

**CITY OF MANCHESTER, NEW HAMPSHIRE
Manchester-Boston Regional Airport**

**Request for Proposals from Banks
To Provide a Direct Placement**

The City of Manchester, New Hampshire (the “City”) owns and operates Manchester-Boston Regional Airport (the “Airport”). The City is issuing this Request for Proposals (“RFP”) to banks interested in providing a direct placement in an amount not to exceed \$15 million, the proceeds of which, along with other available funds, will be used to defease approximately \$20.5 million of outstanding principal of the City’s General Airport Revenue Bonds, Series 2012A (the “2012A Bonds”). Specifically, the City anticipates completing a taxable advance refunding to defease outstanding Series 2012A Bond principal scheduled to mature on each January 1 in the years 2021 through 2023. The 2012A Bonds maturing prior to January 1, 2024 are not subject to optional redemption, as such, this direct placement will be issued on a taxable basis.

The city intends to make the January 1, 2020 principal and interest payment on the 2012A Bonds with Airport Funds.

The 2012A Bonds were issued on a tax-exempt basis and are not subject to the alternative minimum tax (“Non-AMT”). The direct placement issued to defease certain maturities of the 2012A Bonds will be issued on a taxable basis and will not be bank qualified.

Information is provided below concerning the Airport, the information which interested banks are requested to submit, and the process for submitting a proposal.

Please note that the city will not prepare an Official Statement or any other type of disclosure document in connection with this transaction.

The Airport

The City operates the Airport through its Department of Aviation. The 1,200-acre Airport is located in both the City and the Town of Londonderry, New Hampshire, approximately six miles south of the downtown area of the City. The primary service region of the Airport consists of Hillsborough, Merrimack and Rockingham counties in New Hampshire with a combined estimated 2018 population of 875,555. The Airport is the largest commercial passenger and air cargo airport in northern New England.

Approximately 885,000 passengers were enplaned at the Airport during Fiscal Year 2019. The Airport is currently served by four major air carriers and/or their regional affiliates. Southwest Airlines is the leading carrier at the Airport with a market share of approximately 54.6% in Fiscal Year 2019. The Airport is also served by two all-cargo carriers.

The Airport has a capital program of approximately \$40.0 million for Fiscal Years 2020 through 2024. The City anticipates that the Airport’s capital program will be funded from a

combination of available federal and state grants and other Airport funds. The City does not project that any bond proceeds will be required to fund its capital program through 2024.

The Airport's current ratings from Moody's, Standard & Poor's and Kroll are Baa1 (negative), BBB+ (stable), and A- (negative), respectively.

In addition to the information on the Airport included in this RFP, information may be found on the City's website, www.manchesternh.gov and the Airport's website, www.flymanchester.com.

Purpose of the Direct Placement

If issued, the proceeds of a direct placement would be used to defease certain maturities of the outstanding 2012A Bonds. The direct placement would be issued on a parity basis with the City's outstanding general airport revenue bonds. The City strongly prefers a fixed rate transaction.

Amortization

Along with other available funds, the proceeds of the proposed direct placement will be used to defease the following maturities of the 2012A Bonds:

Series 2012A Bonds to be Defeased

Year (payments due on January 1)	<u>Principal</u>
2021	\$6,490,000
2022	\$6,820,000
2023	\$7,170,000

The City is seeking a repayment schedule on the direct placement as described below:

- Interest only through 2028
- First principal payment on 1/1/2029
- Final principal payment on 1/1/2035
- Approximately level annual debt service

The restructuring resulting from the proposed repayment schedule on the direct placement is intended to better align the debt service requirements on the direct placement with anticipated passenger facility charge (PFC) collections, the originally intended source of repayment for a significant portion of the Series 2012A Bonds. There is currently more PFC-eligible debt service on the Series 2012A Bonds than available PFC collections. Implementing the proposed restructuring would be anticipated to reduce airlines costs, fostering a more competitive environment for the attraction and retention of passenger airline service.

Interest Rate on the Direct Placement

The City would prefer that the direct placement bear interest at a fixed rate. However, it will also consider proposals to provide a variable rate direct placement. A variable rate direct placement must provide that:

- The pricing formula is locked in for at least five years from the closing of the transaction; and
- A “term out” period of at least three years will be provided if the facility is not extended or replaced at the end of the initial period for which the pricing formula is locked in.

Source of Repayment for the Direct Loan

The 2012A Bonds are General Airport Revenue Bonds (“GARBs”) issued under the City’s General Airport Revenue Bond Resolution (the “Bond Resolution”). The City’s GARBs are secured by a pledge of the Airport’s Revenues (as defined in the Bond Resolution), subject to the prior payment of the Airport’s Operation and Maintenance Expenses. For your reference, a copy of the Bond Resolution is included as **Attachment A** to this RFP. The City does not anticipate adopting any material amendments to the Bond Resolution in connection with the issuance of the direct placement. The City will issue “Bonds” (as defined in the Bond Resolution) payable to the Bank to evidence the City’s obligation to repay the loan.

As of November 15, 2019, the City had \$127,178,215 of parity GARBs outstanding. This amount includes \$59,215,000 of 2012A Bonds.

Debt Service on the Airport System’s Outstanding Bonds

A summary of the Airport’s outstanding debt and a schedule of the aggregate annual debt service on the City’s GARBs are included in **Attachment B** of this RFP.

Debt Service Reserve Fund

The City expects that the direct placement will be secured by the common account in the Airport’s debt service reserve fund, which is available to pay debt service on all outstanding Bonds other than certain excluded direct bank placement Bonds.

Information Requested from Banks

Banks submitting responses to this RFP are to provide a letter to the City which provides the types of information shown in the table below. The City reserves the right to request any supplemental information it deems necessary to evaluate a bank’s experience or qualifications and/or clarify or substantiate any area contained in the bank’s proposal.

Information Requested in Proposals to Provide a Direct Placement to the City

<u>Category</u>	<u>Information Requested</u>
1. Amount of Loan	Confirm that the bank will provide a direct loan in an amount not to exceed \$15 million.
2. Source of Repayment	Confirm that the bank understands that the loan will be secured by the Airport's Revenues on a parity basis with the City's outstanding GARBs, subject only to the prior payment of the Airport's Operations and Maintenance Expenses, as described in the RFP.
3. Final Maturity	Banks must specify how long a final maturity they will offer. The City is seeking a January 1, 2035 final maturity for the direct placement.
4. Amortization Structure	Please specify the principal repayment structure you will require for the loan. As noted above, the City would prefer that the loan have a first principal payment due on 1/1/2029 and a final principal payment on 1/1/2035 with approximately level annual debt service.
5. Proposed Structure of the Loan	The City will review proposals for either a fixed rate or variable rate bank loan. The City would prefer a fixed rate structure for the loan.
6. Fixed Rate	<p>Specify the formula on which the fixed rate on the loan will be set prior to closing, and provide the example rate on such loan that would be produced using that formula as of the date of the submission of your proposal.</p> <p>Please also specify how long the example fixed rate stated in your proposal will be available to the City. The City will give a preference in the review process to banks which offer a fixed rate which is locked in for at least 60-90 days from the date the proposal is submitted.</p> <p>Specify whether an interest lock or similar agreement will be required and provide the proposed terms and provisions thereof.</p>
7. Interest Calculation	Interest on a fixed rate direct placement will be calculated on a 30/360 basis. Interest on a variable rate direct placement will be calculated on an actual/365 basis.
8. Variable Rate	If you elect to offer a variable rate, specify the formula by which the variable rate on the loan will be set, and provide the example rate that would be produced using that formula as of the date of the submission of your proposal. The City would prefer if terms for the variable rate included a pricing formula which is locked in for at least five years; and a "term-out" period of at least 3 years, if the facility is not extended or replaced at the end of the initial pricing period.

9. Prepayment option	Describe the terms under which your proposed fixed rate loan may be prepaid by the Airport, in whole or in part. State clearly whether any prepayment premium or penalty would apply to such a prepayment. (The City assumes that a variable rate loan can be prepaid at any time, in whole or in part, without penalty.)
10. Bank origination or upfront fees	You must specify any upfront fees that the bank would charge in connection with this transaction.
11. Bank expenses	You must specify any expenses related to this transaction for which the bank would expect to be reimbursed.
12. Outside bank legal counsel (if any)	Please specify whether the bank would propose to use an outside counsel on this transaction and, if so, what firm the bank would propose to use, as well as an estimate of that firm's fee. (Please note that Hawkins Delafield & Wood LLP is serving as the City's bond counsel on this transaction.) The City expects that the fees of outside bank counsel would be capped.
13. Other fees or expenses	Please identify any other fees you would expect the City to pay on this transaction, or any other expenses for which the bank would expect to be reimbursed.
14. Key Terms and Conditions	Outstanding direct placements were issued pursuant to terms and provisions substantially similar to those shown in the attached form of Bond Purchase Agreement (Attachment C). You must identify any requested changes to the terms, conditions or covenants in the Bond Purchase Agreement as well as any additional requirements or other restrictions that you would request the City to accept in connection with this transaction.
15. Comments on the City's existing Bond Resolution	As described in the RFP, the loan will be issued as a bond on a parity with the City's outstanding GARBs. Hence, you must provide any comments you may have on the covenants, representations, warranties and conditions contained in the Bond Resolution attached to this RFP. <u>Please note that the City does not anticipate that it will agree to any requests for material additional covenants, representations, warranties and conditions that are not already contained in the Bond Resolution.</u>
16. Credit Approval	Please indicate the status of your bank's credit approval for this transaction. If you do not yet have final credit approval, please indicate what steps would be required for credit approval to be obtained and how long it will take for you to obtain such approval.

Requests for Clarification Related to this RFP

If you have any questions regarding this RFP, please contact the City's financial advisor on Airport matters:

Kevin McPeck
PFM Financial Advisors LLC
727-266-9966
mcpeekk@pfm.com

Any such questions must be submitted by no later than 5:00PM Eastern time on December 18, 2019.

Submission of Proposals to the City

Proposals must be submitted by 4:00 PM (Eastern time) on January 10, 2020. All costs associated with preparing and delivering a response to the RFP shall be borne by each submitting bank. The City will not compensate any submitting bank for any expenses incurred as a result of this RFP process. Proposals must be submitted via email to:

Teresa Avampato, CPA
Chief Financial Officer
Manchester-Boston Regional Airport
tavampato@flymanchester.com

and

Kevin McPeck
PFM Financial Advisors LLC
727-266-9966
mcpeekk@pfm.com

The delivery of the proposal prior to the deadline is solely and strictly the responsibility of the bank.

Estimated Schedule

The table on the following page contains the City's projected schedule for this selection process and the completion of this transaction:

<u>Date</u>	<u>Activity</u>
December 4, 2019	RFP distributed to banks.
December 18, 2019	Deadline for submitting questions related to the RFP
January 10, 2020	Deadline for submission of proposals to the City
Mid-January, 2020	City completes review of proposals and identifies preferred bank for the direct placement (or elects not to pursue the direct placement approach for this transaction.) Develop final terms of transaction and required documentation with preferred bank
February, 2020	Prepare documents required for closing.
Mid-March, 2020	Close transaction.
Mid-March, 2020	City to defease certain maturities of the 2012A Bonds

Evaluation Criteria

The City anticipates using the following criteria to evaluate the proposals:

<u>Criterion</u>	<u>Metric</u>	<u>Maximum Score</u>	<u>Scoring Methodology</u>
1	Proposed Interest Rate	50 points	Lowest fixed rate offered will be awarded 50 points, second lowest will be awarded 45 points....Variable rate proposals will receive a maximum of 25 points.
2	Terms and Provisions	20 points	Proposals substantially conforming to the City's existing BPA will be awarded 20 points, proposals with material exceptions and/or proposed changes will be awarded less than 20 points.
3	Origination Fees, Expenses and Other Costs	10 points	Lowest costs to originate will be awarded 10 points, second lowest 9 points....
4	Proposed Schedule	10 points	If bank states affirmatively they can meet the proposed schedule, then 10 points is awarded. If not, then 0 points are awarded.
5	Rate Lock	10 points	If rate lock is NOT required, then 10 points awarded, if rate lock IS required then 0 points awarded
Total			Max Score = 100

Following the initial evaluation of proposals, the City reserves the right to further negotiate with up to two of the highest scored proposers.

ATTACHMENT A

General Airport Revenue Bond Resolution

CITY OF MANCHESTER, NEW HAMPSHIRE

GENERAL AIRPORT REVENUE BOND RESOLUTION

Adopted as of October 1, 1998

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**CITY OF MANCHESTER, NEW HAMPSHIRE
GENERAL AIRPORT REVENUE BOND RESOLUTION**

WHEREAS, the City of Manchester, New Hampshire (the “City”) is a New Hampshire municipal corporation and a political subdivision of the State of New Hampshire (the “State”) and is authorized by Chapter 33-B of the New Hampshire Revised Statutes, as amended (the “Enabling Act”), to issue bonds and notes for the construction of revenue-producing facilities; and

WHEREAS, the City owns and operates through its Department of Aviation the Manchester Airport; and

WHEREAS, the City wishes to authorize the issuance, from time to time, of bonds, notes and other evidences of indebtedness secured as hereinafter provided and to use the proceeds derived from the sale thereof for the financing in whole or in part of the costs of the Airport Property (as hereinafter defined) and the refunding of bonds, notes or other evidences of indebtedness incurred in respect of such costs.

NOW, THEREFORE, be it resolved by the City, acting by and through its Mayor and Finance Officer, acting pursuant to the Enabling Act and authorizing resolutions of the Board of Mayor and Aldermen, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

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

“Account” shall mean any account established pursuant to Section 502 hereof.

“Accountant” shall mean Melanson Heath & Company, PC or any other independent certified public accountant (or a firm thereof) selected by the City, which may be the accountant regularly auditing the books of the City.

“Adjusted Debt Service” for any period of time, with respect to any Series of Indebtedness, shall mean, as of any date of calculation, the Debt Service for such period of time with respect to such Series except that, if any Refundable Principal Installment of such Series is included in Debt Service for such period of time, Adjusted Debt Service shall mean Debt Service determined as if such Refundable Principal Installment had been payable over a period extending from the due date of such Refundable Principal Installment through the date identified in the Supplemental Resolution authorizing such Series (which date may be no later than the last date on which such Series could have been stated to mature under applicable law as in effect on the date of issuance of such Series), in installments which would have required level annual payments of the sum of Principal Installments and interest over such period. Interest deemed payable in any period of time after the actual due date of any Refundable Principal Installment of any Series of Secured Bonds shall be calculated at the applicable Refundable Principal Installment Pro Forma Interest Rate.

“Advance-Refunded Municipal Bonds” means obligations the interest on which is excluded from gross income for purposes of federal income taxation that have been advance-refunded prior to their maturity and are fully and irrevocably secured as to principal and interest by Government Obligations, or Government Obligations which have been stripped of their unmatured interest coupons or interest coupons stripped from Government Obligations, held in trust for the payment thereof and which obligations are rated in the highest rating category by each Rating Agency.

“Aggregate Debt Service Reserve Fund Requirement” shall mean an amount equal to the least of (i) the sum of 10% of the aggregate original net proceeds of each Series of Bonds Outstanding, (ii) 125% of the average annual aggregate Debt Service on such Bonds, or (iii) the maximum aggregate amount of Debt Service due on such Bonds in any succeeding Bond Year. For purposes of this definition, “net proceeds” of a Series of Bonds shall mean the face amount of such Series minus original issue discount plus any premium received on the sale of such Series.

For purposes of calculating the Aggregate Debt Service Reserve Fund Requirement, (1) the Debt Service on any Series of Variable Rate Indebtedness shall be determined by reference to the Pro Forma Bond Issue for such Series set forth in the Supplemental Resolution authorizing such Series and (2) there shall be excluded any Bonds secured by a Special Account of the Debt Service Reserve Fund established by a Supplemental Resolution pursuant to Section 206(c)(i).

“Airport Consultant” shall mean Leigh Fisher Associates or any other individual or firm employed by the City pursuant to Section 711 hereof.

“Airport Property” shall mean the airport facilities of the City presently known as Manchester Airport and presently located within the corporate boundaries of the City and the Town of Londonderry, together with all buildings and facilities and all equipment, appurtenances, property, rights, easements and interests acquired or leased by the City in connection with the construction or the operation thereof, and all extensions, enlargements, improvements, renewals and replacements thereof hereafter made.

“Authorized Newspaper” shall mean “The Bond Buyer,” “The Wall Street Journal” or any newspaper or financial journal which is customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, printed in the English language, containing financial news, and of general circulation in the City of Manchester and the City of New York.

“Authorized Representative” shall mean, with respect to the City, the Finance Officer of the City and, when used in reference to an act or document, shall also mean any other person authorized by the Governing Body to perform such act or sign such document.

“Average Annual Adjusted Debt Service” shall mean, with respect to any Series of such Secured Bonds, the sum of Adjusted Debt Service for each year in which such Secured Bonds will be Outstanding divided by the number of years that such Secured Bonds will be Outstanding.

“Board of Mayor and Aldermen” shall mean the Board of Mayor and Aldermen of the City.

“Bond” or “Bonds” shall mean any bonds, notes or other evidences of indebtedness, as the case may be, authenticated and delivered pursuant to Section 206 of this Resolution and shall also mean any Parity Bond Anticipation Notes and any Parity Reimbursement Obligation incurred with respect to Bonds, but shall not mean Subordinated Bonds, other Bond Anticipation Notes or other Indebtedness.

“Bond Anticipation Notes” shall mean any of the notes issued pursuant to Section 208 hereof and shall include, unless the context otherwise indicates, Parity Bond Anticipation Notes and Subordinated Parity Bond Anticipation Notes.

“Bond Counsel’s Opinion” shall mean an opinion signed by Ropes & Gray or any attorney or firm of attorneys of nationally recognized standing in the field of law relating to revenue bonds of public instrumentalities, selected by the City and satisfactory to the Trustee and may be an attorney or firm regularly providing services to the City.

“Bond Year” shall mean, with respect to any Series of Bonds, the twelve-month period, if any, set forth in the Supplemental Resolution authorizing any such Series.

“Business Day” shall mean any day other than a Saturday, a Sunday or any other day on which any Fiduciary is authorized or required by law to be closed for business.

“Capital Improvements” shall mean extensions, improvements, enlargements, betterments, alterations, renewals, repairs and replacements of the Airport Property or other property of the City (including land, equipment and other real or personal property), which (i) are used or useful in connection with the Airport Property or any part thereof, (ii) are constructed, acquired, or made by or on behalf of the City subsequent to the date of adoption of this Resolution, and (iii) are properly chargeable (whether or not so charged by the City) according to generally accepted accounting principles, as additions to property or plant accounts.

“Capitalized Interest” shall mean, for any particular Series of Indebtedness, that portion of the proceeds of such Series, if any, required by the Supplemental Resolution authorizing such Series to be deposited in a Subaccount established for such Series in the Capitalized Interest Account in the Debt Service Fund or the Subordinated Debt Service Fund, as the case may be, for the purpose of funding the payment of a portion of the interest to come due on such Series.

“Capitalized Interest Account” shall mean, as the context indicates, the Account by that name established in the Debt Service Fund or the Subordinated Debt Service Fund pursuant to Section 502(b) hereof.

“Certificate” shall mean, when used with respect to the City, an Accountant, the Independent Engineer, the Airport Consultant or an insurance consultant, a signed document or report, as the context indicates, of such person or firm, which in the case of the City shall be signed by an Authorized Representative, attesting to or acknowledging the matters therein stated or setting forth matters to be determined pursuant to this Resolution.

“City” shall mean the City of Manchester, New Hampshire, a New Hampshire municipal corporation, or any other political subdivision or public instrumentality of the State which shall hereafter succeed to the powers of the City relating to the Airport Property.

“Code” shall mean the Internal Revenue Code of 1986, as amended, including any regulations promulgated thereunder or applicable thereto.

“Common Account” shall mean, as the context indicates, the Common Account established in the Debt Service Reserve Fund or the Subordinated Debt Service Reserve Fund pursuant to Section 502(b) hereof.

