

*In the opinion of Winston & Strawn LLP, Bond Counsel, based on existing statutes, regulations, rulings, and court decisions, interest on the Series 2006A Bonds is not includable in gross income for federal income tax purposes assuming compliance with certain covenants and the accuracy of certain representations, except for any interest on any Series 2006A Bond for any period during which such Series 2006A Bond is held by a person who is a "substantial user" of the facilities financed with the proceeds of the Series 2006A Bonds or a "related person" as defined in Section 147(a) of the Internal Revenue Code of 1986, as amended. Interest on the Series 2006A Bonds is not an "item of tax preference" for purposes of computing the federal alternative minimum tax on individuals and corporations; however, a portion of such interest may otherwise be includable in the calculation of the federal alternative minimum tax and imposed on corporations. Bond Counsel expresses no opinion regarding the treatment, for federal income tax purposes, of interest on the Series 2006B Bonds. In the opinion of Bond Counsel, based on existing statutes, interest on the Series 2006 Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates and such interest is excluded from amounts on which the net Connecticut minimum tax is based in the cases of individuals, trust, and estates required to pay the federal alternative minimum tax. See "TAX MATTERS" in this Official Statement.*

## CONNECTICUT DEVELOPMENT AUTHORITY

**\$15,100,000**

**Variable Rate Refunding Airport Hotel Revenue Bonds  
2006 Series A  
(Bradley Airport Hotel Project)**

**\$5,900,000**

**Variable Rate Airport Hotel Revenue Bonds  
2006 Series B  
(Bradley Airport Hotel Project) (Federally Taxable)**

<u>Dated</u>	<u>Price</u>	<u>CUSIP Nos</u>	<u>Due</u>
Series 2006A: Date of Delivery	100%	207565 AA 0	December 1, 2028
Series 2006B: Date of Delivery	100%	207565 AB 8	December 1, 2028

The Series 2006A Bonds and the Series 2006B Bonds (together, the "Series 2006 Bonds") are special obligations of the Connecticut Development Authority (the "Authority"), payable solely out of the revenues or other receipts, funds or moneys of the Authority pledged therefor or otherwise available to U.S. Bank National Association, as trustee (the "Trustee") for the payment thereof, primarily derived under two Loan Agreements dated February 1, 2006 (the "Loan Agreements"), each between the Authority and RK Bradley Associates Limited Partnership (the "Borrower").

The payment of the principal of, interest on and purchase price of the Series 2006A Bonds and the Series 2006B Bonds will be secured by separate irrevocable direct pay letters of credit (each a "Letter of Credit" and, collectively, the "Letters of Credit") issued by TD Banknorth, N.A. (the "Credit Bank"), which Letters of Credit will permit the Trustee to draw up to (i) an amount sufficient to pay the principal of the applicable series of Series 2006 Bonds at their stated maturity or upon earlier redemption or acceleration, or an amount sufficient to pay the principal portion of the purchase price of the applicable Series 2006 Bonds on any permitted purchase date and (ii) an amount equal to interest on the applicable series of Series 2006 Bonds for 44 days computed at the rate of 12% per annum, the current maximum interest rate on the Series 2006 Bonds, to pay interest on the applicable series of Series 2006 Bonds on each interest payment date, or an amount sufficient to pay the interest portion of the purchase price of the applicable series of Series 2006 Bonds on any purchase date. Each Letter of Credit initially expires on February 22, 2011, or at an earlier time in accordance with its terms, as described herein.

**Interest Rate:** The Series 2006 Bonds will bear interest initially from their date of delivery in the Weekly Interest Rate Period and shall bear interest at a Weekly Interest Rate determined by Zions First National Bank, the Remarketing Agent (the "Remarketing Agent") and announced on each Wednesday, to become effective on the next succeeding Thursday, unless such Wednesday is not a Business Day, in which case such determination and announcement shall be made on the next closest preceding Business Day.

**Tender Rights:** During the Weekly Interest Rate Period, any Series 2006 Bond in an authorized denomination will be purchased from the owner thereof, at the owner's option, on any Business Day, upon at least five Business Days' notice, at a purchase price of 100% of the principal amount thereof plus accrued interest, if any.

**Redemptions and Mandatory Tenders:** During the Weekly Interest Rate Period, the Series 2006 Bonds are subject to optional or mandatory redemption and mandatory tender for purchase prior to maturity at a redemption price or purchase price, as applicable, of 100% of the principal amount thereof plus accrued interest, if any.

**Form and Denominations:** The Series 2006 Bonds are issuable during the Weekly Interest Rate Period as fully registered bonds, without coupons, in denominations of \$100,000 and \$5,000 multiples in excess thereof.

**Book-Entry-Only:** The Series 2006 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2006 Bonds. Payments of principal, Redemption Price, interest and, with respect to tendered Series 2006 Bonds, purchase price of the Series 2006 Bonds will be made to DTC or, in certain instances, Participants.

THE SERIES 2006 BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM ANY REVENUES, RECEIPTS, FUNDS OR MONEYS PLEDGED THEREFOR, AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURES FOR THE PAYMENT THEREOF, INCLUDING THOSE DERIVED UNDER THE LOAN AGREEMENTS AND THE NOTES AND THOSE ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURES. NEITHER THE STATE OF CONNECTICUT NOR ANY MUNICIPALITY THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR THE PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2006 BONDS AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CONNECTICUT OR ANY MUNICIPALITY THEREOF IS PLEDGED FOR SUCH PAYMENT.

The Series 2006 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval of legality by Winston & Strawn LLP, New York, New York. Certain legal matters will be passed upon for RK Bradley Associates Limited Partnership by Updike, Kelly & Spellacy PC., Hartford, Connecticut, for TD Banknorth, N.A., by Robinson & Cole LLP, Stamford, Connecticut, and for the Underwriter by Gadsby Hannah LLP, Boston, Massachusetts. It is expected that delivery of the Series 2006 Bonds will be made through the facilities of DTC against payment therefor in New York, New York, on or about February 23, 2006.

**ZIONS FIRST NATIONAL BANK**

IN CONNECTION WITH THE OFFERING OF THE SERIES 2006 BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2006 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations other than as contained in this Official Statement and the Appendices hereto in connection with the offering described herein, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities other than those identified on the cover page or an offer to sell or a solicitation of an offer to buy such securities in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The Authority neither has nor assumes any responsibility as to the accuracy or completeness of the information contained in this Official Statement, other than that appearing under the captions "The Authority" and "Litigation" (but only insofar as it relates to the Authority).

Certain information contained in this Official Statement has been obtained from the Borrower, DTC, the Credit Bank and other sources that are believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information and nothing contained in this Official Statement is, or may be relied on as, a promise or representation by the Authority or the Underwriter. The information herein relating to the Borrower and its affairs and condition has been provided by such entity, and neither the Authority nor the Underwriter makes any representation with respect to or warrants the accuracy of such information.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is submitted in connection with the sale of securities referred to herein and may not be used, in whole or in part, for any other purpose. The information and expression of opinions set forth herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

**THIS OFFICIAL STATEMENT DOES NOT AND IS NOT INTENDED TO DESCRIBE THE SERIES 2006 BONDS IN ANY INTEREST RATE PERIOD OTHER THAN THE WEEKLY INTEREST RATE PERIOD.**

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## SELECTED INFORMATION RELATING TO THE SERIES 2006 BONDS

The following selected information describes certain provisions of the Series 2006 Bonds and is not intended to be comprehensive or definitive. A summary of the Indentures is included as Appendix C to this Official Statement. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement and in the Indentures. The offering of the Series 2006 Bonds is made only by means of the entire Official Statement. No person or entity is authorized to offer to sell, or to solicit offers to buy, the Series 2006 Bonds unless the entire Official Statement is delivered in connection therewith. Certain terms in this Official Statement are defined under Appendix A - “Definitions of Certain Terms.”

### General

Each series of Series 2006 Bonds will mature on December 1, 2028. The term of each series of the Series 2006 Bonds will be divided into consecutive Interest Rate Periods to be determined by the Borrower, during which such Series 2006 Bonds may bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Long-Term Interest Rate or, during a Short-Term Interest Rate Period, at Bond Interest Term Rates applicable to each Series 2006 Bond. The initial Interest Rate Period for all of the Series 2006 Bonds will be the Weekly Interest Rate Period. Each series of Series 2006 Bonds will be entitled to the benefit of a direct pay Letter of Credit, as described more fully in this Official Statement. The Series 2006 Bonds are subject to mandatory tender for purchase upon a change in Interest Rate Period from the Weekly Interest Rate Period to any other Interest Rate Period. For information relating to Interest Rate Periods other than the Weekly Interest Rate Period, copies of the Indentures will be available as set forth under the heading “**INTRODUCTION.**”

### Weekly interest Rate Period

#### Interest Rate

The Weekly Interest Rate for each seven-day period, Thursday through Wednesday, will be announced by the Remarketing Agent each Wednesday, to become effective on the next succeeding Thursday, unless such Wednesday is not a Business Day, in which case such announcement shall be made on the next closest preceding Business Day.

The Weekly Interest Rate will be that rate of interest determined by the Remarketing Agent to be the minimum interest rate which, if borne by the Series 2006 Bonds, would enable the Remarketing Agent to sell the Series 2006 Bonds on the date of determination at 100% of their principal amount thereof plus accrued interest, if any.

Interest will be calculated on a year of 365 or 366 days, as applicable, and the actual number of days elapsed.

#### Interest Payment Date

Interest will be paid on the first Business Day of each month.

#### Interest Accrual

Interest will accrue initially from the date of delivery through the day preceding the next Interest Payment Date and thereafter on a monthly basis from the first Business Day of the month to but excluding the next Interest Payment Date.

Purchase of Series 2006 Bonds on Demand by Owners

A Holder of a Series 2006 Bond may demand purchase of its Series 2006 Bond in Authorized Denominations on any Business Day by giving at least five Business Days' irrevocable written notice to the Tender Agent and the Remarketing Agent of the day of purchase. Series 2006 Bonds must be tendered by 10:00 a.m., New York time, on the date of purchase for payment of the purchase price on that day.

Optional Redemption

Upon notice to the affected registered owners, Series 2006 Bonds will be subject to redemption at the option of the Borrower at 100% of their principal amount plus accrued interest on any Business Day.

Change of Interest Rate Period

At any time, effective on a Business Day, the Borrower may elect to change from the Weekly Interest Rate Period to a different Interest Rate Period subject to certain conditions. Notice must be given to the owners of the Series 2006 Bonds at least 20 Business Days prior to the effective date of the new Interest Rate Period. Series 2006 Bonds are subject to mandatory tender for purchase on the effective date of the new Interest Rate Period.

**Mandatory Tender for Purchase of Series 2006 Bonds**

During the Weekly Interest Rate Period, all Series 2006 Bonds are subject to mandatory tender for purchase (i) on the first day of a new Interest Rate Period, (ii) upon the expiration of the Credit Facility for each respective series of Series 2006 Bonds, unless the term of such Credit Facility is extended by the Credit Institution, (iii) upon delivery of an Alternative Credit Facility for a series of Series 2006 Bonds, or (iv) upon receipt by the Trustee for the applicable series of Series 2006 Bonds of notice from the Credit Institution that an event of default under the applicable Credit Agreement has occurred and is continuing, all as described herein.

**Redemption of Bonds**

The Series 2006 Bonds are subject to optional and mandatory redemption prior to maturity at the prices and at the times described herein. In certain circumstances the Series 2006 Bonds may be subject to mandatory redemption upon the occurrence of an Act of Bankruptcy of the Credit Institution at the Redemption Price of 100% of the principal amount thereof plus interest, if any accrued and unpaid thereon to the date fixed for redemption. In the event of a Determination of Taxability, the Series 2006A Bonds are subject to redemption at the Redemption Price of 100% of the principal amount thereof plus interest, if any accrued and unpaid thereon to the date fixed for redemption.

## OFFICIAL STATEMENT

**\$15,100,000**

**CONNECTICUT DEVELOPMENT AUTHORITY  
Variable Rate Refunding Airport Hotel Revenue Bonds  
2006 Series A  
(Bradley Airport Hotel Project)**

**\$5,900,000**

**CONNECTICUT DEVELOPMENT AUTHORITY  
Variable Rate Airport Hotel Revenue Bonds  
2006 Series B  
(Bradley Airport Hotel Project) (Federally Taxable)**

### INTRODUCTION

The purpose of this Official Statement (including the cover page and the appendices hereto) is to describe the Connecticut Development Authority's \$15,100,000 Variable Rate Refunding Airport Hotel Revenue Bonds, 2006 Series A (Bradley Airport Hotel Project) (the "Series 2006A Bonds") and the \$5,900,000 Variable Rate Airport Hotel Revenue Bonds, 2006 Series B (Bradley Airport Hotel Project) (Federally Taxable) (the "Series 2006B Bonds" and together with the Series 2006A Bonds, the "Series 2006 Bonds") to be offered and to provide pertinent information in relation to such offering. Certain capitalized terms used in this Official Statement which are not defined elsewhere herein have the respective meanings set forth in Appendix A - "Definitions of Certain Terms."

#### **Authorization**

The Series 2006 Bonds will be issued by the Connecticut Development Authority (the "Authority"), a body politic and corporate constituting a public instrumentality and political subdivision pursuant to the Act. The Series 2006 Bonds have been authorized by resolution adopted by the Authority on November 16, 2005, and pursuant to an Indenture of Trust with respect to the Series 2006A Bonds (the "Series 2006A Indenture"), dated as of February 1, 2006, between the Authority and U.S. Bank National Association, as trustee (the "Series 2006A Trustee") and an Indenture of Trust with respect to the Series 2006B Bonds (the "Series 2006B Indenture" and together with the Series 2006A Indenture, the "Indentures"), dated as of February 1, 2006, between the Authority and U.S. Bank National Association, as trustee (the "Series 2006B Trustee" and together with the Series 2006A Trustee, the "Trustee").

#### **Purpose**

The Series 2006A Bonds are being issued to provide the funds for the current refunding of the Authority's \$18,000,000 Variable Rate Refunding Airport Hotel Revenue Bonds, 1997 Series A (Bradley Airport Hotel Project), \$5,000,000 Variable Rate Refunding Airport Hotel Revenue Bonds, 1997 Series B (Bradley Airport Hotel Project) and \$1,400,000 Variable Rate Refunding Airport Hotel Revenue Bonds, 1997 Series C (Bradley Airport Hotel Project) (collectively, the "Refunded Bonds"), which Refunded Bonds were issued to refund the Authority's Variable Rate Airport Hotel Revenue Bonds (RK Bradley Associates Limited Partnership Project - 1985 Series) and Airport Hotel Revenue Bonds (RK Bradley Associates Limited Partnership Project - 1985 Series) (collectively the "1985 Bonds"), which 1985 Bonds were issued to finance a project consisting of the acquisition and/or construction of a 237 room hotel at the Bradley International Airport with a parking garage and appurtenant facilities, including a restaurant, café, lounges, ballroom, conference rooms and pool. The Series 2006B Bonds are being issued to provide funds for the current refunding of the Refunded Bonds and to provide financing for a project consisting of the acquisition, construction and installation of various improvements to such hotel at the Bradley International Airport. (See "The Project" under this caption and "Description of the Project" herein.)

## **Limited Obligation of the Authority**

The Series 2006 Bonds are special obligations of the Authority, payable solely out of the revenues or other receipts, funds or moneys of the Authority pledged therefor or otherwise available to the Trustee, for the payment thereof, primarily derived under a Loan Agreement with respect to the Series 2006A Bonds (the "Series 2006A Loan Agreement"), dated as of February 1, 2006, between the Authority and RK Bradley Associates Limited Partnership (the "Borrower") and a Loan Agreement with respect to the Series 2006B Bonds (the "Series 2006B Loan Agreement" and together with the Series 2006A Loan Agreement, the "Loan Agreements"), dated as of February 1, 2006, between the Authority and Borrower.

## **The Project**

The project with respect to the Series 2006A Bonds (the "Series 2006A Project") consists of the Project Realty and the Project Equipment, and means 237 room hotel with a parking garage and appurtenant facilities located at the Bradley International Airport (the "Hotel"). The project with respect to the Series 2006B Bonds (the "Series 2006B Project" and together with the Series 2006A Project, the "Project") consists of the Project Realty and the Project Equipment, and means the Hotel and the acquisition, construction and installation of certain improvements to the Hotel, consisting of renovations and other leasehold improvements relating to building exterior, parking lot/garage, signage, all guest rooms, meeting rooms, banquet facilities, restaurant, kitchen, lobby, laundry facilities, mezzanine; replace carpeting, wall coverings, ceilings, flag poles, elevators; furniture and equipment, telephone system; cabling entire hotel; installation of computer software and hardware; and construction of club lounge, and certain other equipment relating to the function of the foregoing. (See Appendix A – "Definitions of Certain Terms.")

## **The Loan Agreements**

Concurrently with the issuance and delivery of the Series 2006 Bonds, the Authority and the Borrower will enter into the Loan Agreements pursuant to which the Authority will lend the proceeds of the applicable Series 2006 Bonds to the Borrower. Under the Loan Agreements the Borrower will pay all Project costs and the Borrower will be absolutely and unconditionally obligated to make loan payments equal to the principal and redemption price of and interest due on the Series 2006 Bonds less certain amounts on deposit and available therefor under the respective Indenture. Under the Loan Agreements the Borrower further agrees to pay to the Tender Agent all amounts necessary for the purchase of Series 2006 Bonds tendered pursuant to the optional and mandatory tender provisions of the Indentures and not available from the proceeds of the remarketing and sale of such Series 2006 Bonds or from drawings under the applicable Credit Facility. (See Appendix B - "Summary of Certain Provisions of the Loan Agreements.")

## **The Letters of Credit**

Concurrently with the issuance and delivery of the Series 2006 Bonds, the Borrower will cause to be delivered to the Trustee two irrevocable Letters of Credit issued by TD Banknorth, N.A. (the "Credit Bank"), pursuant to two Reimbursement, Credit and Security Agreements, each dated as of February 1, 2006 (the "Reimbursement Agreements" and together with any similar agreements subsequently entered into with respect to any Alternative Credit Facility or Facilities, the "Credit Agreement") between the Credit Bank and the Borrower. The Letter of Credit for the Series 2006A Bonds will be issued in the stated amount of \$15,318,433, which will permit the Trustee to draw (a) up to \$15,100,000 to pay the principal of the Series 2006A Bonds when due upon redemption, acceleration or maturity, or to pay, under the circumstances provided in such Letter of Credit, the principal portion of the purchase price of the Series 2006A Bonds tendered or deemed tendered for purchase and not remarketed, and (b) up to \$218,433, an amount equal to 44 days' interest on the Series 2006A Bonds computed at the rate of 12% per annum based on a year of 365 days, to pay interest on the Series 2006B Bonds on each interest payment date or, under the circumstances provided in such Letter of Credit, the portion of the purchase price corresponding to accrued interest thereon. The Letter of Credit for the Series 2006B Bonds will be issued in the stated amount of \$5,985,348, which will permit the Trustee to draw (a) up to \$5,900,000 to pay the principal of the Series 2006B Bonds when due upon redemption, acceleration or maturity, or to pay, under the circumstances provided in such Letter of Credit, the principal portion of the purchase price of the Series 2006B Bonds tendered or deemed tendered for purchase and not remarketed, and (b) up to \$85,348, an amount equal to 44 days' interest on



the Series 2006B Bonds computed at the rate of 12% per annum based on a year of 365 days, to pay interest on the Series 2006B Bonds on each interest payment date or, under the circumstances provided in such Letter of Credit, the portion of the purchase price corresponding to accrued interest thereon. (See “THE LETTERS OF CREDIT” herein and Appendices E and F.)

### **The Borrower**

RK Bradley Associates Limited Partnership, a Connecticut limited partnership (the “Borrower”), is the owner of the Project. The general partner of the Borrower is Bradley Hotel Associates, Inc., a Connecticut corporation. Simon Konover is the controlling shareholder of Bradley Hotel Associates, Inc. and a limited partner of the Borrower. Mr. Konover owns and/or manages 5 hotel properties (including the Hotel).

### **Use of Official Statement**

There follows in this Official Statement information concerning, among other things, the Project, the Borrower, the Authority, the Credit Bank, the Letters of Credit, the Indentures, the Loan Agreements, certain terms of the Series 2006 Bonds, certain project documents, and certain applicable laws. All references herein to such laws and documents are qualified in their entirety by reference to such laws and to each such document as such document has been or will be executed and delivered on or prior to the date of issuance of the Series 2006 Bonds, and all references to the Series 2006 Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the applicable Indenture. Insofar as any statements are made in this Official Statement involving matters of estimate or opinion, regardless of whether expressly so stated, they are intended merely as such and not as representations of fact. Copies of the Indentures, the Loan Agreements, and the Letters of Credit are on file in the corporate trust office of the Trustee, and copies of such documents may be obtained (1) following the date of issuance and delivery of the Series 2006 Bonds, from the Trustee or (2) during the offering period, from the Underwriter. Certain provisions of the Series 2006 Bonds and the Indentures apply only following a mandatory tender and purchase of such Series 2006 Bonds and therefore are not described in this Official Statement. Such provisions may be reviewed by obtaining a copy of the Indentures as described above.

### **THE REFUNDING PLAN**

The proceeds of the Series 2006A Bonds and a portion of the proceeds of the Series 2006B Bonds will be applied to the current refunding of the Refunded Bonds. The Refunded Bonds will be redeemed on February 23, 2006 at the redemption price equal to the par amount thereof plus accrued interest to the date of redemption.

## ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The following table sets forth the estimated sources and uses of the Series 2006A Bond proceeds:

### SOURCES OF FUNDS

Principal Amount of 2006A Bonds	\$15,100,000
Total Sources of Funds	<u>\$15,100,000</u>

### USES OF FUNDS

Deposit to Redemption Account for Refunded Bonds	\$15,100,000
Total Uses:	<u>\$15,100,000</u>

The following table sets forth the estimated sources and uses of the Series 2006B Bond proceeds:

### SOURCES OF FUNDS

Principal Amount of 2006B Bonds	\$5,900,000
Total Sources of Funds	<u>\$5,900,000</u>

### USES OF FUNDS

Deposit to Project Account <sup>(1)</sup>	\$5,100,000
Deposit to Cost of Issuance Account <sup>(2)</sup>	800,000
Total Uses:	<u>\$5,900,000</u>

<sup>(1)</sup> Includes funds to be held in escrow. See "Description of Project."

<sup>(2)</sup> Includes underwriter's discount, Bond Counsel and other legal fees, Letter of Credit fees, Remarketing Agent fees, printing, and other costs of issuance incurred in connection with the issuance of the Series 2006 Bonds.

## DESCRIPTION OF THE SERIES 2006 BONDS

The following is a summary of provisions of the Series 2006 Bonds during their initial Interest Rate Period and is applicable at all times while the Series 2006 Bonds are in the Weekly Interest Rate Period. Upon changing from the Weekly Interest Rate Period to a different Interest Rate Period, the Series 2006 Bonds will be subject to mandatory tender for purchase and the owners will have no right to elect to retain Series 2006 Bonds.

### General

The Series 2006 Bonds are issued in book-entry-only form. See "DESCRIPTION OF THE SERIES 2006 BONDS — Book-Entry-Only System" So long as Cede & Co is the registered owner of the Series 2006 Bonds, all references herein to holders or owners of Series 2006 Bonds shall refer to Cede & Co. and not the Beneficial Owners, unless otherwise indicated.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF ALL OF THE SERIES 2006 BONDS, REFERENCES HEREIN TO THE BONDHOLDER OR REGISTERED OWNERS OF THE SERIES 2006 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS. THEREFORE, THE PROVISIONS IN THIS OFFICIAL STATEMENT SUMMARIZING THE TERMS OF PAYMENT AND REDEMPTION OF THE SERIES 2006 BONDS, THE REQUIREMENTS OF NOTICE TO BONDHOLDERS AND THE RIGHTS OF BONDHOLDERS CONSENT SHALL APPLY TO

CEDE & CO., AS BONDHOLDER, AND NO REPRESENTATIONS ARE MADE IN RESPECT OF THE FOREGOING TO THE BENEFICIAL OWNERS OF THE SERIES 2006 BONDS.

The Series 2006 Bonds initially will be dated their date of delivery and will mature on December 1, 2028. Series 2006 Bonds may be transferred or exchanged for other Series 2006 Bonds in authorized denominations at the principal corporate trust office of the Trustee, as Registrar. The Series 2006 Bonds will be issuable as fully registered bonds during the Weekly Interest Rate Period in the authorized denominations of \$100,000 and \$5,000 multiples in excess thereof. Exchanges and registration of transfers will be made without charge to the owners of the Series 2006 Bonds, except that the Authority, the Registrar or the Trustee may require any owner requesting exchange or transfer to pay any tax or governmental charge required to be paid with respect thereto.

*Trustee.* The Trustee under the Indentures is U.S. Bank National Association, the principal office of which for purposes of the Indentures is in Hartford, Connecticut.

*Tender Agent and Paying Agent.* U.S. Bank National Association, has been appointed Tender Agent and Paying Agent under the Indentures.

*Remarketing Agent.* Zions First National Bank has been appointed Remarketing Agent under the Indentures. The Remarketing Agent may be removed at any time by the Authority at the direction of the Borrower. The Remarketing Agent may resign at any time, effective upon the earlier of the appointment of a successor remarketing agent or the sixtieth day following receipt by the Borrower and the Authority of the notice of resignation.

### **Weekly Interest Rate**

The Series 2006 Bonds are being initially issued in the Weekly Interest Rate Period and shall bear interest at the Weekly Interest Rate. The Weekly Interest Rate shall be a rate equal to the rate determined by the Remarketing Agent to be the minimum interest rate which, if borne by such Series 2006 Bonds, would enable the Remarketing Agent to sell such Series 2006 Bonds at the time the interest rate is being determined at a price equal to the principal amount thereof plus accrued interest, if any. The interest rate on the Series 2006 Bonds during the Weekly Interest Rate Period shall not, under any circumstances, at any time exceed the lesser of (i) twelve percent (12%) per annum or (ii) the maximum rate of interest permitted by applicable law.

The initial Weekly Interest Rate for the Series 2006 Bonds shall be effective from the date of delivery of the Series 2006 Bonds to and including the following Wednesday. Thereafter, the Weekly Interest Rate shall be determined and announced by the Remarketing Agent each Wednesday, to become effective on the next succeeding Thursday, unless such Wednesday is not a Business Day, in which case such determination and announcement shall be made on the next closest preceding Business Day.

Each such Weekly Interest Rate will apply to the period commencing on Thursday and ending on the earlier of the next succeeding Wednesday or the day immediately preceding the effective date of a new Interest Rate Period, if sooner. If the Remarketing Agent cannot or does not determine a Weekly Interest Rate for any seven-day period, or if the Weekly Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, the Weekly Interest Rate for such seven-day period shall be the same as the Weekly Interest Rate for the immediately preceding seven-day period if the Weekly Interest Rate for such preceding seven-day period was determined by the Remarketing Agent. If the failure to determine a Weekly Interest Rate as described in this paragraph shall continue for two consecutive seven-day periods, then the Weekly Interest Rate shall thereafter be determined in accordance with the following paragraph.

If for any reason the Remarketing Agent cannot, or does not, determine the interest rate when required during the Weekly Interest Rate Period, or if any interest rate determined by the Remarketing Agent during the Weekly Interest Rate Period shall be held to be invalid or unenforceable by a court of law or would have an adverse effect upon the exclusion of interest on the Series 2006A Bonds from gross income for federal income tax purposes, the interest rate applicable to such Series 2006 Bonds shall be determined by reference to and shall be equal to, subject to the preceding sentence, a percentage per annum equal to 85% of the 30-day A-1 taxable commercial paper

rate as reported in the money rate section of The Wall Street Journal (or, if for any reason such rate is not at the time published, any similar rate computation selected by the Remarketing Agent) on the day the Weekly Interest Rate would otherwise be determined as provided in the Indenture.

### **Determinations Binding**

The determination of the interest rates by the Remarketing Agent in accordance with the Indentures will be conclusive and binding upon the Remarketing Agent, the Trustee, the Tender Agent, the Authority, the Borrower, the Credit Institution and the owners of the Series 2006 Bonds.

### **Interest Payment Dates**

During the Weekly Interest Rate Period, interest on the Series 2006 Bonds shall be payable on each Interest Payment Date from and including the next preceding Interest Accrual Date to which interest has been paid in full to but excluding such Interest Payment Date.

### **Method of Payment**

Payments of interest on the Series 2006 Bonds during the Weekly Interest Rate Period shall be made to the registered owners thereof (as determined at the close of business on the Record Date next preceding the related Interest Payment Date) by wire transfer (if requested in writing of the Trustee by a Bondholder of not less than \$1,000,000 aggregate principal amount of the Series 2006 Bonds to be paid on such Interest Payment Date not less than five days prior to the applicable Record Date) or by check or draft of the Trustee mailed to the address of each such registered owner as it appears on the registration on books of the Authority maintained by the Trustee as Registrar, or to such other address as may be furnished in writing to the Trustee by each such registered owner. Payment of principal and Redemption Price (if applicable) at final maturity or on redemption in whole or in part of the Series 2006 Bonds shall be made only upon presentation and surrender of the Series 2006 Bonds at the principal corporate trust office of the Paying Agent, or at the office of any successor Paying Agent or Paying Agents except that, in the case of any interest payment, if such redemption or maturity day is an Interest Payment Date presentation shall not be required for payment of the interest which would normally be payable on such Interest Payment Date.

### **Redemption Provisions for Series 2006 Bonds**

(A) *Mandatory Sinking Fund Redemptions.* The Series 2006A Bonds are subject to redemption prior to maturity in part by lot on December 1, 2006 and on each December 1 thereafter, at a Redemption Price equal to the principal amount thereof, from mandatory Sinking Fund Payments which will be made in amounts sufficient to redeem, on December 1 of each of the following years, the principal amount of Series 2006A Bonds set forth opposite such year below:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2006	\$ 220,000	2018	\$ 410,000
2007	240,000	2019	430,000
2008	250,000	2020	450,000
2009	265,000	2021	470,000
2010	275,000	2022	495,000
2011	290,000	2023	520,000
2012	305,000	2024	545,000
2013	320,000	2025	575,000
2014	335,000	2026	605,000
2015	350,000	2027	635,000
2016	370,000	2028*	6,355,000
2017	390,000		

\* Final maturity.

The Series 2006B Bonds are subject to redemption prior to maturity in part by lot on December 1, 2006 and on each December 1 thereafter, at a Redemption Price equal to the principal amount thereof, from mandatory Sinking Fund Payments which will be made in amounts sufficient to redeem, on December 1 of each of the following years, the principal amount of Series 2006B Bonds set forth opposite such year below:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2006	\$ 75,000	2018	\$ 150,000
2007	80,000	2019	160,000
2008	85,000	2020	170,000
2009	90,000	2021	180,000
2010	95,000	2022	190,000
2011	100,000	2023	200,000
2012	105,000	2024	210,000
2013	110,000	2025	225,000
2014	120,000	2026	240,000
2015	125,000	2027	255,000
2016	135,000	2028*	2,660,000
2017	140,000		

\* Final maturity.

During the Weekly Interest Rate Period the Series 2006 Bonds are subject to redemption as follows:

(B) *Optional Redemption.* Series 2006 Bonds during the Weekly Interest Rate Period are subject to redemption at the option of the Authority, exercised upon the direction of the Borrower prior to maturity on any Business Day as a whole or in part (but, if in part in an Authorized Denomination), at the Redemption Price of 100% of the unpaid principal amount of the Series 2006 Bonds to be redeemed plus interest, if any, accrued and unpaid thereon to the date fixed for redemption.

(C) *Mandatory Taxability Redemption – Series 2006A Bonds.* With respect to the Series 2006A Bonds only, in the event of a Determination of Taxability, the Series 2006A Bonds shall be redeemed on any date in the manner and as provided in the Series 2006A Indenture, at the Redemption Price of 100% of the principal amount thereof plus interest, if any, accrued and unpaid thereon to the date fixed for redemption. In the case of any such Determination of Taxability, the Authority or the Borrower or the holders of the Series 2006A Bonds receiving notice from the Internal Revenue Service shall deliver to the Trustee a certificate of an Authorized Representative specifying the event giving rise to such inclusion in the gross income of the recipient thereof and the dates which are the Tax Incidence Date and the date of the Determination of Taxability. Such certificate shall be delivered at least ten days before notice of redemption is required to be given.

(D) *Optional Public Purpose Redemption.* If the Borrower fails to perform its obligations under the Loan Agreements (relating to certain public purpose covenants), the Series 2006 Bonds shall be subject to redemption prior to maturity as a whole on any date at the option of the Authority in accordance with the applicable Indenture, at the Redemption Price of 100% of the principal amount thereof plus interest, if any, accrued and unpaid thereon to the date fixed for redemption.

(E) *Extraordinary Optional Redemption.* The Series 2006 Bonds are subject to extraordinary optional redemption prior to maturity at the Redemption Price of 100% of the principal amount thereof plus interest, if any, accrued and unpaid thereon to the date fixed for redemption in whole at any time or in part on any Interest Payment Date as a result of the transfer of moneys from the Renewal Fund to the Redemption Account of the Debt Service Fund pursuant to the applicable Indenture, within one hundred ninety days of such transfer or if a change in law or certain economic events affecting the respective Project specified in the applicable Loan Agreement shall have occurred, as evidenced in each case by the filing of a certificate of the Borrower.

(F) *Mandatory Redemption on Act of Bankruptcy of the Credit Institution.* Promptly upon obtaining written notice of the occurrence of an Act of Bankruptcy of the Credit Institution, the Trustee shall give written notice thereof to the Credit Institution and the Borrower. The notice shall specify a proposed redemption date for the Series 2006 Bonds and the date by which the Trustee must receive an Alternative Credit Facility and the requirements for delivery of an Alternative Credit Facility set forth in the Agreement be met. The delivery date specified shall not be more than 180 days following the date of the Trustee's initial notice. The Series 2006 Bonds shall be subject to redemption prior to maturity on the redemption date which shall be any date so specified by the Trustee at a Redemption Price equal to 100% of the principal amount thereof plus interest, if any, accrued and unpaid thereon to the date fixed for redemption unless the Borrower delivers an Alternative Credit Facility which meets such requirements on or prior to the date of delivery specified by the Trustee in its initial notice, and upon such date of delivery the Trustee shall give notice of redemption in accordance with the applicable Indenture. In the event the Borrower delivers an Alternative Credit Facility and complies with such requirements, the Trustee will so notify the Borrower and the Credit Institution and the Series 2006 Bonds will not be subject to redemption due to such an occurrence.

