complied with upon such refunding, and, for the purposes of any such refunding, such refunding shall be considered as though the Authority were acquiring such Special Facility by the issuance of such Additional Bonds.

If a Special Facility is located on land included in the Airport System, upon the retirement of the indebtedness evidenced by the Special Facility Bonds issued therefor or evidenced by refunding Special Facility Bonds, all rentals and other income thereafter received by the Authority from the Special Facility for which such Special Facility Bonds were issued shall, to the extent permitted by law, constitute Revenues and be paid into the Revenue Fund, to be used and applied as are other moneys deposited therein, and if such rentals and other income shall then constitute Revenues, such Special Facility shall, unless contrary to law, then constitute part of the Airport System for all purposes of this Resolution; *provided, however*, that if any such Special Facility Bonds are retired though the refunding thereof from the proceeds of Additional Bonds, such Special Facility in all events shall thereafter constitute part of the Airport System for all purposes hereof.

SECTION 8.02. *Separate Improvements.* Nothing contained in this Resolution shall prevent the Authority from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness, other than Bonds, and establish reserves in connection therewith, payable from and secured by a pledge of and lien on those revenues, proceeds, grants or other sources specifically excluded from the definition of Revenues, or any combination of all or a portion of the foregoing, for the purpose of acquiring, constructing, renovating, remodeling or rehabilitating Separate Improvements. A Separate Improvement shall be any facility or improvement in the Airport System acquired, constructed, renovated, remodeled or rehabilitated with the proceeds of bonds, notes, warrants, certificates or other obligations or evidences of indebtedness payable and secured in the manner prescribed in the first sentence hereof which the Authority determines will (i) not materially adversely affect the Outstanding Bonds, and (ii) so long as any Bonds are Outstanding, (a) produce revenue excluded from the definition of Revenues pursuant to clause (xi) of the definition thereof, or (b) have pledged or committed to the payment of all or a portion of the principal, premium, interest and other costs described below any revenues or amounts otherwise excluded from the definition of Revenues, or any combination thereof, sufficient to pay principal of, premium, if any, and interest on the bonds, notes, warrants, certificate or other obligations or evidences of indebtedness issued with respect to any such Separate Improvement and all operation and

maintenance and other costs connected with the ownership, operation, maintenance, repair, renewals and rehabilitation of any such Separate Improvement (including, without limitation, insurance, utilities, payments in lieu of taxes and assessments) and the administrative costs of the Authority associated with any such Separate Improvement. Any amount attributable to administrative costs (x) shall be free and clear of all charges under any agreement or obligation entered into or issued as described herein, (y) shall be in addition to all other amounts required to be provided for as described herein, (z) and shall constitute Revenues and be paid into the Revenue Fund. Nothing in this Section 8.02 shall be deemed to preclude the Authority from financing any Airport Purpose as described in the second paragraph of Section 2.05 hereof.

ARTICLE IX

DEFEASANCE; MONEYS HELD FOR PAYMENT OF DEFEASED BONDS

SECTION 9.01. *Discharge of Liens and Pledges; Bonds No Longer Outstanding Hereunder.* The obligations of the Authority under this Resolution, including all Supplemental Resolutions, and the liens, pledges, charges, trusts, assignments, covenants and agreements of the Authority herein or therein made or provided for, shall be fully discharged and satisfied as to any Bond and such Bond shall no longer be deemed to be Outstanding hereunder and thereunder,

(i) when such Bond shall have been cancelled, or shall have been purchased by the Authority from moneys in the Bond Fund, or

(ii) as to any Bond not cancelled or so purchased, when payment of the principal of and the applicable redemption premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or otherwise), either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with the Trustee or a Paying Agent for such Bond, in trust and irrevocably appropriated and set aside exclusively for such payment, (1) moneys sufficient to make such payment, (2) Governmental Obligations (as defined hereinafter in this section), or (3) any combination thereof maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agents pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of said Paying Agents.

At such time as a Bond shall be deemed to be no longer Outstanding hereunder, as aforesaid, such Bond shall cease to draw interest from the due date thereof (whether such due date be by reason of maturity, or upon redemption or prepayment or by declaration as aforesaid, or otherwise) and, except for the purposes of any such payment from such moneys or Governmental

Obligations, shall no longer be secured by or entitled to the benefits of this Resolution, including all Supplemental Resolutions.