“Completion Secured Bond” shall mean any Bond or Subordinated Bond authenticated and delivered on original issuance pursuant to Section 206 or 206A for the purpose of paying costs of completing a Project for which Bonds or Subordinated Bonds, respectively, have previously been issued, or thereafter authenticated and delivered in lieu of or substitution for such Bond or Subordinated Bond pursuant to this Resolution.

“Consultant” shall mean the Accountant, the Airport Consultant, the Independent Engineer or any other independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, or other expert recognized to be well-qualified for work of the character required and retained by the Governing Body to perform acts and carry out duties provided for such Consultant in this Resolution.

“Costs” as applied to any Project, shall mean all or any part of the cost, paid by or on behalf of or reimbursable by or to the City, of undertaking and carrying out such Project.

“Costs of Issuance” shall mean all items of expense directly or indirectly payable or reimbursable by or to the City and related to the authorization, sale and issuance of Indebtedness.

“Coverage Account” shall mean the Coverage Account established within the General Fund pursuant to Section 502(b).

“Coverage Amount” shall mean, for any Fiscal Year or other period, the lesser of (a) the principal balance of the Coverage Account as of the close of business on the day immediately preceding such Fiscal Year or other period or (b) 25% of the Required Debt Service Fund Deposits for such Fiscal Year or other period.

“Credit Facility” shall mean a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution which provides for payment of all or a portion of the Principal Installments or interest due on any Series of Secured Bonds or provides funds for (i) the direct payment of the Principal Installments of and interest on such Secured Bonds when due or (ii) the payment of the Principal Installments of and interest on such Secured Bonds in the event amounts otherwise pledged to the payment thereof are not available when due or (iii) the payment of the Tender Option Price of any Option Bond which may be tendered to the City for purchase or payment in accordance with the Supplemental

Resolution authorizing such Option Bond (in any case, regardless of whether such Credit Facility provides funds for any other purpose).

“Debt Service” for any period of time shall mean, as of any date of calculation and with respect to any Series of Indebtedness, an amount equal to the sum of (i) interest payable during such period of time on Indebtedness of such Series (including any interest payable on any Parity Bond Anticipation Notes), except to the extent that such interest is to be paid from amounts representing Capitalized Interest and (ii) the Principal Installments of the Indebtedness of such Series payable during such period of time. Such interest and Principal Installments for such Series shall be calculated on the assumption that (x) no Indebtedness of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment thereof upon stated maturity or upon mandatory redemption by application of Sinking Fund Installments and (y) as to any future period, Variable Rate Indebtedness will bear interest at the greatest of (A) the rate or rates which were assumed, by the City in the current Operating Budget to be borne by such Variable Rate Indebtedness during such period or (B) the weighted average of the actual rate or rates borne by such Variable Rate Indebtedness over the preceding six months, or (C) but only for the first Fiscal Year in which such Variable Rate Indebtedness is Outstanding, the interest rate stipulated by the City in the Supplemental Resolution authorizing such Indebtedness.

“Debt Service Fund” shall mean the Debt Service Fund established pursuant to Section 502(b) hereof.

“Debt Service Reserve Fund” shall mean the Debt Service Reserve Fund established pursuant to Section 502(b) hereof.

“Defeasance Obligations” shall mean the obligations described in clause (a), (b) or (i) of the definition of Investment Securities herein; provided that such obligations shall not be redeemable prior to the maturity date or stated redemption date relied upon in satisfying the conditions of Section 1201 hereof.

“Depository” shall mean any bank or trust company selected by the City, as the case may be, as a depository of moneys to be held under the provisions of this Resolution, and may include the Trustee.

“Designated Debt” shall mean any Indebtedness with respect to which there shall be in effect a Swap.

“Disbursement Request” shall mean the written request signed by an Authorized Representative of the City and required to be delivered to the Trustee pursuant to Section 503 hereof to effect disbursements from the Project Fund and shall be in substantially the form set forth in the applicable Supplemental Resolution.

“Enabling Act” shall mean Chapter 33-B of the Revised Statutes of the State of New Hampshire, as amended from time to time, unless expressly stated to refer to the Enabling Act as in effect on a specific date.

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

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

“Financial Guaranties” shall mean one or more of the following: (i) irrevocable, unconditional and unexpired letters of credit issued by banking institutions the senior long-term debt obligations of which (or the holding company of any such banking institution) have (at the time of issue of such letter of credit) a rating in either of the two highest categories from each of S&P and Moody’s (if such rating agencies are Rating Agencies) and, if rated by any other Rating Agency, a rating in either of the two highest categories of such Rating Agency; or (ii) an irrevocable and unconditional policy or policies of insurance in full force and effect issued by municipal bond insurers or multiline insurers the obligations insured by which are eligible for a rating in either of the two highest categories from each of S&P and Moody’s (if such rating agencies are Rating Agencies) and, if rated by any other Rating Agency, a rating in either of the two highest categories of such Rating Agency; in each case providing for the payment of sums for the payment of Principal Installments of and interest on Secured Indebtedness in the manner provided in Sections 508 and 510; and providing further that any such Financial Guaranty must be drawn upon on a date which is at least seven days prior to the expiration date of such Financial Guaranty in an amount equal to the deficiency which would exist if the Financial Guaranty expired, unless a substitute Financial Guaranty is acquired prior to such expiration date as provided in a related Supplemental Resolution.

“Fiscal Year” shall mean the twelve-month period commencing July 1 of any calendar year and ending June 30 of the succeeding calendar year or such other twelve month period as may be authorized by the City. In the event that a different fiscal year is authorized, references herein to July 1 or June 30 shall refer, respectively, to the first and last day of such fiscal year.

“Fitch” shall mean Fitch IBCA, Inc. and its successors.

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

“Fund” shall mean any fund established or maintained pursuant to Section 502 hereof.

“General Fund” shall mean the General Fund established pursuant to Section 502(b).

“Governing Body” shall mean the Department of Aviation of the City or other City office or department or delegee of the Mayor duly and lawfully charged with the supervision of the operation of the Airport Property or any other matter relating to this Resolution and, where applicable, shall mean the Board of Mayor and Aldermen; and in the event that the ownership or operation of the Airport Property shall be transferred as provided by law to any public entity other than the City, the duly authorized governing body of such public entity.

“Government Obligations” shall mean direct general obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Grant Agreements” shall mean any and all agreements between the City and the United States of America or the State, or any agency, department, bureau, commission or other instrumentality of either thereof, all as the same may be amended or supplemented from time to time, providing for or relating to the provision of Grant Receipts to the City.

“Grant Receipts” shall mean any money received by or on behalf of the City under or pursuant to a Grant Agreement as or on account of a grant or contribution, heretofore or hereafter made, in aid of or with respect to any Project.

“Indebtedness” shall mean any indebtedness for borrowed money of the City relating to the Airport Property including without limitation all Bonds, Subordinated Bonds, Bond Anticipation Notes, Reimbursement Obligations and Special Indebtedness and the Prior Bonds.

“Independent Engineer” shall mean Edwards and Kelcey, Inc. or any other independent architect or engineer or firm of architects or engineers employed by the City pursuant to Section 710 hereof.

“Insurance Reserve Fund” shall mean the Insurance Reserve Fund established pursuant to Section 502(b).

“Insurance Reserve Fund Requirement” shall mean the amount recommended to the City by an Independent Engineer or an insurance consultant pursuant to Section 513(d) as necessary to adequately reserve against risks for which the City does not currently maintain insurance in compliance with Section 708(a).

“Interest Account” shall mean, as the context indicates, the Account of that name established within the Debt Service Fund or the Subordinated Debt Service Fund pursuant to Section 502(b).

“Investment Securities” shall mean and include any of the following securities, if and to the extent the same are at the time legal investments by the City of the funds to be invested therein and conform to the policies set forth in any investment guidelines adopted by the City or by a duly appointed committee of the Governing Body and in effect at the time of the making of such investment:

- (a) Government Obligations;
- (b) Certificates or receipts representing direct ownership of future interest or principal payments on Government Obligations or any obligations of agencies or instrumentalities of the United States of America which are backed by the full faith and credit of the United States, which certificates or receipts are issued directly by the United States Department of Treasury or by the agency or instrumentality issuing such obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following: Federal Home Loan Mortgage Corporation; Student Loan Marketing Association; Federal Home Loan Banks; Federal National Mortgage Association; Government National Mortgage Association; Bank for Cooperatives; Federal Intermediate Credit Banks;

Federal Financing Bank; Export-Import Bank of the United States; Federal Land Banks; or any other agency or instrumentality of the United States of America; or the International Reconstruction Development Bank;

(d) All other obligations issued or unconditionally guaranteed as to the timely payment of principal and interest by an agency or person controlled or supervised by and acting as an instrumentality of the United States of America pursuant to authority granted by Congress;

(e) (i) Interest-bearing time or demand deposits, certificates of deposit, or other similar banking arrangements with any government securities dealer, bank, trust company, savings and loan association, national banking association or other savings institution (including the Trustee); provided that such deposits, certificates, and other arrangements are fully insured by the Federal Deposit Insurance Corporation, or (ii) interest-bearing time or demand deposits or certificates of deposit with any bank, trust company, national banking association or other savings institution (including the Trustee), provided such deposits and certificates are in or with a bank, trust company, national banking association or other savings institution whose long-term unsecured debt is rated in one of the three highest long-term rating categories by S&P and Moody's (if such rating agencies are Rating Agencies) and, if rated by any other Rating Agency, rated in any of the three highest rating categories of such Rating Agency;

(f) Repurchase agreements collateralized by securities described in subparagraph (a), (b) or (c) above with any primary dealer recognized by a Federal Reserve Bank or any commercial bank the long-term unsecured debt of which (or of the corporate parent of which), in either case, is rated in one of the three highest long-term rating categories by S&P and Moody's (if such rating agencies are Rating Agencies) and, if rated by any other Rating Agency, rated in any of the three highest rating categories of such Rating Agency; provided that (1) a specific written repurchase agreement governs the transaction, (2) the securities are held, free and clear of any lien, by the City or the Trustee, as the case may be, or an independent third party acting solely as agent for the City or the Trustee, and such third party is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, and the City or the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the City or the Trustee, (3) if the repurchase agreement has a term of more than 30 days then the City or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within five business days of such valuation, and (4) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%;

(g) Money market funds registered under the federal Investment Company Act of 1940 and rated in the highest rating category by S&P and Moody's (if such rating agencies are Rating Agencies) and, if rated by any other Rating Agency, rated in the highest category of such Rating Agency;

(h) Shares of investment companies or cash equivalent investments which are authorized to invest only in assets or securities described in subparagraphs (a), (b), (c), (d) and (f) above;

(i) Advance-Refunded Municipal Bonds;

(j) Short-term or long-term obligations the interest on which is excludable from gross income for Federal income tax purposes and that are rated in any of the two highest rating categories by S&P and Moody's (if such rating agencies are Rating Agencies) and if rated by any other Rating Agency, rated in any of the two highest rating categories of such Rating Agency, or shares of investment companies or cash equivalents which are authorized to invest primarily in such obligations; and

(k) any other investment authorized pursuant to an amendment or supplement hereto pursuant to Section 801(h).

Obligations of any Fiduciary or an affiliate thereof may be Investment Securities, provided that they otherwise qualify.

"LOI-Approved Secured Bonds" means those Secured Bonds or portion thereof used to finance Project Costs approved for financing by LOI Revenues in accordance with applicable law.

"LOI Fund" means the LOI Fund established pursuant to Section 502(b) hereof.

"LOI Project Account" means the LOI Project Account established within the LOI Fund established pursuant to Section 502(b) hereof.

"LOI Revenues" means grants received by the City from the Federal Aviation Administration in accordance with a letter of intent, so-called, or any other similar revenues, and all investment earnings on funds deposited in the LOI Fund.

"LOI Revenues Account" means the LOI Revenues Account established within the LOI Fund established pursuant to Section 502(b) hereof.

"Moody's" shall mean Moody's Investors Service, Inc. and its successors.

"Net Revenues" shall mean with respect to a period of time all Revenues accrued in such period in accordance with generally accepted accounting principles less the Operation and Maintenance Expenses incurred or payable during such period in accordance with generally accepted accounting principles; provided, however, that the proceeds of revenue anticipation notes shall not constitute Revenues and the principal amount of such notes shall not constitute Operation and Maintenance Expenses for the purpose of calculating Net Revenues.

"Note Payment Fund" shall mean the Note Payment Fund established pursuant to Section 502(b).

"Operating Budget" shall mean the Operating Budget with respect to the operations of the Airport Property duly adopted by the City as provided in Section 712, as amended from time to time in accordance with Section 712.

“Operating Fund” shall mean the Operating Fund established pursuant to Section 502(b) hereof.

“Operation and Maintenance Expenses” shall mean the City’s expenses, whether or not annually recurring, of maintaining, repairing and operating the Airport Property including, without limiting the generality of the foregoing, amounts for administrative expenses including costs of salaries and benefits and amounts required to finance pension benefits, earned by employees; cost of insurance; payments for engineering, financial, accounting, legal and other services; any lawfully imposed taxes or other assessments on the Airport Property or income from or operations at the Airport Property and reserves for such taxes or assessments, any payments in lieu of taxes for the Airport Property or income from or operations at the Airport Property and reserves for such in lieu of taxes; any administration or service fees; payments under any hedge agreement relating to the purchase price of goods or services required for the operation of the Airport (excluding Swaps) which have been designated by the City as Operation and Maintenance Expenses for purposes of this Resolution in such agreement; costs of issuance not financed in the Costs of a Project paid by the City; and payments of interest on revenue anticipation notes and other current expenses; but not including depreciation, recognition upon disposal or other retirement of a capital asset, reserves for unusual and extraordinary maintenance or repair, Debt Service payable from any Fund or Account established hereunder, and expenses described in Section 709(c)(i) hereof.

“Operation and Maintenance Reserve Fund” shall mean the Operation and Maintenance Reserve Fund established pursuant to Section 502(b).

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

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

(a) any Bonds or other evidences of Indebtedness canceled by the Trustee at or prior to such date;

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

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

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

(3) any combination of (i) and (ii) above,

and, if such Bond or other evidence of Indebtedness or portion thereof is to be redeemed, for which notice of redemption has been given as provided in Article VI, or the applicable Supplemental Resolution, or provision satisfactory to the Trustee has been made for the giving of such notice;

(c) any Bond or other evidence of Indebtedness in lieu of or in substitution for which other Bonds or other evidences of Indebtedness have been authenticated and delivered; and

(d) any Bond or other evidence of Indebtedness deemed to have been paid as provided in Section 1201(b).

“Owner” or “holder” or words of similar import shall mean when used with reference to a Bond or another evidence of Indebtedness, the person in whose name the Bond or other evidence of Indebtedness is registered.

“Parity Bond Anticipation Notes” shall mean Bond Anticipation Notes the interest on which is payable from and secured by a pledge of, and a lien on, the Revenues on a parity with the lien created by Section 501(a) hereof.

“Parity Reimbursement Obligation” shall mean a Reimbursement Obligation the payment of which is secured by a pledge of, and a lien on, Revenues on a parity with the lien created by Section 501(a) or Section 501(b) hereof.

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

“Payment Date” shall mean, with respect to any Series of Secured Bonds, each date on which interest or a Principal Installment or both shall be due and payable on any of such Outstanding Secured Bonds according to their respective terms.

“PFC-approved Secured Bonds” shall mean those Secured Bonds or portion thereof used to finance Project Costs approved for financing by PFC Revenues in accordance with applicable law.

“PFC Fund” shall mean the PFC Fund established pursuant to Section 502(b) hereof.

“PFC Project Account” shall mean the PFC Project Account established within the PFC Fund pursuant to Section 502(b).

“PFC Revenues” shall mean any passenger facility charges or similar taxes levied by or on behalf of the City pursuant to the federal Aviation Safety and Capacity Expansion Act of 1990, as from time to time amended, and any successor thereto, and all investment earnings on funds deposited in the PFC Fund.

“PFC Revenues Account” shall mean the PFC Revenues Account established within the PFC Fund pursuant to Section 502(b).

“Principal Account” shall mean, as the context indicates, the Account of that name established within the Debt Service Fund or the Subordinated Debt Service Fund, as the case may be, pursuant to Section 502(b).

“Principal Installment” shall mean, as of any date of calculation and with respect to any Series of Secured Indebtedness, so long as any obligations of such Series are Outstanding, (i) the principal amount of obligations of such Series due on a certain future date for which no Sinking Fund Installments have been established or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for obligations of such Series. For the purposes of the preceding sentence, “Principal Amount” shall include (x) any amount designated in, or determined pursuant to, the applicable Supplemental Resolution, as the “principal amount” with respect to any Bonds or Subordinated Bonds which do not pay full current interest for all or any part of their term, (y) the Tender Option Price of any Option Bonds which may be tendered to the City for purchase or payment prior to the stated maturity thereof in accordance with the terms of the Supplemental Resolution authorizing such Option Bonds, unless such amount is secured by a Credit Facility which is not in default, and (z) the principal amount of any Parity Reimbursement Obligation. Principal Installment shall, however, not include the principal of Bond Anticipation Notes.

“Prior Bond Guaranty” shall mean the Guarantee Agreement dated as of May 1, 1992 between the City and the State, as amended as of the date hereof and as further amended from time to time as permitted under this Resolution.

“Prior Bond Indenture” shall mean the Loan and Trust Agreement dated as of May 1, 1992 among the Business Finance Authority of the State of New Hampshire, the City and State Street Bank and Trust Company, as Trustee, as amended from time to time as permitted under this Resolution.

“Prior Bonds” shall mean the Business Finance Authority of the State of New Hampshire State Guaranteed Airport Revenue Bonds (Manchester Airport Project - Series 1992) issued in the initial aggregate principal amount of \$42,730,000.

“Pro Forma Bond Issue” shall mean, when used with reference to the Aggregate Debt Service Reserve Fund Requirement or the Subordinated Debt Service Reserve Fund Requirement in connection with a Series of Variable Rate Indebtedness, the hypothetical fixed rate long-term bond issue set forth in the Supplemental Resolution authorizing such Series, having (i) the same maturities (and sinking fund provisions, if any) as the Series of Variable Rate Indebtedness to which it relates and (ii) such interest rate or rates as the City shall reasonably deem to be the equivalent of the rates which would have been borne by such Series of Variable Rate Indebtedness if such Series had been issued as a Series of Fixed Rate Indebtedness; provided that such interest rate shall be not less than 80% of the “30-year revenue bond index” then most recently published by The Bond Buyer or, if such index is no longer published, such other substantially comparable index as determined by the City with the approval of the Trustee.

“Project” shall mean any undertaking or other activity by or on behalf of the City to maintain, equip, improve or enlarge the Airport Property.

“Project Fund” shall mean the Project Fund established pursuant to Section 502(b).

“Qualified Swap” shall mean any Swap (a) whose Designated Debt is all or part of a particular Series of Bonds; (b) whose Swap Provider is a Qualified Swap Provider or has been a Qualified Swap Provider within the 60-day period preceding the date on which the calculation of Adjusted Debt Service or Required Debt Service Fund Deposits is being made; (c) which has a term not greater than the term of the Designated Debt or to a specified mandatory tender or redemption of such Designated Debt; and (d) which has been designated in writing to the Trustee by the City as a Qualified Swap with respect to such Bonds.

“Qualified Swap Provider” shall mean a financial institution whose senior long-term debt obligations, or whose obligations under any Qualified Swap are (i) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated by each of S&P and Moody’s (if such rating agencies are Rating Agencies) and, if rated by any other Rating Agency, by such Rating Agency in one of the three highest rating categories of each such Rating Agency, respectively, or (ii) fully secured by obligations described in clause (a) or (c) of the definition of Investment Securities which are (a) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (b) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (c) subject to a perfected first lien on behalf of the Trustee, and (d) free and clear from all third-party liens.