### **Optional Tender Rights**

Unless there shall have occurred an Event of Default which has resulted in the acceleration of the Series 2006 Bonds, during any Weekly Interest Rate Period, any Series 2006 Bond (other than Bank Bonds or Series 2006 Bonds held by the Borrower or any affiliate of the Borrower) or any portion thereof (provided that each principal portion purchased or retained of any Series 2006 Bond shall each be an Authorized Denomination) shall be purchased (or deemed purchased) on the date specified in the notice referred to below at a purchase price equal to the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase, upon delivery by 2:00 p.m. (New York City time) on any Business Day by the Holder of such Series 2006 Bond to the Tender Agent at its Delivery Office and to the Remarketing Agent at its designated office of an irrevocable written notice (but the failure to give such notice to the Remarketing Agent for any reason shall not affect the validity of the tender), which states the name of the Holder thereof, the certificate number, the principal amount of such Series 2006 Bond, the portion thereof to be purchased and the date on which the same shall be purchased, which date shall be a Business Day at least five (5) Business Days after the date of the timely delivery of such notice to the Tender Agent. Payment of the purchase price of such Bond shall be made by 3:00 p.m. (New York City time) on the date of purchase specified in the notice (or, if applicable, the next succeeding Business Day) upon delivery of such Bond to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof with the signature of such Holder guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m. (New York City time) on the date specified in such notice or upon such later date as such Series 2006 Bond is delivered as described under the heading "DESCRIPTION OF THE SERIES 2006 BONDS — Purchase and Remarketing of Series 2006 Bonds."

### **Mandatory Tender for Purchase of Series 2006 Bonds**

(A) *Mandatory Tender for Purchase Upon Change in Interest Rate Periods.* Upon the first day of a change from the Weekly Interest Rate Period to a new Interest Rate Period, each Series 2006 Bond shall be subject to mandatory tender for purchase at a purchase price equal to the principal amount thereof plus accrued and unpaid interest, if any. Payment of the purchase price of such Series 2006 Bond shall be made by 3:00 p.m. (New York City time) on the first day of an alternate Interest Rate Period upon delivery of such Series 2006 Bond to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof with the signature of such Holder guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m. (New York City time) on the first day of the new Interest Rate Period.

If the new Interest Rate Period is not able to begin by reason of the failure by the Borrower to deliver the second Counsel's Opinion described under the heading "DESCRIPTION OF THE SERIES 2006 BONDS — Conditions Precedent to Alternate Interest Rate Period" or for any other reason, and there is a Credit Facility which permits there to be drawn thereunder an amount sufficient to pay the purchase price of Series 2006 Bonds on the date that was to be the first day of the new Interest Rate Period, all such Series 2006 Bonds shall be deemed purchased on such date at a purchase price equal to the principal amount thereof, plus accrued and unpaid interest, if any.

(B) *Mandatory Tender for Purchase Upon Expiration of Credit Facility.* If at any time the Trustee shall give notice in accordance with the applicable Indenture that any Series 2006 Bond or Bonds then payable from the Credit Facility as then in effect shall on the date specified in such notice cease to be payable from such Credit Facility as a result of the expiration of the term of such Credit Facility, then if such Credit Facility shall not have been renewed or replaced with an Alternate Credit Facility (which replacement will not in itself result in a withdrawal or reduction in the rating on the applicable series of Series 2006 Bonds) prior to the Interest Payment Date next preceding such scheduled expiration (which Interest Payment Date must be at least two Business Day's prior the scheduled expiration date of the applicable Credit Facility), then on the Interest Payment Date next preceding such scheduled expiration date of such Credit Facility in respect of such Series 2006 Bond or Bonds each such Series 2006 Bond or Bonds shall be purchased or deemed purchased as provided in the applicable Indenture, at a purchase price equal to the principal amount thereof plus accrued and unpaid interest, if any. Payment of the purchase price of such Series 2006 Bond shall be made by 3:00 p.m. (New York City time) on such Business Day upon delivery of such Series 2006 Bond to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof with the signature of such Holder guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m. (New York City time) on the third Business Day next preceding such expiration of the Credit Facility.

(C) *Mandatory Tender for Purchase Upon Delivery of Alternative Credit Facility.* If at any time the Trustee shall give notice in accordance with the applicable Indenture that any Series 2006 Bond or Bonds then payable from the Credit Facility as then in effect shall on the date specified in such notice cease to be payable from such Credit Facility as a result of the substitution of an Alternative Credit Facility, then on the Business Day of such substitution and immediately prior to any such substitution each such Series 2006 Bond or Bonds shall be purchased or deemed purchased as provided in the applicable Indenture, at a purchase price equal to the principal amount thereof plus accrued and unpaid interest, if any. Payment of the purchase price of such Bond shall be made by 3:00 p.m. (New York City time) on such Business Day upon delivery of such Bond to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof with the signature of such Holder guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m. (New York City time) on the Business Day of such substitution of the Credit Facility.

(D) *Mandatory Tender for Purchase Upon Certain Events of Default.* If the Trustee for the applicable series of Series 2006 Bonds receives notice from the Credit Institution that an "Event of Default" under the Credit Agreement for such Series 2006 Bonds has occurred and is continuing or such Credit Facility will not be reinstated with respect to a drawing thereunder to pay accrued interest on the applicable series of Series 2006 Bonds and, in either case, directing the Trustee to call such Series 2006 Bonds for mandatory tender for purchase, then, on the first Business Day following receipt of such notice by the Trustee, the applicable series of Series 2006 Bonds shall be purchased or deemed purchased as provided in the applicable Indenture, at a purchase price equal to the principal amount thereof, plus accrued and unpaid interest, if any. Payment of the purchase price of such Series 2006 Bond shall be made by 3:00 p.m. (New York City time) on such Business Day upon delivery of each Series 2006 Bond to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof with the signature of such Holder guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m. (New York City time).

(E) *Notice of Mandatory Tender for Purchase.* Notice of a mandatory tender of Series 2006 Bonds described in paragraph (A) above, identifying the Series 2006 Bonds to be purchased shall be provided by the Trustee or caused to be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail at least twenty (20) days prior to the date of purchase to any Holder of Series 2006 Bonds subject to such purchase at the address shown on the registration books.

Notice of a mandatory tender of Series 2006 Bonds described in paragraph (B) above, identifying the Series 2006 Bonds to be purchased, shall be provided by the Trustee by mailing a copy of the notice of mandatory tender by first class mail to the Remarketing Agent and the Holders of the Series 2006 Bonds then payable from the Credit Facility for such series of Series 2006 Bonds not more than twenty-five (25) nor less than twenty (20) days preceding the Interest Payment Date next preceding the then scheduled expiration date of such Credit Facility, which notice shall (i) describe generally the Credit Facility, if any, in effect prior to such expiration and the Alternative

Credit Facility, if any, in effect or expected to be in effect upon such expiration, (ii) state the date of such expiration, and the date of the proposed provision of or extension of such Credit Facility or an Alternative Credit Facility, (iii) specify the ratings, if any, to be applicable to such Series 2006 Bonds after such expiration of the Credit Facility describing any Alternative Credit Facility or state that no ratings will be assigned to such Series 2006 Bonds subsequent to such expiration of the Credit Facility, and (iv) unless the Credit Facility has been replaced by an Alternative Credit Facility, which replacement will not by itself result in a withdrawal or reduction in the rating on the Series 2006 Bonds, state that the Series 2006 Bonds will be subject to purchase pursuant to the applicable Indenture on the Interest Payment Date next preceding such scheduled expiration date, unless on or before such Interest Payment Date there is delivered to the Trustee an extension of such Credit Facility or an Alternative Credit Facility pursuant to the terms of the applicable Indenture. The Borrower will give the Trustee written notification of any such expiration of the Credit Facility at least twenty-five (25) days prior to the effective date thereof. The Borrower shall provide the Trustee with written notice of any information required to enable the Trustee to give the foregoing notices.

Notice of a mandatory tender of Series 2006 Bonds described in paragraph (C) above, identifying the Series 2006 Bonds to be purchased, shall be provided by the Trustee by mailing a copy of the notice of mandatory tender by first class mail not more than twenty-five (25) nor less than twenty (20) days preceding the date of such substitution to the Holders of the Series 2006 Bonds then payable from the Credit Facility being substituted, which notice shall state that such Series 2006 Bonds will be purchased on the Business Day of such substitution.

Notice of mandatory tender of Series 2006 Bonds pursuant to paragraph (D) above shall be provided by the Trustee for such Series 2006 Bonds or caused to be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail no later than the close of business on the first Business Day immediately following the date of receipt by the Trustee for such Series 2006 Bonds of notice from the Credit Institution that an “Event of Default” under the applicable Credit Agreement has occurred and is continuing and directing the Trustee to call the applicable series of Series 2006 Bonds for mandatory tender for purchase, to any Holder of such Series 2006 Bonds subject to such purchase at the address shown on the registration books.

Any such notice of mandatory tender shall identify the Series 2006 Bonds to be tendered, the reason for the mandatory tender for purchase, and specify the date on which such Series 2006 Bonds are to be purchased, the place and names of payment, and that no further interest will be paid after the date of purchase to such Bondholders.

Any notice mailed as set forth in the applicable Indenture shall be conclusively presumed to have been duly given, whether or not the Bondholder receives the notice.

### **Tenders in Book-Entry-Only Form**

During any period in which any Series 2006 Bonds are registered in book-entry-only form, Series 2006 Bonds shall be tendered for purposes of any optional or mandatory tender by means of a book-entry credit of such Series 2006 Bonds to the account of the Tender Agent. During any period in which the Series 2006 Bonds are registered in book-entry-only form, delivery of such Series 2006 Bonds for all purposes of the Series 2006 Bonds (other than for that purpose set forth in the preceding sentence) shall be made pursuant to a book-entry credit to the account of the Beneficial Owner of such Series 2006 Bonds.

### **Purchase and Remarketing of Series 2006 Bonds**

The Tender Agent shall purchase, but only from the sources listed below, Series 2006 Bonds or portions thereof which are required to be purchased as described under the heading “DESCRIPTION OF THE SERIES 2006 BONDS — Optional Tender Rights” from the Holders thereof with immediately available funds by 3:00 p.m. (New York City time) on the date such Series 2006 Bonds are required to be purchased at the purchase price provided under such heading. Funds for the payment of such purchase price shall be derived from the following sources in the order of priority indicated:

- (a) proceeds of the sale of such Series 2006 Bonds to persons other than the Credit Institution or the Borrower or any general partner of the Borrower or the Authority furnished to the Tender Agent by the Remarketing Agent for deposit into the Remarketing Proceeds Fund but not into the Borrower Account of the Remarketing Proceeds Fund;



- (b) moneys furnished to the Tender Agent for deposit into the Liquidity Fund representing the proceeds of a draw under the Credit Facility;
- (c) moneys furnished to the Tender Agent by the Borrower; and
- (d) any other moneys available to the Tender Agent for such purpose.

Notwithstanding the foregoing, the Tender Agent shall use only the sources of funds described in clause (b) above to pay the purchase price of Series 2006 Bonds purchased as described under clauses (B), (C) or (D) above under the subheading “Mandatory Tender for Purchase of Series 2006 Bonds”, unless there has been a wrongful dishonor of a draw under the Credit Facility, in which case such purchase of Series 2006 Bonds affected by the wrongful dishonor shall be made solely from funds described in clause (c) or (d) above. In addition the Tender Agent shall use only the sources of funds described in clauses (a), (c) and (d) above to pay the purchase price of Bank Bonds.

With respect to any Series 2006 Bonds or portions thereof required to be purchased as described under the subheading “Optional Tender Rights” and any Series 2006 Bonds or portions thereof required to be tendered for purchase as described under the subheading “Mandatory Tender for Purchase of Series 2006 Bonds” as to which sufficient funds to accomplish such purchase are available to the Tender Agent at the respective times at which payment of the purchase price was to be made as provided under the applicable Indenture:

(a) Such Series 2006 Bonds or portions thereof shall be deemed to have been purchased, for all purposes of the applicable Indenture, irrespective of whether or not such Series 2006 Bonds shall have been presented to the Tender Agent, and the former Holder or Holders of such Series 2006 Bonds shall have no claim thereon, under the applicable Indenture or otherwise for any amount other than the purchase price thereof.

(b) In the event that any such Series 2006 Bonds or portions thereof shall not be presented to the Tender Agent, the Tender Agent shall segregate and hold the moneys for the purchase price of such Series 2006 Bonds in trust, uninvested and without liability for interest thereon, for the benefit of the former Holders of such Series 2006 Bonds, who shall, thereafter, be restricted exclusively to such moneys for the satisfaction of any claim for the purchase price of such Series 2006 Bonds.

(c) In the event that any such Series 2006 Bonds shall not be presented to the Tender Agent at the time specified in the applicable Indenture, then the Tender Agent shall request, and thereupon the Authority shall execute and deliver and the Trustee or the Tender Agent shall immediately authenticate, a new Series 2006 Bond or Bonds in an aggregate principal amount equal to the principal amount of the Series 2006 Bonds or portions thereof so purchased, but not presented, bearing a number or numbers not contemporaneously outstanding. Every Series 2006 Bond authenticated and delivered as provided in the preceding sentence shall be entitled to all the benefits of the applicable Indenture equally and proportionately with any and all other Series 2006 Bonds duly issued thereunder. The Trustee shall maintain a record of the Series 2006 Bonds or portions thereof not tendered for purchase pursuant to the applicable Indenture together with the names and addresses of the former Holders thereof.

(d) In case any Series 2006 Bonds or portions thereof which have been deemed purchased as provided under this subheading are delivered to the Tender Agent subsequent to the date and time specified for such delivery for payment of the purchase price thereof at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof with the signature of such Holder guaranteed by a bank, trust company or member firm of the New York Stock Exchange, on any Business Day, the Tender Agent shall, subject to the following paragraph, pay the purchase price of such Series 2006 Bond or portion thereof to the Holder (i) no later than 4:00 p.m. (New York City time) on such Business Day, if such Series 2006 Bond is presented by 12:00 noon (New York City time) on such Business Day, and (ii) no later than 12:00 noon (New York City time) on the next succeeding Business Day, if such Series 2006 Bond is presented after 12:00 noon (New York City time) on such Business Day and, if appropriate, shall also make available for delivery to such Holder a new Series 2006 Bond in an aggregate principal amount equal to the portion of any Series 2006 Bond not so

purchased. Any such Series 2006 Bonds so delivered to the Tender Agent shall be delivered to the Trustee for cancellation.

(e) The Tender Agent shall, at the end of the tenth Business Day after the date on which Series 2006 Bonds are to be purchased, deposit with the Trustee all funds then held in the Remarketing Proceeds Fund and the Liquidity Fund established under the applicable Indenture by virtue of the fact that such Series 2006 Bonds deemed tendered on such date were not presented for purchase to the Tender Agent in accordance with the provisions of the applicable Indenture. The Trustee shall set aside such amount on its books and hold the same in trust, either uninvested or invested in overnight securities rated in the highest long-term rating category of each rating agency then rating the Series 2006 Bonds, for the payment of the former Holders of such Series 2006 Bonds of the purchase price thereof as required by the applicable Indenture. The Trustee shall pay such purchase price from such amounts by check or draft of the Trustee made payable to the party entitled to such payment as soon as practicable after such party surrenders the Series 2006 Bond or Bonds so deemed purchased to the Trustee. Any such moneys so held in trust by the Trustee which remain unclaimed for two years after the date such moneys were so deposited with the Trustee, if a Credit Agreement is then in effect for such Series 2006 Bonds, shall at the written request of the Borrower be paid by the Trustee to the Revenue Account (as defined in the applicable Credit Agreement), free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders of such Series 2006 Bonds shall look only to the Borrower for the payment of the purchase price of such Series 2006 Bonds; provided, however, that before being required to make any such payment to the Borrower the Trustee may, at the expense of the Borrower, cause to be published at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Borrower. Neither the Trustee nor the Tender Agent nor the Authority nor the Borrower shall be required to invest, or to pay interest on any of the above-mentioned funds.

#### **Credit Institution Consent in Lieu of Bondholders**

For so long as a Credit Facility secures the applicable series of Series 2006 Bonds, in the event that the consent of the Bondholders of the applicable series of outstanding Series 2006 Bonds is required under the applicable Indenture for adoption of a Supplemental Indenture or for amending any Financing Document, the consent of such Credit Institution which issued such Credit Facility shall be obtained in lieu of obtaining consents of Bondholders of the respective series of Series 2006 Bonds.

#### **Change to an Alternate Interest Rate Period**

The Authority, at the written direction of the Borrower, may elect at any time that a series of Series 2006 Bonds will begin an Interest Rate Period different from that in effect at such time for such series of Series 2006 Bonds. Such direction (1) shall specify the effective date of such alternate Interest Rate Period (which shall be a date not less than twenty-five (25) Business Days following the date of receipt by the Trustee of such direction (or a lesser period permitted by the Credit Institution if all of the such Series 2006 Bonds are Bank Bonds) and (2) shall specify the date on which such Series 2006 Bonds are subject to mandatory tender for purchase in accordance with the applicable Indenture and certain other matters.

The Trustee shall mail notice of any new Interest Rate Period to Bondholders and to the Credit Bank not less than twenty (20) Business Days prior to the effective date of such new interest Rate Period. Such notice shall state (1) that the interest rate on the applicable Series 2006 Bonds will be converted, subject to receipt of a Counsel's Opinion (to the effect that such change to an alternate Interest Rate Period is authorized or permitted under the applicable Indenture and, with respect to the Series 2006A Bonds, will not adversely affect the exclusion of interest on the Series 2006A Bonds from gross income for the purposes of federal income taxation under Section 103 of the Code) on the effective date of such new Interest Rate Period, to a different interest rate; (2) the effective date of such alternate Interest Rate Period; (3) that on the first day of the alternate Interest Rate Period all Series 2006 Bonds being converted will be purchased or deemed purchased at a purchase price equal to the principal amount thereof, plus accrued interest, if any; and (4) the procedures for such purchase.

## **Conditions Precedent to Alternate Interest Rate Period**

Subject to the provisions of the applicable Indenture, a change to an alternate Interest Rate Period for any Series 2006 Bonds shall not take place unless the Borrower shall deliver, or cause to be delivered, to the Trustee, the Tender Agent, the Credit Bank and the Remarketing Agent two (2) Counsel's Opinions, the first to be delivered with the direction to change interest Rate Periods and the second to be delivered on the effective date of such alternate Interest Rate Period or Periods. If such second Counsel's Opinion is not received on the proposed effective date of such alternate Interest Rate Period, then all such Series 2006 Bonds shall be purchased on such date and all such Series 2006 Bonds shall continue to be subject to the current Interest Rate Period. Each such Counsel's Opinion shall state that the action proposed to be taken is authorized or permitted by the applicable Indenture and the Act and, with respect to the Series 2006A Bonds, will not adversely affect the exclusion of interest on the Series 2006A Bonds from gross income for of federal income taxation under Section 103 of the Code.

## **Book-Entry-Only System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2006 Bonds. The Series 2006 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2006 Bond certificate will be issued in the aggregate principal amount of the Series 2006 Bonds, and all certificates will be deposited with or for the account of DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2006 Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Series 2006 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2006 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2006 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2006 Bonds, except in the event that use of the book-entry system for the Series 2006 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2006 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co or such other name as may be requested by an

authorized representative of DTC. The deposit of Series 2006 Bonds with DTC and their registration in the name of Cede & Co or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2006 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2006 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2006 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the principal of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2006 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2006 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, purchase price, redemption premium, if any, and interest payments on the Series 2006 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC (nor its nominee), the paying agent, the Borrower, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the paying agent, the Borrower or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2006 Bonds purchased or tendered, through its Participant, to the parties specified in the Indenture, and shall effect delivery of such Series 2006 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2006 Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Series 2006 Bonds in connection with an optional or mandatory tender will be deemed satisfied when the ownership rights in the Series 2006 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2006 Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2006 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2006 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2006 Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources believed to be reliable, but none of the Authority, the Borrower or the Underwriter take any responsibility for the accuracy thereof.

**THE AUTHORITY, THE BORROWER, THE UNDERWRITER AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO THE PARTICIPANTS OR THAT**

THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2006 BONDS (1) PAYMENTS OF PRINCIPAL OR PURCHASE PRICE OF, REDEMPTION PRICE OR INTEREST, IF ANY, ON THE SERIES 2006 BONDS; (2) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTEREST IN SERIES 2006 BONDS; OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2006 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH PARTICIPANTS ARE ON FILE WITH DTC.

THE AUTHORITY, THE BORROWER, THE UNDERWRITER AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANTS, ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE SERIES 2006 BONDS UNDER OR THROUGH DTC OR ANY PARTICIPANT, OR ANY OTHER PERSON WHO IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE AUTHORITY KEPT BY THE TRUSTEE AS BEING A BONDHOLDER. THE AUTHORITY, THE TRUSTEE AND THE BORROWER AND THE TRUSTEE SHALL HAVE NO RESPONSIBILITY WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC FOR ANY PARTICIPANT OR BY ANY PARTICIPANT WITH RESPECT TO ANY OWNERSHIP INTEREST IN THE SERIES 2006 BONDS; (2) THE PAYMENTS BY DTC TO ANY PARTICIPANT OR BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2006 BONDS; (3) THE DELIVERY TO ANY PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE INDENTURES; (4) THE SELECTION BY DTC OR ANY PARTICIPANTS OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2006 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **General**

The Series 2006 Bonds are special obligations of the Authority, payable solely from any revenues, receipts, funds or moneys pledged therefor, and from any amounts otherwise available under the applicable Indenture for the payment thereof, including those derived under the applicable Loan Agreement and the applicable Note and those on deposit in certain funds and accounts held under the applicable Indenture. Neither the State of Connecticut nor any municipality thereof is or shall be obligated to pay the principal of or the premium, if any, or the interest on the Series 2006 Bonds and neither the faith and credit nor the taxing power of the State of Connecticut or any municipality thereof is pledged to such payment.

The Series 2006 Bonds are not secured by a mortgage on, or a security interest in, the Project.

### **Pledge and Assignment of Trust Estate**

Pursuant to each Indenture, the Authority will assign all of its right, title and interest in and to the (i) Loan Agreements and the Notes (except for the Authority's rights to payment of its expenses and to indemnification and reserved rights concerning public purpose covenants and certain other matters) and (ii) amounts on deposit in all Funds and Accounts created by the Indentures (except the Remarketing Proceeds Fund, the Liquidity Fund and the Rebate Fund (established with respect to the Series 2006A Bonds) and any amounts on deposit in other Funds and Accounts that represent the Rebate Amount and all moneys therein) to the Trustee. The pledge made and the covenants and agreements set forth in the Indentures are for the equal and ratable benefit, protection and security of the holders of the respective series of Series 2006 Bonds, the holders of any Additional Bonds, and of the Credit Institution.

## **Loan Agreements**

Pursuant to the Loan Agreements, the Borrower will agree to make loan payments to the Trustee for the account of the Authority, in immediately available funds, on each Interest Payment Date, in an amount equal to the sum of (i) the total interest becoming due on the applicable series of Series 2006 Bonds to the respective dates of payment thereof (less any Priority Amounts available therefor in the Principal and Interest Account), (ii) all principal due in respect of the applicable series of Series 2006 Bonds (less any Priority Amounts available therefor in the Principal and Interest Account), (iii) the redemption price payable on the redemption of the applicable series of Series 2006 Bonds (less any Priority Amounts available therefor in the Redemption Account) if such Series 2006 Bonds shall have been called for redemption on such Interest Payment Date and (iv) all amounts required to restore all Accounts and Funds to required amounts with respect to the applicable series of Series 2006 Bonds, less any amounts available for such payments from the Funds and Accounts established under the applicable Indenture. Pursuant to the Indentures, such payments are assigned by the Authority to the Trustee. The obligations of the Borrower under the Loan Agreements will be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, the Trustee or any Bondholder.

For a more complete discussion of the Loan Agreements, see Appendix B – “Summary of Certain Provisions of the Loan Agreements.”

## **Use of Credit Facility for Payment of Series 2006 Bonds**

Pursuant to the Indentures, the Trustee is required to draw on the Credit Facility applicable to the Series 2006 Bonds (other than with respect to Bank Bonds or Series 2006 Bonds registered in the name of or known by the Trustee to be held for the benefit of the Borrower) in accordance with the terms thereof (a) at or prior to 4:00 p.m. (New York City time) on the Business Day prior to any date on which principal, interest or Redemption Price is due and payable on such Series 2006 Bonds to make full and timely payments to holders of such Series 2006 Bonds of any amount due with respect to such Series 2006 Bonds (other than amounts in respect of Bank Bonds or Series 2006 Bonds registered in the name of or known by the Trustee to be held for the benefit of the Borrower), whether on account of the principal or Redemption Price thereof or interest due thereon, upon the redemption thereof or otherwise and (b) upon the acceleration of such Series 2006 Bonds.

If the Tender Agent shall have received a demand for the purchase of Series 2006 Bonds or portions thereof in accordance with the applicable Indenture or any Series 2006 Bonds or portions thereof are required to be tendered for purchase in accordance with the applicable Indenture and on the date such Series 2006 Bonds are required to be purchased, the Tender Agent shall have received from the Remarketing Agent a notice which identifies a principal amount of Series 2006 Bonds which were required to be purchased but which were not sold by the Remarketing Agent, or receives no notice from the Remarketing Agent (in which case the Tender Agent shall proceed under the assumption that no Series 2006 Bonds were sold by the Remarketing Agent), then the Tender Agent shall promptly (however, in no event later than 11:15 a.m.) notify the Trustee thereof and the Trustee shall draw under the Credit Facility by no later than the time provided in the Credit Facility for presentation of notices in order to receive payment in immediately available funds and effect a transfer of such funds to the Trustee by 2:30 p.m. (New York City time) on such day, an amount sufficient to pay the portion of the purchase price of such Series 2006 Bonds (which have been tendered or deemed tendered in accordance with the applicable Indenture) which exceeds the amount to be provided by the Remarketing Agent therefor, and the Trustee shall deposit the proceeds of such borrowing or drawing in respect of such Series 2006 Bonds in accordance with the provisions of the applicable Indenture. The Trustee shall not draw under the Credit Facility in order to obtain moneys to pay Bank Bonds.

## **SUMMARY OF THE REIMBURSEMENT AGREEMENTS**

The Credit Bank will agree to issue the Letters of Credit pursuant to the terms of the Reimbursement Agreements with the Borrower. Reference is made to the Reimbursement Agreements for complete details of the terms thereof. Attached as Appendix D is a brief outline of certain provisions of the Reimbursement Agreements, which should not be considered a full statement thereof.

## **THE LETTERS OF CREDIT**

Concurrently with the issuance of the Series 2006 Bonds, the Credit Bank will deliver the Letters of Credit, the forms of which are attached hereto as Appendix E and Appendix F, to the Trustee. With respect to the Series 2006A Bonds, the Trustee will be permitted to draw an aggregate amount not to exceed \$15,318,433 (comprised of the principal amount of the Series 2006A Bonds plus forty-four (44) days' interest in the amount of \$218,433 calculated at an assumed rate of 12%, based upon a 365-day year, and subject to reductions and reinstatements as provided in such Letter of Credit. With respect to the Series 2006B Bonds, the Trustee will be permitted to draw an aggregate amount not to exceed \$5,985,348 (comprised of the principal amount of the Series 2006B Bonds plus forty-four (44) days' interest in the amount of \$85,348 calculated at an assumed rate of 12%, based upon a 365-day year, and subject to reductions and reinstatements as provided in such Letter of Credit. Each Letter of Credit will permit the Trustee to draw thereunder, in accordance with the terms thereof, to pay (i) the principal, redemption amounts (including mandatory sinking fund amounts) and interest but not premiums on the applicable Series 2006 Bonds, and (ii) the purchase price of the applicable Series 2006 Bonds tendered but not remarketed by the Remarketing Agent.

Neither Letter of Credit is available for the payment of purchase price of any Series 2006 Bonds bearing interest at a rate other than the Weekly Interest Rate nor for the payment of redemption premium.

Each Letter of Credit will automatically terminate upon the earliest of (i) the date on which the Credit Bank receives written notice from the Trustee that there are no longer any applicable Series 2006 Bonds Outstanding within the meaning of the applicable Indenture, (ii) the date on which the Credit Bank receives written notice from the Trustee advising the Credit Bank of the issuance of an Alternate Letter of Credit in substitution of a Letter of Credit, (iii) the date on which the Credit Bank honors a Final Draft, (iv) one Banking Day after the date on which the Series 2006 Bonds begin to earn interest at any rate other than the Weekly Interest Rate, as described in a written notice to the Credit Bank from the Trustee, and (v) February 22, 2011.

## **ALTERNATIVE CREDIT FACILITIES**

(A) An "Alternative Credit Facility" shall mean any irrevocable direct-pay letter of credit, policy of bond insurance, guaranty, line of credit or other credit and liquidity facility (1) which has a term of at least 360 days and provides security for the payment of the principal and Redemption Price (equal to the principal amount) of and interest on the Series 2006A Bonds or Series 2006B Bonds, as applicable, when due and security for the obligation of the Borrower to purchase such applicable Series 2006 Bonds on substantially the same terms as the initial Letters of Credit, (2) which is issued to replace, extend the term, increase the stated amount, or become effective following the expiration of, or otherwise substitute for, a Letter of Credit, or any other Alternative Credit Facility, and (3) which will by itself result in a rating on the Series 2006 Bonds secured by such Credit Facility to be not lower than the ratings on the applicable series of Series 2006 Bonds in effect at the time such Alternative Credit Facility becomes effective as evidenced in writing by such rating agency at the time of delivery of such Alternative Credit Facility to the Trustee.

(B) The Borrower shall have the right to provide to the Trustee an Alternative Credit Facility upon the occurrence of an Act of Bankruptcy of the Credit Institution, or upon the termination or expiration of any Credit Facility or if the Borrower wants the Authority to issue Additional Bonds, and the Authority in its sole discretion consents, but the Credit Bank will not consent. Any such Alternative Credit Facility shall be delivered in the time and manner required by the applicable Indenture in each such circumstance.

(C) No Alternative Credit Facility may be delivered to the Trustee for any purpose under the Agreements or the Indentures unless accompanied by the following documents:

- (1) an executed copy of the Credit Agreement, if any, entered into with respect to the Alternative Credit Facility;
- (2) copies of any other documents, agreements or arrangements entered into directly or indirectly between the Borrower and the Credit Institution issuing the Alternative Credit

Facility with respect to the transactions contemplated by the Alternative Credit Facility and related Credit Agreement;

- (3) (i) an opinion of counsel to the Credit Institution issuing the Alternative Credit Facility satisfactory to the Trustee to the effect that the Alternative Credit Facility is a legal, valid and binding obligation of the Credit Institution and (ii) a Counsel's Opinion to the effect that payments on the applicable series of Series 2006 Bonds out of the proceeds of a drawing on the Alternative Credit Facility will not constitute voidable preferences under the Federal Bankruptcy Code or other applicable laws or regulations in the event of an Act of Bankruptcy with respect to the Borrower or the Authority;
- (4) a Counsel's Opinion to the effect that the delivery of the Alternative Credit Facility is permitted pursuant to the applicable Indenture and, with respect to the delivery of an Alternative Credit Facility for the Series 2006A Bonds, does not adversely affect the tax exemption on the Series 2006A Bonds;
- (5) a certificate or other written confirmation of the Credit Institution issuing the Credit Facility being replaced to the effect that all amounts owing to such Credit Institution in connection with such Credit Agreement (and the reimbursement agreement pursuant to which such Credit Facility was issued) have been (or contemporaneously with the delivery of such Alternative Credit Facility will be) paid and discharged in full and the Credit Facility shall expire or shall have terminated in accordance with its terms on the date of delivery of such Alternative Credit Facility; and
- (6) such other documents and opinions as the Trustee may reasonably request.

(D) The Borrower may allow the Credit Facility to expire or fail to provide for the timely extension, renewal, reissuance or substitution therefor through an Alternative Credit Facility, in which event the applicable series of Series 2006 Bonds shall be subject to mandatory tender for purchase as provided in the applicable Indenture and Loan Agreement.

(E) The Borrower agrees for the benefit of the Bondholders, the Trustee and the Authority to take and not to omit to take any and all action to comply with the terms of any Credit Agreement to make the funds available necessary to pay when due the principal and premium, if any, of and interest on the applicable series of Series 2006 Bonds under the applicable Credit Facility in accordance with its terms.

#### **THE BANK**

Attached as Appendix G is a summary description of and certain financial information relating to the Credit Bank.

#### **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES**

The Series 2006 Bonds will be issued under and secured by the applicable Indenture. Reference is made to each Indenture for the complete details of the terms thereof. Attached as Appendix C is a brief summary of certain provisions of the Indentures, which should not be considered a full statement thereof. Appendix A contains certain definitions used in this Official Statement.

#### **DESCRIPTION OF THE PROJECT**

The Project consists of a hotel located within the main terminal complex at the Bradley International Airport (the "Airport"). The Project contains 237 guest rooms, numerous meeting rooms, restaurants and a parking garage. There are no other hotels located within or adjacent to the Airport terminal complex. The site on which the Project is located is leased from the State of Connecticut. The lease terminates on December 31, 2036. The Project is being operated under a license agreement with The Sheraton Corporation ("Sheraton") which expires on February



7, 2011. In accordance with the terms of such license agreement, on February 1, 2006, the Borrower gave notice to Sheraton that it was exercising its right to terminate such license agreement effective August 7, 2006. The Borrower is evaluating other national hotel brands with which to affiliate. A majority of the proceeds from the issuance of the Series 2006B Bonds (together with any earnings thereon, the “Escrow Amount”) will be held by the Credit Bank pursuant to an escrow agreement between the Borrower and the Credit Bank, pending the Borrower entering into a replacement license agreement or modification of the existing license agreement with Sheraton or a substitute license agreement with a national hotel brand acceptable to the Credit Bank within one year from the issuance of the Series 2006B Bonds and the Borrower meeting certain requirements relating to various improvements to the Project. If the Borrower does not enter into such a license agreement and meet such requirements within the one year period, then the Borrower will be obligated to exercise its right of optional redemption with respect to the Series 2006B Bonds in an amount equal to the Escrow Amount and to reimburse the Credit Bank for the draw on the Letter of Credit for the Series 2006B Bonds resulting from such optional redemption by releasing the Escrow Amount and paying to the Credit Bank such additional monies as necessary to pay the Credit Bank any other amounts then due under the Reimbursement Agreement for the Series 2006B Bonds.