Notwithstanding the foregoing, in the case of the Bonds which by their terms may be redeemed or otherwise prepaid prior to their stated maturities from the moneys or securities deposited in accordance with this section, no deposit under clause (b) of subparagraph (ii) above shall constitute such payment, discharge and satisfaction as aforesaid,

(A) as to any such Bonds as are not at the time of the making of such deposit immediately redeemable or prepayable in accordance with the provisions of the Supplemental Resolution providing for their issuance and of such Bonds, until either (1) such Bonds shall have been irrevocably called or designated for redemption or prepayment on the first date thereafter such Bonds may be redeemed or prepaid in accordance with the provisions of the Supplemental Resolution providing for their issuance and of such Bonds, or (2) until ninety (90) days prior to the respective stated maturities of such Bonds;

(B) as to any such Bonds as are at the time of the making of such deposit immediately redeemable or prepayable in accordance with the provisions of the Supplemental Resolution providing for their issuance and of such Bonds, until (1) ninety days prior to the date fixed for their redemption or prepayment, or (2) ninety (90) days prior to the respective stated maturities of such Bonds; and

(C) as to all such Bonds which are to be redeemed or prepaid prior to their respective stated maturities, until proper notice of such redemption or prepayment shall have been previously given in accordance with Section 2.10 hereof or satisfactory provision shall have been irrevocably made for the giving of such notice.

Any such moneys so deposited with a Paying Agent as provided in this section may at the direction of the Authority also be invested and reinvested in Governmental Obligations, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Governmental Obligations in the hands of the Paying Agents pursuant to this section which is not required for the payment of the Bonds and interest and premium thereon with respect to which such moneys shall have been so deposited, shall be paid to the Authority and deposited in the Revenue Fund as and when realized and collected for use and application as are other moneys deposited in that Fund.

Notwithstanding the foregoing, the payment of (i) the purchase price of or accrued interest on any Variable Rate Bonds tendered for purchase pursuant to the terms of a Supplemental Resolution or the Remarketing Agreement, or similar agreement, or (ii) principal of, premium, if any, or interest on any Variable Rate Bonds upon redemption, acceleration or when due and payable with a draw, borrowing or payment under a Support Facility shall not be deemed payment pursuant to Section 9.01 hereof; *provided, however*, that with respect to (ii) above, a reimbursement or other payment by the Authority with respect to a draw, borrowing or payment under a Support Facility for the payment of principal of, premium, if any, or interest

on Variable Rate Bonds upon redemption, acceleration or when due and payable may be deemed to be payment for the purposes of Section 9.01.

For the purposes of this section, the term "Governmental Obligations" shall mean (i) direct general obligations of, or obligations the payment of the principal and interest of which are unconditionally guaranteed by, the United States of America which are non-callable or redeemable only at the option of the Holder and which at the time are legal investments for the moneys proposed to be invested therein, (ii) receipts, certificates or other similar documents evidencing ownership of future interest or principal payments due on direct obligations of the United States of America held in a custody or trust account by a commercial bank (having at least \$20,000,000 in capital stock, surplus and undivided profits) pursuant to a custody or trust agreement, (iii)(A) direct and general obligations, to the payment of the principal of and interest on which the full faith and credit of the issuer is pledged, of any of the following: any state of the United States, or any political subdivision of any such state; provided that (1) as to such obligations of a political subdivision, all the taxable real property within such political subdivision shall be subject to taxation thereby to pay such obligations and the interest thereon, without limitation as to rate or amount, and (2) at the time of their purchase under this Resolution, such obligations of any such state or political subdivision are rated in either of the two highest rating categories by two nationally recognized bond rating agencies, or (B) long-term obligations of any state or any political subdivision thereof the entire principal of and interest on which is insured pursuant to an irrevocable municipal bond insurance policy and which obligations are rated by two nationally recognized bond rating agencies in the highest rating category or (iv) Refunded Municipal Obligations.

Notwithstanding any provision of any other section of this Resolution which may be contrary to the provisions of this section, all moneys or Governmental Obligations set aside and held in trust pursuant to the provisions of this section for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bond (including interest and premium thereon, if any) with respect to which such moneys and Governmental Obligations have been so set aside in trust.

Anything in Article VI hereof to the contrary notwithstanding, if moneys or Governmental Obligations have been deposited or set aside with a Paying Agent pursuant to this section for the payment of Bonds and such Bonds shall be deemed to have been paid and be no longer Outstanding hereunder as provided in this section, but such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this section shall be made without the consent of the Holder of each Bond affected thereby.