“Rates and Charges” shall mean all charges, whether denominated as charges, fees, rates, rentals, assessments or otherwise, established by the Governing Body for the services provided by the Airport Property or for the use, lease or license of any portion thereof, including without limitation landing and parking fees and terminal and concession rents and charges.

“Rating Agencies” shall mean Moody’s, S&P and Fitch and their respective successors and assigns if such rating agencies are maintaining a rating on the Secured Bonds at the request of the City, and shall also include any other rating agency nationally recognized for skill and expertise in rating the credit of obligations such as the Secured Bonds and which is maintaining a rating on the Secured Bonds at the request of the City.

“Rebate Fund” shall mean the Rebate Fund established pursuant to Section 502(b).

“Rebate Fund Requirement” means, as of any date of calculation, an amount equal to the aggregate of the amounts, if any, specified in each Supplemental Resolution authorizing the issuance of a Series of Indebtedness as the amount required to be maintained in the Rebate Fund with respect to such Indebtedness.

“Record Date” shall mean, unless otherwise determined by a Supplemental Resolution for a particular Series of Secured Indebtedness, the fifteenth day of the month immediately preceding any month in which there occurs a Payment Date.

“Redemption Account” shall mean, as the context indicates, the Account of that name established within the Debt Service Fund or the Subordinated Debt Service Fund pursuant to Section 502(b).

“Redemption Price” shall mean, when used with respect to a Secured Bond or portion thereof, the principal amount thereof plus the applicable premium, if any, payable upon either optional or mandatory redemption thereof pursuant to this Resolution.

“Refundable Principal Installment” shall mean any Principal Installment for any Series of Bonds or Subordinated Bonds which the City intends to pay with proceeds of Refunding Secured Bonds or other moneys which are not Revenues and which shall have been identified as a Refundable Principal Installment in the Supplemental Resolution authorizing such Series of Bonds or Subordinated Bonds; provided, however, that such Principal Installment shall be a Refundable Principal Installment only until the date of adoption of the Rates and Charges for the Fiscal Year in which such Principal Installment comes due unless the City shall have delivered to the Trustee a Certificate of an Authorized Representative to the effect either (i) that it has made provision for the payment of such Principal Installment from a source other than Revenues or (ii) that it expects to be able to issue Refunding Secured Bonds providing for the payment of such Principal Installment on or before the stated maturity date thereof.

“Refundable Principal Installment Pro Forma Interest Rate” shall mean, when used with reference to a Refundable Principal Installment, such hypothetical fixed interest rate as the City shall designate in the Supplemental Resolution authorizing such Refundable Principal Installment, based on then prevailing interest rates for obligations such as the Bonds or the Subordinated Bonds, as the case may be, to be the net interest cost which would have been borne by the Bonds or the Subordinated Bonds, as the case may be, constituting such Refundable Principal Installment if they had been payable on a level debt service basis over a period from the due date of such Refundable Principal Installment through the date identified in the Supplemental Resolution authorizing such Refundable Principal Installment.

“Refunding Secured Bond” shall mean any Secured Bond authenticated and delivered on original issuance pursuant to Section 206 or 206A and Section 207 for the purpose of refunding any Prior Bonds or any Outstanding Secured Bonds, or thereafter authenticated and delivered in lieu of or substitution for such Secured Bond pursuant to this Resolution.

“Regularly Scheduled Swap Payments” shall mean the regularly scheduled payments under the terms of a Swap which are due absent any termination, default or dispute in connection with such Swap.

“Reimbursement Obligation” shall mean the obligation of the City described in Section 209(b) hereof to reimburse the issuer of a Credit Facility for amounts paid by such issuer thereunder together with interest thereon, whether or not such obligation to so reimburse is evidenced by a promissory note or other similar instrument.

“Renewal and Replacement Reserve Fund” shall mean the Renewal and Replacement Reserve Fund established pursuant to Section 502(b) hereof.

“Renewal and Replacement Reserve Fund Requirement” shall mean \$250,000 for each Fiscal Year through the Fiscal Year ending June 30, 2002 and thereafter shall mean the amount shown on the Operating Budget then in effect as required to be the balance of the Renewal and Replacement Reserve Fund for the Fiscal Year.

“Required Debt Service Fund Deposits” shall mean for, any period of time, all deposits required to be made to the Principal and Interest Accounts of the Debt Service Fund for such period whether pursuant to Section 505(a)(ii), 519(b) (including earnings retained in the Debt Service Fund pursuant to such Section) or any other provision of this Resolution; provided, however, that such deposits shall not include (a) amounts transferred or expected to be transferred from the Capitalized Interest Account, from interest or other investment earnings on the Project Fund (as provided pursuant to Section 519(b) hereof) or from amounts paid from other funds of the City that are not Revenues and are not transferred from other Funds or Accounts established hereunder or (b) amounts transferred or irrevocably committed by resolution or other action of the Governing Body to be transferred from the LOI Revenues Account or the PFC Revenues Account.

Notwithstanding the foregoing, (a) for purposes of computing the Required Debt Service Fund Deposits of Bonds which constitute Synthetic Fixed Rate Debt, the interest rate payable thereon shall, if the City so elects, be that rate as provided for by the terms of the Swap or the net interest rate payable pursuant to offsetting indices, as applicable, and (b) for purposes of computing the Required Debt Service Fund Deposits of Bonds with respect to which a Qualified Swap has been entered into whereby the City has agreed to pay the floating variable rate thereunder, if the City so elects, no fixed interest rate amounts payable on the Bonds to which such Swap pertains shall be included and the interest rate payable thereon shall be that rate as provided by the terms of the Swap, except that for any future period such rate shall be estimated in the manner provided for estimating interest on Variable Rate Indebtedness in the definition of “Debt Service” herein.

In addition, for purposes of computing the Required Debt Service Fund Deposits of any Series of Bonds as to which interest is deferred and compounded rather than being paid currently during any period of calculation required by this Resolution, such calculation shall be made as if interest on such Bonds accrued and was deemed paid at a rate determined on the date of such calculation by a nationally known investment banking firm selected by the City (which firm may be an owner or underwriter of any Bonds) to be the rate which, if earnings at such rate were compounded on the initial public sale price as set forth in the Supplemental Resolution authorizing such Bonds in the manner required by the terms of such Bonds through the maturity date or earlier date on which such compounding is scheduled to cease, would produce the amount of such Bonds scheduled to mature on such maturity date or the accrued value of such Bonds scheduled to exist on such earlier date, as the case may be. For purposes of computing Required Debt Service Fund Deposits at any time with respect to any such Series of Bonds then outstanding, such calculation shall be made in accordance with the provisions of the Supplemental Resolution authorizing the issuance of such Series of Bonds.

“Resolution” shall mean this General Airport Revenue Bond Resolution, as the same may be amended or supplemented.

“Revenue Credit Account” shall mean the Revenue Credit Account established within the General Fund pursuant to Section 502(b).

“Revenue Fund” shall mean the Revenue Fund established under the Prior Bond Indenture and agreed to be maintained pursuant to Section 502(a).

“Revenues” shall mean and include all receipts, revenues, rentals, investment earnings, income and other moneys received by or on behalf of the City from or in connection with the ownership or operation of all or any part of the Airport Property, whether existing at the date of adoption of this Resolution or thereafter coming into existence and whether held by the City at such date or thereafter acquired, including, without limitation, all tolls and charges, landing fees, terminal rentals, real property rentals, concession fees, parking receipts, interest income, proceeds of business interruption insurance and condemnation awards from temporary takings, but not including (i) proceeds of insurance (except business interruption insurance, if any) and of condemnation awards (except awards for temporary takings), (ii) proceeds of the sale of the Secured Bonds or any other Indebtedness, (iii) Grant Receipts, PFC Revenues or amounts described in Section 522 hereof, (iv) proceeds of the sale of any portion of the Airport Property permitted by Section 706(b) hereof, (v) moneys derived from facilities hereafter financed with the proceeds of Indebtedness permitted under, Section 709(b) or 709(c) hereof to finance a facility for a particular person to the extent that such moneys are pledged to the payment of such Indebtedness under a separate resolution, indenture or other agreement of the City, (vi) interest income or other investment earnings on the Project Fund or the PFC Fund or (vii) any Swap Termination Payments paid to the City pursuant to a Swap; provided, that there shall be included in “Revenues” amounts transferred from the Revenue Credit Account to the Revenue Fund pursuant to Section 514(b).

“Revenues Available for Bond Debt Service” shall mean, with respect to a twelve-month period, the difference of (a) Net Revenues for such period minus (b) the principal of and interest on the Prior Bonds required to be paid during such period (excluding any such amounts payable solely because of an optional redemption of Prior Bonds).

“Revenues Available for Subordinated Debt Service” shall mean with respect to a Fiscal Year, Revenues Available for Bond Debt Service less Required Debt Service Fund Deposits on all Series of Bonds Outstanding during such Fiscal Year.

“S&P” shall mean Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., and its successors.

“Secured Bonds” or “Secured Indebtedness” shall mean all Bonds and all Subordinated Bonds.

“Series” or “Series of Secured Bonds” shall mean all of the Secured Bonds or other Indebtedness authenticated and delivered on original issuance identified pursuant to the Supplemental Resolution authorizing such Secured Bonds or other Indebtedness as a separate Series of Secured Bonds or other Indebtedness and any Secured Bonds or other Indebtedness

thereafter authenticated and delivered in lieu of or in substitution therefor regardless of variations in maturity, interest rate or other provisions.

“Series 1998 Bonds” shall mean the City of Manchester, New Hampshire General Airport Revenue Bonds, Series 1998A (Non-AMT), Series 1998B (AMT) and Series 1998C (Federally Taxable) issued by the City pursuant to the First Supplemental Resolution adopted as of October 1, 1998.

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

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

“Special Indebtedness” shall mean Indebtedness incurred pursuant to Section 709 hereof.

“State” means the State of New Hampshire.

“Subaccount” shall mean one of the separate Subaccounts established within an Account or Fund, with respect to a particular Series of Secured Bonds.

“Subordinated Bond Coverage Requirement” shall mean the requirement, if any, set forth in a Supplemental Resolution authorizing the issuance of a Series of Subordinated Bonds.

“Subordinated Bonds” shall mean bonds or indebtedness issued or incurred pursuant to Section 206A and shall also mean any Subordinated Parity Bond Anticipation Notes and any Parity Reimbursement Obligation incurred with respect to Subordinated Bonds.

“Subordinated Debt Service Fund” shall mean the Subordinated Debt Service Fund established pursuant to Section 502(b).

“Subordinated Debt Service Reserve Fund” shall mean the Subordinated Debt Service Reserve Fund established pursuant to Section 502(b).

“Subordinated Debt Service Reserve Fund Requirement” shall mean the aggregate of the amounts, if any, required to be deposited in the Subordinated Debt Service Reserve Fund pursuant to all Supplemental Resolutions authorizing the issuance of Subordinated Bonds.

“Subordinate Parity Bond Anticipation Notes” shall mean Bond Anticipation Notes the interest on which is payable from and secured by a pledge of, and a lien on, the Revenues on a parity with the lien created by Section 501(b) of this Resolution.

“Supplemental Resolution” shall mean a resolution of the City authorizing the issuance of a Series of Bonds or Subordinated Bonds or otherwise amending or supplementing this Resolution, adopted in accordance with Article VIII.

“Swap” shall mean any financial arrangement between the City and a Swap Provider which provides that (a) each of the parties shall pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate) on a Designated Debt, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid before it is deemed to have accrued, the amount paid shall reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid *after* it is deemed to have accrued shall reflect the time value of such funds; and (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one shall pay to the other any net amount due under such arrangement.

“Swap Provider” shall mean a party to a Swap with the City.

“Swap Termination Payment” shall mean an amount payable to the City or a Swap Provider, in accordance with a Swap, to compensate the other party to the Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Swap.

“Synthetic Fixed Rate Debt” means Indebtedness which (a) is combined, as Designated Debt, with a Qualified Swap and creates, in the opinion of a Consultant, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities, or (b) consists of an arrangement in which two inversely related variable-rate securities are issued in equal principal amounts with interest based on offsetting indices resulting in a combined payment which is economically equivalent to a fixed rate.

“Tax Exempt Indebtedness” shall mean Indebtedness the interest on which is excluded from gross income of the holder thereof for federal income tax purposes which was accompanied by a favorable Bond Counsel’s Opinion regarding such exclusion on the date of such Indebtedness.

“Tender Option Price” shall mean, with respect to any Option Bond tendered for purchase or payment in accordance with the Supplemental Resolution authorizing such Option Bond, an amount equal to the principal amount of such Option Bond.

“Trustee” shall mean United States Trust Company of New York, New York, New York, and its successor or successors and any other person which may at any time be substituted in its place pursuant to this Resolution.

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

requires: Section 102. Interpretation. In this Resolution, unless the context otherwise

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

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

(3) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

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

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

(6) Any headings preceding the texts of the several Articles and Sections of this Resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference, and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

(7) Wherever in this Resolution the consent of the Trustee shall be required, such consent shall include the consent of any person who shall at the time be the holder of all the Outstanding Bonds, but only if there be such a person and if such person shall have consented within a reasonable period of time.

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

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

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

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

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

(13) Any reference herein to generally accepted accounting principles shall refer to generally accepted accounting principles applicable to government enterprises.

(14) Any reference herein to the exclusion of interest on any Indebtedness from gross income of the holder thereof for federal income tax purposes shall refer only to obligations accompanied by a favorable Bond Counsel’s Opinion regarding such exclusion on the date of issuance of such Indebtedness.

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

(c) If any one or more of the covenants or agreements provided herein on the part of the City or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed separable from the remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF SECURED BONDS

Section 201. Authorization of Secured Bonds. This Resolution creates an issue of Secured Bonds of the City to be designated as “General Airport Revenue Bonds” and creates a continuing pledge and lien to secure the full and final payment of the principal or Redemption Price of and interest on all the Secured Bonds. Secured Bonds of the City which are Subordinated Bonds shall bear the additional designation “Subordinated.” Each Series of Secured Bonds may bear such additional designation as the City shall determine by Supplemental Resolution. The aggregate principal amount of the Secured Bonds which may be executed, authenticated and delivered under this Resolution is not limited except as provided in this Resolution or in the Enabling Act or as otherwise may be limited by law.

Section 202. Resolution to Constitute Contract. In consideration of the purchase and acceptance of the Secured Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the City with the holders of Secured Bonds and shall be deemed to be and shall constitute a contract between the City, the Trustee and the holders from time to time of the Secured Bonds. The pledge hereof and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the City with respect to the Bonds shall be for the equal benefit, protection and security of the holders of any and all Bonds, and the pledge hereof and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the City with respect to the Subordinated Bonds shall be for the equal benefit, protection and security of the holders of any and all Subordinated Bonds, each of which, regardless of the time or times of its issue or maturity, shall be of equal rank with the other holders of Bonds, or Subordinated Bonds, as the case may be, without preference, priority or distinction over any other thereof except as expressly provided in this Resolution.

Section 203. Obligation of Secured Bonds. The Secured Bonds shall not be general obligations of the City and the full faith and credit of the City are not pledged for the payment of the Secured Bonds. Neither the State nor any other political subdivision thereof shall be obligated to pay the principal of, premium or interest on any Secured Bond and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of, premium or interest on any Secured Bond.

Section 204. Authorization of Secured Bonds in Series. In order to provide sufficient funds for the Costs of Projects or for the purpose of refunding any Indebtedness issued by the City to pay the Costs of Projects, Series of Secured Bonds of the City are hereby authorized to be issued from time to time without limitation as to amount except as herein provided or as provided in the Enabling Act or as otherwise may be limited by law and such Secured Bonds shall be issued subject to the terms, conditions and limitations established in this Resolution and in one or more Supplemental Resolutions authorizing such Series as hereinafter provided.

Section 205. Issuance and Delivery of Secured Bonds. After their authorization by a Supplemental Resolution, Secured Bonds of a Series may be executed by or on behalf of the

City and delivered to the Trustee for authentication and, upon compliance with the requirements, if any, set forth in such Supplemental Resolution and with the requirements of Section 206 or 206A, or Section 207, as the case may be, the Trustee shall thereupon authenticate and deliver such Secured Bonds to or upon the order of the City.

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

(a) a Bond Counsel's Opinion to the effect that (i) the City has the right and power to adopt this Resolution under the Enabling Act; (ii) this Resolution has been duly and lawfully adopted by the City, is in full force and effect, is valid and binding upon the City and is enforceable against the City; (iii) this Resolution creates the valid pledge which it purports to create of the Revenues, proceeds of Bonds and amounts on deposit in certain of the Funds established hereunder, subject to the application thereof to the purposes and on the conditions permitted by this Resolution; (iv) the Bonds of such Series are valid and binding limited obligations of the City enforceable in accordance with their terms and the terms of this Resolution; (v) all conditions required by the Resolution precedent to the issuance of the Bonds have been met and upon the execution, authentication and delivery thereof, the Bonds of such Series will have been duly and validly authorized and issued in accordance with the Enabling Act and this Resolution; and (vi) except in the case of the Series 1998 Bonds, the issuance of such Bonds will not adversely affect the exclusion of interest on any previously issued Outstanding Secured Bonds from gross income of the holder thereof for federal income tax purposes; provided that such Bond Counsel's Opinion, as to the matters in clauses (ii) and (iv) above, may take an exception on account of the laws of bankruptcy, reorganization and insolvency and of other laws affecting creditors' rights generally and to the exercise of judicial discretion in accordance with general equitable principles;

(b) a written order as to the delivery of such Bonds, signed by an Authorized Representative of the City;

(c) a copy of the Supplemental Resolution authorizing such Series, certified by an Authorized Representative of the City, which shall specify:

- (i) the authorized principal amount and Series designation of such Bonds, the Bond Year, if any, for such Series and the Credit Facility, if any, related thereto, and if such a Credit Facility is provided for, the Special Account, if any, to be established in the Debt Service Reserve Fund and, if desired, the rights and remedies to be afforded to the issuer of such Credit Facility;
- (ii) the purposes for which such Series is being issued, which shall be one or more of the following: (1) the making of deposits into the Project Fund, (2) the making of deposits in the amounts, if any, required by this Resolution or any such Supplemental Resolution

into any of the Funds and Accounts established pursuant to Article V of this Resolution or such Supplemental Resolution or (3) the refunding of the Prior Bonds or any Outstanding Bonds, Bond Anticipation Notes, Reimbursement Obligations or other Indebtedness;

- (iii) the date, and the maturity date or dates, of the Bonds of such Series;
- (iv) if such Bonds will pay current interest for all or any part of their term, the interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates, the Payment Dates therefor and the method of payment thereof and, if such Bonds will not pay full current interest for all or any part of their term, the rate or rates to be borne by, the method of accrual or compounding, if any, and the other terms and conditions of such Bonds including the designation, or manner of determining, the “principal amount” of such Bonds;
- (v) if any Bonds of such Series constitute Variable Rate Indebtedness, the limitation, if any, on the numerical rate or rates of interest which such Bonds may bear at any time and the terms of the Pro Forma Bond Issue applicable thereto;
- (vi) the minimum denomination of, and the manner of dating, numbering and lettering, the Bonds of such Series, but such Bonds shall be in denominations equal to the minimum denomination or any multiple thereof or as may otherwise be authorized by such Supplemental Resolution;
- (vii) the place or places of payment of the Bonds of such Series and the Paying Agent or Paying Agents for such Bonds or the manner of designating and appointing the same;
- (viii) if any Bonds of such Series are redeemable, the Redemption Prices and the redemption terms for the Bonds of such Series;
- (ix) the amount and due date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series;
- (x) if so determined by the City, provisions for the sale of the Bonds of such Series;
- (xi) if any of the Bonds of such Series are Option Bonds, (A) the terms and conditions of the exercise by the owners thereof of the payment options granted thereby and (B) the authorization of the Credit Facility, if any, relating thereto;