### **THE AUTHORITY**

The Authority was established in 1973 as a body corporate and politic, constituting a public instrumentality and political subdivision of the State pursuant to the Act.

The Act authorizes the Authority to assist in various ways in financing the cost of acquiring, constructing, improving and equipping, manufacturing, industrial, research, office, warehouse, commercial, pollution control, recreation, non-profit and health care projects, including the cost of facilities, plants, works, systems, buildings, utilities, structures, improvements, fixtures and machinery and equipment in connection therewith. In order to discharge its responsibilities and fulfill its purposes, the Authority is authorized to offer various financing plans to applicants and to issue and sell bonds and notes and refunding bonds for these purposes, including the Series 2006 Bonds as herein described.

The board of directors of the Authority is empowered by the Act to implement the purposes for which the Authority was created. The board of directors of the Authority is composed of eleven members. The Commissioner of the Department of Economic and Community Development, the State Treasurer and the Secretary of the Office of Policy and Management of the State are ex-officio members. Four members, experienced in the field of financial lending or the development of commerce, trade or business, are appointed by and serve at the pleasure of the Governor, but no longer than the term of office of the Governor, or until the member’s successor is appointed and qualified, whichever is longer. Four additional members are appointed by and serve at the pleasure of the four leaders of the General Assembly, but no longer than the term of office of the legislative leader making the appointment, or until such member’s successor is appointed and qualified, whichever is longer. There is currently one vacancy on the board of directors. The names of the members of the Authority and their positions and/or affiliations are as follows:

#### Ex Officio Members

<u>Name</u>	<u>Position or Affiliation</u>
Denise L. Nappier	Treasurer of the State of Connecticut
Robert L. Genuario	Secretary of the Office of Policy and Management
James F. Abromaitis	Commissioner of the Department of Economic and Community Development

#### Private Sector Members

L. Scott Frantz, Chairman	President, The Haebler Company, Inc.
Michael A. Cantor, Esq.	Attorney, Cantor Colburn, LLP

Laura T. Grondin	President and Chief Executive Officer, Virginia Industries, Inc.
Dennis E. Hrabchak, P.E	Vice President, United Illuminating Company
Jeffrey M. Konspore	Technology Management Consultant
Richard T. Mulready	President, Servus Corporation
Jack Orchulli	Retired
Arlo Elhson	First Tracks Equity Ventures

The operating staff of the Authority includes professionals in the fields of industrial management, finance and mortgage lending. The Authority's principal office is located at 999 West Street, Rocky Hill, Connecticut 06067-3405. Mr. Antonio Roberto is the Executive Director of the Authority.

The Series 2006 Bonds are limited obligations of the Authority as described under the caption "SECURITY FOR THE BONDS — General".

### **ABSENCE OF LITIGATION**

#### **The Authority**

There is no litigation pending and the Authority is not aware, to the best of its knowledge, of any litigation threatened wherein any unfavorable decision would adversely affect the issuance of the Series 2006 Bonds or its ability to carry out its obligations with respect thereto.

#### **The Borrower**

The Borrower has advised that no litigation or proceedings are pending or, to its knowledge, threatened against the Borrower (i) in which an adverse determination would have a material adverse impact on the Series 2006 Bonds or would materially and adversely affect the properties, operations or financial condition of the Borrower, (ii) which if decided adversely to the Borrower, could materially and adversely affect the transactions contemplated by this Official Statement, (iii) which seeks to restrain or enjoin the issuance, sale or delivery of the Series 2006 Bonds, or (iv) which could materially and adversely affect the validity or enforceability of the Series 2006 Bonds, the Indentures, the Loan Agreements or the Notes.

### **RATINGS**

Moody's Investors Service will assign a rating of A1/VMIG 1 to the Series 2006 Bonds, with the understanding that, upon delivery of the Series 2006 Bonds, the Letters of Credit will be issued by the Credit Bank. Such rating will be based on the Letters of Credit issued by the Credit Bank and will expire with the Letters of Credit, unless before such date it is extended. Such rating reflects only the views of the agency assigning such rating and any explanation of the significance of such rating should be obtained from the assigning rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating circumstances so warrant. Neither the Underwriter, the Borrower nor the Authority have taken any responsibility either to bring to the attention of the Bondholders any proposed downward revision in the rating of the Series 2006 Bonds or to oppose any such proposed revision. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2006 Bonds.

## UNDERWRITING

The Series 2006 Bonds will be purchased from the Authority by Zions First National Bank, as Underwriter, pursuant to a purchase contract. The Underwriter has agreed to purchase the Series 2006A Bonds from the Authority at a purchase price equal to the principal amount of the Series 2006A Bonds. The Underwriter has agreed to purchase the Series 2006B Bonds from the Authority at a purchase price equal to the principal amount of the Series 2006B Bonds less an Underwriter's discount of \$147,000. The purchase contract provides that the Underwriter will purchase all of the Series 2006 Bonds if any Series 2006 Bonds are issued and delivered.

The initial offering price set forth on the cover page of this Official Statement may be changed by the Underwriter from time to time without notice.

Pursuant to a purchase contract entered into by the Borrower with respect to the Series 2006 Bonds, the Borrower has agreed to indemnify the Authority, the Underwriter and certain other parties against certain liabilities relating to this Official Statement.

## REMARKETING AGENT

The initial Remarketing Agent shall be Zions First National Bank, Salt Lake City, Utah. The Remarketing Agent will use its best efforts to remarket the Series 2006 Bonds, set the interest rates on the Series 2006 Bonds and otherwise perform the other duties and remarket the Series 2006 Bonds as provided for in the Indenture, subject to the provisions of any remarketing agreement. The Remarketing Agent may act for its own account or as broker or agent for others deal in the Series 2006 Bonds and may do anything any other Bondholder may do to the same extent as if the Remarketing Agent were not serving as such.

## INVESTMENT CONSIDERATIONS

Purchase of the Series 2006 Bonds involves certain investment risks. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Series 2006 Bonds are an appropriate investment. Certain of the risks associated with the purchase of the Series 2006 Bonds are described below. The following list of possible factors, while not comprehensive, contains some of the factors that should be considered prior to purchasing the Series 2006 Bonds. **The discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.**

### Special Obligation of Authority; No Obligation of the State of Connecticut

The Series 2006 Bonds and the interest thereon are special obligations of the Authority payable solely and only from the revenues and other amounts pledged therefor pursuant to the Indentures. The Series 2006 Bonds are not indebtedness of the Authority, the State of Connecticut or any political subdivision thereof. None of the Authority, the State of Connecticut, any political subdivision thereof, the directors of the Authority, the Authority's officers, employees or agents or any person executing the Series 2006 Bonds shall be liable on the Series 2006 Bonds. The Series 2006 Bonds shall not constitute indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction and are not payable in any manner by taxation. The Authority has no taxing power.

### The Letters of Credit, Default by the Credit Bank

The initial Letters of Credit issued by the Credit Bank will authorize the Trustee to draw on the Credit Bank in accordance with the respective terms and conditions set forth in each initial Letter of Credit, by drafts, periodically in an amount equal to the principal of the applicable Series 2006 Bonds (other than Series 2006 Bonds registered in the name of or known by the Trustee to be held for the benefit of the Borrower or Bank Bonds ) when due, whether at stated maturity or upon redemption or acceleration of the Series 2006 Bonds, the Purchase Price of Bonds tendered for purchase pursuant to the applicable Indenture (other than other than Series 2006 Bonds registered in the name of or known by the Trustee to be held for the benefit of the Borrower or Bank Bonds), and up to 44 days' accrued interest on the Series 2006 Bonds (other than other than Series 2006 Bonds registered in the

name of or known by the Trustee to be held for the benefit of the Borrower or Bank Bonds) at a maximum interest rate of twelve percent (12%) per annum. **Each Letter of Credit is the applicable Bondowners' primary expected source of payment of principal or Purchase Price of and interest on the applicable Series 2006 Bonds.** The Credit Bank's obligation under each Letter of Credit will be a general obligation of the Credit Bank. Such obligations will not be guaranteed or secured, in whole or in part, by the United States of America or any agency or instrumentality thereof. There can be no assurance that the Credit Bank will maintain its present financial condition or that an adverse change in such condition will not adversely affect its ability to honor future drawings under the Letters of Credit. In addition, there can be no assurance as to the identity of any such future provider of substitute Credit Facilities. A change in the creditworthiness of the Credit Bank or any subsequent provider of a substitute Credit Facility could result in a change in the rating on the Series 2006 Bonds. Certain information with respect to the Credit Bank is included in Appendix G to this Official Statement.

#### Limited Information on the Borrower and the Project

Only limited information with respect to the Borrower and the Project is included herein, and such information was obtained from the Borrower and not from an independent third party. The financial success of the Borrower and/or the Project may affect the risk of an acceleration of the Series 2006 Bonds prior to maturity. While the Series 2006 Bonds are in the Weekly Mode, the Borrower expects to be exempt from the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission. **In making an investment decision, investors should rely solely on each Letter of Credit and the Credit Bank and should not rely on the credit or assets of the Borrower.**

#### Payment of Debt Service

Except as noted herein, the Series 2006 Bonds are payable solely from payments to be made by the Borrower under the Notes and the Loan Agreements or from amounts drawn under the applicable Letter of Credit. The Borrower is required to reimburse the Credit Bank for drawings under each Letter of Credit. Failure to reimburse the Credit Bank pursuant to the Reimbursement Agreements may result in an "event of default" thereunder, which upon written notice to the Trustee, will result in an "Event of Default" under the applicable Indenture. An Event of Default under these circumstances may result in an acceleration of the Series 2006 Bonds. Payment with respect to the Series 2006 Bonds will depend upon the Borrower's ability to generate revenues sufficient to provide for payments under the Notes and the Loan Agreements while paying the operating expenses of the Project. No representation or assurance can be made that revenues will be realized by the Borrower in amounts sufficient to pay maturing principal of and interest on the Series 2006 Bonds. The estimates of future revenues and expenses, and the realization of such estimates, are subject to, among other things, the capabilities of the management of the Borrower and future economic and other conditions which are unpredictable and which may affect revenues and in turn the payment of principal of and interest on the Series 2006 Bonds.

#### The Reimbursement Agreements

In the Reimbursement Agreements, the Borrower makes certain covenants for the benefit of the Credit Bank. A failure by the Borrower to comply with each of these covenants may result in an Event of Default under the Reimbursement Agreements. Upon the occurrence of an Event of Default under the Reimbursement Agreements, the Credit Bank may direct the Trustee to declare the Series 2006 Bonds immediately due and payable and draw on the applicable Letter of Credit to pay the principal, premium, if any, and interest on the applicable Series 2006 Bonds.

The terms of the Reimbursement Agreements may be modified, amended or supplemented by the Credit Bank and the Borrower from time to time without giving notice to or obtaining the consent of the Bondowners. Any amendment, modification or supplement to the Reimbursement Agreements may contain amendments or modifications to the covenants of the Borrower or additional covenants of the Borrower, and these amended or modified covenants may be more or less restrictive than those in effect at the date of issuance of the Series 2006 Bonds.

### Series 2006 Bonds Not Secured by Real or Personal Property

The Series 2006 Bonds are not secured by a mortgage lien or security interest in any real or personal property of the Borrower.

### Early Redemption or Mandatory Tenders

Pursuant to the terms of the Agreement, the Series 2006 Bonds in the Weekly Mode are subject to redemption or mandatory tender prior to maturity without premium upon the occurrence of certain events more particularly described under the captions “Redemption Provisions for Series 2006 Bonds” and “Mandatory Tender for Purchase of Series 2006 Bonds” under the caption “DESCRIPTION OF THE SERIES 2006 BONDS” herein. Owners of the Series 2006 Bonds are subject to these rights of mandatory tender and redemption and Bondowners may be unable to continue to hold their Series 2006 Bonds in the event of a mandatory tender or redemption.

### Enforceability of Remedies

The remedies available to the Trustee, the Credit Bank, the Authority and the Bondowners upon an event of default under either Indenture or the Reimbursement Agreements are in many respects dependent upon judicial actions that are, in turn, often subject to discretion and delay. Under existing constitutional and statutory laws and judicial decisions, including specifically the Federal Bankruptcy Code, a particular remedy specified by the applicable Indenture or the Reimbursement Agreements may not be readily available or if available, may be limited or subject to substantial delay. The various legal opinions to be delivered concurrently with the issuance and delivery of the Series 2006 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by principles of equity, judicial discretion and public policy and by bankruptcy, reorganization, insolvency, moratorium and similar laws affecting the rights of creditors generally.

### Hedge Agreements

The Borrower may enter into an interest rate “swap” agreement with respect to some or all of the Series 2006 Bonds.

The Borrower may enter into this agreement in order to reduce its exposure to interest rate fluctuations and with the expectation that it will reduce its borrowing costs over the life of the Series 2006 Bonds. Regularly scheduled payments under any agreement with a counterparty is a general obligation of the Borrower. The obligation of the Borrower to make interest payments on the Series 2006 Bonds is in no way conditional upon the receipt of payments from the swap counterparty.

There can be no assurance that the counterparty to any agreement can perform its obligations under such agreement for the full term of the agreement. There can also be no assurance that payments under such agreement will reduce the Borrower’s borrowing costs. Depending upon the interest rate environment, there may be times when the total interest cost to the Borrower on the Series 2006 Bonds is higher as a result of entering into a swap agreement. In addition, the agreements call for certain “termination events” under which a one-time payment might be required to be made by the Borrower to a counterparty. The amount of such payment by the Borrower, if any, cannot be ascertained until such “termination event” occurs, but such payment could cause the Borrower to violate one or more financial covenants under the Reimbursement Agreements.

### Loss of Federal Tax Exemption

The tax-exempt status of the Series 2006A Bonds is based in part upon the continued compliance by the Authority, and the Borrower with certain covenants contained in the Series 2006A Loan Agreement and the Tax Regulatory Agreement with respect to the Series 2006A Bonds. These covenants relate generally to arbitrage limitations, rebate of certain excess investment earnings to the federal government, and restrictions on the amount of issuance costs financed with the proceeds of the Series 2006A Bonds. Failure to comply with any of these covenants may result in the treatment of interest on the Series 2006A Bonds as taxable retroactive to the date of issuance. In the event that interest on the Series 2006A Bonds should become subject to federal income taxation, the Series 2006A Indenture provides for the redemption of the Series 2006A Bonds without premium. In addition, no

provision has been made to compensate Bondowners of the Series 2006A Bonds for federal income taxes, interest and/or penalties which may be assessed in connection with any such tax liability or such determination or for any other loss or any diminution of gain which may occur. See “TAX MATTERS”.

#### Failure to Obtain Substitute Letter of Credit or Confirmation.

Each Letter of Credit terminates on February 22, 2011, subject to earlier termination, unless extended. There are no assurances that the Credit Bank will renew either Letter of Credit beyond the termination date. See “DESCRIPTION OF THE SERIES 2006 BONDS - Mandatory Tender for Purchase Upon Expiration of Credit Facility.”

**THE SERIES 2006 BONDS ARE BEING OFFERED SOLELY ON THE BASIS OF THE FINANCIAL STRENGTH OF THE CREDIT BANK AND NOT ON THE FINANCIAL STRENGTH OF THE BORROWER OR OTHER SECURITY. ONLY A BRIEF DESCRIPTION OF THE BORROWER IS INCLUDED HEREIN. THE OWNERS OF THE SERIES 2006 BONDS WILL NOT BE ABLE TO ASSESS THE LIKELIHOOD THAT PAYMENT OF THE SERIES 2006 BONDS WILL BE ACCELERATED BEFORE THE STATED MATURITY THEREOF BECAUSE OF AN EVENT OF DEFAULT UNDER THE REIMBURSEMENT AGREEMENTS, UPON WHICH ACCELERATION THE SERIES 2006 BONDS WOULD CEASE TO ACCRUE INTEREST AND WOULD BE PAYABLE AT PAR.**

### **TAX MATTERS**

#### Series 2006A Bonds

The Series 2006A Bonds are subject to various requirements imposed by the Internal Revenue Code of 1986, as amended (the “1986 Code”), and the Internal Revenue Code of 1954 as in effect on the day before the enactment of the 1986 Code (the “1954 Code”), which must be met at and subsequent to the issuance and delivery of the Series 2006A Bonds in order that interest on the Series 2006A Bonds be and remain not includable in gross income of the Bondholders for federal income tax purposes. These continuing requirements include certain restrictions and prohibitions on the use of the proceeds of the 2006A Bonds and the 2006A Project, restrictions on the investment of proceeds of the 2006A Bonds and other amounts, and the rebate to the United States of certain earnings in respect of such investments. Failure to comply with such continuing requirements may cause interest on the 2006A Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issue of the 2006A Bonds irrespective of the date on which such noncompliance occurs. The Series 2006A Loan Agreement between the Authority and the Borrower and the Tax Regulatory Agreement between and among the Authority, the Borrower and the Trustee, contain covenants, representations, and procedures designed to satisfy the requirements of the 1986 Code and the 1954 Code, as applicable. The opinion of Bond Counsel is made in reliance upon and assumes continuing compliance with such covenants and procedures and the continuing accuracy, in all material respects, of such representations. However, compliance with certain requirements of the 1986 Code and the 1954 Code may necessitate that persons not within the control of the Authority or the Borrower refrain from taking certain actions. Also, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

In the opinion of Winston & Strawn LLP, Bond Counsel, based on existing statutes, regulations, rulings, and court decisions and assuming continuing compliance by the Authority and the Borrower (and their successors) with covenants and procedures and the accuracy of the representations referenced above, interest on the Series 2006A Bonds is not includable in gross income for federal income purposes, except for any interest on any Series 2006A Bond for any period during which such Series 2006A Bond is held by a person who is a “substantial user” of the facilities financed with the proceeds of the Series 2006A Bonds or a “related person” as defined in Section 147(a) of the 1986 Code. Bond Counsel is of the further opinion that interest on the Series 2006A Bonds is not an “item of tax preference” for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2006A Bonds owned by corporations (other than S corporations, Regulated Investment Companies, Real Estate Investment Trusts, Real Estate Mortgage Investment Conduits and Financial Asset Securitization Investment Trusts) will be included in the calculation of adjusted current earnings, a portion of which is an adjustment to corporate alternative minimum taxable income for purposes of calculating the

alternative minimum tax imposed on corporations (but not individuals). A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix H hereto.

No opinion is expressed as to the exclusion from gross income for federal income tax purposes of interest on the Series 2006A Bonds upon the adjustment of the Series 2006A Bonds from the initial Interest Rate Period to a different Interest Rate Period. In addition, certain requirements and procedures contained or referred to in the Series 2006A Indenture, the Series 2006A Loan Agreement, the Tax Regulatory Agreement, and other relevant documents and certificates may be changed and certain actions (including, without limitations, defeasance of the Series 2006A Bonds) may be taken subsequent to the date of issue, under the circumstances and subject to the terms and conditions set forth in such documents or certificates, upon the advice or with the approving opinion of nationally recognized bond counsel. Winston & Strawn LLP expresses no opinion as to any Series 2006A Bond or the interest thereon if such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Winston & Strawn.

In the opinion of Bond Counsel, interest on the Series 2006A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts, and estates required to pay the federal alternative minimum tax.

Prospective purchasers of the Series 2006A Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition or tax-exempt obligations, such as the Series 2006A Bonds, may have collateral federal income tax consequences for certain taxpayers, including financial institutions, certain subchapter S corporations, United States branches of foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. The foregoing is not intended as an exhaustive list of potential tax consequences. Prospective purchasers should consult their tax advisors regarding any possible collateral consequences with respect to the Series 2006A Bonds. Bond Counsel expresses no opinion regarding any such collateral consequences.

No assurance can be given that any future legislation, including amendments to the 1986 Code or the State income tax laws, will not cause interest on the Series 2006A Bonds to be subject, directly or indirectly, to federal or State or local income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Series 2006A Bonds should consult their own tax advisers regarding any pending or proposed federal or state tax legislation. Further no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service, including but not limited to regulation, ruling, or selection of the Series 2006A Bonds for audit examination, or the course or result of any Internal Revenue Service examination of the Series 2006A Bonds, or obligations which present similar tax issues, will not affect the market price of the Series 2006A Bonds.

#### Series 2006B Bonds

Bond Counsel expresses no opinion regarding the treatment, for federal income tax purposes, of interest on the Series 2006B Bonds. Prospective purchasers of the Series 2006B Bonds should consult their tax advisors regarding all federal income tax consequences with respect to the Series 2006B Bonds. Bond Counsel expresses no opinion regarding any such consequences.

In the opinion of Bond Counsel, interest on the Series 2006B Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts, and estates required to pay the federal alternative minimum tax.

#### **OTHER MATTERS**

The approval of the Series 2006 Bonds will be passed upon by Winston & Strawn LLP, New York, New York, Bond Counsel, who have been engaged solely for the purpose of acting as Bond Counsel to the Authority. Forms of the approving opinions of Bond Counsel are attached hereto as Appendix H. Bond Counsel expresses no

opinion as to, and assumes no responsibility for, the accuracy or completeness of any information contained in this Official Statement pertaining to (1) the Project or its feasibility, (2) the Credit Bank or the Letters of Credit or (3) the Borrower or any information relating to the Borrower.

Certain legal matters will be passed upon for the Borrower by Updike, Kelly & Spellacy P.C., Hartford, Connecticut, for TD Banknorth, N.A. by Robinson & Cole LLP, Stamford, Connecticut, and for the Underwriter by Gadsby Hannah LLP, Boston, Massachusetts.

### **CONTINUING DISCLOSURE**

The Underwriter has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2006 Bonds and the Authority will not provide any such information. The Borrower has undertaken all responsibilities for any continuing disclosure concerning the Borrower to Bondowners or beneficial owners of the Series 2006 Bonds as described below, and the Authority shall have no liability to the Bondowners or beneficial owners of the Series 2006 Bonds or any other person with respect to such disclosures.

Under the terms of the Loan Agreements, the Borrower has agreed to provide continuing disclosure as required by Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the current rule of the Securities and Exchange Commission with respect to municipal disclosure, immediately prior to the earlier of (a) the conversion of Series 2006 Bonds to a Long Term Interest Rate Period or (b) the date on which there is any remarketing of any Series 2006 Bond by a broker, dealer or municipal securities dealer that is accompanied by a change in its authorized denomination from \$100,000 and \$5,000 multiples in excess thereof or more to less than \$100,000, or (c) any applicable change in law, unless, in any case, the Trustee receives an opinion of Bond Counsel or other nationally recognized securities law counsel to the effect that compliance with the Rule is not required. A failure by the Borrower to comply with the provisions of such continuing disclosure undertaking will not constitute an Event of Default under the Loan Agreements (although Bondowners or beneficial owners of Series 2006 Bonds will have any available remedy at law or in equity). Under the Rule, a failure of the Borrower to comply with the disclosure requirements must be reported in accordance with the Rule and must be considered by any broker or dealer before recommending the purchase or sale of Series 2006 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2006 Bonds.

### **MISCELLANEOUS**

The summaries or descriptions of provisions of the Series 2006 Bonds, the Indentures and the Financing Documents herein and in the Appendices hereto and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. For a complete statement of the provisions of the Indentures and the Financing Documents, reference is made to the documents in their entireties, copies of which will be on file at the corporate trust office of the Trustee.

Information in this Official Statement, other than information under the heading "THE AUTHORITY" and "ABSENCE OF LITIGATION" (only as it relates to the Authority), which has been prepared by the Authority, and under the heading "UNDERWRITING," which has been prepared by the Underwriter, has been selected and prepared by persons other than the Authority and the Underwriter. The Authority and the Underwriter have not made any independent investigation or verification of and do not assume any responsibility for or make any representation as to the accuracy, completeness or adequacy of any information contained in this Official Statement for any purposes. The information and expressions of opinion contained herein are subject to change without notice after the date hereof and neither the delivery of this Official Statement nor any sales made hereunder shall, under any circumstances, create any implication that there has been no change in the matters referred to herein since the date hereof. Any statements involving matters of estimate or opinion, whether or not expressly so stated, are intended as matters of opinion and not as representations of fact. The Authority assumes no responsibility for the accuracy or completeness of such information, all of which, except for material included under the caption "THE AUTHORITY" and "ABSENCE OF LITIGATION" (only as it relates to the Authority) has been furnished by others.



This Official Statement does not constitute and should not be deemed a contract between the Authority and the holders of Series 2006 Bonds.

The execution and delivery of this Official Statement by one of its Authorized Representatives have been duly authorized by the Authority.

CONNECTICUT DEVELOPMENT AUTHORITY

By: /s/ Karin A. Lawrence \_\_\_\_\_  
Title: Authorized Representative

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## APPENDIX A

### DEFINITIONS OF CERTAIN TERMS USED IN THIS OFFICIAL STATEMENT

*Summarized below are definitions of certain words and terms appearing in this Official Statement. Any documents referred to in the following definitions include any modifications, amendments or supplements thereto from time to time made in accordance with the provisions of such documents. Words and terms that are capitalized in this Official Statement, whether or not defined below or elsewhere herein, are qualified by reference to the meanings assigned to them in the documents in which they appear. References contained in this Appendix A to the Indenture relate to both the Series 2006A Indenture and the Series 2006B Indenture and references contained in this Appendix A to the Agreement relate to both the Series 2006A Loan Agreement and the Series 2006B Loan Agreement, in each case, the terms of which are substantially similar.*

“Act” means the State Commerce Act, constituting Connecticut General Statutes, Sections 32-1a through 32-23zz, as amended.

“Account” or “Accounts” shall mean a special trust account or accounts established pursuant to Article V of the Indenture.

“Act of Bankruptcy”, when used with respect to the Credit Institution, the Borrower, or the Authority as the context indicates, means the filing of a petition in bankruptcy, or the commencement of another bankruptcy, receivership or similar proceeding, by or against the Credit Institution, the Borrower or any general or limited partner thereof or the Authority under any applicable bankruptcy, insolvency, reorganization, moratorium or similar law now or hereafter in effect or with respect to the Credit Institution, the repudiation of the Credit Facility by the successor thereto or assignee thereof in accordance with applicable law.

“Additional Bonds” means one or more series of additional Bonds, other than the Series 2006 Bonds, authorized and issued by the Authority pursuant to the Indenture and the related Supplemental Indenture.

“Agreement” means the Loan Agreement dated as of February 1, 2006 between the Authority and the Borrower, and any amendments and supplements thereto.

“Alternative Credit Facility” means an Alternative Credit Facility which meets the requirements of the Agreement.

“Authority” means the Connecticut Development Authority, a body corporate and politic constituting a public instrumentality and political subdivision of the State of Connecticut duly organized and existing under the laws of the State, and any body, board, authority, agency or other political subdivision or instrumentality of the State which shall hereafter succeed to the powers, duties and functions thereof.

“Authorized Denominations” for the Series 2006 Bonds, means with respect to the Weekly Interest Rate Period, \$100,000 or any integral multiple of \$5,000 in excess thereof.

“Authorized Investments” means United States government obligations, United States agency obligations, United States postal service obligations, repurchase agreements or certificates of deposit to

which specifically identified United States government, agency or postal service obligations are pledged as collateral, certificates of deposit of any of the fifteen largest domestically chartered banks or trust companies in the United States, commercial paper having the highest rating by a nationally recognized securities rating service, savings accounts with banks or savings and loan associations the accounts of which are federally insured, bank acceptances which are eligible collateral for borrowing from Federal Reserve Banks and certificates of deposit of the Trustee (but only to the extent such certificates of deposit do not exceed 10% of the amounts held in all funds and Accounts hereunder) and tax-exempt bonds and tax-exempt notes rated in the highest rating category by Moody's and/or S&P. Provided, however, that for so long as the Termination Date under (and as defined in) the Credit Agreement shall not have occurred Authorized Investments shall mean (a) direct obligations of the United States, or of any agency thereof, or obligations guaranteed as to principal and interest by the United States or any agency thereof, maturing in not more than one year from the date of the acquisition thereof, (b) certificates of deposit issued by any "Acceptable Bank" maturing in not more than one year from the date of the acquisition thereof, (c) commercial paper rated (on the date of the acquisition thereof by the Borrower) A-1 or P-1 by S&P or Moody's, respectively (or an equivalent rating by another nationally recognized statistical rating organization of similar standing if neither of such corporations is then in the business of rating commercial paper), maturing in not more than 100 days from the date of acquisition thereof, and (d) guaranteed investment contracts acceptable to the Credit Institution. For the purposes of this definition, "Acceptable Bank" shall mean: (A) (i) any lender party to the Credit Agreement or (ii) any other bank or trust company which is organized under the laws of the United States or any state thereof which has capital, surplus and undivided profits of at least \$500,000,000 and has outstanding unsecured indebtedness which is rated A or better by S&P or A-3 or better by Moody's (or an equivalent rating by another nationally recognized statistical rating organization of similar standing if neither such corporation is in the business of rating unsecured bank indebtedness) and (B) (i) one of the fifteen largest domestically chartered banks or trust companies in the United States or (ii) otherwise approved by an Authorized Officer of the Authority.

"Authorized Newspaper" means "The Bond Buyer" or any other financial newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York.

"Authorized Representative" means, in the case of the Authority, the Chairman or Vice-Chairman, President or Executive Director, Executive Vice President or Deputy Director, any Senior Vice President or Program Manager, Vice President or any Loan Officer thereof and, in the case of the Borrower, the Chairman, President, any Vice President, Treasurer or Secretary of any general partner of the Borrower, and, when used with reference to the performance of any act, the discharge of any duty or the execution of any certificate or other document, any officer, employee or other person authorized to perform such act, discharge such duty or execute such certificate or other document.

"Bank Bond Interest Rate" means the interest rate to be borne by Bank Bonds pursuant to the Indenture.

"Bank Bond Period" means, as to any Bank Bond, any period during which such Bank Bond bears interest at the Bank Bond Interest Rate.

"Bank Bonds" means Bonds purchased by a Credit Institution with funds drawn under any Credit Facility.

"Bond" means any bond authenticated and delivered pursuant to the Indenture, including the \$15,100,000 Variable Rate Refunding Airport Hotel Revenue Bonds, 2006 Series A (Bradley Airport

Hotel Project) or the \$5,900,000 Variable Rate Airport Hotel Revenue Bonds, 2006 Series B (Bradley Airport Hotel Project) (Federally Taxable), as applicable, and any Additional Bonds.

“Bondholder” or “holder” or “Holder or “Owner” or words of similar import, when used with reference to Bonds, means any person who shall be the registered owner of any outstanding Bond.

“Bond Counsel” means Winston & Strawn LLP or other attorney at law or a firm of attorneys, selected by the Authority and satisfactory to the Trustee (and, if such opinion is also required to be rendered to the Credit Institution, satisfactory to the Credit Institution), of nationally recognized standing in matters pertaining to the exclusion of interest on bonds issued by states and their political subdivisions from gross income for federal income tax purposes, duly admitted to the practice of law before the highest court of any state of the United States of America.

“Borrower” means (i) RK Bradley Associates Limited Partnership, a limited partnership organized and existing under the laws of the State of Delaware and qualified to transact business in the State of Connecticut, its successors and assigns and (ii) any surviving, resulting or transferee entity as provided in the Agreement.

“Borrower Account” means the account of that name established within the Remarketing Proceeds Fund.

“Business Day” means any day on which banks located in the cities in which the principal offices of the Trustee, the Tender Agent, the New York Registrar and the Credit Institution at which draws are to be made under the Credit Facility (as designated in writing by each such institution) are located are not required or authorized to remain closed and on which the New York Stock Exchange, Inc. is not closed.

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

“Completion Date” means the date of completion of the Project as specified and established in accordance with of the Agreement.

“Counsel’s Opinion” means a written opinion of Bond Counsel.

“Credit Agreements” means the Letter of Credit and Reimbursement Agreements each dated as of February 1, 2006 between the Borrower and the Credit Bank with respect to (among other things) the Letters of Credit, and any similar agreement subsequently entered into with respect to any Alternative Credit Facility.

“Credit Bank” means TD Banknorth, N.A., as the issuer of the Letters of Credit and its successors and assigns.

“Credit Facility” means the Letters of Credit or any Alternative Credit Facility.

“Credit Institution” means the Credit Bank and the issuer of any Alternative Credit Facility securing the Bonds or a series of Additional Bonds.

“Debt Service Fund” means the special trust fund so designated, established pursuant to the Indenture.

“Debt Service Reserve Fund” means the special trust fund so designated, established pursuant to the Indenture.

“Debt Service Reserve Fund Credit Facility” means any insurance policy, surety bond or other evidence of insurance, or any irrevocable, transferable letter or line of credit, if any, deposited to the credit of the Debt Service Reserve Fund with respect to any Series of Bonds in lieu of or in partial substitution for cash or securities on deposit therein, which policy, bond or other evidence of insurance, or letter or line of credit constitutes an unconditional senior obligation of the issuer thereof. The issuer thereof shall be a municipal bond insurer, banking association, bank or trust company or branch thereof or other financial institution whose senior debt obligations ranking pari passu with its obligations under such policy, bond or other evidence of insurance, or letter or line of credit are rated at the time of deposit to the credit of the Debt Service Reserve Fund in any of the three highest long-term rating categories of either Moody’s or S&P, but in no event less than the ratings on the Bonds secured thereby at the time of such deposit.

“Debt Service Reserve Fund Requirement” initially means \$0 or other amounts stipulated by the Authority at the sole direction of the Borrower at any time in the case of the Series 2006 Bonds and shall be determined for any Additional Bonds in accordance with the supplemental indenture authorizing the same which in either event may consist of Authorized Investments or a Debt Service Reserve Fund Credit Facility.

“Delivery Office” means U.S. Bank National Association at 225 Asylum Street, Hartford, Connecticut 06103 or such other address as may be specified by the Tender Agent for receiving the Series 2006 Bonds and the notices set forth in the Indenture.

“Depository Institution” or “depository institution” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York or any other depository institution appointed by the Authority to act as depository for the Series 2006 Bonds in connection with a book-entry only system of distributing Bonds.

“Determination of Taxability” means (1) a ruling by the Internal Revenue Service, (2) the receipt by any Bondholder from the Internal Revenue Service of a notice of assessment and demand for payment and the expiration of the appeal period provided therein if no appeal is taken or, if an appeal is taken by any Bondholder as provided in the Agreement within the applicable appeal period which has the effect of staying the demand for payment, a final unappealable decision by the court of competent jurisdiction, or (3) the admission in writing by the Borrower, in either (1), (2) or (3) of this definition to the effect that the interest on the Bonds is includable in the gross income for federal income tax purposes of a holder or former holder thereof (other than by reason of such holder being a “substantial user” of the Project).