SECTION 9.02. *Bonds Not Presented for Payment When Due; Moneys Held for the Bonds after Due Date of Bonds.* If any Bond shall not be presented for payment when the principal thereof shall become due, whether at maturity or at the date fixed for the redemption thereof or upon declaration as provided in this Resolution, or otherwise, and if moneys or Governmental Obligations shall at such due date be held by a Paying Agent therefor, in trust for that purpose and sufficient and available to pay the principal and the premium, if any, of such Bond, together with all interest due thereon to the due date thereof or to the date fixed for

redemption thereof, all liability of the Authority for such payment shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of such Paying Agent to hold said moneys or Governmental Obligations, without liability to such Bondholder for interest thereon, in trust for the benefit of the Holder of such Bond, who thereafter shall be restricted exclusively to said moneys or Governmental Obligations for any claim of whatever nature on his part on or with respect to said Bond, including for any claim for the payment thereof. Any such moneys or Governmental Obligations held by a Paying Agent for the Bondholders of such Bonds for three (3) years after the principal of the respective Bonds with respect to which such moneys or Government Obligations have been so set aside has become due and payable and remains unpaid (whether at maturity or upon redemption or prepayment or otherwise) shall be paid to the Authority and unless demand for the payment of such Bonds shall have been made, the obligation thereon shall be extinguished and such Bonds shall be deemed no longer Outstanding; *provided, however*, that before the repayment of such moneys to the Authority as aforesaid, the Paying Agent may (at the cost of the Authority) first mail to the Bondholders of any Bonds remaining unpaid at the addresses shown on the books of registry maintained by the Registrar a notice, in such form as may be deemed appropriate by the Paying Agent, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the repayment thereof.

ARTICLE X

FORMS OF BONDS, ENDORSEMENT AND ASSIGNMENT PROVISIONS, CERTIFICATE OF AUTHENTICATION

SECTION 10.01. *Forms of Bonds, Endorsement and Assignment Provisions, Certificate of Authentication.* The form or forms of Bond for a particular Series of Bonds, the form or forms of the certificate of authentication thereof, the form or forms of endorsement to appear thereon and the form or forms of assignment thereof shall be in the forms set forth in the Supplemental Resolution providing for the issuance of such Series of Bonds.

ARTICLE XI

CONCERNING THE TRUSTEE AND THE PAYING AGENTS

SECTION 11.01. *Appointment of Trustee for Bonds; Removal Thereof; Qualifications of Successor Thereto.* Fleet National Bank, Hartford, Connecticut, is hereby appointed Trustee hereunder.

Such Trustee shall execute, acknowledge and deliver to the Authority an instrument in writing accepting such appointment and the estate, properties, rights, powers, trusts, duties and obligations of the Trustee hereunder; *provided, however*, that prior to the occurrence of an Event of Default hereunder the Trustee shall have no duties and obligations as Trustee hereunder other than to act as Paying Agent or as Registrar if so appointed hereunder

or in a Supplemental Resolution and upon the occurrence of an Event of Default hereunder of which an officer in the Corporate Trust Administration department of the Trustee has actual knowledge all such estate, properties, rights, powers, trusts, duties and obligations granted to the Trustee hereunder shall vest in the Trustee unless and until all such Events of Default shall have been cured in accordance with Article VII hereof.

The Trustee may be removed as trustee hereunder at the request of and upon the affirmative vote of the Holders of a majority of the principal amount of Bonds outstanding. In the event of the removal or refusal to act of the Trustee, a successor may be appointed by the Holders of a majority of the principal amount of Bonds outstanding, excluding any Bonds held by or for the account of the Authority, and such successor shall have all the powers and obligations of the Trustee as trustee hereunder theretofore vested in the Trustee; *provided*, that unless a successor Trustee shall have been appointed by the Holders of Bonds as aforesaid, the Authority by a duly executed written instrument signed by the Chairman of the Authority, shall forthwith appoint a trustee to fill such vacancy until a successor Trustee shall be appointed by the Holders of Bonds as authorized in this Section 11.01. Any successor Trustee appointed by the Authority shall, immediately and without further action, be superseded by a trustee appointed by the Holders of Bonds. Any successor Trustee shall be a corporation organized and doing business under the laws of the United States or of any State of the United States whose principal office is located in New York which (a) is authorized under such laws to exercise corporate trust power, (b) is subject to supervision or examination by Federal or state authority, and (c) shall have at all times a combined capital and surplus of not less than one hundred million dollars.