- (xii) the forms of the Bonds of such Series and of the Trustee's certificate of authentication;
- (xiii) the respective amounts, if any, to be deposited from the proceeds of such Series, in the Subaccount for such Series established in the Capitalized Interest Account in the Debt Service Fund pursuant to Section 502(c), and in the Common Account of the Debt Service Reserve Fund including the Financial Guaranties, if any, therefor;
- (xiv) the Principal Installments, if any, for such Series which will be Refundable Principal Installments together with the Refundable Principal Installment Pro Forma Interest Rate and a schedule showing the Adjusted Debt Service for such Series; and
- (xv) any other provisions deemed advisable by the City as shall not conflict with the provisions hereof;

(d) the proceeds of such Series for deposit in the Funds, Accounts and Subaccounts established hereunder as specified in this Resolution and the Supplemental Resolution for such Series or as otherwise specified in such Supplemental Resolution and in an amount together with other available moneys (which may include Revenues) at least sufficient to comply with the provisions of Section 401(b);

(e) except in the case of the Series 1998 Bonds, any Series of Refunding Secured Bonds issued pursuant to Section 207(a)(i), any Series of Completion Secured Bonds with respect to which the conditions related in subsection (h) below are satisfied, or any Parity Bond Anticipation Notes,

- (i) a Certificate of an Authorized Representative of the City, confirmed by the Certificate of an Accountant, certifying that for any period of twelve consecutive months included wholly within the most recent period of 18 consecutive months preceding the date on which such Bonds are to be issued for which such information is available (A) Revenues Available for Bond Debt Service for such period of twelve consecutive months were at least equal to the sum of Required Debt Service Fund Deposits plus deposits required to be made under Sections 505(a)(iii) through (ix) (excluding deposits to the Subordinated Debt Service Fund made from Capitalized Interest, interest or other earnings on the Project Fund, amounts paid from other funds of the City that are not Revenues and are not transferred from other Funds or Accounts established hereunder or amounts transferred from the PFC Revenues Account) for such twelve-month period and (B) the sum of Revenues Available for Bond Debt Service plus the Coverage Amount for such period of twelve consecutive months was at least equal to 125 % of the Required Debt Service Fund Deposits on all then-outstanding Bonds for such twelve-month period; and

(ii) either

(A) a Certificate of an Authorized Representative of City, confirmed by the Certificate of an Accountant, certifying that for any period of twelve consecutive months included wholly within the most recent period of 18 consecutive months preceding the date on which such Bonds are to be issued for which such information is available, the sum of Revenues Available for Bond Debt Service plus the Coverage Amount for such period of twelve consecutive months was at least equal to 125% of maximum annual Adjusted Debt Service on all Outstanding Bonds after giving effect to the issuance of such Bonds (and to the refunding of any Prior Bonds or Bonds to be refunded from the proceeds thereof); provided, however, that solely for the purpose of making such certification (x) in computing the Adjusted Debt Service of Bonds which constitute Synthetic Fixed Rate Debt, the interest rate payable thereon shall, if the City so elects, be that rate as provided for by the terms of the Swap or the net interest rate payable pursuant to offsetting indices, as applicable, (y) in computing the Adjusted Debt Service of Bonds with reference to which a Qualified Swap has been entered into whereby the City has agreed to pay the floating variable rate thereunder, if the City so elects, no fixed interest rate amounts payable on the Bonds to which such Swap pertains shall be included and the interest rate payable thereon shall be that rate as provided by the terms of the Swap, except that for any future period such rate shall be estimated in the manner provided for estimating interest on Variable Rate Indebtedness in the definition of "Debt Service" in Section 101, and (z) for purposes of computing the Adjusted Debt Service of any Series of Bonds as to which interest is deferred and compounded rather than being paid currently during any period of calculation required by this Resolution, such calculation shall be made as if interest on such Bonds accrued and was deemed paid at a rate determined on the date of such calculation by a nationally known investment banking firm selected by the City (which firm may be an owner or underwriter of any Bonds) to be the rate which, if earnings at such rate were compounded on the initial public sale price as set forth in the Supplemental Resolution authorizing such Bonds in the manner required by the terms of such Bonds through the maturity date or earlier date on which such compounding is scheduled to cease, would produce the amount of such Bonds scheduled to mature on such maturity date or the accrued value of such Bonds scheduled to exist on such earlier date, as the case may be (and for purposes of computing Adjusted Debt Service at any time with respect to any such Series of Bonds then outstanding, such calculation shall be made in accordance with the provisions of the Supplemental Resolution authorizing the issuance of such Series of Bonds); or

(B) a Certificate of the Airport Consultant estimating that, for each Fiscal Year during the period commencing with (and including) the Fiscal Year in which such Bonds are to be issued and ending with (and including) the later of the fifth subsequent Fiscal Year or the second Fiscal Year following the date on which all Projects financed in whole or in part by such Bonds are estimated to have been completed and placed in operation, the requirements of the second sentence of Section 705(a) will be satisfied, taking into account the particular Series of Bonds to be issued (and the refunding of any Prior Bonds or Bonds to be refunded from the proceeds thereof), such estimations to be based on estimates by the Independent Engineer of the cost to complete and the time for completion and initial operation of such Projects and to be after giving effect, among other factors as the Airport Consultant shall consider relevant, to any estimated increases in Operation and Maintenance Expenses and in Revenues as the result of the completion of such Projects or any portion thereof;

(f) a Certificate of the Authorized Representative of the City, dated as of the date of such delivery, stating that there is no Event of Default by the City with respect to the performance of any of the covenants, conditions, agreements or provisions contained in this Resolution; provided, however, that the City need deliver no such certification with respect to compliance with Section 705 for a Series of Refunding Secured Bonds issued pursuant to Section 207(a)(i) hereof;

(g) in the case of any Series for which Capitalized Interest has been provided by the Supplemental Resolution authorizing such Series (i) the written direction of an Authorized Representative of the City to establish the Subaccount for such Series in the Capitalized Interest Account in the Debt Service Fund and (ii) the amount of the proceeds of such Series to be deposited therein;

(h) in the case of any Series of Completion Secured Bonds which are Bonds, a Certificate of the Authorized Representative of the City, dated as of the date of such delivery, stating (i) that the aggregate principal amount of the Bonds of such Series does not exceed an amount equal to 15% of the aggregate principal amount of Bonds previously issued for a Project the Costs of completing which are to be paid from the proceeds of such Completion Secured Bonds and reasonably allocated to such Project, (ii) that all of the proceeds of such prior Bonds reasonably allocable to such Project have been or will be used to pay Costs of such Project, (iii) that the then-estimated Costs of such Project exceed the sum of the Costs of such Project already paid plus moneys available in the Project Fund therefor (including unspent proceeds of such prior Bonds) and (iv) that the nature and purpose of such Project have not changed materially from those contemplated at the time of the issuance of the prior Bonds; and

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

Section 206A. Conditions Precedent to Delivery of a Series of Subordinated Bonds. The Subordinated Bonds of a Series shall be executed by the City for issuance and delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the City or upon its order, but only upon the receipt by the Trustee of the items, opinions and certificates required by Section 206, except for the requirements of Section 206(e), in each case restated as appropriate for the issuance of Subordinated Bonds and any items, opinions or certificates required by the Supplemental Resolution authorizing such Subordinated Bonds.

Section 207. Conditions Precedent to Delivery of Refunding Secured Bonds.

(a) One or more Series of Refunding Secured Bonds may be issued pursuant to this Section 207 at any time to refund any of the Prior Bonds or an Outstanding Secured Bonds provided that either (i), but only with respect to Bonds issued to refund Prior Bonds or Bonds, (A) Adjusted Debt Service on the Prior Bonds and the Bonds Outstanding immediately after the issuance of such Refunding Secured Bonds for each Fiscal Year shall be no greater than Adjusted Debt Service on the Prior Bonds and the Bonds Outstanding immediately prior to the issuance of such Refunding Secured Bonds and (B) the final maturity of the Bonds Outstanding immediately after the issuance of such Refunding Secured Bonds shall be no later than the final maturity of the Bonds Outstanding immediately prior to the issuance of such Refunding Secured Bonds or (ii) the requirements of Section 206(e), or with respect to an issue of Subordinated Bonds, the requirements of any Supplemental Resolution with respect to the issuance of additional Subordinated Bonds, shall have been satisfied after giving effect to the proposed refunding, all as shown in a Certificate signed by an Authorized Representative of the City (and, as to the matters in Section 206(e)(ii), a Certificate of the Airport Consultant) and delivered to the Trustee prior to the authentication and delivery of such Series of Refunding Secured Bonds. Refunding Secured Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds, Accounts and Subaccounts required by the provisions of the Supplemental Resolution authorizing such Secured Bonds.

(b) All Refunding Secured Bonds of a Series issued under this Section 207 shall be executed by the City for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the City or upon its order, but only upon receipt by the Trustee (in addition to the documents required by Sections 206(a), (b), (c), (d) and (f) and subsection (a) of this Section 207), of:

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

- (iii) either (A) moneys (which may include all or a portion of the proceeds of the Refunding Secured Bonds to be issued) in an amount sufficient to effect payment of the Principal Installments and the applicable redemption price, if any, of the Prior Bonds or Secured Bonds to be refunded, together with accrued interest on such Prior Bonds or Secured Bonds to the maturity or redemption date thereof, as the case may be, or (B) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of Section 1201, which Defeasance Obligations and moneys shall be held in trust and used only as provided in Section 1201; provided that in either case the sufficiency of such moneys or Defeasance Obligations for such purpose shall be independently verified to the satisfaction of the Trustee by the Certificate of an Accountant; and
- (iv) such further documents and moneys as are required by the provisions of Article VIII or any Supplemental Resolution adopted pursuant to Article VIII.

Section 208. Bond Anticipation Notes. Whenever the City shall authorize the issuance of a Series of Secured Bonds, the City may, by resolution, authorize the issuance of notes (and renewals thereof) in anticipation of such Secured Bonds. The principal of and interest on such notes and renewals thereof shall be payable from the proceeds of such notes or from the proceeds of the sale of the Series of Secured Bonds in anticipation of which such notes are issued. The proceeds of such Secured Bonds may be pledged for the payment of the principal of and interest on such notes and any such pledge shall have a priority over any other pledge of such proceeds created by the Resolution. The City may pledge the Revenues to the payment of the interest on such notes which pledge may be on a parity with the pledge securing all Bonds in which event such interest shall be payable from the Debt Service Fund. The City may also pledge the Revenues and moneys on deposit in the General Fund to the payment of the principal of such notes but such pledge shall be subordinate to the pledge securing the payment of the Secured Bonds. A copy of the Resolution of the City authorizing such notes, certified by an Authorized Representative of the City, shall be delivered to the Trustee following its adoption.

Section 209. Credit Facilities.

(a) In connection with the issuance of any Series of Secured Bonds hereunder, the City may obtain or cause to be obtained one or more Credit Facilities providing for payment of all or a portion of the Principal Installments, or Redemption Price or interest due or to become due on such Secured Bonds, providing for the purchase of such Secured Bonds by the issuer of such Credit Facility or providing funds for the purchase of such Secured Bonds by the City. In connection therewith the City may enter into agreements with the issuer of such Credit Facility providing for, among other things: (i) the payment of fees and expenses to such issuer for the issuance of such Credit Facility; (ii) the terms and conditions of such Credit Facility and the Series of Secured Bonds affected thereby; and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

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

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

ARTICLE III

GENERAL TERMS AND PROVISIONS OF SECURED BONDS

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

Section 302. Legends. The Secured Bonds of each Series shall contain or have endorsed thereon statements to the effect that the Secured Bonds are not general obligations of the City and the full faith and credit of the City are not pledged for the payment of the Secured Bonds and that neither the State nor any political subdivision thereof shall be obligated to pay the principal of, premium or interest on any such Secured Bond and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of, premium or interest on any such Secured Bond and may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Resolution as may be necessary or desirable to comply with custom or otherwise as may be determined by the City prior to delivery thereof.

Section 303. Place and Medium of Payment; Form. Unless otherwise determined by a Supplemental Resolution authorizing a particular Series of Secured Bonds, each Secured Bond shall be payable at the principal corporate trust office of the Trustee, or of any Paying Agent appointed or provided for such Secured Bond, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The Secured Bonds of each Series shall be issued in the form of fully registered bonds without coupons payable to a named person or registered assigns. Notwithstanding the foregoing, however, if the City shall deliver or cause to be delivered to the Trustee a Bond Counsel's Opinion to the effect that the issuance of a Series of Secured Bonds (i) in coupon form payable to bearer or (ii) payable in coin or currency of any other sovereign nation or in any other manner then commonly in use in any recognized international securities or commodities market, in any case will not adversely affect the exclusion of interest thereon from gross income of the holders thereof for federal income purposes, the City may adopt a Supplemental Resolution also providing for the issuance of Secured Bonds in such form payable in such manner, together with such modifications to this Resolution as are necessary and appropriate for such Series of Secured Bonds. The City may provide in an applicable Supplemental Resolution for the issuance of one or more Series of Secured Bonds in book-entry form, together with such modifications to this Resolution as are necessary and appropriate for such Series of Secured Bonds.

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

Section 305. Interchangeability of Secured Bonds. Upon surrender thereof at the principal corporate trust office of the Trustee, as registrar, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his duly authorized attorney, Secured Bonds may, at the option of the owner thereof and upon payment by such owner of any charges which the Trustee may make as provided in Section 307, be exchanged for an equal aggregate principal amount of Secured Bonds of the same Series, tenor and maturity, of any of the authorized denominations.

Section 306. Negotiability, Transfer and Registry.

(a) Each Secured Bond shall be transferable only upon the books of the City, which shall be kept for that purpose at the principal corporate trust office of the Trustee, by the owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by such owner or his duly authorized attorney. Upon such transfer, the City shall issue in the name of the transferee a new Secured Bond or Secured Bonds of the same aggregate principal amount, Series, tenor and maturity as the surrendered Secured Bond.

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

Section 307. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Secured Bonds or transferring Secured Bonds is exercised, the City shall execute and the Trustee shall authenticate and deliver Secured Bonds in accordance with the provisions of this Resolution. All Secured Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Trustee. For every such exchange or transfer of Secured Bonds whether temporary or definitive, the City or the Trustee may, as a condition precedent to the privilege of making such exchange or transfer, make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the City nor the Trustee shall be required to transfer or exchange Secured Bonds of any Series for a period of 15 days next preceding the mailing of any notice of redemption or to transfer or exchange any Secured Bonds called for redemption.

Section 308. Secured Bonds Mutilated, Destroyed, Stolen or Lost. In any case any Secured Bond shall become mutilated or be destroyed, stolen or lost, the City shall execute, and thereupon the Trustee shall authenticate and deliver a new Secured Bond of like Series, maturity, tenor and principal amount as the Secured Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such

mutilated Secured Bond, or in lieu of and substitution for the Secured Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the City and the Trustee that such Secured Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the City and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the City and the Trustee may prescribe and paying such expenses as the City and Trustee may incur. All Secured Bonds so surrendered to the Trustee shall be canceled by it. Any such new Secured Bonds issued pursuant to this Section in substitution for Secured Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the City, whether or not the Secured Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Secured Bonds issued under this Resolution, in any moneys or securities held by the City or the Fiduciaries for the benefit of the holders of Secured Bonds.

Section 309. Preparation of Definitive Secured Bonds; Temporary Secured Bonds.

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

(b) If the City shall authorize the issuance of temporary Secured Bonds in more than one denomination, the holder of any temporary Secured Bond or Secured Bonds may, at his option, surrender the same to the Trustee in exchange for another temporary Secured Bond or Secured Bonds or like aggregate principal amount, Series, tenor and maturity of any other authorized denomination or denominations, and thereupon the City shall execute and the Trustee shall authenticate and, in exchange for the temporary Secured Bond or Secured Bonds so surrendered and upon payment of the taxes, fees and charges provided for in Section 308, shall deliver a temporary Secured Bond or Secured Bonds of like aggregate principal amount, Series and maturity in such other authorized denomination or denominations as shall be requested by such holder.

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

Section 310. Execution and Authentication.

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

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

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

ARTICLE IV

APPLICATION OF SECURED BOND PROCEEDS

Section 401. Application of Secured Bond Proceeds and City Contributions; Deposits to the Debt Service Reserve Fund.

(a) The proceeds (including accrued interest) of sale of the Secured Bonds of each Series, together with any moneys transferred by the City from amounts held by the City under the Prior Bond Indenture or the Prior Bond Guaranty or other available funds in connection with the issuance of such Secured Bonds, shall be applied simultaneously with the delivery of such Secured Bonds for the purposes of making deposits in the Funds, Accounts and Subaccounts, as shall be provided by the Supplemental Resolution authorizing such Series and all amounts not otherwise deposited shall be deposited in the Project Fund; provided, however, that in the case of Refunding Secured Bonds, all such amounts not otherwise deposited shall be applied to the refunding purposes thereof in the manner provided in such Supplemental Resolution.

(b) From the proceeds of the sale of each Series of Bonds or from such other moneys made available by the City, there shall be deposited in the Common Account of the Debt Service Reserve Fund the amount, if any, necessary to make the amount on deposit in the Common Account of such Fund equal to the Aggregate Debt Service Reserve Fund Requirement after giving effect to the issuance of such Series of Bonds and the defeasance of any Bonds to be refunded from the proceeds of such issue; provided, however, that in the event that the Supplemental Resolution authorizing a Series of Bonds has established a Special Account in the Debt Service Reserve Fund as provided in Section 502(b), then the amount, if any, specified in such Supplemental Resolution shall be deposited in such Special Account and no deposit shall be required to the Common Account.

ARTICLE V

FUNDS AND ACCOUNTS

Section 501. The Pledge Effected by This Resolution.

(a) There are hereby pledged for the payment of the Bonds, in accordance with their terms and the provisions of this Resolution, subject only to the prior pledge created by the Prior Bond Indenture and to the provisions of this Resolution permitting the application thereof for or to the purposes and on the terms and conditions herein and therein set forth: (i) all Revenues and (ii) all moneys or securities in any of the Funds, Accounts and Subaccounts (except the Revenue Fund, the Operating Fund, the Rebate Fund, the Note Payment Fund, the PFC Fund and the Subordinated Debt Service Reserve Fund) together with the investment earnings thereon except to the extent such earnings are required to be deposited in the Rebate Fund pursuant to a Supplemental Resolution. It is the intention of the City that, to the fullest extent permitted by law, this pledge shall be valid and binding from the time when it is made, that the Revenues, moneys, securities and other funds so pledged and then or thereafter received by the City shall immediately be subject to the lien of such pledge and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice thereof.

(b) Subject only to the prior pledge created by the Prior Bond Indenture and to the prior pledge created for the payment of the Bonds in Subsection 501(a), and on the terms and conditions set forth therein respect to such prior pledge, the property described in clauses (i) and (ii) of said Subsection 501(a) (except moneys or securities in the Debt Service Fund and the Debt Service Reserve Fund) and the Subordinated Debt Service Reserve Fund are hereby further pledged to the payment of the Subordinated Bonds.

Section 502. Establishment of Funds and Accounts.

(a) Pursuant to the Prior Bond Indenture, the City has established a Revenue Fund. The City hereby agrees to continue to maintain the Revenue Fund, regardless of any amendment or termination of the Prior Bond Indenture. Prior to the occurrence of an event of default under the Prior Bond Indenture or of any Event of Default hereunder, the Revenue Fund shall be under the exclusive control of the City.