“Event of Default” has the meaning ascribed thereto in the Indenture.

“Fiduciary or Fiduciaries” means the Trustee, the New York Registrar, the Paying Agent, the Tender Agent or any or all of them, as may be appropriate.

“Financing Documents” (1), when used with respect to the Borrower, means the Agreement, the Tax Regulatory Agreement and the Note, and (2) when used with respect to the Authority, means any of the foregoing documents and agreements to which the Authority is a direct party.

“Fund” or “Funds” means a special trust fund or funds established pursuant to the Indenture, but excluding the Liquidity Fund and the Remarketing Proceeds Fund.

“Government Obligations” means Authorized Investments which are direct obligations of, or which are unconditionally guaranteed as to full and timely payment by, the United States Government,

specifically excluding mutual funds or unit investment trusts whose portfolios consist solely of Government Obligations.

“Indenture” means the Indenture dated as of February 1, 2006 between the Authority and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with the Indenture.

“Interest Accrual Date” means with respect to the Weekly Interest Rate Period, the first day thereof and, thereafter, the first Business Day of each calendar month during that Weekly Interest Rate Period.

“Interest Payment Date” means with respect to any Weekly Interest Rate Period, the first Business Day of each calendar month, and the day next succeeding the last day of the Weekly Interest Rate Period.

“Interest Rate Period” means the Weekly Interest Rate Period and any other Interest Rate Period established pursuant to the Indenture.

“Letters of Credit” means the direct pay irrevocable Letters of Credit dated the date of delivery of the Series 2006 Bonds, issued by the Credit Bank for the account of the Borrower in favor of the Trustee as beneficiary on behalf of the holders of the Series 2006 Bonds.

“Liquidity Fund” means the Liquidity Fund established pursuant to the Indenture to be held by the Tender Agent separate and apart from the Funds and Accounts under the Indenture and which shall not constitute a Fund for purposes of the Indenture but shall be held in trust for the benefit of the tendering Bondholders.

“Maximum Interest Rate” means, with respect to the Bonds, the maximum rate of interest that such Bonds may at any time bear as set forth in the Indenture.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities agency designated by the Authority, at the direction of the Borrower, by notice to the Trustee and the Borrower.

“New York Registrar” means the New York Registrar appointed pursuant to the Indenture.

“Note” means the promissory note of the Borrower to the Authority, dated the date of the 2006 Bonds, in the form attached as an Appendix to the Agreement, and any amendments or supplements made in conformity with the Agreement and the Indenture.

“Notice Parties” shall mean the Authority, the Borrower, the Tender Agent, the Remarketing Agent, the New York Registrar, the Credit Institution, the Paying Agent and the Trustee.

“Outstanding”, when used with reference to a Bond or Bonds, as of any particular date, means all Bonds which have been authenticated and delivered hereunder, except:

- (1) any Bonds canceled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee for cancellation;

(2) any Bond (or portion of a Bond) which has been paid or redeemed or for the payment or redemption of which there has been separately set aside and held in the Redemption Account either:

(a) moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price thereof, together with accrued interest on such Bond to the payment or redemption date, which payment or redemption date shall be specified in irrevocable instructions given to the Trustee to apply such moneys to such payment on the date so specified; or

(b) obligations of the kind described in the defeasance section of the Indenture in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or redemption date, which payment or redemption date shall be specified in irrevocable instructions given to the Trustee to apply such obligations to such payment on the date so specified; or

(c) any combination of (a) and (b) above;

(3) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article III of the Indenture; and

(4) any Bond deemed to have been paid as provided in the defeasance section of the Indenture.

In no event shall any provision in the Indenture mean Bank Bonds are no longer Outstanding.

“Paying Agent” means any paying agent for the Bonds appointed pursuant to the Indenture (including the Trustee), and its successor or successors and any other corporation which may at any time be substituted in its place in accordance herewith.

“Principal and Interest Account” means the special trust account of the Debt Service Fund so designated, established pursuant to the Indenture.

“Principal Office”, when used with respect to the Trustee means the principal corporate trust office of the Trustee at 225 Asylum Street, Hartford, Connecticut 06103 and, when used with respect to the Paying Agent, the Bond Registrar, the Remarketing Agent and the Tender Agent means the respective offices thereof designated in writing to the Trustee unless, in the case of the Paying Agent and the Registrar, the Trustee is performing such functions, in which case it shall mean the Principal Office of the Trustee.

“Priority Amounts” means (1) any amounts drawn under the Credit Facility, (2) the proceeds of Bonds or other bonds issued to refund Bonds and accrued interest thereon, the use of which to pay principal of or interest on the Bonds or the purchase price of the Bonds must be preceded by the delivery of an opinion of nationally recognized counsel experienced in bankruptcy matters acceptable to the Trustee, Standard & Poor’s and Moody’s to the effect that the use of such proceeds will not constitute a voidable preference under the United States Bankruptcy Code upon the bankruptcy or insolvency of the Borrower, or any general or limited partner of the Borrower, or the Authority, (3) investment earnings on any of the foregoing the use of which to pay principal of or interest on the Bonds or the purchase price of the Bonds must be preceded by the delivery of an opinion of nationally recognized counsel experienced in bankruptcy matters acceptable to the Trustee, Standard & Poor’s and Moody’s to the effect that the use of



such earnings will not constitute a voidable preference under the United States Bankruptcy Code upon the bankruptcy or insolvency of the Borrower, or any general or limited partner of the Borrower, or the Authority, (4) proceeds of the remarketing of tendered Bonds except Bonds which were purchased by the Authority, the Borrower or any general or limited partner thereof, (5) any other amounts (including payments due under subsection 3.1(C) of the Agreement and investment earnings thereon) which have been on deposit with the Trustee under the Indenture for at least one year prior to their payment to Bondholders (in the case of principal payments and interest thereon) or for at least one year prior to the giving of notice of redemption (in the case of redemption payments and accrued interest with respect thereto), prior to or during either of which one year periods, no Act of Bankruptcy of the Borrower or any general or limited partner of the Borrower or the Authority of which the Trustee has knowledge shall have occurred which has not been dismissed, and (6) any other money held by the Trustee under the Indenture which, in the opinion of nationally recognized counsel experienced in bankruptcy matters acceptable to the Trustee, will not, if used to pay principal of or interest on the Bonds or the purchase price of the Bonds, constitute a voidable preference under the United States Bankruptcy Code upon the bankruptcy or insolvency of the Borrower, or any general or limited partner of the Borrower, or the Authority.

“Project” means the Project Realty and the Project Equipment and means a 237 room hotel with a parking garage and appurtenant facilities, located at the Bradley International Airport.

“Project Costs” means all costs and expenses of the Project for which the Trustee is permitted to make payment as provided in the Indenture.

“Project Equipment” means all personal property, goods, leasehold improvements, machinery, equipment, furnishings, furniture, fixtures, tools and attachments wherever located and whether now owned or hereafter acquired, acquired in whole or in part with the proceeds of the Bonds and any additions and accessions thereto, substitutions therefor and replacements thereof, including without limitation the Project Equipment described in the appendices to the Loan Agreement, as amended from time to time in accordance therewith.

“Project Fund” means the special trust fund so designated, established pursuant to the Indenture

“Project Realty” means the leasehold interest in the property upon which the Project is located, as amended from time to time in accordance with the Credit Agreement.

“Rebate Amount” means, with respect to the Bonds, the amount computed as described in the Tax Regulatory Agreement.

“Rebate Fund” means the special trust fund so designated, established pursuant to the Indenture.

“Record Date” means with respect to any Interest Payment Date in respect of any Weekly Interest Rate Period the Business Day immediately preceding such Interest Payment Date.

“Redemption Account” means the special trust account of the Debt Service Fund so designated, established pursuant to the Indenture.

“Redemption Price” means when used with respect to a Bond or portion thereof, the principal amount of such Bond or portion plus the applicable premium, if any, payable upon redemption or acceleration thereof pursuant to the Indenture.

“Remarketing Agent” means Zions First National Bank and any successor Remarketing Agent appointed pursuant to the Indenture.

“Remarketing Proceeds Fund” means the Remarketing Proceeds Fund established in the Indenture to be held by the Tender Agent separate and apart from any Funds or Accounts under the Indenture and which shall not constitute a Fund for purposes of the Indenture but shall be held in trust for the benefit of the tendering Bondholders.

“Renewal Fund” means the special trust fund so designated, established pursuant to the Indenture.

“S&P” means Standard & Poor’s Corporation, a Corporation, organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority at the direction of the Borrower, by notice to the Trustee and the Borrower.

“State” means the State of Connecticut.

“Supplemental Indenture” means any indenture supplemental to the Indenture or amendatory thereof, adopted by the Authority in accordance with the terms thereof.

“Tax Incidence Date” means the date as of which interest on the Series 2006A Bonds becomes or became includable in the gross income of the recipient thereof for federal income tax purposes for any cause, as determined by a Determination of Taxability.

“Tax Regulatory Agreement” means the Tax Regulatory Agreement, dated as of the date of issuance of the Series 2006A Bonds and relating only to the Series 2006A Bonds, among the Authority, the Borrower and Trustee, and any amendments and supplements thereto.

“Tender Agent” means U.S. Bank National Association and any successor Tender Agent appointed pursuant to the Indenture.

“Trustee” means U.S. Bank National Association and its successor or successors hereafter appointed in the manner provided in the Indenture.

“Weekly Interest Rate” means a variable interest rate established weekly in accordance with the Indenture.

“Weekly Interest Rate Period” means, with respect to any Bond, each period during which a Weekly Interest Rate is in effect for such Bond.

## SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENTS

*The following is a summary of certain provisions of the Agreements. Such summary is not to be considered a full statement of the terms of the Agreements and, accordingly, is qualified by reference thereto and is subject to the full text thereof. The material provisions of the Series 2006A Loan Agreement and the material provisions of the Series 2006B Loan Agreement are substantially similar. Unless otherwise specifically set forth herein or unless the context otherwise requires, this Appendix B summarizes certain provisions of both the Series 2006A Loan Agreement and the Series 2006B Loan Agreement.*

### **Loan Payments**

The Authority agrees to lend the Borrower [\$15,100,000 with respect to the Series 2006A Bonds] and [\$5,900,000 with respect to the Series 2006B Bonds] from the proceeds of the Series 2006 Bonds at the time of delivery of the Series 2006 Bonds and receipt of payment therefor by the Authority. Each loan to the Borrower will be evidenced by the Borrower's Note in the aggregate principal amount of the related Series of Bonds.

On or before the due date therefor, the Borrower is required unconditionally to make loan payments to the Trustee for the account of the Authority, in immediately available funds, in an amount which, when added to any moneys then on deposit in the Debt Service Fund and available therefor, shall be equal to the amount payable as principal of, premium, if any, or interest due on the related Series of Bonds outstanding on such date. If, on any such due date, the balance in the Debt Service Fund is insufficient to make the required payments with respect to the related Series of Bonds, the Borrower agrees forthwith to pay the amount of the deficiency. The fees and expenses of the Trustee and any Paying Agent, the Tender Agent and the Remarketing Agent are also to be paid by the Borrower.

All covenants and agreements on the part of the Authority and the Borrower as to the amounts payable with respect to the Bonds and the Note under the Loan Agreement are for the benefit of the owners from time to time of the Bonds and may be enforced as provided in the Indenture on behalf of the Bondholders by the Trustee.

### **Obligations of Borrower Unconditional**

The obligations of the Borrower to make the payments provided for in the Agreement and Note are absolute and unconditional, and the Borrower agrees not to suspend or discontinue any such payment or terminate the Agreement, other than in the manner provided therein, for any cause, including any acts or circumstances that may constitute failure of consideration, failure of title, commercial frustration of purpose, or any damage to or destruction of the Project, or the taking by eminent domain of title to or the right of temporary use of all or any part of the Project, or any change in the tax or other laws of the United States, the State, or any political subdivision of either thereof, or any failure of the Authority or the Trustee to perform and observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Financing Documents.

### **Term**

The Agreement will become effective at the time of its delivery and, subject to its provisions, will expire on such date as the Bonds and the interest thereon and all other expenses or sums to which the Authority, the Trustee and any Paying Agent are entitled, have been fully paid and retired or provision for such payment has been made as provided in the Indenture

## **Effect of Drawings under Credit Facility**

The payment obligations of the Borrower under the Agreement and the Note shall be satisfied to the extent of any drawings made upon the Credit Facility for the purpose of satisfying such obligations, except for Series 2006 Bonds held by or pledged to the Credit Institution, as the Trustee cannot draw on the Credit Facility to pay Bank Bonds.

## **Requirements for Delivery of an Alternative Credit Facility**

An “Alternative Credit Facility” shall mean any irrevocable direct-pay letter of credit, policy of bond insurance, guaranty, line of credit or other credit and liquidity facility, (1) which has a term of at least 360 days and provides security for the payment of the principal and Redemption Price (equal to the principal amount) of and interest on the Series 2006 Bonds when due and security for the obligation of the Borrower to purchase Bonds on substantially the same terms as the Letter of Credit, (2) which is issued to replace, extend the term, increase the stated amount, or become effective following the expiration of, or otherwise substitute for, the Letter of Credit, or any other Alternative Credit Facility, and (3) which will by itself result in ratings on the Bonds secured by such Credit Facility to be in one of the two highest short-term rating categories of S&P and Moody’s and be in one of the three highest long-term rating categories of S&P and Moody’s, as evidenced in writing by such rating agency at the time of delivery of such Alternative Credit Facility to the Trustee.

The Borrower shall have the right to provide to the Trustee an Alternative Credit Facility upon the occurrence of an Act of Bankruptcy of the Credit Institution, or upon the termination, substitution or expiration of any Credit Facility or if the Borrower requests the Authority to issue Additional Bonds, and the Authority in its sole discretion consents, but the Credit Bank will not consent. Any such Alternative Credit Facility shall be delivered in the time and manner required by the Indenture in each such circumstance.

No Alternative Credit Facility may be delivered to the Trustee for any purpose under the Agreement or the Indenture unless accompanied by the following documents:

- (1) an executed copy of the Credit Agreement, if any, entered into with respect to the Alternative Credit Facility;
- (2) copies of any other documents, agreements or arrangements entered into directly or indirectly between the Borrower and the Credit Institution issuing the Alternative Credit Facility with respect to the transactions contemplated by the Alternative Credit Facility and related Credit Agreement;
- (3) (i) an opinion of counsel to the Credit Institution issuing the Alternative Credit Facility satisfactory to the Trustee to the effect that the Alternative Credit Facility is irrevocable, unconditional and a legal, valid and binding obligation of the Credit Institution, and (ii) a Counsel’s Opinion to the effect that payments on the Bonds out of the proceeds of a drawing on the Alternative Credit Facility will not constitute voidable preferences under the Federal Bankruptcy Code or other applicable laws or regulations;
- (4) a Counsel’s Opinion to the effect that the delivery of the Alternative Credit Facility is permitted pursuant to the Loan Agreement and does not adversely affect the tax exemption on the Bonds;

- (5) a certificate of the Credit Institution issuing the Credit Facility being replaced to the effect that all amounts owing to such Credit Institution in connection with such Credit Agreement (and the reimbursement agreement pursuant to which such Credit Facility was issued) have been (or contemporaneously with the delivery of such Alternative Credit Facility will be) paid and discharged in full and the Credit Facility shall expire or shall be terminated in accordance with its terms on the date of delivery of such Alternative Credit Facility; and
- (6) such other documents and opinions as the Trustee may reasonably request.

The Alternative Credit Facility shall not include any provisions less favorable to the holders of the Series 2006 Bonds than the provisions of the Letter of Credit.

The Borrower may allow the Credit Facility to expire or fail to provide for the timely extension, renewal, reissuance or substitution therefor through an Alternative Credit Facility, in which event the Series 2006 Bonds shall be subject to mandatory tender for purchase as provided in the Indenture.

The Borrower agrees for the benefit of the Bondholders, the Trustee and the Authority to take and not to omit to take any and all action to comply with the terms of the Credit Agreement to make the funds available necessary to pay when due the principal and premium, if any, of and interest on the Series 2006 Bonds under the Credit Facility in accordance with its terms.

#### **Payment of Purchase Price of Tendered Bonds**

The Borrower agrees to pay to the Tender Agent all amounts necessary for the purchase of Series 2006 Bonds pursuant to the Indenture and not deposited with the Tender Agent by the Remarketing Agent from the proceeds of the remarketing and sale of such Bonds or from drawings under the Credit Facility pursuant to the Indenture. Each such payment by the Borrower to the Tender Agent shall be in immediately available funds and paid to the Tender Agent at the principal office no later than 2:00 p.m. on each date Series 2006 Bonds are to be purchased.

#### **Alternate Interest Rate Period**

If the Borrower elects to change the Interest Rate Period with respect to the Series 2006 Bonds pursuant to the Indenture, the Borrower shall deliver to the Trustee and the other Notice Parties, on behalf of the Authority, the notice required thereunder in connection with such election. The Borrower shall, at the direction of the Authority, also cause there to be furnished a disclosure statement relating to the conversion of the Series 2006 Bonds, the applicable terms of the Bonds, the security for the payment of the Bonds and the Borrower's financial condition and operations at the time of such conversion and any other relevant information deemed material at such time.

#### **Taxes**

The Borrower will pay when due all (1) taxes, assessments, water rates and sewer use or rental charges, (2) payments in lieu thereof which may be required by law, and (3) governmental charges and impositions of any kind whatsoever which may now or hereafter be lawfully assessed or levied upon the Project Realty or any part thereof, or upon the rents, issues, or profits thereof, whether directly or indirectly. With respect to special assessments or other governmental charges that may lawfully be paid installments over a period of years, the Borrower shall be obligated to pay only such installments as are required to be paid during the Term.

The Borrower may, at its expense and in its own name, in good faith contest any such taxes, assessments and other charges and payments in lieu of taxes including assessments and, in the event of such contest, may permit the taxes, assessments or other charges or payments in lieu of taxes, including assessments so contested to remain unpaid, provided either (1) prior written notice thereof has been given to the Trustee and reserves are maintained during the period of such contest and any appeal therefrom or (2) such contest is conducted in full compliance with Connecticut General Statutes Section 12-53a(d) unless, in either case, by nonpayment of such taxes, assessments or other charges or payments, the Project or any part thereof will be subject to loss or forfeiture, and as a result thereof a lien or charge will be placed upon any payment pursuant to this Agreement or the value or operation of the Project Realty and the Project Equipment will be materially impaired, in which event such taxes, assessments or other charges or payments shall be paid forthwith. Nothing in the Agreement shall preclude the Borrower, at its expense and in its own name and behalf, from applying for any tax exemption allowed by the federal government, the State or any political or taxing subdivision thereof under any existing or future provision of law which grants or may grant such tax exemption.

### **Insurance**

For so long as the Letter of Credit is in effect, the Borrower shall insure or cause to be insured the Project Realty against loss or damage in accordance with the provisions of the Credit Agreement and at all other times the Borrower shall insure the Project Realty with insurance companies licensed to do business in the State against loss or damage by fire, flood, lightning, windstorm, vandalism and malicious mischief and other hazards, casualties, contingencies and extended coverage risks in such amounts and in such manner as is customary with companies in the same or similar business, and to pay when due the premiums thereon. In the event of loss or damage to the Project Realty the Net Proceeds of any insurance provided under the Agreement shall be deposited in accordance with the provisions of the Credit Agreement for so long as the Letter of Credit is in effect and thereafter such proceeds shall be deposited in the Renewal Fund applied in accordance with the provisions of the Indenture. Any excess proceeds of insurance remaining after application as required by the Agreement shall be paid to the Borrower.

The Borrower further agrees that it will at all times carry public liability insurance with respect to the Project Realty in accordance with the Credit Agreement with respect to the Facility location. Any such policy of public liability insurance may contain provisions for a deductible amount not in excess of the amount provided for in the Credit Agreement. In the event of a public liability occurrence, the Net Proceeds of the insurance provided under the Loan Agreement shall be applied to satisfy or extinguish the liability.

The insurance coverage required by the Loan Agreement may be effected under overall blanket or excess coverage policies of the Borrower or any affiliate and may be carried with any insurer other than an unauthorized insurer under the Connecticut Unauthorized Insurers Act. The Borrower shall furnish evidence satisfactory to the Authority or the Trustee, promptly upon the request of either, that the required insurance coverage is valid and in force.

### **Compliance with Law**

The Borrower will observe and comply with all laws, regulations, ordinances, rules and orders (including without limitation those relating to zoning, land use, environmental protection, air, water and land pollution, wetlands, health, equal opportunity, minimum wages, workers' compensation and employment practices) of any federal, state, municipal or other governmental authority relating to the Project Realty except during any period during which the Borrower at its expense and in its name shall be in good faith contesting its obligation to comply therewith and in the event the Borrower is notified that it is not in compliance with any such law, regulation, ordinance, rule or order of which it had no actual

knowledge, the Borrower shall forthwith take any action necessary to comply with such law, regulation, ordinances rule or order.

### **Maintenance and Repair**

At its own expense, the Borrower will keep and maintain the Project Realty in good condition, working order and repair, will not commit or suffer any waste thereof, and will make all repairs and replacements thereto which may be required in connection therewith.

### **Disposition of Project Realty by the Borrower**

The Borrower shall not sell, assign, encumber, other than Permitted Encumbrances, convey or otherwise dispose of its interest in the Project Realty or any part thereof, during the Term of the Agreement without the prior written consent of the Authority, except as permitted by the Agreement.

The Borrower may, however, grant such rights of way or easements over, across or under, the Project Realty as shall be necessary or convenient for the operation or use of the Project Realty, including but not limited to easements or rights-of-way for utility, roadway, railroad or similar purposes in connection with the Project Realty, or the use of the real property adjacent to or near the Project and owned by or leased to the Borrower, but only if such rights-of-way or easements shall not materially or adversely affect the value and operation of the Project Realty.

### **Leasing of the Project Realty and the Project Equipment**

The Borrower may not lease the Project Realty or the Project Equipment to any person during the term of the Agreement without the prior written consent of the Authority and a Counsel's Opinion; provided, however, that rooftop antenna agreements and occupancy agreements with hotel guests and other patrons of the facilities constituting the Project shall not be included as leases pursuant to this Section. No lease shall relieve the Borrower from primary liability for any of its obligations under the Agreement, and in the event of any such lease, the Borrower shall continue to remain primarily liable for payment of the applicable amounts specified in the Agreement and for performance and observance of the other agreements on its part therein provided to be performed and observed by it to the same extent as though no lease had been made.

### **Project Equipment**

The Borrower shall have the right to install, operate, use, remove and dispose of the Project Equipment in the normal and ordinary course of its business operations, and shall not be required to replace any item of Project Equipment which is discarded or sold for scrap. The Borrower shall not, however, either in one transaction or a series of transactions, sell, convey, transfer, remove or otherwise dispose of more than 20% by value of the Project Equipment without prior notice to and the consent of the Authority, unless such Project Equipment is replaced by property of similar value and utility.

### **No Abatement of Payments Under the Loan Agreement**

If the Project Realty or the Project Equipment shall be damaged or either partially or totally destroyed, or if title to or the temporary use of the whole or any part thereof shall be taken or condemned by a competent authority for any public use or purpose, there shall be no abatement or reduction in the amounts payable by the Borrower under the Agreement and the Borrower shall continue to be obligated to make such payments. In any such case, the Borrower shall promptly give written notice thereof to the Authority and the Trustee.

### **Project Disposition Upon Condemnation, Damage or Destruction**

In the event of any such condemnation, damage or destruction the provisions of the Mortgage shall govern the disposition of the Project Realty.

### **Application of Net Proceeds of Insurance or Condemnation**

The Net Proceeds of any insurance or condemnation award with respect to the Project Realty shall be deposited and applied as provided in the Credit Agreement until the Termination Date under (and as defined in) the Credit Agreement shall have occurred, and thereafter shall be deposited in the Renewal Fund or in the Redemption Account of the Debt Service Fund, as the case may be, and applied as provided in the Indenture.

### **Partnership Existence; Consolidation, Merger, Sale or Conveyance**

The Borrower covenants and agrees that during the term of the Agreement it will maintain its existence as a limited partnership organized under the laws of the State of Delaware and qualified to transact business in the State of Connecticut and will not dissolve or otherwise sell, lease or dispose of all or substantially all of its assets.

### **Indemnification, Payment of Expenses and Advances**

The Borrower agrees to protect, defend and hold harmless the Trustee, New York Registrar, Remarketing Agent, Tender Agent, the Paying Agent, the Authority, the State, members, servants, agents, directors, officers and employees, now or forever, of the Trustee, New York Registrar, the Remarketing Agent, Tender Agent, the Paying Agent, the Authority or the State (each an "Indemnified Party") from any claim, demand, suit, action or other proceeding and from all liabilities, costs and expenses whatsoever by any person or entity whatsoever, arising or purportedly arising from or in connection with the Financing Documents, the Indenture, the Bonds, or the transactions contemplated thereby or actions taken thereunder by any person (including without limitation the filing of any information, form or statement with the Internal Revenue Service), except for willful misconduct or gross negligence on the part of the Indemnified Party or any bad faith on the part of any Indemnified Party other than the Authority. The Borrower agrees to indemnify and hold harmless any Indemnified Party against any and all claims, demands, suits, actions or other proceedings and all liabilities, costs and expenses whatsoever caused by any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in the Preliminary Official Statement or the final Official Statement in connection with the issuance of the Series 2006 Bonds or caused by any omission or alleged omission from the Preliminary Official Statement or the final Official Statement of such information or any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The Borrower shall defend, indemnify, and hold the Authority and its members and officers and the Trustee harmless from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (i) the presence, disposal, release, or threatened release of any hazardous materials, asbestos, petroleum or petroleum by-products which are on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise, except in compliance with all applicable Federal, State and local laws or regulations; (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to hazardous materials, asbestos, petroleum or petroleum by-products; (iii) any lawsuit brought or threatened, settlement reached, or government order relating to such hazardous materials, asbestos, petroleum or petroleum byproducts



and/or (iv) any violation of laws, orders, regulations, requirements or demand of government authorities or any policies or requirements of the Authority which are based upon or in any way related to such hazardous materials, asbestos, petroleum or petroleum by-products including, without limitation, reasonable attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. The provisions of this paragraph shall be in addition to any and all other obligations and liabilities the Borrower may have to the Authority or the Trustee at common law, and shall survive the termination of the Agreement.

### **Payments Upon Determination of Taxability**

Not later than 180 days following a Determination of Taxability, the Borrower shall pay to the Trustee an amount sufficient, when added to the amount then in the Debt Service Fund and available for such purpose, to retire and redeem all Bonds then Outstanding, in accordance with the Indenture.

### **Public Purpose Covenants**

The Borrower covenants and agrees that it will, throughout the term of the Loan Agreement, (1) comply with all applicable laws, regulations, ordinances, rules, and orders relating to the Project Realty as provided in the Financing Documents, (2) maintain and insure the Project Realty and pay all taxes, payments-in-lieu-of-taxes, assessments and other governmental charges in accordance with the Financing Documents, (3) not cause or permit the Project Realty to become or remain a public nuisance, (4) not allow any change in the nature of the occupancy, use or operation of the Project Realty which is substantially inconsistent with the Borrower's application for assistance to the Authority, except that the Borrower may, after notice to the Authority, permit any such change which does not disqualify the Project as an authorized project under the Act, and (5) except as otherwise provided in the Financing Documents, not sell, assign, convey, lease or otherwise dispose of its interest in the Project Realty without the prior written consent of the Authority. Nothing in the Agreement is intended to require the Borrower to operate the Project Realty in such manner as, in the good faith judgment of the Borrower, shall materially and adversely impair the operating results of the Borrower in connection with the use of the Project Realty.

### **Covenant Against Discrimination**

The Borrower in the performance of the Agreement will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religion, national origin, age, sex, sexual orientation, marital status, physical or learning disability, political beliefs, mental retardation or history of mental disorder or in any other manner prohibited by the laws of the United States or of the State.

The Borrower will comply with the provisions of the resolution adopted by the Authority on June 14, 1977, as amended, and the policy of the Authority implemented pursuant thereto concerning the promotion of equal employment opportunity through affirmative action plans. The resolution requires that all borrowers receiving financial assistance from the Authority adopt and implement an affirmative action plan prior to the closing of the loan. The plan shall be updated annually as long as the Series 2006 Bonds remain Outstanding.

### **Prepayment Provisions**

The Borrower has, with respect to its loan obligations, optional prepayment rights and mandatory prepayment obligations, the terms and conditions of which correspond to the optional and mandatory redemption provisions of the Bonds described above under "DESCRIPTION OF THE SERIES 2006 BONDS".

In the event that it shall exercise its prepayment options in full under the Loan Agreement, the Borrower shall pay to the Trustee a sum sufficient, together with other funds deposited with the Trustee for such purpose, to retire and redeem the Bonds then outstanding under the Indenture at the specified redemption date.

### **Events of Default**

Any one or more of the following shall constitute an “Event of Default” under the Agreement:

(1) Any material representation or warranty made by the Borrower in the Financing Documents or any certificate, statement, data or information furnished by the Borrower in connection therewith or included by the Borrower in its application to the Authority for assistance proves at any time to have been incorrect when made in any material respect; or

(2) Failure by the Borrower to pay, when due, any amount that is payable pursuant to the Financing Documents; or

(3) Failure by the Borrower to provide sufficient moneys to the Tender Agent for the purchase of Bonds on any date on which Bonds are to be purchased pursuant to Article III of the Loan Agreement; or

(4) Failure by the Borrower to comply with the default notification provisions of Article VI of the Loan Agreement; or

(5) The occurrence of an “Event of Default” under the Indenture; or

(6) Failure by the Borrower to observe or perform any covenant, condition or agreement under the Loan Agreement or under the Financing Documents and (a) continuance of such failure for a period of thirty (30) days after receipt by the Borrower of written notice specifying the nature of such failure or (b) if by reason of the nature of such failure the same cannot be remedied within the thirty-day period, the Borrower fails to proceed with reasonable diligence after receipt of the notice to cure the failure; or

(7) The Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of itself or of its property, (b) admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent, or (e) commence a voluntary case under the federal bankruptcy laws of the United States of America or file a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding; or corporate action shall be taken by it for the purpose of effecting any of the foregoing; or, if without the application, approval or consent of the Borrower, a proceeding shall be instituted in any court of competent jurisdiction, seeking in respect of the Borrower an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of the Borrower or of all or any substantial part of its assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by the Borrower in good faith, the same shall continue undismissed, or pending and unstayed, for any period of 90 consecutive days.

(8) Notwithstanding anything to the contrary contained in the Agreement, no default or event of default that occurs under the Credit Agreement or other related documents shall be deemed a default or event of default under the Agreement or under the Indenture if such default or event of default under the Credit Agreement or related documents shall (a) be cured by the Borrower and such cure is accepted by the Credit Institution or (b) be waived by the Credit Institution, it being agreed that such acceptance and/or waiver by the Credit Institution shall be governed exclusively by the terms of the Credit Agreement and/or other related documents.

### **Remedies on Default**

Whenever any Event of Default shall have occurred, the Trustee, or the Authority where specifically provided in the Agreement, may take any one or more of the following actions in accordance with the Indenture:

(1) The Trustee, as and to the extent provided in Article VIII of the Indenture, may cause all amounts payable under the Financing Documents to be immediately due and payable without notice or demand of any kind, whereupon the same shall become immediately due and payable.

(2) The Authority, without the consent of the Trustee or any Bondholder, may proceed to enforce the obligations of the Borrower to the Authority under the Agreement.

(3) The Trustee may exercise any and all rights and remedies under the Financing Documents.

(4) The Trustee may take whatever action at law or in equity available to it to collect the amounts then due and thereafter to become due, or to enforce the performance or observance of the obligations, agreements, and covenants of the Borrower under the Financing Documents.

### **Remedies on Public Purpose Default**

If the Borrower shall default in the performance of any of a public purpose covenant and such default shall constitute an Event of Default under Section 7.1 of the Agreement, and such Event of Default shall continue for thirty (30) days without the Trustee or Bondholders instituting the remedial steps provided for under the Agreement or subsection 8.1(B) of the Indenture, the Authority may, so long as such Event of Default is continuing, send a notice to the Trustee calling for the acceleration of all of the Borrower's obligations under the Financing Documents and for the redemption of all of the Bonds then Outstanding. Any such notice shall set forth in reasonable detail the default by the Borrower giving rise thereto and shall specify the date upon which (1) notice of Bond redemption is to be given by the Trustee (which shall be not less than one hundred twenty days from the date of the Authority's determination notice) and (2) the redemption of the Bonds is to occur (which shall be at least thirty days after notice of redemption is given by the Trustee). Within ten days following receipt of the notice, the Trustee shall forward a copy thereof to the Borrower and each registered Bondholder, together with a copy of appropriate sections of the Agreement as provided therein.

If, within sixty (60) days after the mailing of notice by the Trustee to the Borrower and the Bondholders, the Trustee receives no objection (as hereinbelow provided) to such redemption, the Trustee shall give such notice and effect the acceleration of the Borrower's obligations and the redemption of all Outstanding Bonds in accordance with the Authority's notice and pursuant to Section 2.18(F) of the Indenture. If, however, the Borrower or any Bondholder disputes the existence of such Event of Default, the Borrower or such Bondholder shall mail a notice to the Authority and the Trustee containing a statement of such person's belief with respect to the claimed default. The receipt of such notice by the

Trustee shall serve to suspend the proceedings for redemption of Bonds initiated by the Authority's notice of default.

If upon receipt of such notice from the Borrower or any Bondholder, the Authority determines to affirm its earlier determination, either the Borrower or any Bondholder shall have the right to bring an action in any court of competent jurisdiction to enjoin the proceedings for the redemption of such Bonds, and during the pendency of any such action the redemption proceedings shall be suspended. Neither the Authority, the Borrower nor any Bondholder shall be responsible for any costs, fees, expenses, or counsel fees incurred by any other party in connection with any such action, other than the Trustee (whose costs, fees and expenses shall be paid by the Borrower). In the event the Authority is successful in such a proceeding, and a final judgment is rendered which is not appealable or appealed within sixty days thereafter finding the Borrower in default under the public purpose provisions of the Agreement, the Trustee shall, promptly upon receipt of notice of the entry of the decision, give notice of the redemption of all Outstanding Bonds as set forth in the Indenture, and redeem all such Bonds upon the date fixed for redemption in the notice (which shall be no more than thirty-five days after the notice is given). In the event the Borrower or such Bondholders are successful in such a proceeding, and a final judgment is rendered which is not appealable or appealed within sixty days thereafter finding the Borrower not to be in default under the public purpose provisions of the Agreement, all such proceedings for the redemption of Bonds shall be terminated. No such judgment, however, shall prejudice the exercise of the Authority's rights under the Agreement upon the occurrence of such subsequent failure of performance under the public purpose provisions of the Agreement.