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

The Trustee or any successor may resign as trustee hereunder at any time by giving not less than sixty (60) days' notice to the Authority and by mailing a notice of resignation within ten (10) days after the giving of such notice to the Authority to the Holders of the Bonds, and thereupon the Authority, in the manner prescribed above, shall, unless an Event of Default shall have occurred and be continuing, appoint a successor Trustee.

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

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

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

Upon acceptance of appointment by a successor Trustee as provided in this Section 11.01, the Authority shall mail notice of the succession of such Trustee to the trusts hereunder to the Holders of the Bonds. If the Authority shall fail to mail such notice within ten (10) days after acceptance of appointment by a successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

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

The Trustee may be removed by the Authority at any time; *provided, however*, that (i) such removal is subject to revocation by Bondholders of not less than ten percent (10%) of the Bonds then Outstanding and (ii) such removal may not be effected if (A) an Event of Default (as defined in Section 7.01) has occurred and is continuing, or (B) there is any deficiency in any fund or account held under this Resolution. The Trustee shall mail notice of removal pursuant to this paragraph, postage prepaid, not less than fifteen (15) days after receipt of notification of removal from the Authority, to the registered owners of all Bonds Outstanding at their addresses appearing upon the registry books. Such notice shall state the procedures set

forth in this paragraph for revocation of such removal. Failure to receive any such notice of removal shall not affect the proceedings for removal hereunder. Nothing shall prevent the Authority from sending a notice of revocation to all Bondholders, in the event the Trustee refuses or fails to mail such notice or otherwise; provided that in the event the Trustee refuses or fails to mail such notice, the date of mailing of the Authority's notice shall be controlling for the purposes of determining the period within which notices of revocation must be received, otherwise, the date of the Trustee's notice shall be controlling. Any notices of revocation of removal must be sent by Bondholders to the Trustee, or, if directed by the Authority, an independent trustee selected by the Authority, by registered or certified mail, return receipt requested, and must be received within one hundred and eighty (180) days from the mailing of such notice to Bondholders. Bonds held or owned by or on behalf of the Trustee and Bonds described under Section 6.07 hereof shall not be Outstanding for the purposes of submission of Bondholder revocations pursuant to this paragraph.

SECTION 11.02. *Duties of Trustee; Reliance on Certificates and Opinions.* Notwithstanding anything in this Resolution or in any Supplemental Resolution to the contrary, prior to an Event of Default as defined in Section 7.01 hereof of which the Trustee as trustee hereunder has actual knowledge, and after the curing or waiving of all such Events of Default, the Trustee may, in the absence of bad faith, conclusively rely upon certificates or opinions conforming to the requirements of this Resolution as to the truth of the statements and the correctness of the opinions expressed therein. In case of an Event of Default as defined in Section 7.01 hereof of which an officer in the Corporate Trust Administration department of the Trustee has actual knowledge, the Trustee shall exercise such rights and powers vested in it by this Resolution, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Resolution shall be construed to relieve the Trustee acting as trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that the Trustee shall at all times: (1) be protected from liability for any error of judgment made in good faith by a responsible officer or officers unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and (2) be protected with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or to be taken by it, or exercising any trust or power conferred upon the Trustee, under this Resolution. The Trustee shall be protected when acting in good faith and upon advise of counsel who may be counsel to the Authority.

SECTION 11.03. *Evidence of Compliance With the Conditions Precedent; Examination of Evidence.* The Authority will furnish, or will cause to be furnished, to the Trustee evidence of compliance with the conditions precedent, if any, provided in this Resolution (including any covenant compliance with which constitutes a condition precedent) which relate to any action to be taken by the Trustee at the request or upon the application of the Authority. The Trustee shall examine such evidence, and any evidence furnished to it pursuant to any other

provisions of this Resolution, to determine whether or not such evidence conforms to the requirements of this Resolution.

SECTION 11.04. *Trustee Hereunder Not Liable for Acts of Authority or Other Trustees; No Representations by Trustee.* The Trustee shall not be responsible or have any liability for any act of the Authority or of any other trustee. The Trustee shall not be responsible in any manner whatsoever for the correctness of the recitals, statements and representations in this Resolution or in the Bonds. The Trustee makes no representations as to the validity of this Resolution or of the Bonds issued hereunder, and the Trustee shall not incur any liability or responsibility in respect of any such matters.