(b) The following Funds and Accounts are hereby established:

- (i) Project Fund;
- (ii) Operating Fund;
- (iii) Debt Service Fund, containing a
 - (A) Principal Account;
 - (B) Interest Account;
 - (C) Redemption Account; and
 - (D) Capitalized Interest Account;
- (iv) Debt Service Reserve Fund containing a Common Account;
- (v) Subordinated Debt Service Fund, containing a

- (A) Principal Account;
- (B) Interest Account;
- (C) Redemption Account; and
- (D) Capitalized Interest Account;
- (vi) Subordinated Debt Service Reserve Fund containing a Common Account;
- (vii) Operation and Maintenance Reserve Fund;
- (viii) Renewal and Replacement Reserve Fund;
- (ix) Insurance Reserve Fund;
- (x) Rebate Fund;
- (xi) General Fund, containing a
 - (A) Coverage Account; and
 - (B) Revenue Credit Account;
- (xii) Note Payment Fund; and
- (xiii) PFC Fund, containing a
 - (A) PFC Revenues Account; and
 - (B) PFC Project Account.
- (xiv) LOI Fund, containing a
 - (A) LOI Revenues Account; and
 - (B) LOI Project Account

(c) Any Supplemental Resolution providing for the issue of a Series of Secured Bonds shall establish separate Subaccounts, which separate Subaccounts shall be designated by reference to the Series or issue with respect to which they are established, in the following Funds and Accounts:

- (i) if any proceeds of such Series are deposited therein, the Project Fund;
- (ii) the Principal Account, Interest Account, Redemption Account and, if any proceeds of such Series are deposited therein, Capitalized Interest Account of the Debt Service Fund or Subordinated Debt Service Fund, as appropriate; and
- (iii) the Common Account of the Debt Service Reserve Fund or Subordinated Debt Service Reserve Fund, as appropriate.

The requirement that separate Subaccounts be established in the Funds and Accounts set forth above is for the purpose of facilitating the issuance of Secured Bonds the interest on which is excluded from gross income of the holder for federal income tax purposes and the City may discontinue the establishment and use of such Subaccounts or may amend the allocation of deposits and withdrawals as between Subaccounts within a particular Fund provided that there is delivered to the Trustee a Bond Counsel's Opinion to the effect that such discontinuance or amendment will not adversely affect such exclusion of interest and provided, further, that after such discontinuance or amendment all Subaccounts of the Debt Service Reserve Fund shall remain available for the payment of all Bonds equally and ratably and, subject to the rights of the holders of the Bonds, all Subaccounts of the Subordinated Debt

Service Reserve Fund shall remain available for the payment of all Secured Bonds equally and ratably.

(d) Any Supplemental Resolution which provides for a Credit Facility to secure the payment of the Principal Installments of and interest on the Secured Bonds authorized thereby or to secure the payment of the Tender Option Price of any Option Bonds authorized thereby, may establish one or more "Special Accounts" in the Debt Service Reserve Fund or the Subordinated Debt Service Reserve Fund.

(e) The City or, at the request of the City, the Trustee shall establish within any Fund held by the City or the Trustee, as applicable, such Accounts as shall be designated in a Supplemental Resolution or in the written instructions of an Authorized Representative of the City and shall in like manner establish within any Fund or Account such Subaccounts as shall be so designated.

(f) Unless otherwise expressly provided in this Resolution, all of the Funds, Accounts and Subaccounts shall be held by the City, except that (1) the Debt Service Fund, the Subordinated Debt Service Fund, the Debt Service Reserve Fund, the Subordinated Debt Service Reserve Fund and the Note Payment Fund shall be held by the Trustee, (2) at the election of the City, any Fund initially held by the City or any Account or Subaccount therein may be transferred to the Trustee or any one or more Depositories on such terms and for so long as the City may determine and (3) the Project Fund shall be held by the Trustee or any one or more Depositories as the City may elect.

Section 503. Project Fund.

(a) There shall be deposited from time to time in the Project Fund (i) the proceeds of insurance, if any, maintained by the City against physical loss of or damage to the Airport Property, or of contractors' performance bonds with respect thereto, pertaining to the period of construction of any Project, and the proceeds of any condemnation, as determined by the City in accordance with Section 708; (ii) the balance remaining of the proceeds of any Bond Anticipation Notes issued to pay the Costs of a Project after payment or provision for payment of such Notes; (iii) any amounts required to be deposited therein pursuant to this Resolution or any Supplemental Resolution; (iv) any moneys transferred from the General Fund pursuant to Section 514 (which moneys shall be held separately from Subaccounts in the Project Fund holding proceeds of the sale of any Secured Bonds or any earnings thereon); and (v) any other amounts received by the City for or in connection with the Airport Property and determined by the City to be deposited in the Project Fund, which are not otherwise required to be applied in accordance with this Resolution.

(b) Except as otherwise provided in Sections 507(e) and 509(e) and in Section 519, amounts in the Project Fund shall be expended only to pay Costs of a Project in the manner provided in this Section 503.

(c) The Depository shall make payments from the Project Fund, except payments and withdrawals pursuant to Sections 507(e), 509(e) and 519, in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this subsection. Before

any such payment shall be made, the City shall file with the Depository its Disbursement Request therefor (in the form set forth in a Supplemental Resolution) signed by an Authorized Representative of the City, stating in respect of each payment to be made at least (A) the name and address of the person, firm or corporation to whom payment is due, which may be the City in the case of reimbursements due to it or amounts to be disbursed subsequently by it, (B) the amount to be paid, and (C) the particular item of Cost to be paid and that the Cost in the stated amount is a proper charge against the Project Fund which has not been previously paid. The Depository shall issue its check for each payment required by such Disbursement Request or shall by interbank transfer or other method arrange to make payment required by such Disbursement Request and promptly provide the City with written evidence thereof.

(i) If the City shall requisition moneys which it shall hold pending later disbursement to a person, firm or corporation other than the City, the City shall deposit such moneys in a separate account and shall keep accurate records and accounts of the investment earnings on such moneys until such later disbursement.

(d) Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor in any of the other Funds and Accounts established under this Resolution, amounts in the Project Fund shall be applied to the payment of Bonds and Subordinated Bonds when due in accordance with Sections 507(e) and 509(e).

(e) At any time from time to time the Depository may transfer amounts on deposit therein between a particular Subaccount within the Project Fund and another Subaccount within the Project Fund upon receipt of a Certificate of an Authorized Representative of the City requesting such transfer.

(f) At any time that the City determines by resolution to undertake any Project to be financed in whole or in part by Secured Bonds not then issued, the City may establish within the Project Fund one or more separate Temporary Project Accounts for such Project. There shall be deposited in any such Temporary Project Account (i) to the extent provided in the resolution of the City authorizing the same, the proceeds of any notes issued in anticipation of a Series of Secured Bonds to finance the Cost of such Project and (ii) any other amounts (not required by the Resolution to be otherwise deposited) as determined by the City. Amounts in a Temporary Project Account shall be applied by the City to the Cost of the Project for which such account was established upon requisition as required in Section 503(c). Upon the delivery of the first Series of Secured Bonds issued in whole or in part to finance the Cost of such Project any balance in a Temporary Project Account applicable to such Project, unless otherwise provided in the Supplemental Resolution authorizing such Series, shall be withdrawn and deposited in the applicable Subaccount of the Project Fund established for such Series.

(g) If the City at any time cannot certify that it reasonably expects the moneys on deposit in any Subaccount of the Project Fund which constitute the proceeds of Tax Exempt Indebtedness to be expended for the Costs of a Project, then the moneys as to which the City cannot so certify shall be transferred to the Redemption Account and held in a Subaccount therein and applied solely to the redemption of Secured Bonds of the Series to which such moneys relate on the first date on which such Secured Bonds may be called without premium (unless the City shall elect to call such Secured Bonds earlier at a premium). Pending

application to such redemption, such moneys shall be not be invested at a yield exceeding the yield on the related Series of Secured Bonds unless the City shall have provided a Bond Counsel's Opinion to the effect that investment of such moneys at a greater yield would not adversely affect the exclusion of interest on any Tax Exempt Indebtedness from gross income of the holder for federal income tax purposes.

Section 504. Deposit of Revenues.

(a) The City shall promptly deposit all Revenues received in the Revenue Fund.

(b) There shall also be deposited into the Revenue Fund all other amounts required by this Resolution to be so deposited.

Section 505. Flow of Funds From the Revenue Fund.

(a) On the last Business Day of each month the City shall, after making any transfers required pursuant to the Prior Bond Indenture, pursuant to the Prior Bond Guaranty or pursuant to Sections 508(b), 510(b), 512(c) and 513(c), from the available amounts on deposit in the Revenue Fund, make the following deposits in the following order:

(i) To the Operating Fund, the amount necessary to make the amount on deposit therein equal to Operation and Maintenance Expenses for the next succeeding month, as shown on the Operating Budget filed with Trustee pursuant to Section 712.

(ii) To the Debt Service Fund:

(A) on a pro rata basis the amount necessary to make up any deficiency in any Subaccount resulting from an increase in the applicable interest rate on any Variable Rate Bonds over the rate which was assumed in calculating the amount required for a prior deposit pursuant to Section 505(a)(ii)(B);

(B) on a pro rata basis to each Subaccount of the Interest Account, after taking into account any moneys transferred or to be transferred from the corresponding Subaccount of the Capitalized Interest Account if one has been established for the applicable Series, the amount necessary to increase the amount on deposit in each such Subaccount so that it equals interest included in Adjusted Debt Service next coming due on Outstanding Bonds of the applicable Series accrued and unpaid and to accrue to and including the last day of the next succeeding month (assuming, in the case of Variable Rate Bonds, no further adjustments in the applicable interest rate);

(C) on a pro rata basis to each Subaccount of the Principal Account the amount necessary to increase the amount on deposit in each such Subaccount so that it equals that portion of the Principal Installment

included in Adjusted Debt Service next coming due on Outstanding Bonds of the applicable Series accrued and unpaid and to accrue (assuming such Principal Installment accrues on the same basis as simple interest on a debt) to and including the last day of the next succeeding month; provided, however, that no deposit shall be required to be made with respect to a Bond prior to twelve months before the next Principal Installment coming due on such Bond; and

(D) on a pro rata basis to each Subaccount of the Redemption Account the amount, if any, necessary to increase the amount on deposit in each such Subaccount so that it equals the Redemption Price of Outstanding Bonds of the applicable Series then called for redemption (other than from Sinking Fund Installments) as of any date on or prior to the last day of the next succeeding month, after taking into account amounts on deposit in the applicable Subaccount within the Principal Account, if any, available to pay such Bonds called for redemption.

The City shall not be required to make any payments into the Debt Service Fund when the aggregate amount of money in the Debt Service Fund and the Debt Service Reserve Fund is at least equal to the amount required to defease the lien of this Resolution granted to secure payment of Bonds pursuant to Section 1201. In determining the amount of any payment to any Account of the Debt Service Fund, the City shall take into account all amounts transferred to such Account on or before the same day pursuant to Section 516(b) and all cash and investments then in such Fund and held for the same purpose and shall, when appropriate, reduce or increase the amount of any payment accordingly.

(iii) To the Debt Service Reserve Fund,

(A) to the Common Account therein one-twelfth (1/12) the amount, if any, necessary to increase the amount on deposit therein, determined as of the first day of the Fiscal Year, to an amount equal to the Aggregate Debt Service Reserve Fund Requirement (provided that no such deposit shall be required in a Fiscal Year following the funding of the Common Account in connection with the issuance of a Series of Bonds pursuant to Section 206(d)); and

(B) to each such Special Account the deposit required by any Supplemental Resolution.

(iv) To the Subordinated Debt Service Fund:

(A) on a pro rata basis the amount necessary to make up any deficiency in any Subaccount resulting from an increase in the applicable interest rate on any Variable Rate Subordinated Bonds over the rate which was assumed in calculating the amount required for a prior deposit pursuant to Section 505(a)(iv)(B);

(B) on a pro rata basis, to each Subaccount of the Interest Account, after taking into account any moneys transferred or to be transferred from the corresponding Subaccount of the Capitalized Interest Account if one has been established for the applicable Series, the amount necessary to increase the amount on deposit in each such Subaccount so that it equals interest included in Adjusted Debt Service next coming due on Outstanding Subordinated Bonds of the applicable Series accrued and unpaid and to accrue to and including the last day of the next succeeding month (assuming, in the case of Subordinated Variable Rate Bonds, no further adjustments in the applicable interest rate);

(C) on a pro rata basis to each Subaccount of the Principal Account the amount necessary to increase the amount on deposit in each such Subaccount so that it equals that portion of the Principal Installment included in Adjusted Debt Service next coming due on Outstanding Subordinated Bonds of the applicable Series accrued and unpaid and to accrue (assuming such Principal Installment accrues on the same basis as simple interest on a debt) to and including the last day of the next succeeding month; provided, however, that no deposits shall be required to be made with respect to a Subordinated Bond prior to twelve months before the next Principal Installment coming due on such Subordinated Bond; and

(D) on a pro rata basis to each Subaccount of the Redemption Account the amount, if any, necessary to increase the amount on deposit in each such Subaccount so that it equals the Redemption Price of Outstanding Subordinated Bonds of the applicable Series then called for redemption (other than from Sinking Fund Installments) as of any date on or prior to the last day of the next succeeding month, after taking into account amounts on deposit in the applicable Subaccount within the Principal Account, if any, available to pay such Subordinated Bonds called for redemption.

The City shall not be required to make any payments into the Subordinated Debt Service Fund when the aggregate amount of money in the Debt Service Fund and the Debt Service Reserve Fund is at least equal to the amount required to defease the lien of this Resolution granted to secure payment of Bonds and when the aggregate amount of money in the Subordinated Debt Service Fund and the Subordinated Debt Service Reserve Fund is at least equal to the amount required to defease the lien of this Resolution granted to secure payment of Subordinated Bonds, all pursuant to Section 1201. In determining the amount of any payment to any Account of the Subordinated Debt Service Fund, the City shall take into account all amounts transferred to such Account on or before the same day pursuant to Section 516(b) and all cash and investments then in such Fund and held for the same purpose and shall, when appropriate, reduce or increase the amount of any payment accordingly.

(v) To the Subordinated Debt Service Reserve Fund:

(A) to the Common Account therein or to each Series Subaccount thereof the amount, if any, necessary to increase the amount on deposit in such Account or Subaccount, as the case may be, to the level required by any Supplemental Resolution; and

(B) to each such Special Account the deposit required by any Supplemental Resolution.

(vi) To the Operation and Maintenance Reserve Fund, the amount necessary to make the amount on deposit therein equal to Operation and Maintenance Expenses for the three consecutive months following the next succeeding month, as shown on the Operating Budget filed with the Trustee pursuant to Section 712.

(vii) To the Renewal and Replacement Reserve Fund, one-twelfth of the difference between the amount on deposit in such Fund on the first day of the current Fiscal Year and the Renewal and Replacement Reserve Requirement for the current Fiscal Year.

(viii) To the Insurance Reserve Fund, one-twelfth of the difference between the amount on deposit in such Fund on the first day of the current Fiscal Year and the Insurance Reserve Fund Requirement for the current Fiscal Year.

(ix) To the Rebate Fund, the amount necessary to make the amount on deposit therein equal to the Rebate Fund Requirement, if any, determined in accordance with the applicable Supplemental Resolution.

(x) Subject to the provisions of Section 505(b), to the General Fund, any moneys remaining after making the deposits set forth above.

(b) On any day on which deposits are to be made pursuant to 505(a), after making the deposits required by Sections 505(a)(i) through (ix), the City may retain all or any portion of the remaining moneys in the Revenue Fund to provide additional moneys for deposits required under Section 505(a) during the next month or thereafter.

Section 506. Operating Fund.

(a) The Operating Fund shall be established as one or more accounts with one or more banks or trust companies, as the City shall determine. Moneys held in the Operating Fund shall be applied by the City to the payment of Operation and Maintenance Expenses in accordance with the Operating Budget.

(b) Moneys in the Revenue Fund shall be deposited into the Operating Fund pursuant to Section 505(a) hereof. From time to time, moneys on deposit in the Operation and Maintenance Reserve Fund may be deposited into the Operating Fund pursuant to Section 511.

Section 507. Debt Service Fund.

(a) The Trustee shall, for each Series of Bonds Outstanding, pay (i) on each Payment Date with respect to a Series of Bonds, (A) from the moneys on deposit in the applicable Subaccount within the Principal Account of the Debt Service Fund the amounts required for the payment of the Principal Installments, if any, due on such Payment Date and (B) from the moneys on deposit in the applicable Subaccount within the Interest Account of the Debt Service Fund, including the moneys credited to the Subaccount, if any, established for such Series in the Capitalized Interest Account in such Fund, the interest due on such Date; (ii) on any redemption date other than for sinking fund redemption, (A) from the applicable Subaccount within the Interest Account of the Debt Service Fund the amounts required for the payment of accrued interest on Bonds to be redeemed on such date unless the payment of such accrued interest shall be otherwise provided and (B) from the applicable Subaccount within the Redemption Account of the Debt Service Fund, the amounts required for the payment of principal of and premium, if any, on Bonds to be redeemed (other than by sinking fund redemption); and (iii) on any date of purchase (A) from the applicable Subaccount within the Principal Account of the Debt Service Fund, the amounts required for the payment of principal of any Bonds to be purchased to the extent sufficient amounts are not available therefor under a Credit Facility in accordance with the applicable Supplemental Resolution, and (B) from the applicable Subaccount within the Interest Account of the Debt Service Fund, any amounts required for the payment of accrued interest on Bonds to be purchased to the extent sufficient amounts are not available therefor under a Credit Facility in accordance with the applicable Supplemental Resolution or unless the payment of such accrued interest shall be otherwise provided.

(b) The amounts accumulated in the applicable Subaccount within the Principal Account of the Debt Service Fund for each Sinking Fund Installment shall, at the direction of an Authorized Representative of the City, be applied (together with amounts in the applicable Subaccount within the Interest Account of the Debt Service Fund with respect to interest on the Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the 45th day preceding the due date of such Sinking Fund Installment as follows:

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

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

provided, however, that the Trustee shall not call for redemption or purchase any Bonds pursuant to this Subsection 507(b) which have already been called for redemption pursuant to the provisions of Article VI.

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

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

(e) If on any Payment Date with respect to a Series of Bonds there shall be insufficient moneys available in the applicable Subaccount within the applicable Account in the Debt Service Fund to provide for payment of the Principal Installments of or interest on any Series of Bonds then due, after drawing any moneys available for such purpose from any applicable Credit Facility or Special Account in the Debt Service Reserve Fund, the City or, as the case may be, the Trustee shall withdraw and apply the necessary moneys to provide for such insufficiency from the following Funds and Accounts in the following order: (i) amounts in the Redemption Account not yet committed to the redemption of Bonds, (ii) the General Fund, (iii) the Subordinated Debt Service Fund, (iv) the Common Account in the Debt Service Reserve Fund, (v) the Insurance Reserve Fund, (vi) the Renewal and Replacement Reserve Fund and (vii) the Project Fund.

Section 508. Debt Service Reserve Fund.

(a) Amounts on deposit in the Common Account in the Debt Service Reserve Fund shall be applied, to the extent other funds are not available therefor pursuant to Section 507 of this Resolution, solely to pay the Principal Installments of and interest on the Bonds when due. Amounts on deposit in each of the Special Accounts in the Debt Service Reserve Fund shall be applied, to the extent other funds are not available therefor pursuant to Section 507 of this Resolution, solely to pay the Principal Installments of and interest on the Bonds of the Series to which such Special Account relates as and when specified in the applicable Supplemental Resolution. Amounts so applied shall be derived first, from cash or investment Securities on deposit therein and, second, from draws or demands on Financial Guaranties held as a part thereof upon the terms and conditions set forth in any such Financial Guaranty or as set forth in the Supplemental Resolution authorizing use of such Financial Guaranty.

(b) If, as of June 30, or, if such day is not a Business Day, on the next preceding Business Day, the amount in the Common Account exceeds the Aggregate Debt Service Reserve Fund Requirement for the Fiscal Year then ending, or the amount in any Special Account exceeds its requirement under the applicable Supplemental Resolution for the Fiscal

Year then ending, after giving effect in the case of each such Account to any Financial Guaranty deposited in such Account, the Trustee shall withdraw from such Account the amount of any excess therein as of the date of such withdrawal and deposit the moneys so withdrawn first into the Interest Account of the Debt Service Fund until the amount on deposit therein is equal to the next deposit required to be made pursuant to Section 505(a) and second to the Principal Account of the Debt Service Fund until the amount on deposit therein is equal to the next deposit required to be made therein pursuant to Section 505(a). Any balance of such excess remaining shall be applied as provided in the previous sentence with respect to deposits required pursuant to Section 505(a) for as many succeeding months as is necessary to fully apply such excess.