Within fifteen days of the date the Trustee gives notice of any redemption of Bonds as provided above, the Borrower shall pay as a final loan payment a sum sufficient, together with other funds on deposit with the Trustee and available for such purpose, to redeem all Bonds then Outstanding under the Indenture at 100% of the principal amount thereof plus accrued interest to the redemption date. The Borrower shall also pay or provide for all reasonable and necessary fees and expenses of the Trustee and any Paying Agent accrued and to accrue through the date of redemption of all such Bonds.

The payment obligations of the Borrower as described above are subject in all respects to the provisions of the Agreement regarding the use of the Credit Facility and Priority Amounts for the payment of the Series 2006 Bonds and the effect of drawings upon the Credit Facility.

**SUMMARY OF CERTAIN PROVISIONS  
OF THE INDENTURES**

*The following is a summary of certain provisions of the Indentures. Such summary is not to be considered a full statement of the terms of the Indentures and, accordingly, is qualified by reference thereto and is subject to the full text thereof. The material provisions the Series 2006A Indenture and the material provisions of the Series 2006B Indenture are substantially similar. Unless otherwise specifically set forth herein or unless the context otherwise requires, this Appendix C summarizes certain provisions of both the Series 2006A Indenture and the Series 2006B Indenture.*

**Delivery of Bonds**

Bonds issued under the Indenture shall be executed in the form and manner set forth in the Indenture and shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale thereof, such Bonds shall be delivered by the Trustee to or upon the order of the purchasers thereof, but only upon receipt by the Trustee of:

(1) a certified copy of the Authority's resolution authorizing the issuance of such Bonds and, in the case of the Series 2006 Bonds, the execution and delivery of the Indenture and the Financing Documents;

(2) original executed counterparts of the Financing Documents other than the Note, and the originally executed Note and, in the case of Additional Bonds, the supplement to or modification or amendment of the Loan Agreement, the Indenture and the Note entered into prior to such delivery and such other documents as the Trustee or the purchaser of such Additional Bonds may require;

(3) the originally executed Letter of Credit in the case of the Series A Bonds, and if Additional Bonds are secured by an Alternative Credit Facility an originally executed Alternative Credit Facility and related agreement providing for, among other things, the reimbursement to the Credit Institution of funds drawn under such Alternative Credit Facility;

(4) a request and authorization to the Trustee on behalf of the Authority to authenticate and deliver such Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Authority, of a sum specified in such request and authorization, plus any accrued interest on such Bonds to the date of such delivery. The proceeds of such payment shall be paid over to the Trustee and deposited in accordance with the Indenture;

(5) a written opinion of counsel to the Borrower addressed to the Trustee to the effect that the Financing Documents specified by Bond Counsel and to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower and constitute the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights generally from time to time in effect and to applicable principles of equity if equitable remedies are sought;

(6) the written opinion or opinions of counsel to the parties to the Financing Documents (other than Borrower) addressed to the Trustee to the effect that such documents have been duly authorized, executed and delivered by such person and constitute the legal, valid and binding obligations of such person enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement

of creditors' rights generally from time to time in effect and to applicable principles of equity if equitable remedies are sought;

(7) a Counsel's Opinion addressed to the Trustee only, to the effect (a) that the issuance of such Bonds has been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled and, in the case of any series of Additional Bonds, to the effect that the issuance of such Additional Bonds will not impair the exclusion from gross income for purposes of federal income taxation of any Bonds Outstanding on the date of issuance of such Additional Bonds and (b) that the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(8) in the case of the Series 2006A Bonds, a certificate of payment and cancellation of the Refunded Bonds from U.S. Bank National Association, the Trustee for the Refunded Bonds.

### **Execution and Authentication of Bonds**

After their authorization as provided in the Indenture, Bonds may be executed by or on behalf of the Authority and delivered to the Trustee for authentication. Each Bond shall be executed in the name of the Authority by the manual or facsimile signature of any one or more Authorized Representatives of the Authority.

In case any officer who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated and delivered by the Trustee, such Bonds may nevertheless be authenticated and delivered as herein provided as if the person who so signed such Bonds had not ceased to be such officer. Any Bond may be signed on behalf of the Authority by any person who, on the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond such person may not have held such office.

The Bonds shall each bear thereon a certificate of authentication, in the form set forth in the recitals to the Indenture, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Indenture and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Indenture and that the holder thereof is entitled to the benefits of the Indenture.

### **Interest Rate Periods**

The Series 2006 Bonds shall initially be subject to Weekly Interest Rate Period and bear interest at a Weekly Interest Rate as determined by the Remarketing Agent on or prior to the date of original issuance and thereafter at the Weekly Interest Rate determined from time to time in accordance with the provisions of the Indenture unless and until the Borrower determines to change the Interest Rate Period in accordance with the provisions of the Indenture and the Agreement.

### **Change to an Alternate Interest Rate Period or Periods**

The Authority, at the written direction of an Authorized Representative of the Borrower delivered to the Authority, the Trustee, the Credit Institution, the Tender Agent and the Remarketing Agent, may elect at any time that the Series 2006 Bonds will begin an Interest Rate Period different from that in effect

at such time for the Series 2006 Bonds. Such direction shall, to be effective, be accompanied by a Counsel's Opinion, as required by the Indenture.

Notwithstanding anything to the contrary provided elsewhere in the Indenture, (a) the Series 2006 Bonds shall not be converted to a Long-Term Interest Rate Period if the Long-Term Interest Rate is not determined by the Remarketing Agent, (b) the Series 2006 Bonds shall not be converted to an alternate Interest Rate Period unless all the Bonds required to be purchased on the conversion date have been remarketed on the conversion date and the Tender Agent has received the purchase price for such Bonds from the Remarketing Agent by 1:00 p.m. on the conversion date and (c) the Series 2006 Bonds shall not be converted to an alternative Interest Rate Period other than a Long-Term Interest Rate Period (and any notice to elect a conversion shall be of no effect) unless there is in effect at the time a Credit Facility which permits there to be drawn thereunder an amount sufficient to pay the purchase price of Series 2006 Bonds on the date of conversion to an alternative Interest Rate Period subject to mandatory tender upon such conversion.

### **Notice to Bondholders of Change to an Alternate Interest Rate Period**

The Trustee shall mail notice of any new Interest Rate Period established pursuant to the Indenture to Bondholders and to the Credit Bank not less than twenty (20) business days prior to the effective date of such new Interest Rate Period. Such notice shall, among other things, state (1) that the interest rate on the Series 2006 Bonds will be converted, subject to receipt of a Counsel's Opinion (to the effect that such change to an alternate Interest Rate Period is authorized or permitted under the Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for the purposes of federal income taxation under Section 103 of the Code) on the effective date of such new Interest Rate Period, to the new Interest Rate Period; (2) the effective date of such alternate Interest Rate Period; (3) that on the first day of the alternate Interest Rate Period all Bonds will be purchased or deemed purchased as provided in the Indenture at a purchase price equal to the principal amount thereof, plus accrued interest, if any; and (4) the procedures for such purchase.

### **Conditions Precedent to Alternate Interest Rate Period**

Subject to the provisions set forth in the Indenture, a change to an alternate Interest Rate Period for any Series 2006 Bonds shall not take place unless the Borrower shall deliver, or cause to be delivered, to the Trustee, the Tender Agent, the Credit Bank and the Remarketing Agent two (2) Counsel's Opinions, the first to be delivered with the Borrower's initial direction to change to an alternate Interest Rate Period and the second to be delivered on the effective date of such alternate Interest Rate Period. If such second Counsel's Opinion is not received on the proposed effective date of such alternate Interest Rate Period, then all such Series 2006 Bonds shall be purchased on such date and all such Bonds shall continue to be subject to the current Interest Rate Period. Each such Counsel's Opinion shall state that the action proposed to be taken is authorized or permitted by the Indenture and, with respect to the Series 2006A Bonds, the act and will not adversely affect the exclusion of interest on the Series 2006A Bonds from gross income for purposes of federal income taxation under Section 103 of the Code.

### **Creation of Funds and Accounts**

(A) The Authority establishes and creates the following special trust Funds and Accounts within such Funds under the Indenture:

- (1) Project Fund
- (2) Debt Service Fund

- (a) Letter of Credit Account
  - (b) Principal and Interest Account
  - (c) Redemption Account
  - (d) Capitalized Interest Account
- (3) Debt Service Reserve Fund
  - (4) Renewal Fund
  - (5) Rebate Fund

The Trustee may establish such additional sub-Funds or sub-Accounts within each Fund and Account identified above with respect to each Series of Bonds issued under the Indenture as it shall determine to be necessary or desirable.

### **Debt Service Fund**

The Trustee shall establish four separate accounts within the Debt Service Fund to be designated “Letter of Credit Account”, “Principal and Interest Account”, “Redemption Account” and “Capitalized Interest Account”.

The Trustee shall promptly deposit the following receipts in the Debt Service Fund:

- (1) Any amount of accrued interest required pursuant to the Indenture to be deposited from the proceeds of the Bonds, which shall be credited to the Principal and Interest Account.
- (2) Any amount of capitalized interest required pursuant to the Indenture to be deposited from the proceeds of the Bonds, which shall be credited to the Capitalized Interest Account.
- (3) All amounts received by the Trustee pursuant to the Loan Agreement, which shall be credited to the Principal and Interest Account, in the manner set forth in the Indenture and the Agreement.
- (4) Excess or remaining amounts in the Project Fund required to be deposited in the Redemption Account pursuant to the Indenture.
- (5) Any amounts deposited from the Renewal Fund in accordance with the Indenture.
- (6) Any other amounts required to be paid to the Debt Service Fund for payment of principal, Redemption Price and interest due on the Bonds, which shall be credited to a separate sub-account within the Principal and Interest Account for use in connection with the related Series of Bonds.
- (7) Prepayments under the Agreement received by the Trustee, which shall be credited to a separate sub-account within the Redemption Account for use in connection with the related Series of Bonds.



(8) All amounts received by the Trustee from drawings upon the Letter of Credit or other Credit Facility for the payment of the principal or Redemption Price, if any, or interest on the Bonds, which shall be deposited in the Letter of Credit Account as required in the circumstances and applied solely to such purposes.

(9) Proceeds of title insurance, to the extent required by the Agreement, which shall be credited to the Redemption Account.

(10) All other receipts when and if required by the Financing Documents or any subsequent agreement or by the Indenture to be paid into the Debt Service Fund, which shall be credited to the Principal and Interest Account.

### **Credit Facility**

For so long as a Credit Facility is in effect with respect to a particular Series of Bonds, all payments made to Holders of the Bonds of principal or redemption price or interest on the Bonds, shall be made first from amounts drawn under the Credit Facility (but not with respect to Bank Bonds or Bonds held by the Borrower), second, from amounts which constitute Priority Amounts and do not derive from a draw under the Credit Facility, and, third, from amounts which do not constitute Priority Amounts. No optional redemption shall be made other than from proceeds of a Credit Facility for so long as a Credit Facility is in effect.

The Trustee shall draw on the Credit Facility by no later than 4:00 P.M., New York City time, on the Business Day prior to any principal payment date, Interest Payment Date, redemption date or upon the acceleration of the Bonds, in such manner in accordance with the terms thereof to the extent necessary to make timely payments to Holders of the Bonds of any amounts due with respect to Bonds issued under the Indenture, whether on account of principal thereof, or interest due thereon, upon the acceleration, redemption thereof or upon any Interest Payment Date relating thereto or otherwise. Any amounts so drawn shall be immediately deposited in the Letter of Credit Account of the Debt Service Fund.

Upon the receipt by the Trustee from the Credit Institution of principal, Redemption Price or interest drawn under the Credit Facility, the Trustee shall promptly remit to the Credit Institution an amount on deposit in the Principal and Interest Account or Redemption Account, as applicable, of the Debt Service Fund sufficient to reimburse the Credit Institution for such drawing. In the event the Credit Institution shall fail to pay to the Trustee the amount or any portion thereof duly requested to be drawn by the Trustee the amount or any portion thereof duly requested to be drawn by the Trustee under the Credit Facility, the Trustee shall transfer the amounts on deposit in the Principal and Interest Account or Redemption Account, as applicable (or such portion thereof as shall be necessary therefor) to be applied for the purposes so originally requested in connection with such drawings.

All amounts drawn by the Trustee under the Credit Facility and deposited in the Letter of Credit Account of the Debt Service Fund shall be subject to a security interest, lien and charge in favor of the Trustee for the benefit of the Holders of the Bonds (but not the Credit Institution) until disbursed as provided in the Indenture. Such amounts shall not be commingled with any other moneys; nor shall any such amounts so drawn be invested.

With respect to the payment of principal or interest on Bank Bonds, upon the Trustee's receipt of notice from the Credit Bank that it has received such payments directly from the Borrower the Trustee shall make the appropriate notations on its records to reflect the same.

Provided that the Indenture and the Loan Agreement shall have been discharged and terminated as provided in the Indenture and the Loan Agreement, any amounts remaining in the Debt Service Fund after payment in full of the Bonds, reimbursement to the Credit Bank or any other Credit Institution from amounts on deposit in the Letter of Credit Account of the Debt Service Fund, the fees, charges, indemnities and expenses of the Trustee and any Paying Agent and all other amounts required to be paid under the Indenture or under the Financing Documents shall be paid to the Borrower.

### **Debt Service Reserve Fund**

Amounts, if any, on deposit in the Debt Service Reserve Fund may be used by the Trustee to make up any deficiencies in either the Principal and Interest Account or the Redemption Account of the Debt Service Fund or as required to reimburse the Credit Institution or any other Credit Institution for any draws made on a Credit Facility.

Any amounts withdrawn from the Debt Service Reserve Fund shall be replenished with funds received from the Borrower within six months following the date of such withdrawal.

Notwithstanding the foregoing, in lieu of the required deposits into the Debt Service Reserve Fund with respect to any Series of Bonds, other than the Series 2006 Bonds (which Series 2006 Bonds are not secured by amounts on deposit in the deposit in the Debt Service Reserve Fund) the Authority may at the direction of the Borrower, on any Interest Payment Date, with the consent of any applicable Credit Institution whose Credit Facility is then in effect, cause to be deposited into the Debt Service Reserve Fund a Debt Service Reserve Fund Credit Facility either in substitution for the full amount then on deposit therein with respect to all Bonds then Outstanding, or in an amount equal to the difference between the amount required to be deposited and the sum, if any, then on deposit in the Debt Service Reserve Fund. The premium or fees of such Debt Service Reserve Fund Credit Facility shall be paid from funds on deposit in the Debt Service Reserve Fund. If any such Debt Service Reserve Fund Credit Facility is substituted for moneys on deposit in the Debt Service Reserve Fund, or if at any time there are excess moneys in the Debt Service Reserve Fund over and above the Debt Service Reserve Fund Requirement, the excess moneys in the Debt Service Reserve fund shall be transferred to and deposited in the Project Fund and if such substitution occurs subsequent to the Completion Date, to the Debt Service Fund in each case upon the direction of the Authority.

Any and all withdrawals from the Debt Service Reserve Fund shall first be made of amounts other than the Debt Service Reserve Fund Credit Facility before amounts are to be advanced under the Debt Service Reserve Fund Credit Facility. Any available moneys however should be applied first to reimburse the issuer of the Debt Service Reserve Fund Credit Facility allowing the Debt Service Reserve Fund Credit Facility to be reinstated and thereafter to replenish other amounts on deposit in the Debt Service Reserve Fund.

### **Renewal Fund**

For so long as the Letter of Credit is in effect, all terms and provisions of the Indenture relating to the Renewal Fund are subject to the provisions regarding the disposition of insurance proceeds and condemnation awards contained in the Credit Agreement.

There shall be paid into the Renewal Fund all amounts to be deposited therein pursuant to the Agreement.

The amounts deposited in the Renewal Fund shall be transferred to the Redemption Account of the Debt Service Fund and applied to the prepayment of the Borrower's loan obligation under the

Agreement and the redemption of Bonds if required by Bondholders pursuant to the Agreement, unless otherwise permitted pursuant to the Agreement to pay the cost of replacing, repairing, altering, relocating or restoring the Project Realty or the Project Equipment, as the case may be. In the event such amounts are applied to the Project, the Trustee shall issue its checks for disbursements from the Renewal Fund in the manner provided in the Indenture for disbursements from the Project Fund.

Any surplus remaining in the Renewal Fund after the completion of any payments for the replacement, repair, reconstruction, alteration, relocation or restoration, of any Project Realty or any Project Equipment with respect to any event of damage, destruction or condemnation shall be transferred to the Redemption Account of the Debt Service Fund but the excess, if any, of such amount as will be sufficient to discharge and satisfy the Indenture and pay all Bonds as provided therein shall, after the payment of fees, expenses, indemnities and charges of the Trustee, Paying Agent and Tender Agent, be paid over to the Borrower free and clear of any pledge or lien under the Indenture. In the event there has been a drawing upon the Credit Facility, however, such remaining amounts shall be paid first, to the Credit Institution, to the extent the drawing has not been reimbursed at the time such amounts are available for payment, and to cover any additional amounts due or to become due under the Credit Agreement, and second, to the Borrower.

### **Rebate Fund**

The provisions set forth below pertaining to the Rebate Fund appear only in the Indenture relating to the Series 2006A Bonds.

There shall be credited to the Rebate Fund all amounts required to be credited thereto from interest earnings or net gain on disposition of investments pursuant to the Indenture.

On the first Business Day following each computation of the Rebate Amount in accordance with written directions furnished by the Borrower pursuant to the Tax Regulatory Agreement, the Trustee shall withdraw from the Funds and Accounts and deposit to the Rebate Fund an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount; provided, however, that the Trustee may transfer monies from any Fund or Account only to the extent such transfer does not result in an Event of Default under the Indenture or a reduction of the amount in the Debt Service Reserve Fund below the Debt Service Reserve Fund Requirement. In the event any deficiency remains in the Rebate Amount after the Trustee has undertaken the procedures described in the immediately preceding sentence, the balance required shall be provided by the Borrower. Computations of the amounts on deposit in each Fund and Account and of the Rebate Amount shall be furnished to the Trustee by the Borrower in accordance with the Tax Regulatory Agreement.

Any amounts on deposit in the Rebate Fund in excess of the Rebate Amount shall be deposited to the Project Fund prior to the Completion Date of the Project, and to the Debt Service Fund subsequent to the Completion Date.

The Trustee, upon receipt of written instructions from an Authorized Representative of the Borrower in accordance with the Tax Regulatory Agreement, shall pay to the United States out of amounts in the Rebate Fund (1) not later than 30 days after the end of each five-year period following the date of issuance of the Bonds of each series, an amount such that, together with amounts previously paid, the total amount paid to the United States is equal to 90% of the Rebate Amount calculated as of the end of the most recent computation period, and (2) not later than 30 days after the date on which all of the Bonds of any series have been paid or redeemed, 100% of the Rebate Amount as of the end of the final computation period.

## **Investment of Funds and Accounts**

Amounts in the Funds and Accounts held under the Indenture shall, if and to the extent then permitted thereunder and by law, be invested in Authorized Investments. Authorized Investments shall be made by the Trustee at the written request of an Authorized Representative of the Borrower. Any investment requested by the Borrower under the Indenture shall be made in accordance with the Tax Regulatory Agreement, including particularly the terms and conditions relating to arbitrage. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from such Funds or Accounts. Any investment of moneys in the Debt Service Reserve Fund shall be in Authorized Investments of a maturity not greater than three years. Moneys in the Letter of Credit Account shall remain uninvested. The Trustee may rely on the investment instructions of the Borrower, and shall be relieved of all liability with respect to investments made pursuant to such instructions.

The income or interest earned and gains realized in excess of losses suffered by any Fund or Account held under the Indenture (other than the Rebate Fund) shall, when earned or realized, be transferred as follows:

- 1) prior to the Completion Date of the Project, earnings on the Project Fund, the Capitalized Interest Account of the Debt Service Fund and the Debt Service Reserve Fund (so long as the balance in such Fund will not be reduced below the Requirement therefor) shall be transferred to the Project Fund, and any earnings on any other Fund and Account under the Indenture shall remain therein, and
- 2) from and after the Completion Date of the Project, earnings on all of the Funds and Accounts to the Rebate Fund, if and to the extent necessary to ensure that the funds therein are equal to the Rebate Amount as shown in the most recent computation or calculations thereof supplied to the Trustee by the Borrower in accordance with the Tax Regulatory Agreement, with the balance, if any, to be deposited in the Debt Service Reserve Fund if and to the extent necessary to ensure that the Debt Service Reserve Fund has on deposit therein an amount equal to the Debt Service Reserve Fund Requirement, with the balance, if any, to be transferred to the Principal and Interest Account of the Debt Service Fund; provided, however, there shall be no transfer of income or interest earned and gains realized in excess of losses from either the Debt Service Reserve Fund if, after such transfer, such Fund would not then be at its Requirement; and provided further, however, that no Event of Default under the Indenture or under the Agreement shall have occurred and be continuing, in which case all such earnings and gains shall remain in their respective Fund or Account.

## **Non-presentment of Bonds**

Except as otherwise provided in the Indenture, in the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, and funds sufficient to pay any such Bond shall have been made available to the Trustee for the benefit of the holder or holders thereof, all liability of the Authority to the holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, uninvested, without liability for interest thereon, for the benefit of the holder of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond. Funds remaining with the Trustee as above, after said funds remain unclaimed for six years, shall

be deposited in the Redemption Account or, in the event there are no longer any Bonds Outstanding, shall be paid to the Borrower.

### **Liquidity Fund**

There is created under the Indenture a fund to be held by the Tender Agent and described as the “Liquidity Fund”. The Liquidity Fund shall not constitute a Fund or Account for purposes of the Indenture, shall be held uninvested and shall not be part of the Trust Estate and shall be held in trust for tendering Bondholders separate and apart from all Funds and Accounts under the Indenture. Amounts on deposit in the Liquidity Fund shall not be commingled with the amounts held in any Fund or Account under the Indenture or in the Remarketing Proceeds Fund. All proceeds of draws under the Letter of Credit to pay the purchase price of Bonds tendered for purchase or required to be purchased in accordance with the Indenture, and proceeds of draws under any other Credit Facility shall be deposited in the Liquidity Fund and shall be used only for payments of the purchase price of Bonds Outstanding which are secured by the Letter of Credit or other Credit Facility, as the case may be, in respect of which such proceeds were drawn under the Letter of Credit or the Credit Facility, as the case may be, in the manner and at the times set forth in the Indenture.

### **Remarketing Proceeds Fund**

There is created under the Indenture a fund to be held by the Tender Agent and described as the “Remarketing Proceeds Fund”. The Remarketing Proceeds Fund shall not constitute a Fund or Account for purposes of the Indenture, shall be held uninvested and shall not be a part of the Trust Estate. Amounts on deposit in the Remarketing Proceeds Fund shall be held in trust for tendering Bondholders and shall not be commingled with the amounts held in any Fund or Account under the Indenture or in the Liquidity Fund. All amounts received by the Tender Agent from the Remarketing Agent representing the purchase price of Bonds remarketed by the Remarketing Agent shall be deposited in the Remarketing Proceeds Fund and shall be used only for payments of the purchase price of the Bonds so remarketed as provided in the Indenture or to the payment of the Credit Bank or other Credit Institution for Bonds purchased by them and remarketed.

There is created under the Indenture an account within the Remarketing Proceeds Fund described as the “Borrower Account”. There shall be deposited in the Borrower Account any funds supplied by or on behalf of the Borrower for the purchase of Bonds pursuant to the terms of the Indenture. Moneys in the Borrower Account shall not be commingled with any other moneys on deposit in the Remarketing Proceeds Fund.

### **No Investment of Moneys in Liquidity Fund and Remarketing Proceeds Funds**

Moneys on deposit in the Liquidity Fund and the Remarketing Proceeds Fund shall be held uninvested pending application of such moneys for the purposes provided in the Indenture.

### **Privilege of Redemption and Redemption Price**

The Bonds are subject to redemption in whole or in part prior to maturity pursuant to the Indenture and shall be redeemable, upon notice mailed as provided in the Indenture, at such times, at such Redemption Prices and upon such terms in addition to and consistent with the terms contained in the Indenture.

### **Redemption at the Election or Direction of the Borrower**

In the case of any redemption of Bonds at the option of the Authority, upon direction of the Borrower, which election shall only be exercised upon the receipt by the Trustee from an Authorized Representative of the Authority of written instructions authorizing any such redemption of Bonds, the Authority shall specify in such written instructions the redemption date and the principal amounts of the Bonds of each maturity to be redeemed. Such notice shall be given at least twenty-five (25) days (during a Weekly Interest Rate Period) prior to the redemption date or such shorter periods as shall be acceptable to the Trustee. Subject to the requirements that permissible funds be available, in the event notice of redemption shall have been given as in provided in the Indenture, there shall be paid on or prior to the redemption date to the Paying Agent an amount in cash which, in addition to other monies, if any, available therefor held by such Paying Agent, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed.

### **Redemption Otherwise Than at the Borrower's Election or Direction**

Except as otherwise provided in the Indenture whenever by the terms of the Indenture the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the Borrower, the Trustee shall (i) select the Bonds or portions of Bonds to be redeemed as provided in the Indenture, (ii) give the notice of redemption and (iii) pay out of monies available therefor the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of the Indenture.

### **Redemption in Part of the Bonds**

In the event of redemption of less than all the Bonds, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee by lot, or in such manner as the Trustee in its discretion deems appropriate, subject to the provisions of the Indenture regarding Authorized Denominations; provided, however, (i) Bank Bonds shall be selected prior to any other Bonds and (ii) the portion of such Bonds to be redeemed and the portion of such Bonds to be retained by the Holder thereof shall be in the principal amount of an Authorized Denomination. New Bonds representing the unredeemed balance of the principal amount of any such Bond shall be issued to the registered Holder thereof, without charge therefor. Any new Bond or Bonds issued pursuant to this paragraph shall be executed by the Authority and authenticated by the Trustee or the Tender Agent and shall be in any Authorized Denominations in an aggregate unpaid principal amount equal to the unredeemed portion of the Bond surrendered.

### **Notice of Redemption**

Upon the proposed redemption of any Bonds, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall specify the date of redemption, the Redemption Price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds are to be redeemed, the CUSIP numbers of such Bonds, the registration numbers of such Bonds and the principal opinions thereof so to be redeemed. Such notice shall further state that on such date there shall become due and payable upon such Bonds or portions thereof to be redeemed the Redemption Price, together with interest accrued to the redemption date, and that from and after the redemption date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than fifteen (15) days before the redemption date (during a Weekly Interest Rate Period), to the registered owners of any Bonds which are to be redeemed, at their last addresses appearing upon the registration books, but any defect in such notice

shall not affect the validity of the proceedings for the redemption of bonds with respect to which proper mailing was effected. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner actually receives the notice. Notwithstanding anything contained in the Indenture to the contrary, the Trustee shall also give prior notice of redemption to any new purchaser of a remarketed Bond then subject to redemption if such new purchaser acquired said Bond subsequent to the initial giving of notice by the Trustee as set forth above.

### **Payment of Redeemed Bonds**

Notice having been given in the manner provided in the Indenture, the Bonds, or principal portion thereof, called for redemption shall become due and payable on the redemption date specified in said notice at the Redemption Price, plus interest accrued and unpaid to the redemption date and, upon presentation and surrender of the Bonds so to be redeemed at the office specified in such notice, such Bonds, or principal portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date; provided, however, that if the redemption date for any Bonds is on or after the Record Date for any Interest Payment Date and on or prior to such Interest Payment Date, interest on such Bonds shall be paid to the Holder on such Record Date in the normal course. If, on the redemption date, moneys for the redemption of all Bonds or principal portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given or waived as aforesaid, then, from and after the redemption date interest on such Bonds or principal portions thereof so called for redemption shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of particular Bonds or principal portions thereof shall be held in trust for the account of the Holders of such Bonds or principal portions thereof so to be redeemed. If said moneys shall not be so available on the redemption date, or if such redemption shall be otherwise prohibited by the Indenture, such Bonds or principal portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

### **Payment of Principal, Redemption Price, if any, and Interest**

The Authority covenants that it will promptly pay, solely from the revenues or other moneys derived in connection with the Project or otherwise available under the Indenture, the principal or Redemption Price, if any, of and interest on every Bond issued under the Indenture, together with all other amounts due under the Financing Documents, at the place, on the dates and in the manner provided in the Indenture and in the Bonds according to the true intent and meaning thereof.

### **Performance of Covenants**

The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all of its proceedings pertaining thereto. The Authority covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized by the Indenture and to execute the Indenture, to create, accept and assign the liens in the property described in the Indenture and created by the Indenture, to grant the security interest provided in the Indenture, to assign the Financing Documents and to pledge the revenues and other amounts pledged in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Bonds and the execution and delivery of the Indenture has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable obligations according to their terms and the terms of the Indenture.

## **Further Assurances**

The Authority and the Trustee each covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental to the Indenture and such further acts, instruments and transfers as the other may reasonably require for the better assuring, transferring, conveying pledging, assigning and confirming unto the Trustee all and singular the property and rights assigned by the Indenture and the amounts pledged by the Indenture to the payment of the principal or Redemption Price, if any, of and interest on the Bonds and all other amounts due under the Financing Documents.

## **Inspection of Project Books**

The Authority covenants and agrees that all books and documents in its possession relating to the Project and the revenues derived from the Project shall at all times be open to inspection by such accountants of other agencies as the Trustee may from time to time designate.

## **List of Bondholders**

To the extent that such information shall be known to the Authority under the terms of the Indenture, it will keep on file at the principal office of the Trustee a list of names and addresses of the last known holders of all Bonds and the Bonds believed to be held by each of such last known holders. Any Bondholder may request that his name and address be placed on such list by filing a written request with the Authority or with the Trustee. Neither the Authority nor the Trustee shall be under any responsibility with regard to the accuracy of such list. At reasonable times and under reasonable requirements and charges established by the Trustee, such list may be inspected and copied by the Borrower or by the owner of any Bond.

## **Rights under Financing Documents**

The Financing Documents, originals or duly executed counterparts of which have been filed with the Trustee, set forth the covenants and obligations of the Authority and the Borrower, including provisions that subsequent to the issuance of Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions of the Indenture the Financing Documents may not be effectively amended, changed, modified, altered or terminated without the written consents provided for therein, and reference is made to the same for a detailed statement of the covenants and obligations of the Borrower thereunder. The Trustee agrees to enforce all covenants and obligations of the Borrower under the Financing Documents owing to the Authority or to the Trustee under the Granting Clauses of the Indenture or otherwise and it is agreed that the Trustee may and is granted the exclusive right (except as specifically provided in the Indenture) to enforce and exercise all rights of the Authority and all such obligations of the Borrower under and pursuant to such Financing Documents.

## **Creation of Liens, Indebtedness**

Except as set forth in the Agreement and the Granting Clauses of the Indenture, the Authority shall not create or suffer to be created or permit to exist any lien or charge upon or pledge of the revenues and other income of the Authority from or in connection with the Project, except the lien, charge and pledge created by the Indenture and the Bonds. The Authority shall not incur any indebtedness or issue any evidence of indebtedness, other than the Bonds authorized in the Indenture, secured by a lien on or pledge of such revenues and income.



## **Recording and Filing**

The Authority covenants that it will cause the Financing Documents, the Indenture and all supplements thereto and hereto, as well as such other security agreements, financing statements, and other instruments as may be required from time to time to be kept, to be recorded and filed in such manner and in such places as may be required by law in order to fully preserve and protect the security of the holders and owners of the Bonds and the Credit Institution and the rights of the Trustee and the Credit Institution under the Indenture.

## **Events of Default; Acceleration of Due Debts**

Each of the following events is defined as and shall constitute an “Event of Default” under the Indenture:

- (1) Failure to duly and punctually pay (a) the interest, or (b) any installment of the principal or Redemption Price of any Bond, whether at the stated maturity thereof, upon proceedings for redemption thereof or otherwise when due; or
- (2) Failure to perform or observe any other of the covenants, agreements or conditions on the part of the Authority in the Indenture or in the Bonds contained and not otherwise a default under the Indenture and the continuance thereof for a period of thirty days after written notice given by the Trustee or by the holders of not less than 25% of the principal amount of Bonds then Outstanding; or
- (3) If a Credit Facility is not at that time in effect, the occurrence of an “Event of Default” under any of the Financing Documents; or
- (4) Failure to duly and punctually pay the purchase price of Bonds tendered for purchase pursuant to the Indenture for a period of one day after such payment has become due and payable; or
- (5) Receipt by the Trustee of a written notice from the Credit Institution stating that an “Event of Default” has occurred under the Credit Agreement and directing the Trustee to call the Bonds for mandatory tender for purchase or to declare the principal of the outstanding Bonds immediately due and payable; or
- (6) Receipt by the Trustee of a written notice from the Credit Institution within ten (10) days following payment of a drawing under the Letter of Credit for interest on Bonds which remain outstanding after the application of the proceeds of such drawing, stating that an “Event of Default” has occurred under the Credit Agreement and the Letter of Credit will not be reinstated with respect to such interest.

Upon the happening and continuance of any Event of Default specified above, unless the principal of all the Bonds shall have already become due and payable, the Trustee at the direction of the holders of not less than 51% in principal amount of the Bonds Outstanding (by notice in writing to the Authority, the Borrower, the Credit Institution and the Trustee) with (unless there shall have been and there is continuing a wrongful dishonor of the Credit Facility) the written consent of the Credit Institution, may declare and (unless there shall have been and there is continuing a wrongful dishonor of the Credit Facility) at the direction of the Credit Institution shall declare and in the case of an Event of Default specified in subsection 8.1(A)(5) or 8.1(A)(6) hereof shall declare the principal or Redemption Price, if any, of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable

immediately and upon receipt by the Trustee of notice from the Credit Institution as provided in subsection 8.1(A)(5) or 8.1(A)(6) hereof, interest shall cease to accrue upon the date of such receipt, and upon such declaration the same shall become and be immediately due and payable, anything in the Indenture or in any of the Bonds contained to the contrary notwithstanding and the Trustee shall immediately draw on the Credit Facility, to the extent permitted by the terms thereof.