SECTION 11.05. *Paying Agents; Paying Agents to Hold Moneys in Trust.* The Authority shall provide in the Supplemental Resolution providing for the issuance of each Series of Additional Bonds for the appointment of a principal Paying Agent and such additional Paying Agents as the members of the Authority shall deem appropriate. Principal of and premium, if any, on all Bonds of a particular series, shall be payable at the principal office of the principal Paying Agent therefor. Interest on all Bonds shall be payable by check or draft mailed, by wire transfer or in any other manner provided by the Supplemental Resolution providing for the issuance of such series of Bonds, to the registered Holder thereof at his address as it appears on the books of registry and except that any Series of Bonds issued in book-entry form and the interest thereon shall be payable as provided in the Supplemental Resolution providing for the issuance of such Series of Bonds. The Authority shall notify the Trustee of each Paying Agent appointed for a Series of Bonds.

In the event the Authority determines it is in the best interest of the Authority it may replace any Paying Agent appointed pursuant to this Resolution or any Supplemental Resolution.

Each Paying Agent shall hold in trust for the benefit of the Holders of the Bonds all sums held by such Paying Agent for the payment of the principal of and interest on the Bonds. Such Paying Agent shall give to the Trustee notice of any default by the Authority in the making of any such payment.

SECTION 11.06. *Trustee, Registrars, Paying Agents and Securities Depository May Buy, Hold, Sell or Deal in Bonds and Other Indebtedness of Authority.* Any Trustee, Registrar, Paying Agent and securities depository and their respective directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued under the provision of this Resolution and may join in any action which any Holder of a Bond may be entitled to take, with like effect as if the Trustee, Registrar, Paying Agent or security depository were not a Trustee, a Registrar, a Paying Agent or a securities depository, as the case may be, under this Resolution. Any Trustee, Registrar, Paying Agent and securities depository may in good faith hold any other form of indebtedness of the Authority; own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Authority; make disbursements for the Authority; and enter into any commercial or business arrangement with Authority.

SECTION 11.07. *Reimbursement of Trustee, Registrars and Paying Agents Hereunder for Fees, Expenses and Charges.* The Trustee shall be entitled to reasonable fees and reimbursement by the Authority for all expenses, charges, counsel fees and other disbursements reasonably incurred by it in the performance of its duties and powers under this Resolution, including those of its attorneys, agents and employees in such manner as may be agreed to with the Authority. After the occurrence of an Event of Default, the Trustee shall be entitled to the aforesaid fees and reimbursement, whether or not agreed to with the Authority. Each Registrar and each Paying Agent shall also be entitled to reasonable fees and to reimbursement by the Authority for all expenses and charges reasonably incurred by it in the performance of its duties hereunder in such manner as may be agreed to with the Authority.

ARTICLE XII

MISCELLANEOUS

SECTION 12.01. *No Personal Liability.* No member of the Authority and no officer or employee thereof shall be individually or personally liable for the payment of the principal of or interest or premium on the Bonds; but nothing herein contained shall relieve any such director, officer or employee from the performance of any duty provided or required by law, including by this Resolution.

SECTION 12.02. *Limitation of Rights.* With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Bonds is intended or shall be construed to give to any person other than the Authority and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Resolution or any covenants, conditions and provisions herein contained; this Resolution and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the Authority and the Holders of the Bonds as herein provided.

SECTION 12.03. *Laws Governing; Severability.* This Resolution shall be construed and enforced in accordance with the Constitution and laws of the State of New York.

If any provision of this 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 other provision or provisions hereof or 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 whatever.

The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections in this Resolution shall not affect the remaining portions of this Resolution or any part thereof.

SECTION 12.04. *Effect of Sundays and Legal Holidays.* Whenever this Resolution or a Bond require any action to be taken on a Sunday or legal holiday, such action shall be taken on the first business day occurring thereafter. Whenever in this Resolution or a Bond the time within which any action is required to be taken or within which any right will lapse or expire shall terminate on a Sunday or legal holiday, such time shall continue to run until midnight on the next succeeding business day.

SECTION 12.05. *Section Headings; Table of Contents.* The headings or titles of the several sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Resolution.

SECTION 12.06. *Effectiveness of this Resolution.* The Resolution shall become effective upon its adoption.