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

(d) In lieu of the required deposits and transfers to any Account in the Debt Service Reserve Fund, the City may cause to be deposited in any such Account Financial Guaranties in an amount equal to the difference between the Aggregate Debt Service Reserve Fund Requirement or Special Account requirement, as applicable, and the sums, if any, then on deposit in such Account or being deposited in such Account concurrently with such Financial Guaranties. The Financial Guaranties shall be payable (upon the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the applicable Account in the Debt Service Reserve Fund and applied to the payment of a Principal Installments of or interest on any Bonds and such withdrawal cannot be met by moneys on deposit in the applicable Account. If a disbursement is made pursuant to Financial Guaranties, the City shall be obligated either (i) to reinstate the maximum limits of such Financial Guaranties or (ii) to deposit into the applicable Account, funds in the amount of the disbursement made under such Financial Guaranties, or a combination of such alternatives, as shall provide that the amount in such Account equals the applicable Requirement.

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

Section 509. Subordinated Debt Service Fund.

(a) The Trustee shall, for each Series of Subordinated Bonds Outstanding, pay (i) on each Payment Date with respect to a Series of Subordinated Bonds, (A) from the moneys on deposit in the applicable Subaccount within the Principal Account of the Subordinated Debt Service Fund the amounts required for the payment of the Principal Installments, if any, due on such Payment Date and (B) from the moneys on deposit in the applicable Subaccount within the

Interest Account of the Subordinated Debt Service Fund, including the moneys credited to the Subaccount, if any, established for such Series in the Capitalized Interest Account in such Fund, the interest due on such Date; (ii) on any redemption date other than for sinking fund redemption, (A) from the applicable Subaccount within the Interest Account of the Subordinated Debt Service Fund the amounts required for the payment of accrued interest on Subordinated Bonds to be redeemed on such date unless the payment of such accrued interest shall be otherwise provided and (B) from the applicable Subaccount within the Redemption Account of the Subordinated Debt Service Fund, the amounts required for the payment of principal of and premium, if any, on Subordinated Bonds to be redeemed; and (iii) on any date of purchase (A) from the applicable Subaccount within the Principal Account of the Subordinated Debt Service Fund, the amounts required for the payment of principal of any Subordinated Bonds to be purchased to the extent sufficient amounts are not available therefor under a Credit Facility in accordance with the applicable Supplemental Resolution; and (B) from the applicable Subaccount within the Interest Account of the Subordinated Debt Service Fund, any amounts required for the payment of accrued interest on Subordinated Bonds to be purchased to the extent sufficient amounts are not available therefor under a Credit Facility in accordance with the applicable Supplemental Resolution or unless the payment of such accrued interest shall be otherwise provided. The Trustee shall also apply moneys in the Subordinated Debt Service Fund as set forth in Section 507(e) hereof. Moneys in the Subordinated Debt Service Fund shall also be transferred to the Note Payment Fund and applied to the payment of interest on notes issued pursuant to Section 208 to the extent provided in any Supplemental Resolution authorizing such notes.

(b) The amounts accumulated in the applicable Subaccount within the Principal Account of the Subordinated Debt Service Fund for each Sinking Fund Installment may, and if so directed by an Authorized Representative of the City shall, be applied (together with amounts in the applicable Subaccount within the Interest Account of the Subordinated Debt Service Fund with respect to interest on the Subordinated Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the 45th day preceding the due date of such Sinking Fund Installment as follows:

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

(2) to the redemption of such Subordinated Bonds pursuant to Article VI, if then redeemable by their terms, at or below the Redemption Price referred to in clause (1) above; provided, however, that the Trustee shall not call for redemption or purchase any Subordinated Bonds pursuant to this Subsection 509(6) which have already been called for redemption pursuant to the provisions of Article VI.

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

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

(e) If on any Payment Date with respect to a Series of Subordinated Bonds there shall be insufficient moneys available in the applicable Subaccount within the applicable Account in the Subordinated Debt Service Fund to provide for payment of the Principal Installments of or interest on any Series of Subordinated Bonds then due, after drawing any moneys available for such purpose from any applicable Credit Facility or Special Account in the Subordinated Debt Service Reserve Fund, subject to any transfers to be made on such date pursuant to Section 507(c); the City or, as the case may be, the Trustee shall withdraw and apply the necessary moneys to provide for such insufficiency from the following Funds and Accounts in the following order: (i) amounts in the Redemption Account of the Subordinated Debt Service Fund not yet committed to the redemption of Bonds, (ii) the General Fund (excluding the Coverage Account and Revenue Credit Account) and (iii) the Common Account in the Subordinated Debt Service Reserve Fund.

Section 510. Subordinated Debt Service Reserve Fund.

(a) Amounts on deposit in the Common Account in the Subordinated Debt Service Reserve Fund shall be applied on a pro rata basis, based on the Subordinated Debt Service Reserve Fund Requirement, to the extent other funds are not available therefor pursuant to Section 509 of this Resolution, solely to pay the Principal Installments of and interest on the Subordinated Bonds when due. Amounts on deposit in each of the Special Accounts in the Subordinated Debt Service Reserve Fund shall be applied, to the extent other funds are not available therefor pursuant to Section 509 of this Resolution, solely to pay the Principal Installments of and interest on the Subordinated Bonds of the Series to which such Special Account relates as and when specified in the applicable Supplemental Resolution. Amounts so applied shall be derived first, from cash or Investment Securities on deposit therein and, second, from draws or demands on Financial Guaranties held as a part thereof upon the terms and conditions set forth in any such Financial Guaranty or as set forth in the Supplemental Resolution authorizing use of such Financial Guaranty.

(b) If, as of June 30, or, if such day is not a Business Day, on the next preceding Business Day, the amount in the Common Account exceeds the Subordinated Debt Service Reserve Fund Requirement for the Fiscal Year then ending, or the amount in any Special Account exceeds its requirement for the Fiscal Year then ending under the applicable Supplemental Resolution, after giving effect in the case of each such Account to any financial Guaranty deposited in such Account, the Trustee shall withdraw from such Account the amount of any excess therein as of the date of such withdrawal and deposit the moneys so withdrawn first into the Interest Account of the Subordinated Debt Service Fund until the amount on deposit therein is equal to the next deposit required to be made therein pursuant to Section 505(a) and second to the Principal Account of the Subordinated Debt Service Fund until the amount on deposit therein is equal to the next deposit required to be made therein pursuant to Section 505(a). Any balance of such excess remaining shall be applied as provided in the previous sentence with respect to deposits required pursuant to Section 505(a) for as many succeeding months as is necessary to fully apply such excess.

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

(d) In lieu of the required deposits and transfers to any Account in the Subordinated Debt Service Reserve Fund, the City may cause to be deposited in any such Account Financial Guaranties in an amount equal to the difference between the Subordinated Debt Service Reserve Fund Requirement or Special Account requirement, as applicable, and the sums, if any, then on deposit in such Account or being deposited in such Account concurrently with such Financial Guaranties. The Financial Guaranties shall be payable (upon the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the applicable Account in the Subordinated Debt Service Reserve Fund and applied to the payment of a Principal Installments of or interest on any Subordinated Bonds and such withdrawal cannot be met by moneys on deposit in the applicable Account. If a disbursement is made pursuant to Financial Guaranties, the City shall be obligated either (i) to reinstate the maximum limits of such Financial Guaranties or (ii) to deposit into the applicable Account, funds in the amount of the disbursement made under such Financial Guaranties, or a combination of such alternatives, as shall provide that the amount in such Account equals the applicable Requirement.

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

Section 511. Operation and Maintenance Reserve Fund.

(a) Moneys in the Operation and Maintenance Reserve Fund shall be transferred to the Operating Fund to be applied to the payment of Operation and Maintenance Expenses upon delivery to the Trustee of a Certificate of an Authorized Representative of the Authority to the effect that moneys on deposit in the Operating Fund are insufficient therefor.

(b) If on any day on which a transfer pursuant to Section 505(b) is required, Revenues are insufficient to make the deposits to the Operation and Maintenance Reserve Fund required by such Section, or if on any date the Authority delivers a Certificate to the Trustee to the effect that moneys in the Operating Fund and the Operation and Maintenance Reserve Fund are insufficient to meet Operation and Maintenance Expenses then due and payable then, subject to any transfers to be made on such date pursuant to Sections 507(e) and 509(e), the Trustee shall withdraw and apply the necessary moneys to provide for such insufficiency from the following Funds and Accounts in the following order: (i) the General Fund; (ii) the Insurance Reserve Fund; and (iii) the Renewal and Replacement Reserve Fund.

(c) If on any June 30, or if such day is not a Business Day, on the next preceding Business Day, the amount on deposit in the Operation and Maintenance Reserve Fund is in excess of the Operation and Maintenance Expenses for the next succeeding August, September and October, as shown on the Operating Budget filed with the Trustee pursuant to Section 712, such excess shall be transferred to the Revenue Fund.

Section 512. Renewal and Replacement Reserve Fund.

(a) Moneys in the Renewal and Replacement Reserve Fund shall be applied as hereinafter provided to the Cost of any Capital Improvement which is not provided for by moneys available in the Project Fund, the General Fund or the Operating Fund, including without limitation the costs of unanticipated or emergency repairs or replacements of any part of the Airport Property which are properly chargeable to plant or property accounts under generally accepted accounting principles. The City shall withdraw from such Fund and deposit in one or more special separate Subaccounts established for such purpose in the Project Fund or, if the City has by resolution determined to subsequently finance such Capital Improvement by the issuance of Secured Bonds in a Subaccount relating to such Secured Bonds, any amount requested by the City but only upon receipt of a certificate of an Authorized Representative (i) specifying the Capital Improvement to which such amount will be applied, its estimated Cost and estimated completion date and (ii) certifying (a) that such Capital Improvement is reasonably required for the continued operation of the Airport Property or the maintenance of Revenues, (b) that all or a portion of the Cost of such Capital Improvement was not included in the Cost of Capital Improvements to be financed in whole or in part from the Operating Fund and (c) that only the Cost of such Capital Improvement that is in excess of the amounts available therefor in such Fund, is being or has previously been requisitioned from the Renewal and Replacement Reserve Fund. Upon completion of such Capital Improvement, any amount so deposited and not necessary to pay the Cost of such Capital Improvement shall be redeposited in the Renewal and Replacement Reserve Fund. The City shall also apply moneys in the Renewal and Replacement Reserve Fund as set forth in Section 507(e) hereof.

(b) If on any day on which a transfer pursuant to Section 505(a) is required Revenues are insufficient to make the deposits to the Renewal and Replacement Reserve Fund required by such Section, or if on any date the City delivers a Certificate to the Trustee to the effect that moneys in the Renewal and Replacement Reserve Fund are insufficient to meet the Costs of a Capital Improvement to be funded pursuant to Section 512(a) then due and payable then, subject to any transfers to be made on such date pursuant to Sections 507(e) and 509(e), the City shall withdraw and apply the necessary moneys to provide for such insufficiency from the General Fund.

(c) If on any June 30, or, if such day is not a Business Day, on the next preceding Business Day, the amount on deposit in the Renewal and Replacement Fund is in excess of the Renewal and Replacement Reserve Fund Requirement for the Fiscal Year then ending, such excess shall be transferred to the Revenue Fund or shall be retained in the Renewal and Replacement Reserve Fund upon the delivery of a Certificate of an Authorized Representative of the City to the effect that such amounts being retained are necessary to meet the Costs of Capital Improvements properly payable from such Fund in accordance with Section 512(a).

Section 513. Insurance Reserve Fund.

(a) Moneys in the Insurance Reserve Fund may be applied by the City only to the purpose and in the manner provided for the proceeds of insurance set forth in Section 708. The City shall also apply moneys in the Insurance Reserve Fund as set forth in Section 507(e) hereof.

(b) If on any day on which a transfer pursuant to Section 505(a) is required Revenues are insufficient to make the deposits to the Insurance Reserve Fund required by such Section, or if on any date the City delivers a Certificate to the Trustee to the effect that moneys in the Insurance Reserve Fund are insufficient to meet claims properly payable from such Fund then due and payable then, subject to any transfers to be made on such date pursuant to Sections 507(e) and 509(e), the Trustee shall withdraw and apply the necessary moneys to provide for such insufficiency from the General Fund.

(c) If on any June 30, or, if such day is not a Business Day, on the next preceding Business Day, the amount on deposit in the Insurance Reserve Fund is in excess of the Insurance Reserve Fund Requirement for the Fiscal Year then ending determined in accordance with Section 513(d), such excess shall be transferred to the Revenue Fund.

(d) The City shall review the sufficiency of the Insurance Reserve Fund Requirement annually and no later than 120 days after the end of each Fiscal Year shall deliver to the Trustee a Certificate of an Authorized Representative setting forth the Insurance Reserve Fund Requirement for the next ensuing Fiscal Year. Notwithstanding the foregoing provision, the initial Insurance Reserve Fund Requirement shall be as set forth in the Supplemental Resolution authorizing the first series of Secured Bonds issued hereunder.

(i) Each third Fiscal Year following the delivery of the initial Series of Bonds issued hereunder, the City shall cause the Independent Engineer or an insurance consultant to

review the adequacy of the Insurance Reserve Fund and the Insurance Reserve Fund Requirement and the policies of insurance then maintained by the City, and to deliver a report thereon to the City and the Trustee.

Section 514. General Fund.

(a) Moneys shall be deposited in the Coverage Account of the General Fund to the extent that the City is obligated, pursuant to contractual arrangements with users of the Airport Property or otherwise, to fund such Account and to such additional extent as the Governing Body from time to time shall determine. Subject to the requirements of any such contractual arrangements, the City may withdraw moneys from the Coverage Account from time to time. Such moneys also shall be subject to application as provided in Section 514(d).

(b) Moneys shall be deposited in the Revenue Credit Account of the General Fund to the extent that the City is obligated, pursuant to contractual arrangements with users of the Airport Property or otherwise, to apply such moneys against the obligation of such users to make future payments of the Rates and Charges to the City. Not later than the 181st day of each Fiscal Year in which such credits are to be afforded to users of the Airport Property, the portion of the moneys in the Revenue Credit Account corresponding to such credits will be transferred to the Revenue Account.

(c) Moneys in the General Fund may be disbursed for any lawful purpose relating to the Airport Property, including without limitation, by way of transfer to any Fund or Account established pursuant to this Resolution or any Supplemental Resolution. In the event that moneys in the General Fund are transferred to the Redemption Account and applied to the redemption of Secured Bonds, pending application to redemption of Secured Bonds which constitute Tax Exempt Indebtedness such moneys shall be invested at a yield not exceeding the yield on the Secured Bonds to be redeemed unless the City shall deliver a Bond Counsel's Opinion to the effect that investment of such moneys at a higher yield is permitted without adversely affecting the exclusion of interest on the Secured Bonds from gross income for federal income tax purposes. Moneys in the General Fund shall also be transferred to the Note Payment Fund and applied to the payment of principal of and interest on notes issued pursuant to Section 208 to the extent provided in any Supplemental Resolution authorizing such notes.

(d) The City shall also apply moneys in the General Fund as set forth in Sections 507(e), 509(e), 512(b) and 513(b) hereof.

(e) The City may deposit to the credit of the General Fund any sum received by the City with respect to the Airport Property from any source for any purpose for which the moneys held for the credit of the General Fund may be disbursed.

(f) If then permitted by law, moneys held for the credit of the General Fund (or any portion thereof) may be pledged by the City to the payment of the principal of and interest on any notes or other obligations issued by the City for any purpose for which the moneys held to the credit of the General Fund may be disbursed.

Section 515. Note Payment Fund.

(a) The City shall deposit into a separate account of the Note Payment Fund the proceeds of any Secured Bonds issued to provide for the payment of Bond Anticipation Notes of the City as directed by the Supplemental Resolution for such Secured Bonds and shall deposit amounts transferred pursuant to Sections 509(a), 514(c) and 516(b).

(b) Moneys on deposit in a subaccount of the Note Payment Fund shall be applied to the payment of the Bond Anticipation Notes with respect to which such subaccount was established upon receipt by the Trustee of a Certificate of the City stating:

(i) the subaccount of the Note Payment Fund from which such payment is to be made;

(ii) the name of the paying agent of the Bond Anticipation Notes with respect to which the payment is to be made; and

(iii) the amount to be paid and the Project or Projects with respect to which such payment relates.

(c) Any moneys remaining in a subaccount of the Note Payment Fund after payment of the Bond Anticipation Notes with respect to which such account was established shall be transferred to and deposited in a separate subaccount established within the Project Fund.

Section 516. PFC Fund.

(a) The City shall deposit into the PFC Revenues Account of the PFC Fund, promptly upon their receipt by the City, all PFC Revenues, including without limitation all investment earnings on the PFC Revenues Account and all other Accounts established within the PFC Fund.

(b) On the last Business Day of each month the City shall transfer from the PFC Revenues Account the following amounts:

(i) To the Debt Service Fund, such portion of the amount required to be deposited therein pursuant to Section 505(a)(ii) as the City shall elect, provided that the amount so transferred shall not exceed the amount permitted by applicable law and provided further that the amount so transferred shall not be less than the amount, if any, provided in the current Operating Budget of the City.

(ii) To the Subordinated Debt Service Fund, such portion of the amount required to be deposited therein pursuant to Section 505(a)(iv) as the City shall elect, provided that the amount so transferred shall not exceed the amount permitted by applicable law and provided further that the amount so transferred shall not be

less than the amount, if any, provided in the current Operating Budget of the City.

- (iii) To the extent provided in any Supplemental Resolution authorizing notes issued pursuant to Section 208, to the Note Payment Fund to pay interest on such notes which are PFC-approved Secured Bonds.

Any PFC Revenues not so transferred may be transferred, at the election of the City, to the PFC Project Account or to such other Account within the PFC Fund as the City may determine in conformity with federal statutes and regulations governing the use of the PFC Revenues.

(c) Funds on deposit in the PFC Project Account shall be applied by the City to the costs of Projects authorized to be financed from PFC Revenues.

(d) In addition, funds on deposit in the PFC Project Account and any additional Accounts established within the PFC Fund may be transferred or applied as the City shall determine in conformity with applicable law.

Section 516A. LOI Fund.

(a) The City shall deposit into the LOI Revenues Account of the LOI Fund, promptly upon their receipt by the City, all LOI Revenues, including without limitation all investment earnings on the LOI Revenues Account and all other Accounts established within the LOI Fund.

(b) On the last Business Day of each month the City shall transfer from the LOI Revenues Account the following amounts:

- (i) To the Debt Service Fund, such portion of the amount required to be deposited therein pursuant to Section 505(a)(ii) as the City shall elect, provided that the amount so transferred shall not exceed the amount permitted by applicable law and provided further that the amount so transferred shall not be less than the amount, if any, provided in the current Operating Budget of the City.
- (ii) To the Subordinated Debt Service Fund, such portion of the amount required to be deposited therein pursuant to Section 505(a)(iv) as the City shall elect, provided that the amount so transferred shall not exceed the amount permitted by applicable law and provided further that the amount so transferred shall not be less than the amount, if any, provided in the current Operating Budget of the City.
- (iii) To the extent provided in any Supplemental Resolution authorizing notes issued pursuant to Section 208, to the Note Payment Fund to pay interest on such notes which are LOI approved Secured Bonds.

Any LOI Revenues not so transferred may be transferred, at the election of the City, to the LOI Project Account or to such other Account within the LOI Fund as the City may determine in conformity with federal statutes and regulations governing the use of the LOI Revenues.

(c) Funds on deposit in the LOI Project Account shall be applied by the City to the costs of Projects authorized to be financed from LOI Revenues.

(d) In addition, funds on deposit in the LOI Project Account and any additional Accounts established within the LOI Fund may be transferred or applied as the City shall determine in conformity with applicable law.

Section 517. Depositaries.