The right of the Trustee or of the holders of not less than 51% in principal amount of the Bonds or the Credit Institution to make any declaration authorized under the preceding paragraph above with respect to any Event of Default, however, is subject to the condition that if, at any time before such declaration, all overdue installments of interest upon the Bonds and the principal of all Bonds which shall have matured by their terms, or which shall have been called for redemption or tendered for purchase, together with the reasonable and proper fees, charges, expenses and liabilities of the Trustee, shall either be paid by or for account of the Authority or provision satisfactory to the Trustee shall be made for such payment and all other events of default cured or waived as provided in the Indenture, then in every such case any such default and its consequences shall ipso facto be deemed to be annulled, provided that the Credit Institution shall have consented in writing to any such annulment or waiver or rescission of such declaration and reinstated the Credit Facility in an amount equal to the principal amount of Bonds Outstanding and 44 days' interest coverage at the maximum interest rate of 12%, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Notwithstanding anything to the contrary contained in the Indenture, no default or event of default that occurs under the Credit Agreement or other related documents shall be deemed a default or event of default under the Indenture or under the Agreement if such default or event of default under the Credit Agreement or related documents shall (a) be cured by the Borrower and such cure is accepted by the Credit Institution or (b) be waived by the Credit Institution, it being agreed that such acceptance and/or waiver by the Credit Institution shall be governed exclusively by the terms of the Credit Agreement and/or other related documents.

### **Enforcement of Remedies; Indemnification of Trustee**

Upon the happening and continuance of any Event of Default, subject to certain provisions of the Indenture, then and in every case the Trustee, upon the written request of the holders of not less than fifty-one percent (51%) in the principal amount of the Bonds Outstanding with the written consent of the Credit Institution, shall proceed to protect and enforce its rights and the rights of the Bondholders and the Credit Institution under the Act, the Bonds, the Financing Documents, the Credit Facility, and the Indenture, and under any agreement executed in connection with the foregoing, forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the Indenture or in aid of the execution of any power granted therein or in the Act or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under the Indenture.

In the enforcement of any right or remedy under the Indenture or under the Act, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due and unpaid from the Authority for principal, Redemption Price, interest or otherwise under any provisions of the Financing Documents, the Indenture or of the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Financing Documents, the Indenture and the Bonds, without prejudice, or of the Credit Institution to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or a decree against the Authority, but solely as provided in the Financing Documents, the Indenture and in the Bonds, for any

portion of such amounts remaining unpaid, with interest, costs, and expenses, and to collect, in any manner provided by law, the moneys adjudged or decreed to be payable.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by (i) the holders of not less than fifty-one percent (51%) in principal amount of the Bonds then Outstanding, with the written consent of the Credit Institution, or (ii) the Credit Institution, and if furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture or of any resolution authorizing Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders and the interests of the Credit Institution; but no such request shall be otherwise than in accordance with the provisions of law and of the Indenture or be unduly prejudicial to the interests of the holders of Bonds or the Credit Institution not making such request.

Upon the happening and continuance of any Event of Default for which a declaration of acceleration has been made in accordance with the Indenture, the Trustee may draw on the Credit Facility and take any action at law or in equity to enforce the obligations of the Credit Institution under the Credit Facility.

#### **Application of Revenues and Other Moneys After Default**

All moneys (other than amounts drawn under the Credit Facility and the proceeds of remarketed Bonds) received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee and any Paying Agent, the New York Registrar and the Tender Agent and all amounts drawn under the Credit Facility, shall be deposited in the applicable account of the Debt Service Fund and all moneys so deposited in such Fund and available for payment of the Bonds shall be applied as follows:

(1) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

FIRST To the payment of all amounts due under the Financing Documents, exclusive of unpaid principal and interest on the Note;

SECOND To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

THIRD To the payment to the persons entitled thereto of the unpaid principal or Redemption Price, if any, of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in inverse order of maturity, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular date, then to the payment ratably, according to the amounts due on such payments, to the persons entitled thereto without any discrimination or preference.

(2) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest (at the rate or rates expressed thereon) then

due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied pursuant to the provisions of (2) above, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date upon which such application shall be made. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Bonds until such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Bonds and interest thereon have been paid under the provisions of the Indenture and all fees, expenses, indemnities and charges of the Trustee, New York Registrar, Tender Agent and Paying Agents have been paid, any balance remaining in the Debt Service Fund shall be paid to the Credit Institution unless the Termination Date under (and as defined in) the Credit Agreement has occurred, in which case such balance shall be paid to or upon the order of the Borrower.

#### **Actions by Trustee**

All rights of action under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery of judgment, subject to the provisions set forth in the preceding paragraph, shall be for the benefit of the holders of the Outstanding Bonds.

#### **Majority Bondholders Control Proceedings**

The Owners of more than 50% in the aggregate principal amount of Bonds Outstanding shall have the right, by an instrument or concurrent instruments in writing delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture provided that such directions shall not be otherwise than in accordance with the law or the provisions of the Indenture and provided that reasonable indemnity shall be provided to the Trustee for costs and liabilities arising therefrom. Notwithstanding the foregoing, upon the declaration of an acceleration pursuant to the Indenture and the payment in full of the Bondholders pursuant to a draw under the Credit Facility, the Credit Institution shall succeed to all rights of the Bondholders under the Indenture.

#### **Individual Bondholder Action Restricted**

No holder of the Bonds shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in the Indenture, and the holders of at least 25% in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee

shall have refused to comply with such request for a period of sixty days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no holder of any Bond shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all holders of the Outstanding Bonds. No holder of the Bonds shall have any direct right to draw on the Credit Facility.

Nothing in the Indenture or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if any, of and interest on any Bond or other amounts due under the Financing Documents at and after the maturity thereof, or the obligation of the Authority to pay the principal or Redemption Price, if applicable, of and interest on each of the Bonds or other amounts due under the Financing Documents to the respective holders thereof at the time and place, from the source and in the manner in the Indenture and in such Bonds expressed.

### **Effect of Discontinuance of Proceedings**

In case any proceeding taken by the Trustee on account of any Event of Default shall have been dismissed, discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Authority, the Trustee, and the Bondholders shall be restored, respectively, to their former positions and rights under the Indenture, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceedings had been taken.

### **Remedies Not Exclusive**

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the holders of the Bonds or the Credit Institution is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

### **Notice of Default**

The Trustee shall promptly mail to each Bondholder, the Credit Institution and to the Tender Agent written notice of the occurrence of any Event of Default of which it has actual knowledge. Actual knowledge means the actual knowledge of an officer in the Trustee's Corporate Trust Administration Department. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any such notice.

### **Waivers of Default**

The Trustee shall waive any Event of Default under the Indenture and its consequences upon the written request of the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding with the written consent of the Credit Institution except that there shall not be waived, without the consent of the holders of all of the Bonds Outstanding and the Credit Institution, (a) any default in the payment of the principal, Redemption Price or purchase price of any Outstanding Bonds at the date of maturity specified therein or (b) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver, all arrears of interest in respect of which such default shall have occurred or all arrears of payments of principal, Redemption Price or purchase price when due, as the case may be, and all fees and expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver, or in case any proceeding taken by the Trustee on account of any such default shall have been dismissed, discontinued or abandoned or determined adversely, then

in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture respectively, but no such waiver, dismissal, discontinuance, abandonment or determination shall extend to any subsequent or other default, or impair any right consequent thereon. The Trustee shall not waive an Event of Default unless it has received notice from the Credit Institution that the existing Credit Facility has been reinstated in full. Notwithstanding the foregoing, any event of default under the Credit Agreement may only be waived upon the written direction of the Credit Institution (and in such case the consent of the holders of the Bonds shall not be required).

### **Bankruptcy Proceedings**

The Trustee is authorized and directed, on behalf of the Owners of the Bonds, to file a proof or proofs of claim in any bankruptcy, receivership or other insolvency proceeding involving the Borrower. With respect to any matter in any such proceeding which requires the vote of any claimant, the Trustee is authorized and directed to vote on behalf and in the name of the Owners of all Bonds Outstanding under the Indenture in the manner designated by the Owners of more than 50% in the aggregate principal amount of Bonds Outstanding.

### **Supplemental Indentures Without Bondholders' Consent**

The Authority may, from time to time and at any time, after obtaining the consent of the Credit Institution thereto (if a Credit Facility shall then be in effect), adopt Supplemental Indentures without consent of the Bondholders for any of the following purposes:

(1) To cure any formal defect, omission or ambiguity in the Indenture or in any description of property subject to the lien of the Indenture, if such action is not adverse to the interests of the Bondholders.

(2) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(3) To add to the covenants and agreements of the Authority in the Indenture other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(4) To add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the properties of the Project, or revenues or other income from or in connection with the Project or of any other moneys, securities or funds, or to subject to the lien or pledge of the Indenture additional revenues, properties or collateral.

(6) With the prior written consent of the Credit Institution, if a Credit Facility is then in effect with respect to such Bonds, to authorize the issuance of Additional Bonds and prescribe the terms, forms and details thereof not inconsistent with the Indenture.

(7) With the consent of the Trustee, to modify any of the provisions of the Indenture or of any or Supplemental Indenture in any other respect provided that such modification shall not adversely affect the interests of the Holders of the Bonds in any material respect.

Before the Authority shall adopt any Supplemental Indenture as provided above, there shall have been filed with the Trustee a Counsel's Opinion stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon enactment it will be valid and binding upon the Authority in accordance with its terms.

### **Supplemental Indentures With Bondholders' Consent**

Subject to the terms and provisions contained in the Indenture, the holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the adoption by the Authority of any Supplemental Indenture as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture. Nothing in the Indenture contained shall permit, or be construed as permitting, without the consent of all of the Bondholders (i) a change in the terms of redemption or purchase or maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount of Redemption Price of any Outstanding Bond or the rate of interest thereon, without the consent of the holder of such Bond, or (ii) other than in connection with the issuance of Additional Bonds, the creation of a lien ranking prior to or on a parity with the lien or pledge created by the Indenture or (iii) effect a preference or priority of any Bond or Bonds over any other Bond or Bonds or (iv) reduce the percentage of the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture.

If at any time the Authority shall determine to adopt any Supplemental Indenture for any of the purposes of this Section, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed amendment or supplement and that copies thereof are on file at the offices of the Trustee for inspection by all Bondholders.

Within one year after the date of such notice, the Authority may adopt such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Authority (i) the written consents of holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding and (ii) an opinion of counsel satisfactory to the Trustee stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Authority in accordance with its terms. Each valid consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Indenture shall be conclusive that the consents have been given by the holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof), unless such consent is revoked in writing by the holder of such Bonds giving such consent or a subsequent holder thereof by filing such revocation with the Trustee prior to the adoption of such Supplemental Indenture.

If the holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the execution thereof as provided in the Indenture, no holder of any Bond shall have any right to object to the enactment of such Supplemental Indenture, or to object to any of the terms

and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Authority from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any such Supplemental Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee and all holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

### **Rights of the Borrower**

Anything in the Indenture to the contrary notwithstanding, any Supplemental Indenture which affects any rights, powers and authority of the Borrower under the Financing Documents or of any subsequent user of the Project or requires a revision of the Financing Documents, the Credit Facility or subsequent agreement with respect to the Project shall not become effective unless and until the Borrower or such subsequent user, as the case may be, shall have given its written consent signed by its duly Authorized Representative to such Supplemental Indenture.

### **Amendments of Financing Documents Not Requiring Consent of Bondholders**

The Authority and the Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Financing Documents for the purpose of curing any ambiguity or formal defect therein, or which, in the judgment of the Trustee, is not materially to the prejudice of the Trustee or the holders of the Bonds.

### **Amendments of Financing Documents Requiring Consent of Bondholders**

Except as provided above, the Authority and the Trustee shall not consent to any amendment, change or modification of the Financing Documents including the substitution of an assignee for the Borrower and the release of the Borrower from the obligations of the Financing Documents without mailing of notice and the written approval or consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and procured as provided in the Indenture, as well as the delivery of a Counsel's Opinion to the effect that such amendment, change or modification is authorized or permitted under the Indenture. If at any time the Borrower or a subsequent user of the Project shall request the consent of the Authority and the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided in the Indenture with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders.

### **Amendments of Financing Documents and the Credit Institution**

The Financing Documents may not be amended without the prior written consent of the Credit Institution, should there be a Credit Facility in place. If a Credit Facility or Credit Facilities secure a series of Bonds, the consent of such Credit Institution or Institutions which issued such facility shall be obtained in lieu of obtaining consents of Bondholders of the respective Series of Bonds where the consent of the Holders of a majority of the Outstanding Bonds is required under the Indenture.



## **Defeasance**

If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds the principal or Redemption Price, if applicable, interest and all other amounts due or to become due thereon or in respect thereof, at the times and in the manner stipulated therein and in the Indenture, and if all fees, charges, indemnities and expenses of the Trustee, the Paying Agents, the New York Registrar and the Tender Agent shall have been paid and the Letter of Credit has been cancelled, then the pledge of any revenues or receipts from or in connection with the Financing Documents or the Project under the Indenture and the estate and rights thereby granted, and all covenants, agreements and other obligations of the Authority to the Bondholders under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied and such Bonds shall thereupon cease to be entitled to any lien, benefit or security under the Indenture, except as to moneys or securities held by the Trustee or the Paying Agents as provided below. At the time of such cessation, termination, discharge and satisfaction, at the expense of the Borrower (1) the Trustee shall deliver the Credit Facility to the Credit Institution for cancellation upon written receipt therefor and at the expense and request of the Borrower cancel and discharge the lien of the Indenture and execute and deliver to the Borrower all such instruments as may be appropriate to satisfy such liens and to evidence such discharge and satisfaction, and (2) the Trustee, the Authority and the Paying Agents shall pay over or deliver to the Borrower or on its order all moneys or securities held by them pursuant to the Indenture which are not required (a) for the payment of principal or Redemption Price, if applicable, or interest on Bonds not theretofore surrendered for such payment or redemption, or (b) for the payment of all such other amounts due or to become due under the Financing Documents.

Bonds or interest installments for the payment or redemption of which moneys (or direct non-callable Government Obligations or non-callable and non-prepayable obligations of any of the United States or political subdivision thereof that is irrevocably and fully collateralized by Government Obligations, the principal of and interest on which when due, together with the moneys, if any, set aside at the same time, will provide funds sufficient for such payment or redemption) shall then be set aside and held in trust by the Trustee or Paying Agents, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the foregoing paragraph, if (a) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, and (b) if the maturity or redemption date of any such Bond shall not then have arrived, provision shall have been made by deposit with the Trustee or other methods satisfactory to the Trustee for the payment to the holders of any such Bonds upon surrender thereof on the maturity or redemption date thereof, of the full amount to which they would be entitled by way of principal or Redemption Price and interest and all other amounts then due under the Financing Documents to the date of such maturity or redemption, and provision satisfactory to the Trustee shall have been made for the mailing of a notice to the holders of such Bonds that such moneys are so available for such payment, (c) with respect to Bonds that are permitted or required to be tendered by the Holders thereof for purchase prior to the date on which such Bonds are required to be purchased or redeemed in whole, the amount on deposit is also sufficient to pay and available to pay the purchase price of Bonds so tendered, (d) provision is made for the cancellation by the Trustee of any Bonds so tendered immediately upon their purchase, and (e) all amounts to be paid to the holders of the Bonds as provided in this paragraph are proceeds of a Credit Facility and earnings thereon.

For purposes of determining whether Bonds which bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Bond Interest Term Rate or a Long-Term Interest Rate shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or obligations and moneys as described above, the interest to come due on such Bonds on or prior to the

maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; provided, however, that if on any date, as a result of the such Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of moneys and obligations on deposit with the Trustee for the payment of interest on the Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the Bonds in order to defease the Bonds, the Trustee shall, if requested by the Borrower, pay the amount of such excess to the Borrower free and clear of any trust, lien, securities interest, pledge or assignment securing the Bonds or otherwise existing under the Indenture.

Notwithstanding the foregoing, no defeasance of any Series of Bonds under the Indenture shall occur while such Bonds are bearing interest at a Daily Interest Rate, a Weekly Interest Rate or a Bond Interest Term Rate unless and until the Authority and the Trustee have received a letter from S&P, if the Bonds are then rated by S&P, and Moody's, if the Bonds are then rated by Moody's, to the effect that the proposed plan of defeasance will not result in a reduction of the ratings on the Bonds.

## SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENTS

The following summarizes certain provisions of (a) that certain Letter of Credit and Reimbursement Agreement, dated as of February 1, 2006, between the Bank and the Borrower, with respect to the Series 2006A Bonds (the “Series 2006A Reimbursement Agreement”), and (b) that certain Letter of Credit and Reimbursement Agreement, dated as of February 1, 2006, between the Bank and the Borrower, with respect to the Series 2006B Bonds (the “Series 2006B Reimbursement Agreement”; together with the Series 2006A Reimbursement Agreement, collectively, the “Reimbursement Agreements”, and each, from time to time, a “Reimbursement Agreement”), to which documents, in their entirety, reference is made for the complete provisions thereof. The provisions of any Alternative Credit Facility and related reimbursement agreements(s) may be different from those summarized below. The following summary is qualified in its entirety by such reference.

Information about the Bank is contained in Appendix G, “CERTAIN INFORMATION REGARDING THE CREDIT BANK”, attached to this Official Statement. This information is based solely on information furnished by the Bank to the Authority for inclusion in this Official Statement.

Defined or capitalized terms used in this section, and not otherwise defined in this section, are used with reference to definitions contained in the Reimbursement Agreements.

Pursuant to the Series 2006A Reimbursement Agreement the Bank is to be reimbursed by the Borrower for drawings made by the Trustee upon the Letter of Credit for the Series 2006A Bonds (the “Series 2006A Letter of Credit”) in accordance with the Series 2006A Reimbursement Agreement, and pursuant to the Series 2006B Reimbursement Agreement the Bank is to be reimbursed by the Borrower for drawings made by the Trustee upon the Letter of Credit for the Series 2006B Bonds (the “Series 2006B Letter of Credit”) in accordance with the Series 2006B Reimbursement Agreement.

Each Reimbursement Agreement contains certain covenants and agreements of the Borrower including, without limitation, the periodic delivery of financial statements and other information; maintenance of adequate insurance on its operations; compliance with applicable laws, contracts, licenses, accreditations and approvals; compliance with certain financial covenants; limitations on the incurrence of additional indebtedness (including capital leases, secured obligations and guarantees) by the Borrower; limitations on the creation or existence of certain liens on the property of the Borrower; limitations on consolidations, mergers and sale and leaseback transactions involving the Borrower; compliance with environmental laws; and compliance with certain operating and maintenance obligations with respect to the Project.

Any of the following shall constitute an event of default under each Reimbursement Agreement (each, an “Event of Default” under such Reimbursement Agreement):

(a) if the Borrower shall fail to pay (i) when due the principal or interest with respect to the Term Loans, the Letter of Credit Fee, the Prepayment Fee (as such capitalized terms are hereinafter defined), or any interest with respect to any unpaid Reimbursement Obligation (as hereinafter defined) outstanding thereunder or (ii) any other sums due thereunder or under any of the other Credit Documents (as hereinafter defined), or any other Obligation (as hereinafter defined) ten (10) days after the same shall become due and payable, other than payments due on the Term Loan Maturity Date (as hereinafter defined), for which no such grace period shall be applicable;

(b) if the Borrower shall fail to comply with certain specific covenants or agreements contained in either Reimbursement Agreement;

(c) if the ratio of the Stated Amount (as hereinafter defined) or the ratio of the Indebtedness (as hereinafter defined), as applicable, to the value of the Project (as determined by an appraisal acceptable to the Bank) shall be less than seventy-five percent (75%) as of any date, provided, however, same shall not be deemed an Event of Default, if the Borrower shall cure such default within sixty (60) days after receipt of notice from the Bank of such default;

(d) if the Borrower or the guarantor under the Reimbursement Agreements shall fail to perform any term, covenant or agreement contained therein or in any of the other Credit Documents (other than those specified elsewhere in the default provisions) for a period of thirty (30) days after the earlier of (i) the date that written notice of such failure has been given to the Borrower by the Bank, and (ii) the date that any officer or director of the Borrower becomes aware of the failure to perform such term, covenant or agreement, provided, that, in the event that such performance cannot be effected within such thirty (30) day period, no Event of Default shall be deemed to exist if the Borrower or such guarantor, as applicable, shall commence such performance within such thirty (30) day period, and thereafter, diligently, promptly and with good faith cause such performance to be completed, but in no event later than the date sixty (60) days after the expiration of such thirty (30) day period;

(e) if any representation, warranty or certification of the Borrower or the guarantor under the Reimbursement Agreements, any of the other Credit Documents, or any other document or instrument delivered pursuant to or in connection with the Reimbursement Agreements shall fail to be true, correct and complete in any material respect upon the date when made or deemed to have been made or repeated;

(f) if an event of default shall occur with respect to any loan or credit received from the Bank, any affiliate of the Bank, or any participant;

(g) if the Borrower or any subsidiary of the Borrower shall fail to pay at maturity, or within any applicable period of grace, any lease obligation, any obligation for borrowed money or credit received, or any obligation in respect of any Capitalized Leases (as hereinafter defined) with respect to Indebtedness of more than \$500,000 in the aggregate (other than an Obligation or other obligation as set forth in clause (f) above), or shall fail to observe or perform any term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing any such lease obligation, any such obligation for borrowed money or credit received or any such obligation in respect of any Capitalized Leases with respect to Indebtedness of more than \$500,000 in the aggregate, for such period of time as would permit (assuming giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof (other than indebtedness permitted under the Reimbursement Agreements);

(h) if the Borrower or the guarantor under the Reimbursement Agreements shall make an assignment for the benefit of creditors, or admit in writing its inability to pay or generally fail to pay its debts as they mature or become due, or shall petition or apply for the appointment of a trustee or other custodian, liquidator or receiver of such person (as hereinafter defined), or of any substantial part of the assets of such person, or shall commence any case or other proceeding relating to such person under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law of any jurisdiction, now or hereafter in effect, or shall take any action to authorize or in furtherance of any of the foregoing, or if any

such petition or application shall be filed or any such case or other proceeding shall be commenced against any such person, and such person, shall indicate its approval thereof; consent thereto or acquiescence therein;

(i) if a decree or order is entered appointing a trustee, custodian, liquidator or receiver or adjudicating the Borrower or the guarantor under the Reimbursement Agreements, bankrupt or insolvent, or approving a petition in any such case or other proceeding, or a decree or order for relief is entered in respect of any such person, in an involuntary case under federal bankruptcy laws as now or hereafter constituted;

(j) if there shall remain in force, undischarged, unsatisfied and unstayed, for more than thirty (30) days, whether or not consecutive, any final judgment against the Borrower or the guarantor under the Reimbursement Agreements that, when added to other outstanding final judgments, undischarged, against the Borrower and its subsidiaries (if any), exceeds in the aggregate \$100,000, not covered by insurance, a bond or other surety arrangements reasonably satisfactory to the Bank, subject to valid contest by the Borrower;

(k) if any of the Credit Documents or any of the Project Documents shall be canceled, terminated, revoked or rescinded, otherwise than in accordance with the terms thereof; without the express prior written agreement, consent or approval of the Bank, or any action or suit at law or in equity or other legal proceeding to cancel, revoke or rescind any of the Credit Documents or any of the Project Documents shall be commenced by or on behalf of the Borrower, or any of the officers or directors of the Borrower or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Credit Documents or any of the Project Documents is illegal, invalid or unenforceable in accordance with the terms thereof;

(l) if there shall exist an "Event of Default" (as defined in any of the Project Documents) under the Trust Indenture or any of the other Project Documents, whether or not acceleration of the maturity of the amounts due in respect of any of the obligations thereunder shall have occurred;

(m) if, with respect to any Guaranteed Pension Plan, an ERISA reportable event shall have occurred and the Bank shall have determined in its reasonable discretion that such event reasonably could be expected to result in liability of the Borrower to the PBGC or such Guaranteed Pension Plan in an aggregate amount exceeding \$100,000 and such event in the circumstances occurring reasonably could constitute grounds for the termination of such Guaranteed Pension Plan by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer such Guaranteed Pension Plan; or a trustee shall have been appointed by the United States District Court to administer such Guaranteed Pension Plan; or the PBGC shall have instituted proceedings to terminate such Guaranteed Pension Plan; or

(n) if any event shall occur which has a Materially Adverse Effect (as hereinafter defined);

(o) if the Borrower receives notice of a determination by an applicable governmental authority of the revocation of any permit required for the lawful operation of the Hotel in accordance with its use as a hotel (including, without limitation, ancillary uses therefor, for catering, parking and the serving of alcoholic beverages) or the loss of any permit under any other circumstances under which the Borrower is required to cease its operation of the Hotel in accordance with its use as a hotel (and such other ancillary uses);

(p) if the Hotel or any part thereof is subject to a taking which has a Materially Adverse Effect; or

(q) if, unless otherwise permitted by the Reimbursement Agreements or any other Credit Document, the Borrower shall have terminated (or permit to be terminated, amended or otherwise modified) any of the

Management Agreement, the Hotel License Agreement, the Liquor License, or the Ground Lease (as such capitalized terms are hereinafter defined), in each case, without the prior written consent of the Bank, there shall have occurred any default or event of default under the Management Agreement, the Hotel License Agreement, or the Ground Lease, or the Borrower shall cause (or permit) the existence of any state of affairs or matters that would result in a revocation, rescission or termination of the Liquor License;

then, and in any such event, the Bank may by notice in writing to the Borrower declare the Term Loans, the other Reimbursement Obligations, and all other amounts and Obligations owing with respect to the Reimbursement Agreements and the other Credit Documents to be, and they shall thereupon forthwith become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower; provided that in the event of any Event of Default specified in clause (h) or clause (i) above, all such amounts shall become immediately due and payable automatically and without any requirement of notice from the Bank.

The Reimbursement Agreements provide that in case any one or more of the Events of Default shall have occurred and shall not have been waived in writing by the Bank, and whether or not the Bank shall have accelerated the maturity of the Obligations and/or required the payment of cash collateral, the Bank may: (a) proceed to protect and enforce its rights by suit in equity, action at law or other appropriate proceeding, or as otherwise permitted by any of the Security Documents (as hereinafter defined) or applicable law, including obtaining the specific performance of any covenant or agreement contained in the Reimbursement Agreements and the other Credit Documents or any instrument pursuant to which the Obligations to the Bank are evidenced, obtaining the ex parte appointment of a receiver and, if any such amount shall have become due, by declaration or otherwise, proceeding to enforce the payment of all Obligations or any other legal or equitable right of the Bank, including the enforcement of all rights with respect to collateral; and/or (b) provide written notice to the Trustee of the existence of the Event of Default and accelerate the maturity of the Bonds pursuant to the provisions of the Trust Indenture. No remedy conferred upon the Bank is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given under the Reimbursement Agreements or now or thereafter existing at law or in equity or by statute or any other provision of law.

### **Term Loan**

If tendered Bonds have not been successfully remarketed by the Remarketing Agent within ninety (90) days from optional tender and if the Reimbursement Obligations of the Borrower to the Bank have not been paid in full, the Bank shall agree, provided the expiry date has not occurred, and no Default or Event of Default has occurred and is continuing, that any unpaid Reimbursement Obligations under each Reimbursement Agreement with respect to such tendered Bonds shall be converted to a Term Loan. The Bonds held by the Trustee during the remarketing period shall be remarketed before any other Bonds are remarketed. Upon the terms and subject to the conditions of the Reimbursement Agreements (including, without limitation, the execution and delivery of a Term Note (as hereinafter defined)), and provided that no default or Event of Default has occurred and is continuing on the applicable Borrowing Date (as hereinafter defined) therefor (other than the Borrower's failure to reimburse the Bank for Unreimbursed Liquidity Drawings (as hereinafter defined)), the Bank shall make a Term Loan to the Borrower, the principal amount of which shall be equal to the sum of all Unreimbursed Liquidity Drawings (provided, however, that the aggregate principal amount of Unreimbursed Liquidity Drawings shall not exceed the Principal Component (as hereinafter defined) of the Stated Amount on the Date of Issuance (as hereinafter defined)). The aggregate principal amount of the Term

Loan may increase from time to time by the aggregate amount of all Unreimbursed Liquidity Drawings outstanding from and after the date on which the Term Loan is first made but prior to its maturity.

The Term Loans shall mature on February 22, 2011 (the "Term Loan Maturity Date"). Principal payments shall be made as described below and the entire remaining unpaid balance of principal and accrued interest of the Term Loans shall be due and payable on the Term Loan Maturity Date. In the event there are any additional Unreimbursed Liquidity Drawings advanced by the Bank after each Term Loan is first made, the amount of such additional Unreimbursed Liquidity Drawings shall, on their Borrowing Date, be added to the outstanding principal amount of the Term Loans, and such additional Unreimbursed Liquidity Drawings shall also mature on the Term Loan Maturity Date.

The principal amount of each Term Loans outstanding from time to time shall be payable monthly on the first day of each month after the first conversion of Unreimbursed Liquidity Drawings under the applicable Reimbursement Agreement to a Term Loan. The amount of each principal payment shall be equal to the principal amortization of such Term Loan outstanding at the relevant time of calculation (including adjustments made upon increasing the outstanding principal of such Term Loan as a result of additional Unreimbursed Liquidity Drawings) that would be payable if the then current principal amount of the amortized Term Loan that would be payable if the then current principal amount of such amortized Term Loan were being paid in level principal payments over a term of thirty (30) years that commenced on the date of the first conversion of an Unreimbursed Liquidity Drawing to such Term Loan thereunder, provided that the final payment of the entire balance of the principal of such Term Loan, together with accrued but unpaid interest thereon, shall be made on the Term Loan Maturity Date.

Unless an Event of Default has occurred and is continuing, during the period from the date made through and including the date of payment in full, the Unreimbursed Liquidity Drawings under the applicable Reimbursement Agreement and such Term Loan, or a portion or portions thereof, shall bear interest on the outstanding principal amount thereof at a rate per annum equal to at the election of the Borrower pursuant to the terms of the Reimbursement Agreements:

(a) for the period commencing on the Borrowing Date of such Term Loan or the date that the Unreimbursed Liquidity Drawing occurred, and ending on the thirtieth (30th) day thereafter, the Prime Rate (as hereinafter defined);

(b) for the period commencing on the day after the thirtieth (30th) day after the occurrence of the Borrowing Date of such Term Loan or the date that the Unreimbursed Liquidity Drawing occurred, and ending on the ninetieth (90th) day thereafter, the Prime Rate plus one-half of one percent (0.50%);

(c) for the period commencing on the day after the ninetieth (90th) day after the occurrence of the Borrowing Date of such Term Loan or the date that the Unreimbursed Liquidity Drawing occurred, and ending on the one-hundred eightieth (180th) day thereafter, the Prime Rate plus three-quarters of one percent (0.75%); and

(d) thereafter, the Prime Rate plus one percent (1%).

If an Event of Default shall have occurred and be continuing (and whether before or after judgment), the Unreimbursed Liquidity Drawings under the applicable Reimbursement Agreement or such Term Loan (whether or not due), as the case may be, shall be converted automatically to a demand loan bearing interest at an annual rate equal to the Prime Rate plus four percent (4.00%).

## **Security for the Reimbursement Agreements**

The obligations of the Borrower under the Reimbursement Agreements are secured by liens granted by the Borrower to the Bank including a mortgage of the Project, assignment of the leases and rents, and a pledge of all of the Borrower's right, title and interest in and to the Pledged Bonds, as described below.

Pursuant to the Pledge and Security Agreement, dated as of February 1, 2006, by and among the Borrower, the Bank, and U.S. Bank National Association, as custodian (the "Custodian"), the Borrower's obligations with respect to the purchase of the Bonds pursuant to the provisions of the Indenture are to be secured by a pledge of and security interest in the Borrower's right, title and interest in and to the Pledged Bonds delivered to the Custodian for the benefit of the Borrower in connection with any Tender Drawing.

## **Escrow For Series 2006B Bond Proceeds**

In connection with the Series 2006B Reimbursement Agreement, the Borrower and the Credit Bank have entered into an Escrow Agreement pursuant to which (a) a portion of the proceeds from the Series 2006B Bonds shall be released to the Borrower for the costs of issuance of the Series 2006 Bonds, (b) a portion of the proceeds from the Series 2006B Bonds shall be released to the Borrower for the payment of certain Sinking Fund Payment Redemptions (as defined in the Series 2006A Trust Indenture and the Series 2006B Trust Indenture), (c) a portion of the proceeds from the Series 2006B Bonds shall be released to the Borrower from time to time for application towards the costs of performing certain capital improvements at the Project, and (d) the balance of the proceeds from the Series 2006B Bonds shall be held in escrow pending the execution of a replacement or substitute license agreement for the operation of the Hotel at the Project. In the event the Borrower fails to enter into a replacement or substitute license agreement for the operation of the Hotel at the Project one (1) year after the issuance of the Series 2006 Bonds, the Borrower may, at the option of the Credit Bank, be required to exercise its optional right to redeem that portion of the Series 2006B Bonds represented by an amount equal to the balance of the proceeds from the Series 2006B Bonds then held in escrow at such one (1) year anniversary of the issuance of the Series 2006 Bonds, and the failure of the Borrower to so redeem such portion of the Series 2006B Bonds ten (10) Business Days after notice therefor shall be deemed an Event of Default under the Reimbursement Agreements.

## **Certain Definitions**

For clarification purposes only, the following capitalized terms used in this Appendix D shall have the following meanings given such terms, provided, however, for purposes of this Appendix D, such capitalized terms may have been summarized or truncated, or modified or otherwise changed to conform with the intent that this Appendix serve only as a summary of certain principal terms of the Reimbursement Agreements and to conform with changes to other defined or capitalized terms in this Offering Statement, and reference is made to the Reimbursement Agreements for the full and complete definitions of such capitalized terms. Certain terms used in this Appendix D, while not capitalized herein, may be capitalized or further defined in the Reimbursement Agreements.

"Borrowing Date" means the date on which the Term Loan under a Reimbursement Agreement is made pursuant to such Reimbursement Agreement.

"Capitalized Leases" means leases under which the Borrower is the lessee or obligor, the discounted future rental payment obligations under which are required to be capitalized on the balance sheet of Borrower in accordance with GAAP.



“Credit Documents” means the Reimbursement Agreements, and any documents, agreements and/or instruments executed and/or delivered in connection therewith, as same may be amended or otherwise modified from time to time.