(a) All moneys or securities held by the City or the Trustee under the provisions of this Resolution shall constitute trust funds. The City may, and the Trustee may (and shall, if directed in writing by an Authorized Representative of the City), deposit such moneys or securities with one or more Depositaries in trust for the City or the Trustee, as the case may be. All moneys or securities deposited under the provisions of this Resolution with the Trustee or any Depositary shall be held in trust and applied only in accordance with the provisions of this Resolution, and each of such Funds established by this Resolution shall be a trust fund for the purposes thereof. The City and the Trustee shall instruct each Depositary that any moneys or securities credited to a Fund or an Account hereunder which are deposited with such Depositary shall be identified to be part of such Fund or Account and subject to the pledge, in favor of the Trustee created, under this Resolution. Prior to the first deposit of any moneys or securities with each Depositary, the City and the Trustee shall obtain from such Depositary its agreement to serve as agent of the City or the Trustee in holding such moneys or securities in trust in favor of the City or the Trustee and the contract or other written instrument between the City or the Trustee and such Depositary governing the establishment and operation of such account shall provide the moneys or securities from time to time deposited with such Depositary shall be held by such Depositary as such agent in trust in favor of the City or the Trustee; provided that, except as otherwise expressly provided herein, the City shall be permitted at any time to make withdrawals from and write checks or other drafts against any account held by the City and established with such Depositary and apply the same for the purposes specified in this Resolution and, subject to Section 519 hereof, the City shall be permitted to invest amounts in any such account in Investment Securities.

(b) Each Depositary holding moneys or securities in trust for the City or the Trustee shall be a bank or trust company organized under the laws of a state of the United States of America or a national banking association organized under the laws of the United States of America, having capital stock, surplus and undivided earnings aggregating at least \$100,000,000 (or such greater amount as set forth in a Supplemental Resolution) and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of this Resolution.

(c) Moneys and securities credited to any Fund or Account may be commingled with moneys and securities credited to other Funds or Accounts for the purposes of

establishing checking or other bank accounts for purposes of investing funds or otherwise; provided, however, the Trustee and the City shall at all times maintain or cause to be maintained accurate books and records reflecting the amounts credited to the respective Funds and Accounts held by each of them. All withdrawals from any commingled moneys or securities shall be charged against the proper Fund or Account and no moneys shall be withdrawn from commingled moneys if there is not on credit to the Fund or Account to be charged sufficient funds to cover such withdrawal.

Section 518. Deposits.

(a) All Revenues and other moneys held by any Depositary under this Resolution may be placed in a demand or time deposit, if and as directed by the City, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. All such moneys deposited with a Fiduciary, acting as a Depositary, may be made in the commercial banking, department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the City and acceptable to such Fiduciary, on time deposit, provided that such moneys on deposit be available for use at the time when needed.

(b) All moneys deposited with the City, the Trustee and each Depositary shall be credited to the particular Fund or Account to which such moneys belong.

Section 519. Investment of Certain Funds.

(a) Moneys held in the Debt Service Fund, the Subordinated Debt Service Fund and the Note Payment Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities of the type described in clause (a), (b), (c), (d), (f), (h), (i) or (j) of the definition of Investment Securities in Section 101, which mature not later than at such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Subject to Section 509(d) and 510(d) hereof, moneys held in the Debt Service Reserve Fund and the Subordinated Debt Service Reserve Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities of the type described in clause (a), (b), (c), (d), (f), (h) or (i) of the definition of Investment Securities which mature not later than at such times as shall be necessary to provide moneys when needed for payment to be made from such Fund, but in no event later than 15 years from the date of such investment. Moneys held in any other Fund or Account established under this Resolution may be invested and reinvested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. The Trustee shall make all such investments of moneys held by it in accordance with written instructions from any Authorized Representative of the City, which may for this purpose include one or more investment advisors designated in writing by such Representative from time to time. In making any investment in any Investment Securities with moneys in any Fund or Account established under this Resolution, the City may, and may instruct the Trustee to, combine such moneys with moneys in any other Fund or Account, but solely for purposes of making such investment in such Investment Securities.

(b) Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in the Funds and Accounts, other than the Project Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Subordinated Debt Service Fund, the Subordinated Debt Service Reserve Fund, the Note Payment Fund and the PFC Fund, shall be paid into the Revenue Fund on the last Business Day of each month. Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings on any moneys of investments in the Debt Service Fund, the Subordinated Debt Service Fund, the Note Payment Fund and the PFC Fund shall be retained in the Fund in which such earnings accrued. Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in the Project Fund shall be paid, on the last Business Day of each month, to the related Subaccounts of the Debt Service Fund (or the Subordinated Debt Service Fund if so specified in the applicable Supplemental Resolution) first to the Interest Account and second to the Principal Account; provided, however, that the City may from time to time direct that all or a portion of such earnings may be retained in the Project Fund for any period of time. Earnings retained in the Project Fund will not be included in the calculation of Revenues Available for Bond Debt Service. Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in the Debt Service Reserve Fund shall be paid on the last Business Day of each month, on a pro rata basis based on the required deposits to each Series Subaccount therein pursuant to Section 505(a), first to the Interest Account of the Debt Service Fund and second to the Principal Account of the Debt Service Fund; provided however, that the City may direct that investment earnings on any moneys or investments in the Debt Service Reserve Fund may be deposited for such period of time as the City may determine in the Revenue Fund or the Project Fund if the City shall obtain a Bond Counsel's Opinion to the effect that such application of earnings shall not adversely affect the exclusion of interest on any Tax Exempt Indebtedness from gross income of the holder for federal income tax purposes. Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and any other investment earnings on the Subordinated Debt Service Reserve Fund shall be paid on the last Business Day of each month, on a pro rata basis based on the required deposits to each Series Subaccount therein pursuant to Section 505(a), first to the Interest Account of the Subordinated Debt Service Fund and second to the Principal Account of the Subordinated Debt Service Fund; provided, however, that the City may direct that, investment earnings on any moneys or investments in the Subordinated Debt Service Fund may be deposited for such period of time as the City may determine in the Revenue Fund or the Project Fund if the City shall obtain a Bond Counsel's Opinion to the effect that such application of earnings shall not adversely affect the exclusion of interest on any Tax Exempt Indebtedness from gross income of the holder for federal income tax purposes.

(c) Notwithstanding the foregoing provisions of this Section 519, the City may direct that investment earnings reasonably expected to be subject to the requirements of section 148(f) of the Code or the Treasury Regulations applicable thereto may be deposited directly to the Rebate Fund to the extent desirable to comply with the requirements of section 148(f) of the Code or the Treasury Regulations applicable thereto.

(d) All Investment Securities acquired with moneys in any Fund or Account held by the Trustee or a Depositary shall be held by the Trustee in pledge or by a Depositary as agent in pledge in favor of the Trustee in accordance with Section 518 hereof.

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

Section 520. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any Fund created under the provisions of this Resolution shall be deemed at all times to be part of such Fund and any profit realized from the liquidation of such investment shall be credited to such Fund and any loss resulting from the liquidation of such investment shall be charged to such Fund.

In computing the amount in any Fund created under the provisions of this Resolution for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at the amortized cost of such obligations or the market value thereof, whichever is lower. As used herein the term “amortized cost”, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (i) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (ii) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. Any deficiency resulting from a decrease in the valuation of investments held in the Debt Service Reserve Fund may be disregarded for purposes of calculating deposits required pursuant to Section 505 (but not for purposes of deposits required pursuant to Section 401(b)) provided that the amount on deposit in the Debt Service Reserve Fund is at least 95% of the Aggregate Debt Service Reserve Fund Requirement. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until interest on such obligation is paid. Such computation shall be made annually on June 30 for all Funds and at such other times as the City shall determine or as may be required by this Resolution.

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

Section 521. Rebate Fund. Upon the issuance, sale and delivery of any Series of Indebtedness subject to the Rebate Fund Requirement, the Trustee shall establish a separate account within the Rebate Fund for such Series. Funds on deposit in the Rebate Fund shall be applied as set forth in the applicable Supplemental Resolution. Unless otherwise specified in the applicable Supplemental Resolution, interest or other income derived from the investment or deposit of moneys in the Rebate Fund shall be transferred to the Revenue Fund.

Section 522. Holding of Special Deposits. Except as otherwise provided in any Supplemental Resolution, (i) any Grant Receipts held by or for the account of the City in connection with the Airport Property which are required to be applied under the terms of the applicable Grant Agreement directly to the payment of Costs of acquisition, construction or alteration of a Project which is the subject of such Grant Agreement, (ii) any Grant Receipts or other moneys which have been pledged to the payment of any Special Indebtedness issued pursuant to Section 709(b)(i) or (iii) or Section 709(c) hereof (including, without limitation, proceeds of any such Indebtedness) and (iii) any moneys which are subject to refund by the City or held for the account of others including, without limitation, any amounts which, under any agreement by the City providing for adequate separation of such amounts from Revenues, are collected by the City on behalf of others for services rendered or commodities provided to users or customers of the Airport Property, any amounts deducted by the City from wage and salary payments to the employees of the City, any amounts contributed by the City to any pension or retirement fund or system which amounts are held in trust for the benefit of the employees of the City and any amounts held as deposits, together with any investments of such Grant Receipts or other moneys and interest and profits thereon to the extent such interest and profits are also pledged, segregated or held for the account of others or subject to refund to others, may be held by the City in such manner and in such depositories or accounts, outside of the various Funds and Accounts established by this Resolution, as the City may otherwise by resolution provide. At the election of the City such Grant Receipts and other moneys may be deposited in separate accounts maintained by the City with the Trustee or any other Depositary.

ARTICLE VI

REDEMPTION OF SECURED BONDS

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

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

Section 602. Redemption at the Election of the City. In the case of any redemption of Secured Bonds otherwise than as provided in Section 603, the City shall give written notice to the Trustee of the election so to redeem, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the City in its sole discretion, subject to any limitations with respect thereto contained in any Supplemental Resolution authorizing a Series of Bonds). Such notice shall be given at least forty-five days prior to the redemption date.

Section 603. Redemption Otherwise Than at City Election. Whenever by the terms of this Resolution or a Supplemental Resolution Secured Bonds are required to be redeemed otherwise than at the election of the City, the City may subject to the provisions of any related Supplemental Resolution select the Series of Secured Bonds, the principal amounts of the Secured Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the City in its sole discretion, subject to any limitations with respect thereto contained in this Resolution or a Supplemental Resolution) and in the event the City does not notify the Trustee of such Series, maturities and principal amounts to be redeemed on or before the 45th day preceding the redemption date, the Trustee shall select the Secured Bonds to be redeemed, give the notice of redemption and apply the moneys available therefor to redeem on the redemption date at the Redemption Price therefor, together with accrued interest to the redemption date, all of the Secured Bonds to be redeemed.

Section 604. Selection of Secured Bonds to be Redeemed. In the event of redemption of less than all the Outstanding Secured Bonds of like Series and maturity, the Trustee shall select by lot, or in such other manner in its discretion as it shall deem appropriate and fair, the numbers of the Secured Bonds to be redeemed. For the purposes of this Section, Secured Bonds which have theretofore been selected for redemption shall not be deemed Outstanding.

Section 605. Notice of Redemption. Notice of the call for any redemption of Secured Bonds prior to maturity shall be given as provided in the Supplemental Resolution authorizing such Series of Secured Bonds.

Section 606. Payment of Redeemed Secured Bonds. Notice having been given in the manner provided in Section 605, the Secured Bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice such Secured Bonds shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. The Trustee shall transfer to the Redemption Account and the Interest Account the moneys or investments made available by the City for the payment of the Redemption Price and accrued interest, respectively, of Secured Bonds called for redemption other than by mandatory sinking fund installments. If, on the redemption date, moneys for the redemption of all the Secured Bonds of any like Series and maturity to be redeemed together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid then, from and after the redemption date, interest on the Secured Bonds of such Series and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Secured Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne, and shall be entitled to the same rights and privileges that they would have had, had they not been called for redemption.

ARTICLE VII

PARTICULAR COVENANTS

The City covenants and agrees with the Trustee and the holders of Secured Indebtedness as follows:

Section 701. Payment of Secured Indebtedness. The City shall duly and punctually pay or cause to be paid (but solely from the sources herein provided) all payments due on Secured Indebtedness, including, without limitation, the Principal Installment or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner stated in the certificates evidencing such Secured Indebtedness.

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

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

Section 704. Power to Issue Secured Indebtedness and Pledge Revenues. The City is duly authorized under all applicable laws to authorize and issue Secured Indebtedness, including, without limitation, the Bonds, and to adopt this Resolution and to pledge the Revenues and assets purported to be pledged and assigned hereby in the manner and to the extent herein provided. The Revenues and assets so pledged and assigned are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with expect thereto prior to, or of equal rank with, the pledge created hereby (except for the lien of the Prior Bond Indenture securing the Prior Bonds and the Prior Bond Guaranty), and all corporate or other action on the part of the City to that end has been and will be duly and validly taken. The City shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other assets, including rights pledged and assigned under this Resolution and all the rights of the Bondholders under this Resolution against all claims and demands of all persons whomsoever.

Section 705. Covenant as to Rates and Charges; Debt Service Coverage Ratio.

(a) The City shall for each Fiscal Year fix and adjust Rates and Charges with respect to its Airport Property, which Rates and Charges shall be adopted by the Governing Body and which adoption shall be conclusive and final and not subject to supervision or regulation by

any office, department, division, commission, board, bureau of agency of the State or any of its political subdivisions: The City covenants that in each Fiscal Year (1) Revenues Available for Bond Debt Service shall equal or exceed the sum of Required Debt Service Fund Deposits plus deposits required to be made under Sections 505(a)(iii) through (ix) (excluding deposits to the Subordinated Debt Service Fund made from Capitalized Interest, interest or other earnings on the Project Fund, amounts paid from other funds of the City that are not Revenues and are not transferred from other Funds or Accounts established hereunder or amounts transferred from the LOI Revenues Account and the PFC Revenues Account), and (2) the sum of Revenues Available for Bond Debt Service plus the Coverage Amount for such Fiscal Year shall equal or exceed 125% of Required Debt Service Fund Deposits.

(b) Without limiting the provisions of Section 705(a), the City shall fix and adjust Rates and Charges, which Rates and Charges shall be adopted by the Governing Body, and which adoption shall be conclusive and final and not subject to supervision or regulation by any office, department, division, commission, board, bureau or agency of the State or any of its political subdivisions, so as to provide funds in each Fiscal Year which are sufficient, together with the amounts referred to in Section 705(a), to provide Revenues Available for Subordinated Debt Service in each Fiscal Year at least equal to the Subordinated Bond Coverage Requirement, if any.

(c) If in any Fiscal Year Revenues shall not satisfy the requirements of Section 705(a) or 705(b), then the City shall not be deemed to be in default hereunder so long as it shall have complied or is diligently proceeding to comply with the requirements of Sections 705(d) and 705(e); provided, however, that if the City shall not satisfy the requirements of Section 705(a) or 705(b) for the first full Fiscal Year following its failure to satisfy such requirements, then notwithstanding the foregoing such failure shall constitute a default hereunder.

(d) On or before the last day of each Fiscal Year the City shall review the adequacy of its rates, fees, rentals and other charges with respect to the Airport Property to satisfy the requirements of this Section 705 for the next succeeding Fiscal Year. If such review, or any report of an Airport Consultant provided in connection with such review or in accordance with any Section hereof, indicates that the rates, fees, rentals and other charges with respect to the Airport Property are, or are likely to be, insufficient to meet the requirements of this Section 705 for the next succeeding Fiscal Year, or if it otherwise appears at any time during such Fiscal Year that rates, fees, rentals and other charges with respect to the Airport Property are or are likely to be insufficient to meet such requirements, the City shall promptly take such steps as are permitted by law and as are necessary to cure or avoid the deficiency.

(e) Within 180 days of the close of each Fiscal Year while Bonds are Outstanding, the City shall deliver to the Trustee a Certificate of an Authorized Representative stating, if such was the case, that the City satisfied the requirements of Sections 705(a) and 705(b) in such Fiscal Year or, if such was not the case, specifying in reasonable detail the corrective steps taken by the City so that it will comply with such requirements in the then current Fiscal Year. Such Certificate shall be accompanied by a Certificate of an Accountant in accordance with Section 713 setting forth the amounts for the preceding Fiscal Year which are necessary to determine compliance with the requirements of Sections 705(a) and 705(b). If the

amounts set forth in the Certificate of an Accountant indicate that the City was not in compliance for such Fiscal Year with the provisions of Section 705(a) or 705(b), the Airport Consultant shall review the adequacy of the City's rates, fees, rentals and other charges with respect to the Airport Property and shall recommend changes necessary for the City to be in compliance with Sections 705(a) and 705(b) by the end of the then current Fiscal Year and for the following Fiscal Year. The City covenants, to the extent permitted by law and existing contractual obligations, to use its best efforts to effect such changes as are so recommended by the Airport Consultant.

Section 706. Sale, Lease or Encumbrance of Property.

(a) Except as provided in this Section, no part of the Airport Property shall be sold, mortgaged, leased or otherwise disposed of or encumbered.

(b) The City may from time to time sell or exchange or otherwise dispose of at any time and from time to time any property or facilities constituting part of the Airport Property which either (1) are worn out or obsolete or (2) in the opinion of the City are no longer useful in the operation of the Airport Property and, if the market value of such property or facilities to be sold or otherwise disposed of in any Fiscal Year, as determined by the City, is in excess of one-tenth of one percent (1%) of the book value of the entire Airport Property, the City delivers to the Trustee a Certificate of an Authorized Representative stating, in the opinion of the signer, that the sale, exchange or other disposition of such property or facilities will not impair the ability of the City to satisfy the requirements of Section 705 in the then current or any future Fiscal Year. Any proceeds of such sale, exchange or other disposition not used to replace the property so sold or exchanged shall be deposited by the City in the General Fund.

(c) The City may lease as lessee any real or personal property to be used in the operation of the Airport Property, provided that the aggregate annual payments required to be made by the City under all such leases shall not in any Fiscal Year exceed twenty-five percent (25%) of the total Operation and Maintenance Expenses for such Fiscal Year as shown in the Operating Expense Budget then in effect.

(d) The City may lease as lessor or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the Airport Property if such lease, contract, license, easement or right does not, in the opinion of the City (as evidenced, in the event of any such lease, contract, license, easement or right which extends for more than one year or which is irrevocable, by a Certificate of an Authorized Representative delivered to the Trustee), impede the operation by the City of the Airport Property. Except as provided in Section 709, any payments to the City under or in connection with any such lease, contract, license, easement or right (except any such payments specifically excluded from the definition of Revenues) shall constitute Revenues hereunder.

Section 707. Operation, Maintenance and Reconstruction.

(a) The City shall operate, or cause to be operated, the Airport Property properly and in a sound, efficient and economical manner and shall maintain, preserve, and keep the same or cause the same to be maintained, preserved, and kept in good repair and operating condition, and shall from time to time make, or cause to be made, all necessary and proper

repairs, replacements and renewals so that the operation of the Airport Property may be properly and advantageously conducted, and, if any useful part of the Airport Property is damaged or destroyed or taken through the exercise of eminent domain, the City shall, as expeditiously as practicable, commence and diligently prosecute the replacement or reconstruction of such damaged or destroyed part so as to restore the same to use and the replacement of such part so taken; provided, however, that nothing in the Resolution shall require the City to operate, maintain, preserve, repair, replace, renew or reconstruct any part of the Airport Property if there shall have been filed with the Trustee (1) a certificate of an Authorized Representative stating that in the opinion of the signer (a) abandonment of operation of such part is economically justified and (b) failure to operate, maintain, preserve, repair, replace, renew or reconstruct such part will not impair the ability of the City to satisfy the requirements of Section 705 in the current or any future Fiscal Year, and (2) a certificate of an Independent Engineer concurring in such opinion of the Authorized Representative if the book value of such part of the Airport Property exceeds one percent (1%) of the book value of the entire Airport Property.

(b) The Governing Body shall establish and enforce reasonable rules and regulations governing the operation, use and services of the Airport Property. All compensation, salaries, fees and wages paid by the City in connection with the maintenance, repair and operation of the Airport Property shall be reasonable.

(c) Nothing in this Resolution shall be deemed to preclude the City from undertaking such other projects or exercising such other powers unrelated to the operation of the Airport Property as may be permitted bylaw.