“Date of Issuance” means, with respect to each Reimbursement Agreement, the date on which the Letter of Credit thereunder, is issued by the Bank.

“Ground Lease” means the ground lease between the Borrower and the State of Connecticut for the real estate on which the Project is located.

“Hotel License Agreement” means the license agreement between the Borrower and Sheraton.

“Indebtedness” means, with respect to any person, all obligations, contingent and otherwise, which in accordance with GAAP should be classified upon such person’s balance sheet as liabilities, or to which reference should be made by footnotes thereto, including, without limitation, in any event and whether or not so classified: (i) all debt for money borrowed and similar monetary obligations, whether direct or indirect; (ii) all liabilities secured by any mortgage, pledge, security interest, lien, charge, or other encumbrance existing on property owned or acquired subject thereto, whether or not the liability secured thereby shall have been assumed; (iii) all obligations with respect to Capitalized Leases; (iv) all obligations of such person under any lease (a “synthetic lease”) treated as an operating lease under GAAP and as a loan or financing for U.S. income tax purposes; (v) all guarantees, endorsements (other than endorsements of instruments for deposit or collection in the ordinary course of business) and other contingent obligations, whether direct or indirect, in respect of Indebtedness of others, including any obligation to supply funds to or in any manner to invest in, directly or indirectly, the debtor, to purchase Indebtedness, or to assure the owner of Indebtedness against loss, through an agreement to purchase goods, supplies, or services for the purpose of enabling the debtor to make payment of the Indebtedness held by such owner or otherwise; (vi) the obligations to reimburse the issuer of any letters of credit; and (vii) all obligations under any forward contract, futures contract, swap, option or other financing agreement or arrangement (including, without limitation, caps, floors, collars and similar agreements), the value of which is dependent upon interest rates, currency exchange rates, commodities or other indices.

“Letter of Credit Fee” means, with respect to each Reimbursement Agreement, the fee payable by the Borrower agrees to pay to the Bank in consideration of the issuance and maintenance of the Letter of Credit under such Reimbursement Agreement.

“Liquor License” means the liquor license for the sale of alcoholic beverages at the Hotel.

“Management Agreement” means the management agreement between the Borrower and the manager of the Hotel.

“Materially Adverse Effect” means, in relation to any event or occurrence of whatever nature (including any adverse determination in any litigation, arbitration or governmental investigation or proceeding):

(a) a materially adverse effect on the business, property, operations, prospects or condition, financial or otherwise, of the Borrower;

(b) a materially adverse effect on the ability of the Borrower to perform any of its payment or other material obligations under any Credit Document;

(c) a material impairment of the validity or enforceability of any Credit Document or any material impairment of the rights, remedies or benefits available to the Bank under any Credit Document;

(d) a material adverse effect on the ability of Borrower to perform any of its payment or other material obligations under the Ground Lease or the Hotel License Agreement; or

(e) a material impairment of the validity or enforceability of the Ground Lease or the Hotel License Agreement.

“Obligation” means the Indebtedness, obligations and liabilities of Borrower to Lender or any Participant, existing on the date of the Reimbursement Agreements or arising thereafter, direct or indirect, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise arising or incurred under this Agreement or any of the other Credit Documents or any Interest Rate Agreement or in respect of any Reimbursement Obligation, Unreimbursed Liquidity Drawing, the Term Loan, the Term Note, or any other instruments at any time evidencing any of the foregoing.

“Prepayment Fee” means the fee payable under each Reimbursement Agreement for a prepayment of the Term Loan under such Reimbursement Agreement more than six (6) months prior to the Term Loan Maturity Date with respect to such Reimbursement Agreement.

“Prime Rate” means the variable per annum rate of interest referred to as the “Prime Rate” as published in the Money Rates Section of the Wall Street Journal for the date (or first Business Day thereafter) on which a determination of the Prime Rate is made hereunder. Changes in the rate of interest resulting from changes in the Prime Rate shall take place immediately without notice or demand of any kind.

“Principal Component” means with respect to the Letter of Credit under each Reimbursement Agreement, the maximum amount available to be drawn in respect of the principal amount of the applicable Bonds at the time of determination under such Letter of Credit, subject to reduction in accordance with such Letter of Credit.

“Reimbursement Obligation” means, with respect to each Reimbursement Agreement, the Borrower’s obligation to reimburse the Bank for the amount of any drawing under the Letter of Credit thereunder together with any taxes, fees, charges or other costs and expenses incurred by Lender in connection with any drawing under, or with respect to, such Letter of Credit.

“Stated Amount” means, with respect to each Letter of Credit, the maximum amount available to be drawn at the time of determination under such Letter of Credit (assuming for such purpose that all conditions to such drawing have been satisfied).

“Term Loan” means, with respect to each Reimbursement Agreement, the making of a term loan by the Bank to the Borrower, and the acceptance of such term loan, with respect to unpaid Reimbursement Obligations for drawings made under the applicable Letter of Credit.

“Term Note” means, with respect to each Reimbursement Agreement, the promissory note evidencing the Term Loan thereunder.

“Unreimbursed Liquidity Drawing” means, with respect to each Reimbursement Agreement, any drawing on account of the principal amount of the applicable Bonds being purchased under the applicable Letter of Credit which has not been reimbursed by the Borrower on the date on which such drawing was honored by the Lender or the Lender otherwise made a payment with respect thereto.

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## SPECIMEN FORM OF LETTER OF CREDIT FOR SERIES 2006A BONDS

## IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. \_\_\_\_\_

February 23, 2006

U.S. Bank National Association  
225 Asylum Street  
Hartford, Connecticut 06103  
Attention: Corporate Trust Services

Ladies and Gentlemen:

1. At the request and on the instructions of our customer, RK Bradley Associates Limited Partnership (“**Borrower**”), a Connecticut limited partnership, we hereby establish in favor of U.S. Bank National Association, as trustee (“**Trustee**”; Trustee is also referred to herein, from time to time, as “**you**” or “**your**”), under the Indenture of Trust, dated as of February 1, 2006 (as amended and in effect from time to time, the “**Trust Indenture**”), for the benefit of the holders of the Bonds (as defined below), between the Connecticut Development Authority (“**Issuer**”), and Trustee pursuant to which \$15,100,000 in aggregate principal amount of Issuer's Variable Rate Refunding Airport Hotel Revenue Bonds, 2006 Series A (Bradley Airport Hotel Project) (the “**Bonds**”), are being issued, this Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ (this “**Letter of Credit**”) in the amount of \$15,318,433 (hereinafter, as reduced from time to time in accordance with the provisions hereof, the “**Stated Amount**”), of which an amount not exceeding \$15,100,000 (as reduced and reinstated from time to time in accordance with the terms hereof) is referred to herein as the “**Principal Component**” and an amount not exceeding \$218,433 (as reduced and reinstated from time to time in accordance with the terms hereof) is referred to as the “**Interest Component**”. This Letter of Credit is effective immediately and expires at 5:00 p.m. (New York City time) on February 22, 2011 (or if such date is not a Business Day (as hereinafter defined), on the next immediately succeeding Business Day thereafter), unless terminated earlier in accordance with the provisions hereof or unless otherwise extended. This Letter of Credit is issued by us pursuant to the provisions of the Letter of Credit and Reimbursement Agreement, dated as of February 1, 2006 (as amended and in effect from time to time, the “**Credit Agreement**”), between Borrower and us. All drawings under this Letter of Credit will be paid with our own funds in United States dollars. This Letter of Credit shall be irrevocable.

2. Funds under this Letter of Credit will be made available to you in an aggregate amount not exceeding the Stated Amount in accordance with the terms and conditions and subject to the reductions, all as hereinafter provided, against receipt by us of sight draft(s) of yours in the form of Exhibit F hereto drawn on TD Banknorth, N.A., stating on its face: “Drawn under TD Banknorth, N.A. Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_, dated February 23, 2006” and accompanied by one or more of the following items at the time required below:

(a) a written certificate in the form of Exhibit A hereto appropriately completed and purportedly signed by an Authorized Signatory (as hereinafter defined);

(b) a written certificate in the form of Exhibit B hereto appropriately completed and purportedly signed by an Authorized Signatory; or

(c) a written certificate in the form of Exhibit C hereto appropriately completed and purportedly signed by an Authorized Signatory.

Presentation of such draft(s) and certificate(s) shall be made to TD Banknorth, N.A., 370 Main Street, 2<sup>nd</sup> Floor, Worcester, MA 01608, Telecopier No.: 508 368-6522, Attn: Peter Brockelman and Susan Eringi, with copy to TD Banknorth, N.A., 7 New England Executive Park, Tenth Floor, Burlington, MA 01803, Telecopier No.: 781-229-5663, Attn: Kate Sheehan and Tom Maslin, or at any other office, which may be designated by us by written notice to you.

3. Demand for payment may also be made in the form of a telecopy by your purported duly Authorized Signatory to our Letter of Credit Department at Telecopier No. 781-229-5663, Attn: Kate Sheehan and Tom Maslin, with copy to Telecopier No: 508 368-6522, Attn: Peter Brockelman and Susan Eringi; provided, that such telecopy sets out *in haec verba* the text of the sight draft and the appropriate drawing certificate and that you undertake in such telecopy to send us the appropriate documents referred to above within three (3) Business Days of the sending of such telecopy. Demand for payment may not be made by any telecommunication facility other than telecopy or facsimile.

4. We hereby agree that each draft drawn under and in compliance with the terms of this Letter of Credit will be duly honored by us with our own funds upon due delivery of the certificate, or certificates, as specified above, if presented as specified below on or before the Expiration Date (as defined below) hereof:

(a) If a demand for payment is made by you hereunder and received by us at or prior to 12:00 noon (New York City time), on a Business Day, and provided that such drawing and the documents so presented in connection therewith conform to the terms and conditions hereof, we shall make payment to you, or to your designee, of the amount specified, in immediately available funds by Federal wire transfer to the account specified in Exhibit H, or such other account designated in writing by you or your designee, on or before 2:00 p.m. (New York City time), on the same Business Day, or on such later Business Day as you may specify.

(b) If a demand for payment is made by you hereunder after 12:00 noon, but before 5:00 p.m. (New York City time) on a Business Day, and provided that such drawing and the documents so presented in connection therewith conform to the terms and conditions hereof, we will make payment to you, or to your designee, of the amount specified, in immediately available funds by Federal wire transfer to the account specified in Exhibit H, or such other account designated in writing by you or your designee, on or before 12:00 p.m. (New York City time) on the next succeeding Business Day, or on such later Business Day as you may specify.

5. Payments shall be deemed made upon delivery of appropriate wire instructions to an appropriate Federal Reserve Bank.

6. If requested by you, payment under this Letter of Credit will be made by deposit of immediately available funds into a designated account that you maintain with us.

7. No demand for payment may be made hereunder to pay principal of, interest on or the purchase price of any Bank Bonds (as defined in the Trust Indenture) registered in the name of Borrower or any affiliate of Borrower.

8. Subject to the operation of the provisions contained in the immediately following paragraph, the Principal Component shall be reduced immediately upon, and by the amount of, each drawing accomplished by, your presentation to us of a written certificate in the form of either:

(a) Exhibit A hereto (such certificate entitled a “**Drawing for Principal Amount of Bonds to be Purchased**” shall be referred to hereafter as an “**A Drawing**”);

(b) Exhibit B hereto (such certificate entitled a “**Drawing for Principal Amount Due by Optional or Mandatory Redemption, or Acceleration or Maturity**” shall be referred to hereafter as a “**B Drawing**”).

Subject to the operation of the provisions contained in the immediately following paragraph, the Interest Component shall be reduced immediately upon, and by the amount of each drawing accomplished by, your presentation to us of a written certificate in the form of Exhibit C hereto (such certificate entitled a “**Drawing for Interest Due Upon an Interest Payment Date, Optional or Mandatory Redemption, Mandatory Tender for Purchase, Acceleration, Purchase or Maturity**” shall be referred to hereafter as a “**C Drawing**”).

9. Immediately upon your presentation to us of a written certificate in the form of Exhibit G hereto (such certificate entitled “**Certificate of Reduction of Principal Component**”) (a “**Reduction of Principal Certificate**”):

(a) the Principal Component shall be reduced, without possibility of reinstatement, by the amount of the reduction in the principal amount of Bonds stated in the Reduction of Principal Certificate; and

(b) the Interest Component shall be reduced, without possibility of reinstatement, by an amount equal to forty-four (44) days accrued interest (computed at the rate of twelve percent (12%) per annum on the basis of a 365-day year notwithstanding the actual rate of interest borne from time to time by the Bonds) on the amount of the reduction of the principal amount of Bonds stated in the Reduction of Principal Certificate. Any such reduction shall result in a corresponding reduction in the Stated Amount.

10. After the presentation of any A Drawing, and provided that no Event of Default exists under the Credit Agreement, the Principal Component shall be reinstated only:

(a) upon receipt of, and to the extent of, any reimbursement by or on behalf of Borrower of all or a portion of such A Drawing; or

(b) upon receipt of and to the extent specified in paragraph 4 of your certificate in the form of Exhibit D hereto.

11. With respect to a C Drawing, if you shall not have received, within ten (10) calendar days after any payment in respect of a C Drawing, written notice from us to the effect that:

(a) an “**Event of Default**” has occurred under the Credit Agreement; and

(b) the Interest Component of the Letter of Credit will not be reinstated as of the date hereof, then the Interest Component will be automatically reinstated, as of the close of business on such tenth (10th) calendar day to an amount equal to forty-four (44) days accrued interest (computed at the rate of twelve percent (12%) per annum on the basis of a 365-day year notwithstanding the actual rate of interest borne from time to time by the Bonds) on the then applicable Principal Component.

12. This Letter of Credit applies only to the payment of principal (whether by maturity, redemption or acceleration) or the purchase of Bonds (or portions thereof) tendered for purchase at the option of a bondholder or as the result of any mandatory tender for purchase under the terms of the Trust Indenture during a Daily Rate Period or a Weekly Rate Period, and up to forty-four (44) days accrued interest (computed as aforesaid) accruing on the Bonds, on or prior to the expiration of this Letter of Credit and does not apply to any interest that may accrue thereon or any principal or premium which may be payable with respect thereto after such date.

13. Upon the earliest of:

(a) the date on which all available amounts hereunder have been drawn (other than amounts subject to reinstatement pursuant to the terms hereof);

(b) the close of business on the day of our receipt of a certificate purportedly signed by your Authorized Signatory stating that: “(a) Trustee has accepted an Alternative Credit Facility pursuant to the provisions of the Trust Indenture, (b) such Alternative Credit Facility becomes effective on the date of receipt of such notice by us and (c) TD Banknorth, N.A. Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ is being surrendered herewith for immediate cancellation”;

(c) the close of business on the twelfth (12th) Business Day after your receipt of written notice from us that an Event of Default (as defined in the Credit Agreement) has occurred and is continuing and directing acceleration of the Bonds;

(d) 5:00 p.m. (New York City time) on February 22, 2011, or, if that date is not a Business Day, on the first Business Day thereafter; or



(e) the close of business on the day of our receipt of a certificate purportedly signed by your Authorized Signatory stating that: “(a) there are no Bonds outstanding under the Trust Indenture and (b) TD Banknorth, N.A. Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ is being surrendered herewith for immediate cancellation” (the earliest of clauses (a), (b), (c), (d), and (e), and this clause (f) being referred to as the “**Expiration Date**”), this Letter of Credit shall terminate and be delivered to us for cancellation.

14. This Letter of Credit is transferable in its entirety (but not in part) to any transferee who has succeeded you as trustee under the Trust Indenture, and may be successively transferred. Transfer of this Letter of Credit to such transferee shall be effected only by the presentation to us of the original Letter of Credit accompanied by the instrument of transfer in the form of Exhibit E attached hereto.

15. As used herein, the term “**Authorized Signatory**” shall mean any officer in the corporate trust department of Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the governing body of Trustee. As used herein, the term “**Business Day**” shall mean any day on which banks located in the cities in which the principal officers of the Trustee, the Tender Agent (as defined in the Trust Indenture), the New York Registrar (as defined in the Trust Indenture), and we are located are not required or authorized to remain closed or on which the New York Stock Exchange, Inc. is not closed. All other capitalized terms used herein without definition that are defined in the Credit Agreement shall have the meanings assigned to such terms in the Credit Agreement.

16. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds), except the certificate(s) referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificate(s).

17. This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce, Publication No. 500 (the “**Uniform Customs**”) with the exceptions of Articles 48(f) and the first sentence of 48(g) thereof. This Letter of Credit shall, as to matters not governed by the Uniform Customs, be governed by and construed in accordance with the laws of the State of Connecticut without regard to conflicts of laws principles.

Very truly yours,

TD BANKNORTH, N.A.

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT A

Drawing for Principal Amount of Bonds to be Purchased

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] (the “**Letter of Credit**”)

The undersigned, a duly authorized signatory of Trustee (the “**Undersigned**”) hereby certifies to TD Banknorth, N.A. (“**Lender**”), that:

1. Undersigned is the trustee under the Trust Indenture for the Bonds (unless otherwise defined herein, capitalized terms used in this Certificate for Drawing for Principal Amount of Bonds to be Purchased but not otherwise defined herein shall have the meanings assigned to them in that certain Indenture of Trust (the “**Trust Indenture**”) dated as of February 1, 2006, between the Connecticut Development Authority, as issuer, and U.S. Bank National Association, as Trustee.

2. The aggregate amount of this drawing (the “**Drawing Amount**”) is equal to \$\_\_\_\_\_, and the amount of this drawing does not exceed the principal amount of Bonds tendered for purchase pursuant to the provisions of the Trust Indenture.

3. Undersigned is making a drawing under the Letter of Credit with respect to the payment of principal amount of the Bonds, which are being purchased pursuant to Sections 2.20 and 2.21 of the provisions of the Trust Indenture.

4. This drawing is not being made to pay the principal amount of any Bonds held by Trustee for the benefit of Borrower or Lender.

5. The Drawing Amount does not exceed the amount available on the date hereof to be drawn under the Principal Component (as that term is defined in the Letter of Credit) of the Letter of Credit.

6. Upon receipt by the Undersigned of the Drawing Amount, (a) the Undersigned will apply or cause to be applied the same directly to the payment of an amount equal to the principal amount owing on account of the purchase of Bonds in accordance with the provisions of the Trust Indenture, (b) no portion of said amount shall be

applied by the Undersigned for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by the Undersigned.

7. The Undersigned is making a simultaneous "C Drawing" (as defined in the above-referenced Letter of Credit) to pay the interest accrued on the Bonds tendered for purchase pursuant to the provisions of the Trust Indenture.

**IN WITNESS WHEREOF**, Undersigned has executed and delivered this certificate as of the as of \_\_\_\_\_, 20 \_\_\_\_.

**U.S. BANK NATIONAL ASSOCIATION**, as trustee

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT B

Drawing for Principal Amount Due by Optional or  
Mandatory Redemption, or Acceleration or Maturity

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [ \_\_\_\_\_ ] (the “**Letter of Credit**”)

The undersigned, a duly authorized signatory of Trustee (the “**Undersigned**”) hereby certifies to TD Banknorth, N.A. (“**Lender**”), that:

1. Undersigned is the trustee under the Trust Indenture for the Bonds (unless otherwise defined herein, capitalized terms used in this Certificate for Drawing for Principal Amount Due by Optional or Mandatory Redemption, Acceleration or Maturity but not otherwise defined herein shall have the meanings assigned to them in that certain Indenture of Trust (the “**Trust Indenture**”) dated as of February 1, 2006, between the Connecticut Development Authority, as issuer, and U.S. Bank National Association, as Trustee.

2. The amount available pursuant to the Trust Indenture (as defined below) to reimburse Lender is equal to \$ \_\_\_\_\_ and that the amount of this drawing (the “**Drawing Amount**”) does not exceed the aggregate principal of the Bonds to be redeemed, paid or purchased as described in paragraph (3) below.

3. Undersigned is making a drawing under the above-referenced Letter of Credit in the amount of \$ \_\_\_\_\_ with respect to the payment of principal of the Bonds, which amount became or has become due and payable upon (choose one):

\_\_\_ (a) the optional or mandatory redemption of Bonds pursuant to the provisions of the Trust Indenture; or

\_\_\_ (b) the acceleration of all of the Bonds pursuant to the provisions of the Trust Indenture or the maturity of the Bonds.

4. This drawing is not being made in respect of any Bonds held by Trustee for the benefit of Borrower or the Lender.

5. The Drawing Amount, together with the aggregate of all prior payments made pursuant to a "B Drawing" (as defined in the above-referenced Letter of Credit) under the Letter of Credit, does not exceed \$\_\_\_\_\_.

6. The Drawing Amount does not exceed the amount available on the date hereof to be drawn under the Letter of Credit in respect of the payment of the principal of the Bonds.

7. Upon receipt by the Undersigned of the Drawing Amount, (a) Undersigned will apply or cause to be applied the same directly to the payment when due, of the principal amount owing on account of the Bonds as a result of the circumstances described in the chosen subclause of paragraph (3) above, (b) no portion of said amount shall be applied by Undersigned for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by Undersigned.

8. The outstanding principal amount of the Bonds (after giving effect to the application of the proceeds of the Letter of Credit drawn under this certificate) is \$\_\_\_\_\_.

**IN WITNESS WHEREOF**, Undersigned has executed and delivered this certificate as of the as of \_\_\_\_\_, 20 \_\_\_\_.

**U.S. BANK NATIONAL ASSOCIATION**, as trustee

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT C

Drawing for Interest Due Upon an Interest Payment Date,  
Optional or Mandatory Redemption,  
Mandatory Tender for Purchase, Acceleration, Purchase  
or Maturity

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] (the “**Letter of Credit**”)

The undersigned, a duly authorized signatory of Trustee (the “**Undersigned**”) hereby certifies to TD Banknorth, N.A. (“**Lender**”), that:

1. Undersigned is the trustee under the Trust Indenture for the Bonds (unless otherwise defined herein, capitalized terms used in this Certificate for Drawing for Interest Due Upon an Interest Payment Date, Optional or Mandatory Redemption, Mandatory Tender for Purchase, Acceleration, Purchase or Maturity but not otherwise defined herein shall have the meanings assigned to them in that certain Indenture of Trust (the “**Trust Indenture**”) dated as of February 1, 2006, between the Connecticut Development Authority, as issuer, and U.S. Bank National Association, as Trustee.

2. The amount of this drawing (the “**Drawing Amount**”) does not exceed the aggregate interest due and payable on the Bonds.

3. Undersigned is making a drawing under the above-referenced Letter of Credit in the amount of \$\_\_\_\_\_ with respect to payment of accrued interest on the Bonds, which amount has become due and payable upon (choose one):

- \_\_\_ (a) a Payment Date as a scheduled periodic payment of interest on the Bonds (including interest accrued on Bonds tendered for purchase pursuant to the provisions of the Trust Indenture), if the date of the purchase of the Bonds is an Interest Payment Date;
- \_\_\_ (b) optional or mandatory redemption of the Bonds pursuant to the provisions of the Trust Indenture;

- \_\_\_ (c) an acceleration of all of the Bonds pursuant to the provisions of the Trust Indenture;
- \_\_\_ (d) mandatory tender for purchase of Bonds pursuant to the provisions of the Trust Indenture;
- \_\_\_ (e) purchase of Bonds tendered for purchase pursuant to the provisions of the Trust Indenture; or
- \_\_\_ (f) maturity of the Bonds pursuant to the provisions of the Trust Indenture.

4. This drawing is not being made in respect of any Bonds held by Trustee for the benefit of Borrower or Lender.

5. The Drawing Amount does not exceed the amount available on the date hereof to be drawn under the Letter of Credit in respect to the payment of interest on the Bonds.

6. Upon receipt by Undersigned of the Drawing Amount, (a) Undersigned will apply or cause to be applied the same directly to the payment when due of the interest owing on account of the Bonds as a result of the circumstances described in the chosen clause of paragraph (3) above, (b) no portion of said amount shall be applied by Undersigned for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by Undersigned.

7. In the case of a drawing being made pursuant to subclauses (b), (c), (d) or (f) of paragraph (3) above, Undersigned is making a simultaneous "B Drawing" (as defined in the above-referenced Letter of Credit) to pay the principal of all of the Bonds which are being purchased or redeemed or the maturity of which has been attained or accelerated. In the case of a drawing being made pursuant to subclause (e) of paragraph (3) above, the Undersigned is making a simultaneous "A Drawing" (as defined in the Letter of Credit) to pay the principal of the Bonds tendered for purchase pursuant to the provisions of the Trust Indenture.

**IN WITNESS WHEREOF**, Undersigned has executed and delivered this certificate as of the as of \_\_\_\_\_, 20 \_\_\_\_.

**U.S. BANK NATIONAL ASSOCIATION**, as trustee

By: \_\_\_\_\_  
Name:  
Title:



EXHIBIT D

Certificate for Reinstatement of Principal Component

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] (the “**Letter of Credit**”)

The undersigned, a duly authorized signatory of Trustee (the “**Undersigned**”) hereby certifies to TD Banknorth, N.A. (“**Lender**”), that:

1. Undersigned is the trustee under the Trust Indenture for the Bonds (unless otherwise defined herein, capitalized terms used in this Certificate for Reinstatement of Principal Component but not otherwise defined herein shall have the meanings assigned to them in that certain Indenture of Trust (the “**Trust Indenture**”) dated as of February 1, 2006, between the Connecticut Development Authority, as issuer, and U.S. Bank National Association, as Trustee.

2. Undersigned previously made an “A Drawing” (as defined in the Letter of Credit) on \_\_\_\_\_, 20\_\_ under the Letter of Credit in the amount of \$\_\_\_\_\_, and \$\_\_\_\_\_ of such “A Drawing” has not been reinstated under the Principal Component (as defined in the Letter of Credit) of the Letter of Credit.

3. Undersigned hereby gives irrevocable notice to you, that on or prior to 11:00 a.m. (New York City time) on the date hereof, being a date that the Bank Bonds are being remarketed, Trustee (a) has received in cash a payment for the Bank Bonds being remarketed, (b) is holding such cash payment for your benefit and (c) will deposit such cash payment in an account that you maintain with Trustee or will deliver such cash payment to you immediately by federal funds wire transfer.

4. By the filing of this certificate, you shall reinstate the Principal Component in an amount equal to \$\_\_\_\_\_ (the “**Reinstatement Amount**”), being the amount of the cash payment equal to the principal portion of the remarketed Bonds specified in the notice referred to in paragraph (3) as being received from the sale of the Bank Bonds, but in any case not in excess of the principal amount of Bonds Outstanding at the time of such reinstatement.

**IN WITNESS WHEREOF**, Undersigned has executed and delivered this certificate  
as of the as of \_\_\_\_\_, 20\_\_\_\_\_.

**U.S. BANK NATIONAL ASSOCIATION**, as  
trustee

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT E

Instrument of Transfer

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] (the “**Letter of Credit**”)

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

[Name of Transferee]  
[Address]  
[Address]

all rights of the undersigned beneficiary to draw under the Letter of Credit in its entirety.

By this transfer, all rights of the undersigned beneficiary in the Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases or extensions or other amendments, and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

The Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof and to forward it to the transferee with a notice of transfer in such form as you deem advisable.

Very truly yours,

**U.S. BANK NATIONAL ASSOCIATION**, as trustee

By: \_\_\_\_\_  
Name:  
Title:

SIGNATURE AUTHENTICATED:

\_\_\_\_\_  
(Bank)

\_\_\_\_\_  
(Authorized Signature)

WE ACCEPT THE FOREGOING INSTRUMENT:

\_\_\_\_\_  
AUTHORIZED OFFICIAL  
DATE

EXHIBIT F

Sight Draft

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] (the “**Letter of Credit**”)

FOR VALUE RECEIVED

PAY TO THE ORDER OF: U.S. Bank National Association, as Trustee under the Indenture of Trust dated as of February 1, 2006 (as from time to time amended, modified or supplemented), by and between the Connecticut Development Authority and U.S. Bank National Association, as Trustee.

\_\_\_\_\_ U.S. Dollars (\$\_\_\_\_\_)

CHARGE TO ACCOUNT OF TD Banknorth, N.A.

IRREVOCABLE DIRECT PAY LETTER OF CREDIT NO. [\_\_\_\_\_] (for Connecticut Development Authority, Issuer's Variable Rate Refunding Airport Hotel Revenue Bonds, 2006 Series A (Bradley Airport Hotel Project))

The sum drawn does not exceed the Stated Amount (as defined in the Letter of Credit), as reduced and reinstated through the date hereof, as provided in the Letter of Credit.

**U.S. BANK NATIONAL ASSOCIATION**, as trustee

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT G

Certificate of Reduction of Principal Component

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] (the “**Letter of Credit**”)

The undersigned, a duly authorized officer of the undersigned trustee (hereinafter referred to as the “**Undersigned**”), hereby certifies to TD Banknorth, N.A. (“**Lender**”), that:

1. Undersigned is the trustee under the Trust Indenture (as hereinafter defined). Prior to giving effect to this Certificate of Reduction of Principal Component (this “**Certificate**”), the Stated Amount as of the date hereof is \$\_\_\_\_\_. Of this amount \$\_\_\_\_\_ comprises the Principal Component and \$\_\_\_\_\_ comprises the Interest Component (as such capitalized terms are defined in the Letter of Credit).

2. On \_\_\_\_\_, 20\_\_\_\_ (the “**Redemption Date**”), Issuer will pay or redeem Bonds from eligible funds in the aggregate principal amount of \$\_\_\_\_\_ (the “**Redeemed Principal Amount**”) and with funds other than proceeds of the Letter of Credit.

3. By the filing of this Certificate, you shall reduce the Principal Component by an amount equal to the Redeemed Principal Amount on the Redemption Date. After giving effect to this Certificate, the Principal Component shall equal \$\_\_\_\_\_ (the “**New Principal Component**”), being equal to the principal amount of the Bonds Outstanding (as hereinafter defined).

4. By the filing of this Certificate, you shall also reduce the Interest Component by an amount equal to forty-four (44) days accrued interest computed at the rate of twelve percent (12%) per annum on the basis of a 365-day year on the Redeemed Principal Amount. After giving effect to this Certificate, the Interest Component shall equal \$\_\_\_\_\_, being an amount equal to forty-four (44) days accrued interest computed at the rate of twelve percent (12%) per annum on the basis of a 365-day year on the new Principal Component.

5. Undersigned has not made and will not make a “B Drawing” to pay or redeem the Redeemed Principal Amount of the Bonds.

Capitalized terms used in this Certificate but not otherwise defined herein shall have the respective meanings assigned to them in the Indenture of Trust, dated as of February 1, 2006 (as amended and in effect from time to time, the “**Trust Indenture**”), between the Connecticut Development Authority (“**Issuer**”), and Undersigned, as trustee.

**IN WITNESS WHEREOF**, Undersigned has executed and delivered this certificate as of the as of \_\_\_\_\_, 20\_\_\_\_.

**U.S. BANK NATIONAL ASSOCIATION**, as  
trustee

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT H

Wiring Instructions

BBK: U.S. Bank, St. Paul, MN  
ABA: 091000022  
BNF: U.S. Bank Trust N.A.  
A/C: 173103321050  
REF: CDA Bradley Airport Hotel 2006A or 2006B  
ATTN: TFM



## SPECIMEN FORM OF LETTER OF CREDIT FOR SERIES 2006B BONDS

## IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. \_\_\_\_\_

February 23, 2006

U.S. Bank National Association  
225 Asylum Street  
Hartford, Connecticut 06103  
Attention: Corporate Trust Services

Ladies and Gentlemen:

1. At the request and on the instructions of our customer, RK Bradley Associates Limited Partnership (“**Borrower**”), a Connecticut limited partnership, we hereby establish in favor of U.S. Bank National Association, as trustee (“**Trustee**”; Trustee is also referred to herein, from time to time, as “**you**” or “**your**”), under the Indenture of Trust, dated as of February 1, 2006 (as amended and in effect from time to time, the “**Trust Indenture**”), for the benefit of the holders of the Bonds (as defined below), between the Connecticut Development Authority (“**Issuer**”), and Trustee pursuant to which \$5,900,000 in aggregate principal amount of Issuer's Variable Rate Airport Hotel Revenue Bonds, 2006 Series B (Bradley Airport Hotel Project) (Federally Taxable) (the “**Bonds**”), are being issued, this Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ (this “**Letter of Credit**”) in the amount of \$5,985,348 (hereinafter, as reduced from time to time in accordance with the provisions hereof, the “**Stated Amount**”), of which an amount not exceeding \$5,900,000 (as reduced and reinstated from time to time in accordance with the terms hereof) is referred to herein as the “**Principal Component**” and an amount not exceeding \$85,348 (as reduced and reinstated from time to time in accordance with the terms hereof) is referred to as the “**Interest Component**”. This Letter of Credit is effective immediately and expires at 5:00 p.m. (New York City time) on February 22, 2011 (or if such date is not a Business Day (as hereinafter defined), on the next immediately succeeding Business Day thereafter), unless terminated earlier in accordance with the provisions hereof or unless otherwise extended. This Letter of Credit is issued by us pursuant to the provisions of the Letter of Credit and Reimbursement Agreement, dated as of February 1, 2006 (as amended and in effect from time to time, the “**Credit Agreement**”), between Borrower and us. All drawings under this Letter of Credit will be paid with our own funds in United States dollars. This Letter of Credit shall be irrevocable.

2. Funds under this Letter of Credit will be made available to you in an aggregate amount not exceeding the Stated Amount in accordance with the terms and conditions and subject to the reductions, all as hereinafter provided, against receipt by us of sight draft(s) of yours in the form of Exhibit F hereto drawn on TD Banknorth, N.A., stating on its face: “Drawn under TD Banknorth, N.A. Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_, dated February 23, 2006” and accompanied by one or more of the following items at the time required below:

(a) a written certificate in the form of Exhibit A hereto appropriately completed and purportedly signed by an Authorized Signatory (as hereinafter defined);

(b) a written certificate in the form of Exhibit B hereto appropriately completed and purportedly signed by an Authorized Signatory; or

(c) a written certificate in the form of Exhibit C hereto appropriately completed and purportedly signed by an Authorized Signatory.

Presentation of such draft(s) and certificate(s) shall be made to TD Banknorth, N.A., 370 Main Street, 2<sup>nd</sup> Floor, Worcester, MA 01608, Telecopier No.: 508 368-6522, Attn: Peter Brockelman and Susan Eringi, with copy to TD Banknorth, N.A., 7 New England Executive Park, Tenth Floor, Burlington, MA 01803, Telecopier No.: 781-229-5663, Attn: Kate Sheehan and Tom Maslin, or at any other office, which may be designated by us by written notice to you.

3. Demand for payment may also be made in the form of a telecopy by your purported duly Authorized Signatory to our Letter of Credit Department at Telecopier No. 781-229-5663, Attn: Kate Sheehan and Tom Maslin, with copy to Telecopier No: 508 368-6522, Attn: Peter Brockelman and Susan Eringi; provided, that such telecopy sets out *in haec verba* the text of the sight draft and the appropriate drawing certificate and that you undertake in such telecopy to send us the appropriate documents referred to above within three (3) Business Days of the sending of such telecopy. Demand for payment may not be made by any telecommunication facility other than telecopy or facsimile.

4. We hereby agree that each draft drawn under and in compliance with the terms of this Letter of Credit will be duly honored by us with our own funds upon due delivery of the certificate, or certificates, as specified above, if presented as specified below on or before the Expiration Date (as defined below) hereof:

(a) If a demand for payment is made by you hereunder and received by us at or prior to 12:00 noon (New York City time), on a Business Day, and provided that such drawing and the documents so presented in connection therewith conform to the terms and conditions hereof, we shall make payment to you, or to your designee, of the amount specified, in immediately available funds by Federal wire transfer to the account specified in Exhibit H, or such other account designated in writing by you or your designee, on or before 2:00 p.m. (New York City time), on the same Business Day, or on such later Business Day as you may specify.

(b) If a demand for payment is made by you hereunder after 12:00 noon, but before 5:00 p.m. (New York City time) on a Business Day, and provided that such drawing and the documents so presented in connection therewith conform to the terms and conditions hereof, we will make payment to you, or to your designee, of the amount specified, in immediately available funds by Federal wire transfer to the account specified in Exhibit H, or such other account designated in writing by you or your designee, on or before 12:00 p.m. (New York City time) on the next succeeding Business Day, or on such later Business Day as you may specify.

5. Payments shall be deemed made upon delivery of appropriate wire instructions to an appropriate Federal Reserve Bank.

6. If requested by you, payment under this Letter of Credit will be made by deposit of immediately available funds into a designated account that you maintain with us.

7. No demand for payment may be made hereunder to pay principal of, interest on or the purchase price of any Bank Bonds (as defined in the Trust Indenture) registered in the name of Borrower or any affiliate of Borrower.

8. Subject to the operation of the provisions contained in the immediately following paragraph, the Principal Component shall be reduced immediately upon, and by the amount of, each drawing accomplished by, your presentation to us of a written certificate in the form of either:

(a) Exhibit A hereto (such certificate entitled a “**Drawing for Principal Amount of Bonds to be Purchased**” shall be referred to hereafter as an “**A Drawing**”);

(b) Exhibit B hereto (such certificate entitled a “**Drawing for Principal Amount Due by Optional or Mandatory Redemption, or Acceleration or Maturity**” shall be referred to hereafter as a “**B Drawing**”).

Subject to the operation of the provisions contained in the immediately following paragraph, the Interest Component shall be reduced immediately upon, and by the amount of each drawing accomplished by, your presentation to us of a written certificate in the form of Exhibit C hereto (such certificate entitled a “**Drawing for Interest Due Upon an Interest Payment Date, Optional or Mandatory Redemption, Mandatory Tender for Purchase, Acceleration, Purchase or Maturity**” shall be referred to hereafter as a “**C Drawing**”).

9. Immediately upon your presentation to us of a written certificate in the form of Exhibit G hereto (such certificate entitled “**Certificate of Reduction of Principal Component**”) (a “**Reduction of Principal Certificate**”):

(a) the Principal Component shall be reduced, without possibility of reinstatement, by the amount of the reduction in the principal amount of Bonds stated in the Reduction of Principal Certificate; and

(b) the Interest Component shall be reduced, without possibility of reinstatement, by an amount equal to forty-four (44) days accrued interest (computed at the rate of twelve percent (12%) per annum on the basis of a 365-day year notwithstanding the actual rate of interest borne from time to time by the Bonds) on the amount of the reduction of the principal amount of Bonds stated in the Reduction of Principal Certificate. Any such reduction shall result in a corresponding reduction in the Stated Amount.

10. After the presentation of any A Drawing, and provided that no Event of Default exists under the Credit Agreement, the Principal Component shall be reinstated only:

(a) upon receipt of, and to the extent of, any reimbursement by or on behalf of Borrower of all or a portion of such A Drawing; or

(b) upon receipt of and to the extent specified in paragraph 4 of your certificate in the form of Exhibit D hereto.

11. With respect to a C Drawing, if you shall not have received, within ten (10) calendar days after any payment in respect of a C Drawing, written notice from us to the effect that:

(a) an “**Event of Default**” has occurred under the Credit Agreement; and

(b) the Interest Component of the Letter of Credit will not be reinstated as of the date hereof, then the Interest Component will be automatically reinstated, as of the close of business on such tenth (10th) calendar day to an amount equal to forty-four (44) days accrued interest (computed at the rate of twelve percent (12%) per annum on the basis of a 365-day year notwithstanding the actual rate of interest borne from time to time by the Bonds) on the then applicable Principal Component.

12. This Letter of Credit applies only to the payment of principal (whether by maturity, redemption or acceleration) or the purchase of Bonds (or portions thereof) tendered for purchase at the option of a bondholder or as the result of any mandatory tender for purchase under the terms of the Trust Indenture during a Daily Rate Period or a Weekly Rate Period, and up to forty-four (44) days accrued interest (computed as aforesaid) accruing on the Bonds, on or prior to the expiration of this Letter of Credit and does not apply to any interest that may accrue thereon or any principal or premium which may be payable with respect thereto after such date.

13. Upon the earliest of:

(a) the date on which all available amounts hereunder have been drawn (other than amounts subject to reinstatement pursuant to the terms hereof);

(b) the close of business on the day of our receipt of a certificate purportedly signed by your Authorized Signatory stating that: “(a) Trustee has accepted an Alternative Credit Facility pursuant to the provisions of the Trust Indenture, (b) such Alternative Credit Facility becomes effective on the date of receipt of such notice by us and (c) TD Banknorth, N.A. Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ is being surrendered herewith for immediate cancellation”;

(c) the close of business on the twelfth (12th) Business Day after your receipt of written notice from us that an Event of Default (as defined in the Credit Agreement) has occurred and is continuing and directing acceleration of the Bonds;

(d) 5:00 p.m. (New York City time) on February 22, 2011, or, if that date is not a Business Day, on the first Business Day thereafter; or

(e) the close of business on the day of our receipt of a certificate purportedly signed by your Authorized Signatory stating that: “(a) there are no Bonds outstanding under the Trust Indenture and (b) TD Banknorth, N.A. Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ is being surrendered herewith for immediate cancellation” (the earliest of clauses (a), (b), (c), (d), and (e), and this clause (f) being referred to as the “**Expiration Date**”), this Letter of Credit shall terminate and be delivered to us for cancellation.

14. This Letter of Credit is transferable in its entirety (but not in part) to any transferee who has succeeded you as trustee under the Trust Indenture, and may be successively transferred. Transfer of this Letter of Credit to such transferee shall be effected only by the presentation to us of the original Letter of Credit accompanied by the instrument of transfer in the form of Exhibit E attached hereto.

15. As used herein, the term “**Authorized Signatory**” shall mean any officer in the corporate trust department of Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the governing body of Trustee. As used herein, the term “**Business Day**” shall mean any day on which banks located in the cities in which the principal officers of the Trustee, the Tender Agent (as defined in the Trust Indenture), the New York Registrar (as defined in the Trust Indenture), and we are located are not required or authorized to remain closed or on which the New York Stock Exchange, Inc. is not closed. All other capitalized terms used herein without definition that are defined in the Credit Agreement shall have the meanings assigned to such terms in the Credit Agreement.

16. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds), except the certificate(s) referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificate(s).

17. This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce, Publication No. 500 (the “**Uniform Customs**”) with the exceptions of Articles 48(f) and the first sentence of 48(g) thereof. This Letter of Credit shall, as to matters not governed by the Uniform Customs, be governed by and construed in accordance with the laws of the State of Connecticut without regard to conflicts of laws principles.

Very truly yours,

TD BANKNORTH, N.A.

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT A

Drawing for Principal Amount of Bonds to be Purchased

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] (the “**Letter of Credit**”)

The undersigned, a duly authorized signatory of Trustee (the “**Undersigned**”) hereby certifies to TD Banknorth, N.A. (“**Lender**”), that:

1. Undersigned is the trustee under the Trust Indenture for the Bonds (unless otherwise defined herein, capitalized terms used in this Certificate for Drawing for Principal Amount of Bonds to be Purchased but not otherwise defined herein shall have the meanings assigned to them in that certain Indenture of Trust (the “**Trust Indenture**”) dated as of February 1, 2006, between the Connecticut Development Authority, as issuer, and U.S. Bank National Association, as Trustee.

2. The aggregate amount of this drawing (the “**Drawing Amount**”) is equal to \$\_\_\_\_\_, and the amount of this drawing does not exceed the principal amount of Bonds tendered for purchase pursuant to the provisions of the Trust Indenture.

3. Undersigned is making a drawing under the Letter of Credit with respect to the payment of principal amount of the Bonds, which are being purchased pursuant to Sections 2.20 and 2.21 of the provisions of the Trust Indenture.

4. This drawing is not being made to pay the principal amount of any Bonds held by Trustee for the benefit of Borrower or Lender.

5. The Drawing Amount does not exceed the amount available on the date hereof to be drawn under the Principal Component (as that term is defined in the Letter of Credit) of the Letter of Credit.

6. Upon receipt by the Undersigned of the Drawing Amount, (a) the Undersigned will apply or cause to be applied the same directly to the payment of an amount equal to the principal amount owing on account of the purchase of Bonds in accordance with the provisions of the Trust Indenture, (b) no portion of said amount shall be

applied by the Undersigned for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by the Undersigned.

7. The Undersigned is making a simultaneous "C Drawing" (as defined in the above-referenced Letter of Credit) to pay the interest accrued on the Bonds tendered for purchase pursuant to the provisions of the Trust Indenture.

**IN WITNESS WHEREOF**, Undersigned has executed and delivered this certificate as of the as of \_\_\_\_\_, 20 \_\_\_\_.

**U.S. BANK NATIONAL ASSOCIATION**, as trustee

By: \_\_\_\_\_  
Name:  
Title:



EXHIBIT B

Drawing for Principal Amount Due by Optional or  
Mandatory Redemption, or Acceleration or Maturity

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [ \_\_\_\_\_ ] (the “**Letter of Credit**”)

The undersigned, a duly authorized signatory of Trustee (the “**Undersigned**”) hereby certifies to TD Banknorth, N.A. (“**Lender**”), that:

1. Undersigned is the trustee under the Trust Indenture for the Bonds (unless otherwise defined herein, capitalized terms used in this Certificate for Drawing for Principal Amount Due by Optional or Mandatory Redemption, Acceleration or Maturity but not otherwise defined herein shall have the meanings assigned to them in that certain Indenture of Trust (the “**Trust Indenture**”) dated as of February 1, 2006, between the Connecticut Development Authority, as issuer, and U.S. Bank National Association, as Trustee.

2. The amount available pursuant to the Trust Indenture (as defined below) to reimburse Lender is equal to \$ \_\_\_\_\_ and that the amount of this drawing (the “**Drawing Amount**”) does not exceed the aggregate principal of the Bonds to be redeemed, paid or purchased as described in paragraph (3) below.

3. Undersigned is making a drawing under the above-referenced Letter of Credit in the amount of \$ \_\_\_\_\_ with respect to the payment of principal of the Bonds, which amount became or has become due and payable upon (choose one):

\_\_\_ (a) the optional or mandatory redemption of Bonds pursuant to the provisions of the Trust Indenture; or

\_\_\_ (b) the acceleration of all of the Bonds pursuant to the provisions of the Trust Indenture or the maturity of the Bonds.

4. This drawing is not being made in respect of any Bonds held by Trustee for the benefit of Borrower or the Lender.

5. The Drawing Amount, together with the aggregate of all prior payments made pursuant to a "B Drawing" (as defined in the above-referenced Letter of Credit) under the Letter of Credit, does not exceed \$\_\_\_\_\_.

6. The Drawing Amount does not exceed the amount available on the date hereof to be drawn under the Letter of Credit in respect of the payment of the principal of the Bonds.

7. Upon receipt by the Undersigned of the Drawing Amount, (a) Undersigned will apply or cause to be applied the same directly to the payment when due, of the principal amount owing on account of the Bonds as a result of the circumstances described in the chosen subclause of paragraph (3) above, (b) no portion of said amount shall be applied by Undersigned for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by Undersigned.

8. The outstanding principal amount of the Bonds (after giving effect to the application of the proceeds of the Letter of Credit drawn under this certificate) is \$\_\_\_\_\_.

**IN WITNESS WHEREOF**, Undersigned has executed and delivered this certificate as of the as of \_\_\_\_\_, 20 \_\_\_\_.

**U.S. BANK NATIONAL ASSOCIATION**, as trustee

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT C

Drawing for Interest Due Upon an Interest Payment Date,  
Optional or Mandatory Redemption,  
Mandatory Tender for Purchase, Acceleration, Purchase  
or Maturity

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] (the “**Letter of Credit**”)

The undersigned, a duly authorized signatory of Trustee (the “**Undersigned**”) hereby certifies to TD Banknorth, N.A. (“**Lender**”), that:

1. Undersigned is the trustee under the Trust Indenture for the Bonds (unless otherwise defined herein, capitalized terms used in this Certificate for Drawing for Interest Due Upon an Interest Payment Date, Optional or Mandatory Redemption, Mandatory Tender for Purchase, Acceleration, Purchase or Maturity but not otherwise defined herein shall have the meanings assigned to them in that certain Indenture of Trust (the “**Trust Indenture**”) dated as of February 1, 2006, between the Connecticut Development Authority, as issuer, and U.S. Bank National Association, as Trustee.

2. The amount of this drawing (the “**Drawing Amount**”) does not exceed the aggregate interest due and payable on the Bonds.

3. Undersigned is making a drawing under the above-referenced Letter of Credit in the amount of \$\_\_\_\_\_ with respect to payment of accrued interest on the Bonds, which amount has become due and payable upon (choose one):

- \_\_\_ (a) a Payment Date as a scheduled periodic payment of interest on the Bonds (including interest accrued on Bonds tendered for purchase pursuant to the provisions of the Trust Indenture), if the date of the purchase of the Bonds is an Interest Payment Date;
- \_\_\_ (b) optional or mandatory redemption of the Bonds pursuant to the provisions of the Trust Indenture;

- \_\_\_ (c) an acceleration of all of the Bonds pursuant to the provisions of the Trust Indenture;
- \_\_\_ (d) mandatory tender for purchase of Bonds pursuant to the provisions of the Trust Indenture;
- \_\_\_ (e) purchase of Bonds tendered for purchase pursuant to the provisions of the Trust Indenture; or
- \_\_\_ (f) maturity of the Bonds pursuant to the provisions of the Trust Indenture.

4. This drawing is not being made in respect of any Bonds held by Trustee for the benefit of Borrower or Lender.

5. The Drawing Amount does not exceed the amount available on the date hereof to be drawn under the Letter of Credit in respect to the payment of interest on the Bonds.

6. Upon receipt by Undersigned of the Drawing Amount, (a) Undersigned will apply or cause to be applied the same directly to the payment when due of the interest owing on account of the Bonds as a result of the circumstances described in the chosen clause of paragraph (3) above, (b) no portion of said amount shall be applied by Undersigned for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by Undersigned.

7. In the case of a drawing being made pursuant to subclauses (b), (c), (d) or (f) of paragraph (3) above, Undersigned is making a simultaneous "B Drawing" (as defined in the above-referenced Letter of Credit) to pay the principal of all of the Bonds which are being purchased or redeemed or the maturity of which has been attained or accelerated. In the case of a drawing being made pursuant to subclause (e) of paragraph (3) above, the Undersigned is making a simultaneous "A Drawing" (as defined in the Letter of Credit) to pay the principal of the Bonds tendered for purchase pursuant to the provisions of the Trust Indenture.

**IN WITNESS WHEREOF**, Undersigned has executed and delivered this certificate as of the as of \_\_\_\_\_, 20 \_\_\_\_.

**U.S. BANK NATIONAL ASSOCIATION**, as trustee

By: \_\_\_\_\_  
 Name:  
 Title:

EXHIBIT D

Certificate for Reinstatement of Principal Component

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] (the “**Letter of Credit**”)

The undersigned, a duly authorized signatory of Trustee (the “**Undersigned**”) hereby certifies to TD Banknorth, N.A. (“**Lender**”), that:

1. Undersigned is the trustee under the Trust Indenture for the Bonds (unless otherwise defined herein, capitalized terms used in this Certificate for Reinstatement of Principal Component but not otherwise defined herein shall have the meanings assigned to them in that certain Indenture of Trust (the “**Trust Indenture**”) dated as of February 1, 2006, between the Connecticut Development Authority, as issuer, and U.S. Bank National Association, as Trustee.

2. Undersigned previously made an “A Drawing” (as defined in the Letter of Credit) on \_\_\_\_\_, 20\_\_ under the Letter of Credit in the amount of \$\_\_\_\_\_, and \$\_\_\_\_\_ of such “A Drawing” has not been reinstated under the Principal Component (as defined in the Letter of Credit) of the Letter of Credit.

3. Undersigned hereby gives irrevocable notice to you, that on or prior to 11:00 a.m. (New York City time) on the date hereof, being a date that the Bank Bonds are being remarketed, Trustee (a) has received in cash a payment for the Bank Bonds being remarketed, (b) is holding such cash payment for your benefit and (c) will deposit such cash payment in an account that you maintain with Trustee or will deliver such cash payment to you immediately by federal funds wire transfer.

4. By the filing of this certificate, you shall reinstate the Principal Component in an amount equal to \$\_\_\_\_\_ (the “**Reinstatement Amount**”), being the amount of the cash payment equal to the principal portion of the remarketed Bonds specified in the notice referred to in paragraph (3) as being received from the sale of the Bank Bonds, but in any case not in excess of the principal amount of Bonds Outstanding at the time of such reinstatement.

**IN WITNESS WHEREOF**, Undersigned has executed and delivered this certificate  
as of the as of \_\_\_\_\_, 20\_\_\_\_\_.

**U.S. BANK NATIONAL ASSOCIATION**, as  
trustee

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT E

Instrument of Transfer

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] (the “**Letter of Credit**”)

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

[Name of Transferee]  
[Address]  
[Address]

all rights of the undersigned beneficiary to draw under the Letter of Credit in its entirety.

By this transfer, all rights of the undersigned beneficiary in the Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases or extensions or other amendments, and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

The Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof and to forward it to the transferee with a notice of transfer in such form as you deem advisable.

Very truly yours,

**U.S. BANK NATIONAL ASSOCIATION**, as  
trustee

By: \_\_\_\_\_  
Name:  
Title:

SIGNATURE AUTHENTICATED:

\_\_\_\_\_  
(Bank)

\_\_\_\_\_  
(Authorized Signature)

WE ACCEPT THE FOREGOING INSTRUMENT:

\_\_\_\_\_  
AUTHORIZED OFFICIAL  
DATE



EXHIBIT F

Sight Draft

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] (the “**Letter of Credit**”)

FOR VALUE RECEIVED

PAY TO THE ORDER OF: U.S. Bank National Association, as Trustee under the Indenture of Trust dated as of February 1, 2006 (as from time to time amended, modified or supplemented), by and between the Connecticut Development Authority and U.S. Bank National Association, as Trustee.

\_\_\_\_\_ U.S. Dollars (\$\_\_\_\_\_)

CHARGE TO ACCOUNT OF TD Banknorth, N.A.

IRREVOCABLE DIRECT PAY LETTER OF CREDIT NO. [\_\_\_\_\_] (for Connecticut Development Authority, Issuer's Variable Rate Airport Hotel Revenue Bonds, 2006 Series B (Bradley Airport Hotel Project) (Federally Taxable)

The sum drawn does not exceed the Stated Amount (as defined in the Letter of Credit), as reduced and reinstated through the date hereof, as provided in the Letter of Credit.

**U.S. BANK NATIONAL ASSOCIATION**, as trustee

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT G

Certificate of Reduction of Principal Component

[Date]

TD Banknorth, N.A.  
370 Main Street, 2<sup>nd</sup> Floor  
Worcester, Massachusetts 01608  
Attention: Peter Brockelman and Susan Eringi

TD Banknorth, N.A.  
7 New England Executive Park, 10<sup>th</sup> Floor  
Burlington, Massachusetts 01803  
Attention: Kate Sheehan and Tom Maslin

Re: Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] (the “**Letter of Credit**”)

The undersigned, a duly authorized officer of the undersigned trustee (hereinafter referred to as the “**Undersigned**”), hereby certifies to TD Banknorth, N.A. (“**Lender**”), that:

1. Undersigned is the trustee under the Trust Indenture (as hereinafter defined). Prior to giving effect to this Certificate of Reduction of Principal Component (this “**Certificate**”), the Stated Amount as of the date hereof is \$\_\_\_\_\_. Of this amount \$\_\_\_\_\_ comprises the Principal Component and \$\_\_\_\_\_ comprises the Interest Component (as such capitalized terms are defined in the Letter of Credit).

2. On \_\_\_\_\_, 20\_\_\_\_ (the “**Redemption Date**”), Issuer will pay or redeem Bonds from eligible funds in the aggregate principal amount of \$\_\_\_\_\_ (the “**Redeemed Principal Amount**”) and with funds other than proceeds of the Letter of Credit.

3. By the filing of this Certificate, you shall reduce the Principal Component by an amount equal to the Redeemed Principal Amount on the Redemption Date. After giving effect to this Certificate, the Principal Component shall equal \$\_\_\_\_\_ (the “**New Principal Component**”), being equal to the principal amount of the Bonds Outstanding (as hereinafter defined).

4. By the filing of this Certificate, you shall also reduce the Interest Component by an amount equal to forty-four (44) days accrued interest computed at the rate of twelve percent (12%) per annum on the basis of a 365-day year on the Redeemed Principal Amount. After giving effect to this Certificate, the Interest Component shall equal \$\_\_\_\_\_, being an amount equal to forty-four (44) days accrued interest computed at the rate of twelve percent (12%) per annum on the basis of a 365-day year on the new Principal Component.

5. Undersigned has not made and will not make a “B Drawing” to pay or redeem the Redeemed Principal Amount of the Bonds.

Capitalized terms used in this Certificate but not otherwise defined herein shall have the respective meanings assigned to them in the Indenture of Trust, dated as of February 1, 2006 (as amended and in effect from time to time, the “**Trust Indenture**”), between the Connecticut Development Authority (“**Issuer**”), and Undersigned, as trustee.

**IN WITNESS WHEREOF**, Undersigned has executed and delivered this certificate as of the as of \_\_\_\_\_, 20\_\_\_\_.

**U.S. BANK NATIONAL ASSOCIATION**, as  
trustee

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT H

Wiring Instructions

BBK: U.S. Bank, St. Paul, MN  
ABA: 091000022  
BNF: U.S. Bank Trust N.A.  
A/C: 173103321050  
REF: CDA Bradley Airport Hotel 2006A or 2006B  
ATTN: TFM

## **APPENDIX G**

### **CERTAIN INFORMATION REGARDING THE CREDIT BANK**

TD Banknorth Inc. is a leading banking and financial services company headquartered in Portland, Maine and a majority-owned subsidiary of TD Bank Financial Group. At December 31, 2005, TD Banknorth had \$32.1 billion of total consolidated assets and provided financial services to approximately 1.4 million households in the Northeast. TD Banknorth's banking subsidiary, TD Banknorth, N.A., operates banking divisions in Maine, New Hampshire, Massachusetts, Connecticut, Vermont and upstate New York. TD Banknorth and TD Banknorth, N.A. also operate subsidiaries and divisions in insurance, wealth management, merchant services, mortgage banking, government banking and other financial services and offer investment products in association with PrimeVest Financial Services, Inc. The TD Banknorth common stock trades on the New York Stock Exchange under the symbol "BNK". For more information, visit <http://www.tdbanknorth.com>.

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**FORM OF APPROVING OPINION OF BOND COUNSEL**

Upon issuance of the 2006 Series A Bonds, Winston & Strawn LLP, Bond Counsel, proposes to deliver its final approving opinion substantially in the following form:

[Date of Closing]

Connecticut Development Authority  
999 West Street  
Rocky Hill, Connecticut 06067-3405

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$15,100,000 aggregate principal amount of Variable Rate Refunding Airport Hotel Revenue Bonds, 2006 Series A (The Bradley Airport Hotel Project) (the “Bonds”) of the Connecticut Development Authority, a body politic and corporate constituting a public instrumentality and political subdivision of the State of Connecticut (the “Authority”).

The Bonds are issued under and pursuant to the State Commerce Act, constituting Connecticut General Statutes, Sections 32-1a through 32-23zz, as amended (the “Act”), an Indenture of Trust, dated as of February 1, 2006 (the “Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), and a resolution of the Authority adopted November 16, 2005 authorizing the Bonds.

The Bonds are being delivered on the date hereof and shall be dated, will mature on the dates, and will bear interest at the rates, all as set forth in or determined pursuant to the Indenture.

The Bonds are issued in fully registered form, and are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Bonds and the Indenture.

The Bonds are issued for the purpose of providing a portion of the funds necessary to refund in full the Authority’s outstanding Variable Rate Refunding Airport Hotel Revenue Bonds, 1997 Series A (Bradley Airport Hotel Project), Variable Rate Refunding Airport Hotel Revenue Bonds, 1997 Series B (Bradley Airport Hotel Project), and Variable Rate Refunding Airport Hotel Revenue Bonds, 1997 Series C (Bradley Airport Hotel Project) (collectively, the “Prior Obligations”), which Prior Obligations were issued to refund the Authority’s Variable Rate Airport Hotel Revenue Bonds (RK Bradley Associates Limited Partnership - 1985 Series) and Airport Hotel Revenue Bonds (RK Bradley Associates Limited Partnership - 1985 Series) (collectively, the “1985 Bonds”), which 1985 Bonds were issued for the purpose of financing the acquisition and construction of a hotel facility located at Bradley International Airport (the “Project”), owned and operated by RK Bradley Associates Limited Partnership (the “Borrower”), as described in the Agreement hereinafter referred to.

The Authority and the Borrower have entered into a Loan Agreement, dated as of February 1, 2006 (the “Agreement”), providing, among other things, for a loan in the principal amount of the Bonds

to pay costs of refinancing the Project and refunding the Prior Obligations, and for the execution by the Borrower of a Promissory Note (the "Note"), dated the date hereof, evidencing the obligation of the Borrower under the Agreement.

The Bonds are subject to various requirements imposed by the Internal Revenue Code of 1986, as amended (the "1986 Code") and the Internal Revenue Code of 1954, as in effect on the day before the enactment of the Tax Reform Act (the "1954 Code"), which must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain not includable in gross income for federal income tax purposes. Included among these continuing requirements are certain restrictions and prohibitions on the use of Bond proceeds and the project financed by the Bonds, restrictions on the investment of proceeds and other amounts, and the rebate to the United States of certain earnings in respect of such investments. Failure to comply with the continuing requirements of the 1986 Code and the 1954 Code may cause interest on the Bonds to be includable in gross income for purposes of federal income tax, retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs. In the Agreement and a Tax Regulatory Agreement, dated the date hereof (the "Tax Regulatory Agreement"), the Authority, the Borrower and the Trustee have covenanted to comply with certain procedures, and they have made certain representations and certifications, designed to assure satisfaction of the requirements of the Code. In rendering this opinion, we have assumed continuing compliance by the Authority, the Borrower and the Trustee with the covenants and the accuracy of the representations discussed above.

Certain requirements and procedures contained or referred to in the Indenture, the Agreement, the Tax Regulatory Agreement and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally-recognized bond counsel. Winston & Strawn LLP expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of bond counsel other than Winston & Strawn LLP.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Authority has been duly created and is validly existing under the Act, and has good right and lawful authority to loan funds to the Borrower to refinance the Project and to receive and pledge the repayments of such loan and other amounts therefrom in accordance with the terms of the Agreement and as provided in the Indenture.

2. The Authority has the right and power pursuant to the Act to enter into the Agreement, the Tax Regulatory Agreement and the Indenture. The Agreement, the Tax Regulatory Agreement and the Indenture have each been duly authorized, executed and delivered, are in full force and effect, and constitute valid and binding agreements of the Authority enforceable in accordance with their terms.

3. The Bonds have been duly authorized and issued by the Authority in accordance with law and the terms of the Indenture and are valid and binding special obligations of the Authority payable solely out of the revenues and other receipts, funds or moneys of the Authority pledged therefor pursuant to the Indenture, and from any amounts otherwise available under the Indenture for the payment thereof. The Bonds are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefit of the Act and the Indenture.

4. The Indenture creates the valid pledge and assignment which it purports to create of all of the Authority's right, title and interest in the Note, the Agreement (except the rights specifically reserved thereunder) and all moneys and securities held by the Trustee under the Indenture (except for moneys and securities held in the Rebate Fund, the Remarketing Proceeds Fund and the Liquidity Fund created



thereunder), subject only to the provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth therein.

5. Based on existing statutes, regulations, rulings and court decisions, interest on the Bonds is excludable from gross income for federal income tax purposes except for any interest on any Bond for any period during which such Bond is held by a “substantial user” of the facilities financed from the proceeds of such Bonds, or a “related person,” as defined in Section 147(a) of the 1986 Code. We are further of the opinion that interest on the Bonds is not an “item of tax preference” for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds owned by corporations (other than S corporations, Regulated Investment Companies, Real Estate Investment Trusts, Real Estate Mortgage Investment Conduits and Financial Asset Securitization Investment Trusts) will be included in the calculation of adjusted current earnings, a portion of which is an adjustment to corporate alternative minimum taxable income for purposes of calculating the alternative minimum tax imposed on corporations (but not individuals).

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of the individuals, trust and estates required to pay the federal alternative minimum tax.

7. In addition, we are of the opinion that all conditions precedent to the delivery of the Bonds set forth in the Indenture have been fulfilled.

The foregoing opinions are qualified only to the extent that the enforceability of the Bonds, the Indenture, the Tax Regulatory Agreement and the Agreement may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors’ rights generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). In addition, we express no opinion as to the severability of any provision of the Indenture, the Tax Regulatory Agreement or the Agreement.

In rendering this opinion, we have assumed the power to enter into and perform, and the due authorization, execution and delivery, by all parties, other than the Authority, to the agreements to which the Authority is a party.

Your attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Borrower other than the record of proceedings referred to above and such other documents and information as we have deemed necessary in order to render the opinions set forth above, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to the purchasers of the Bonds.

We have examined an executed Bond numbered AR-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

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**FORM OF APPROVING OPINION OF BOND COUNSEL**

Upon issuance of the 2006 Series B Bonds, Winston & Strawn LLP, Bond Counsel, proposes to deliver its final approving opinion substantially in the following form:

[Date of Closing]

Connecticut Development Authority  
999 West Street  
Rocky Hill, Connecticut 06067-3405

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$5,900,000 aggregate principal amount of Variable Rate Airport Hotel Revenue Bonds, 2006 Series B (Bradley Airport Hotel Project) (Federally Taxable) (the “Bonds”) of the Connecticut Development Authority, a body politic and corporate constituting a public instrumentality and political subdivision of the State of Connecticut (the “Authority”).

The Bonds are issued under and pursuant to the State Commerce Act, constituting Connecticut General Statutes, Sections 32-1a through 32-23zz, as amended (the “Act”), an Indenture of Trust, dated as of February 1, 2006 (the “Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), and a resolution of the Authority adopted November 16, 2005 authorizing the Bonds.

The Bonds are being delivered on the date hereof and shall be dated, will mature on the dates, and will bear interest at the rates, all as set forth in or determined pursuant to the Indenture.

The Bonds are issued in fully registered form, and are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Bonds and the Indenture.

The Bonds are issued for the purpose of providing funds necessary to finance the acquisition, construction and installation of certain additions and improvements to a hotel located at Bradley International Airport (the “Project”), owned and operated by RK Bradley Associates Limited Partnership (the “Borrower”), as described in the Agreement hereinafter referred to.

The Authority and the Borrower have entered into a Loan Agreement, dated as of February 1, 2006 (the “Agreement”), providing, among other things, for a loan in the principal amount of the Bonds to pay costs of financing the Project, and for the execution by the Borrower of a Promissory Note (the “Note”), dated the date hereof, evidencing the obligation of the Borrower under the Agreement.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Authority has been duly created and is validly existing under the Act, and has good right and lawful authority to loan funds to the Borrower to finance the Project and to receive and pledge

the repayments of such loan and other amounts therefrom in accordance with the terms of the Agreement and as provided in the Indenture.

2. The Authority has the right and power pursuant to the Act to enter into the Agreement and the Indenture. The Agreement and the Indenture have each been duly authorized, executed and delivered, are in full force and effect, and constitute valid and binding agreements of the Authority enforceable in accordance with their terms.

3. The Bonds have been duly authorized and issued by the Authority in accordance with law and the terms of the Indenture and are valid and binding special obligations of the Authority payable solely out of the revenues and other receipts, funds or moneys of the Authority pledged therefor pursuant to the Indenture, and from any amounts otherwise available under the Indenture for the payment thereof. The Bonds are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefit of the Act and the Indenture.

4. The Indenture creates the valid pledge and assignment which it purports to create of all of the Authority's right, title and interest in the Note, the Agreement (except the rights specifically reserved thereunder) and all moneys and securities held by the Trustee under the Indenture (except for moneys and securities held in the Remarketing Proceeds Fund and the Liquidity Fund created thereunder), subject only to the provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth therein.

5. Based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of the individuals, trust and estates required to pay the federal alternative minimum tax.

6. In addition, we are of the opinion that all conditions precedent to the delivery of the Bonds set forth in the Indenture have been fulfilled.

The foregoing opinions are qualified only to the extent that the enforceability of the Bonds, the Indenture and the Agreement may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). In addition, we express no opinion as to the severability of any provision of the Indenture or the Agreement.

In rendering this opinion, we have assumed the power to enter into and perform, and the due authorization, execution and delivery, by all parties, other than the Authority, to the agreements to which the Authority is a party.

Your attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Borrower other than the record of proceedings referred to above and such other documents and information as we have deemed necessary in order to render the opinions set forth above, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to the purchasers of the Bonds.

We have examined an executed Bond numbered BR-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

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