Section 708. Insurance and Condemnation.

(a) The City shall at all times either (i) keep all property which is a part of the Airport Property and which is of an insurable nature and of the character usually insured by airport operators similar to the City insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are customary, and also at all times maintain insurance against loss or damage from such hazards and risks to persons and the property of others as are usually insured against by airport operators similar to the City or (ii) maintain the Insurance Reserve Fund at the Insurance Reserve Fund Requirement. In determining the amounts and types of insurance to be maintained under this Section 708(a), the City may rely upon the advice of a Independent Engineer or an insurance consultant of recognized standing selected by the City. All policies of insurance shall be payable to the City or to the Trustee. On or before the last day of each Fiscal Year, the City shall deliver to the Trustee a certificate of an Authorized Representative listing the types and amounts of insurance then maintained by the City in accordance with this Section 708(a) and the insurers therefor.

(b) All proceeds of insurance maintained pursuant to Section 708(a) shall be deposited in the Project Fund and applied to the restoration, replacement or reconstruction of the property or facility lost or damaged or deposited to the Insurance Reserve Fund, the Renewal and Replacement Reserve Fund, the Operation and Maintenance Reserve Fund or the Operating Fund as the case may be to the extent that the costs of such restoration, replacement or reconstruction were paid from such Fund, unless the City determines in accordance with Section 707 not to restore, replace or reconstruct such property or facilities. Any proceeds of such insurance not

applied to restoration, replacement or reconstruction or remaining after such work is completed shall be deposited in the Redemption Account and held in a Subaccount therein and applied solely to the redemption of Secured Bonds of the Series to which such moneys relate on the first date on which such Secured Bonds may be called without premium (unless the City shall elect to call such Secured Bonds earlier at a premium); provided that such proceeds may be deposited in the Revenue Fund at the election of the City if the City shall have provided a Bond Counsel's Opinion to the effect that such deposit will not adversely affect the exclusion of interest on any Tax Exempt Indebtedness from gross income of the holder for federal income tax purposes; and provided further that any proceeds of insurance received by the City with respect to loss or damage to a Project prior to the completion of construction thereof shall be deposited in the Project Fund and applied in accordance with Section 503. Any insurance proceeds deposited in the Redemption Account as aforesaid shall not be invested at a yield exceeding the yield on the related Series of Secured Bonds unless the City shall have provided a Bond Counsel's Opinion to the effect that investment of such proceeds at a greater yield will not adversely affect the exclusion of interest on any Tax Exempt Indebtedness from gross income of the holder for federal income tax purposes.

(c) If any property or facility comprising part of the Airport Property shall be taken through the exercise of the power of eminent domain, the City shall apply the proceeds of any award received on account of such taking to the replacement of the property or facility so taken or deposit such proceeds in the Renewal and Replacement Reserve Fund, the Operation and Maintenance Reserve Fund or the Operating Fund to the extent that the costs of such replacement were paid from such Fund, unless the City determines in accordance with Section 707 not to replace such property or facility. Any proceeds of such award not applied to such replacement or remaining after such work has been completed shall be deposited in the Revenue Fund, except that any proceeds resulting from the taking of all or substantially all of the Airport Property shall be deposited with the Trustee in the Redemption Account of the Debt Service Fund for the purpose of redemption of Secured Bonds or for the defeasance of Secured Bonds as provided in Article XII.

Section 709. Indebtedness and Liens.

(a) Except as provided in Article II hereof or in this Section 709, the City shall not issue any bonds, notes or other evidences of indebtedness secured by a pledge of or other lien or charge on the Revenues and shall not create or cause to be created any lien or charge on such Revenues or on any amounts held by any Fiduciary under this Resolution; but this Section shall not prevent the City from issuing bonds or notes or other obligations for the purposes of the Airport Property payable out of, or secured by a pledge of, Revenues to be derived on and after the date that the pledge of the Revenues provided in this Resolution shall be discharged and satisfied as provided in Section 1202 and which recite on their face that such pledge of said amounts is and shall be in all respects subordinate to the provisions of this Resolution and the lien and pledge created by this Resolution. Without limiting the generality of the foregoing, the City agrees that it shall not permit the issuance of any "Additional Bonds" under the Prior Bond Indenture or other bonds payable from or secured by a pledge of or lien on Revenues prior or superior to the lien securing the Bonds.

(b) Notwithstanding anything herein to the contrary, so long as no default shall have occurred hereunder and be continuing, the City may issue at any time or from time to time:

(i) Indebtedness issued in anticipation of Grant Receipts which may be secured solely by a pledge of the proceeds of such Indebtedness, the Grant Receipts anticipated, other amounts on deposit from time to time in any separate account established by the City to hold Grant Receipts, earnings thereon and other amounts not constituting Revenues hereunder; or

(ii) Indebtedness issued in anticipation of the Revenues to be received in a particular Fiscal Year, whether unsecured or secured by a pledge of Revenues; provided that (a) any such Indebtedness shall be payable no later than one year from its date of issue (or, in the case of Indebtedness issued to renew any such Indebtedness, no later than one year from the date of issue of the original issue of Indebtedness), (b) the aggregate principal amount of such Indebtedness Outstanding at any one time in a Fiscal Year shall not exceed fifty percent (50%) of the Revenues for the immediately preceding Fiscal Year and (c) the proceeds of such Indebtedness (other than the proceeds of Indebtedness issued to pay a prior issue of such Indebtedness) shall be deposited in the Revenue Fund; or

(iii) Other Indebtedness which is not payable from or secured by Revenues, including without limitation Indebtedness which is payable from and secured solely by one or more of (A) amounts on deposit in or to be deposited in the General Fund (other than in the Coverage Account or the Revenue Credit Account) pursuant to Sections 505 and 514 hereof, (B) PFC Revenues (excluding amounts required to be deposited into the Debt Service Fund, the Subordinated Debt Service Fund or the Note Payment Fund pursuant to Section 516(b) hereof) and (C) proceeds of such Indebtedness.

Any Indebtedness described in this Section 709(b), in addition to the security therefor described or provided for herein, may be issued as general obligations of the City or as special obligations payable solely from the Revenues, Grant Receipts, amounts, proceeds, moneys, securities or funds pledged as security therefor.

(c) Notwithstanding anything in this Resolution to the contrary, the City may issue Indebtedness secured solely by the revenues, receipts or other moneys derived by the City from the lease, license, operation, sale or other disposition of any facility or equipment (whether or not part of the Airport Property) hereafter constructed or acquired by or on behalf of the City with the proceeds of such Indebtedness. Such Indebtedness shall be special, limited obligations of the City payable solely out of the revenues, receipts and other moneys pledged therefor. Such revenues, receipts and other moneys shall not be considered Revenues hereunder provided that (i) neither the debt service on such Indebtedness nor any cost of the acquisition, construction, operation, maintenance or repair of any such facility or equipment not provision for reserves for any of the foregoing shall be paid from the proceeds of Secured Indebtedness or from Revenues (other than Revenues deposited in or available for deposit in the General Fund pursuant to Section 505 hereof) or shall be included in Operation and Maintenance Expenses, (ii) any such

revenues, receipts and moneys in excess of such debt service, cost of acquisition; construction, operation, maintenance and repair and reserves shall be deposited in the Revenue Fund (and upon such deposit shall be deemed Revenues), and (iii) prior to the issue of any such Indebtedness, the City shall deliver to the Trustee a Certificate of the Airport Consultant certifying that the lease, license, operation, sale or other disposition of such facility or equipment and the application of the revenues, receipts and other moneys derived therefrom to the operation, maintenance and repair thereof and the payment of the debt service on the Indebtedness issued therefor and the provision of reserves for the foregoing, will not result in any decrease in the Revenues projected by such Airport Consultant to be received by the City during the succeeding five Fiscal Years (including the Fiscal Year in which such Indebtedness is issued).

Section 710. Independent Engineer. The City shall, until the Secured Bonds and the interest thereon shall have been paid or provision for such payment shall have been made, when required to assure the performance of the duties, imposed on the Independent Engineer by this Resolution, employ an independent architect or engineer or firm of architects or engineers having a nationwide and favorable repute for skill and experience in reviewing and advising with respect to the plans, specifications, costs, schedules and procedures for constructing airport facilities. The Independent Engineer shall be selected by the City and; except in the case of the firm serving as Independent Engineer at the time of the adoption of this Resolution, shall be acceptable to the Trustee. The acceptance of the Trustee shall not be unreasonably withheld; and if the Trustee shall fail to so accept it shall deliver to the City a statement of its reasons for such failure. In rendering any report, certificate or opinion required pursuant to this Resolution, the Independent Engineer may rely upon information, certificates, opinions or reports required to be provided by others pursuant to this Resolution, and upon other sources which the Independent Engineer considers reliable, and other considerations and assumptions as deemed appropriate by the Independent Engineer. Subject to Section 1204, copies of any such report, certificate or opinion shall be delivered to the Trustee and made available by the Trustee to any holder of Secured Indebtedness or their duly authorized representative for inspection.

Section 711. Airport Consultant. The City shall, until the Secured Indebtedness and the interest thereon shall have been paid or provision for such payment shall have been made, for the purpose of performing and carrying out the duties imposed on the Airport Consultant by this Resolution, employ an independent accountant or firm of independent accountants, or a management consultant or management consulting firm, or independent engineer or engineering firm (which may also be the Independent Engineer), having, in any case, a nationwide and favorable repute for skill and experience in passing upon questions relating to the affairs, financial and otherwise, of airport facilities of the size, type and scope of the Airport Property. The Airport Consultant shall be selected by the City and, except in the case of the firm serving as Airport Consultant at the time of the adoption of this Resolution, shall be acceptable to the Trustee. The acceptance of the Trustee shall not be unreasonably withheld; and if the trustee shall fail to so accept, it shall deliver to the City a statement of its reasons for such failure. In rendering any report, certificate or opinion required pursuant to this Resolution, the Airport Consultant may rely upon information, certificates, opinions or reports required to be provided by others pursuant to this Resolution, and upon other sources which the Airport Consultant considers reliable, and other considerations and assumptions as deemed appropriate by the Airport Consultant. Subject to Section 1204, copies of any such report, certificate or opinion

shall be delivered to the Trustee and made available by the Trustee to any holder of Secured Indebtedness or their duly authorized representative for inspection.

Section 712. Operating Budget.

(a) Not less than 30 days prior to the beginning of each Fiscal Year the City shall prepare and deliver to the Trustee a preliminary Operating Budget, and not less than one day prior to the beginning of each Fiscal Year, shall adopt and file with the Trustee a copy of the Operating Budget, duly certified by an Authorized Representative of the City, showing on a monthly basis the estimated Operation and Maintenance Expenses, as well as the Revenues or other moneys held hereunder estimated to be available to pay such Operation and Maintenance Expenses (including the amount of each item constituting a component thereof) for the ensuing Fiscal Year, together with any other information required to be set forth therein by this Resolution; provided, however, that the Operating Budget for the Fiscal Year, or portion thereof, in which the first Series of Secured Bonds is issued, may be adopted by any Authorized Representative of the City. Such Operating Budget may set forth such additional information as the City may determine. The City shall not incur aggregate Operation and Maintenance Expenses in any Fiscal Year in excess of the amount budgeted in the Operating Budget, as amended and supplemented for such Fiscal Year, except in case of emergency or as required by law and shall promptly file with the Trustee a written report of any such excess expenditure signed by an Authorized Representative and as soon as practicable thereafter adopt and file with the Trustee an amendment to the Operating Budget.

(b) In conjunction with adoption and filing, or any amendment, of the Operating Budget for each Fiscal Year commencing after June 30, 2002, the City shall certify the Renewal and Replacement Reserve Fund Requirement for the Fiscal Year to which such Budget relates; provided that for each such Fiscal Year the City's certificate shall be consistent with the latest recommendation of the Airport Consultant or the Independent Engineer made pursuant to Section 713(c) hereof. In addition, the City will certify the assumed interest rate on each Series of Variable Rate Indebtedness then Outstanding for which deposits will be required to be made pursuant to Section 505(a)(ii) or 505(a)(iv) hereof. If the City shall not certify the Renewal and Replacement Reserve Fund Requirement as aforesaid, the requirement for the Fiscal Year shall be such Requirement in effect for the previous Fiscal Year until the new requirement is certified as aforesaid.

(c) If for any reason the City shall not have adopted the Operating Budget as provided in Section 712(a), the Operating Budget for the then current Fiscal Year shall be deemed to be the Operating Budget for the ensuing Fiscal Year until a new Operating Budget is adopted.

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

(e) In addition to the City's right to amend the Operating Budget pursuant to Section 712(d), the City may reallocate amounts budgeted to specific items or months within the

Operating Budget then in effect at any time by delivery of a Certificate of its Authorized Representative provided that no such reallocation shall result in an increase in the aggregate Operation and Maintenance Expenses for the Fiscal Year covered by such Operating Budget.

Section 713. Accounts and Reports.

(a) The City shall maintain its books and accounts in accordance with generally accepted accounting principles applicable to airport operators such as the City and in accordance with such other principles of accounting as the City deems appropriate. Said books and accounts shall at all times be subject to the inspection of the Trustee and the Holder or Holders of not less than one percent (1%) in principal amount of Outstanding Secured Bonds of any category or their representatives duly authorized in writing.

(b) The City shall annually, as soon as available and in any event within 270 days after the close of each Fiscal Year, file with the Trustee a copy of an annual report for such year, accompanied, by financial statements, audited by and containing the report of an Accountant, relating to the operations and properties of the Airport Property for such Fiscal Year and setting forth in reasonable detail its financial condition as of the end of such year and the income and expenses for such year, and including a summary of the receipts in and disbursements from the Funds and Accounts maintained under the Resolution during such Fiscal Year and the amounts held therein at the end of such Fiscal Year. Each report of such accountant or firm of accountants shall state that such financial statements of the City were prepared in accordance with generally accepted accounting principles, or shall state in what respects such financial statements do not conform with such generally accepted accounting principles. If in connection with such annual audit such Accountant submits any written recommendations as to internal accounting controls or related matters, such recommendations shall also be filed with the Trustee. Each annual report shall be accompanied by a certificate of the accountant or firm of accountants auditing the same to the effect that in the course of and within the scope of their examination of such financial statements made in accordance with generally accepted auditing standards nothing came to their attention that would lead them to believe that a default had occurred under the Resolution or, if such is not the case, specifying the nature of the default. Subject to Section 1204, copies of any such report or certificate shall be delivered to the Trustee and made available by the Trustee to any holder of Secured Indebtedness or their duly authorized representative for inspection.

(c) Within 120 days after the close of every third Fiscal Year following the Fiscal Year in which the initial Series of Bonds hereunder is issued the City shall file with the Trustee a copy of a certificate of the Airport consultant or the Independent Engineer setting forth in reasonable detail (1) its findings as to whether the Airport Property has been maintained during such three-year period, and is then being maintained, in good repair and sound operating condition, (2) its estimate of the amount, if any, required to be expended to place such properties in such condition and the approximate time required therefor, (3) its recommendations, if any, as to proper maintenance, repair, and operation of, and capital, improvements to, the Airport Property during the ensuing three-year period and (4) its recommendations as to the adequacy of the Renewal and Replacement Reserve Fund Requirement. If such certificate sets forth that the Airport Property is not then being maintained in good repair and sound operating condition, the

City shall restore the Airport Property to good repair and sound operating condition as promptly as is practicable.

Section 714. Tax Covenants.

(a) The City shall take, or require to be taken, such action as may be reasonably within its ability and required to assure the continued exclusion from the federal gross income of holders of any Series of Tax Exempt Indebtedness, including, without limitation, the preparation and filing of any statements required to be filed by the City in order to establish and maintain such exclusion. In addition, the City shall not take, or permit to be taken on its behalf, any action which would adversely affect the exclusion from federal gross income of the interest on any Series of Tax Exempt Indebtedness.

(b) The City shall not permit the investment or application of the proceeds of any Series of Tax Exempt Indebtedness, including any funds considered proceeds within the meaning of section 148 of the Code, to be used to acquire any investment property the acquisition of which would cause such Indebtedness to be “arbitrage bonds” within the meaning of said section 148.

Section 715. Passenger Facility Charges. So long as the imposition and use of a passenger facility charge are necessary to operate the Airport Property in accordance with the requirements of this Resolution, the City will use its best efforts both to continue to impose a passenger facility charge and use PFC Revenues at the Airport Property and to comply with all valid and applicable federal laws and regulations pertaining thereto necessary to maintain such passenger facility charge.

Section 716. Obligations Under Qualified Swap; Nonqualified Swap.

(a) The obligation of the City to make Regularly Scheduled Swap Payments under a Qualified Swap with respect to a Series of Bonds may be on a parity with the obligation of the City to make payments with respect to such Series of Bonds and other Bonds under this Resolution, except as otherwise provided by a Supplemental Resolution and elsewhere herein with respect to any Swap Termination Payments. The City may provide in any Supplemental Resolution that Regularly Scheduled Swap Payments under a Qualified Swap shall be secured by a pledge of or lien on the Revenues on a parity with the Bonds of such Series and all other Bonds, regardless of the principal amount, if any, of the Bonds of such Series remaining Outstanding. The Trustee shall take all action consistent with the other provisions hereof as shall be requested in writing by the Qualified Swap Provider necessary to preserve and protect such pledge, lien and assignment and to enforce the obligations of the City with respect thereto. In the event the action requested to be taken pursuant to the preceding sentence shall require the Trustee either to exercise the remedies granted in this Resolution or to institute any action, suit or proceeding in its own name, the qualified Swap Provider shall provide to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred in connection therewith.

(b) In the event that a Swap Termination Payment or any other amounts other than as described in clause (a) above are due and payable by the City under a Qualified Swap,

such Swap Termination Payment and any such other amounts shall be expressly subordinate to the payment of the Bonds.

(c) Obligations of the City to make payments, including Swap Termination Payments, under a Swap other than a Qualified Swap shall be expressly subordinate to the payment of the Bonds.

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

Section 801. Supplemental Resolutions Effective Upon Filing With the Trustee.
For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted by the City, which upon the filing with the Trustee of a copy thereof certified by an Authorized Representative, shall be fully effective in accordance with its terms:

(a) to close this Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Resolution on, the authentication and delivery of Secured Bonds or the issuance of other Indebtedness;

(b) to add to the covenants and agreements of the City in this Resolution other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this Resolution as theretofore in effect including any covenants necessary for compliance with the Code, including without limitation section 148(f) thereof or regulations promulgated thereunder;

(c) to add to the limitations and restrictions in this Resolution other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this Resolution as theretofore in effect;

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

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

(f) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of the Revenues or of any other moneys, securities or funds;

(g) to modify any of the provisions of this Resolution in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds or Subordinated Bonds of any Series affected by the amendment Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the

text of all Bonds or Subordinated Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds or Subordinated Bonds issued in exchange therefor or in place thereof;

(h) to modify the definition of Investment Securities as directed by the City, provided that the City shall have provided evidence to the Trustee that the details of such modification have been provided in writing to each Rating Agency then assigning a rating on Outstanding Secured Bonds and that each such Rating Agency has either (i) confirmed in writing that such modification will not adversely affect such ratings or (ii) issued a rating on a Series of Bonds to be issued which is not lower than the rating assigned by such Rating Agency to Outstanding Bonds prior to such modification, or any other evidence satisfactory to the Trustee that modification will not adversely affect the then current ratings, if any, assigned to the Secured Bonds by any Rating Agency; or

(i) to subject to the lien of this Resolution additional revenues, security or collateral.

Section 802. Supplemental Resolutions Effective Upon Consent of Trustee.

(a) For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Representative, and (ii) the filing with the City of an instrument in writing made by the Trustee consenting thereto shall be fully effective in accordance with its terms:

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

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

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

(b) Any such Supplemental Resolution may also contain one or more of the purposes specified in Section 801, and in that event, the consent of the Trustee required by this Section shall be applicable only to those provisions of such Supplemental Resolution as shall contain one or more of the purposes set forth in subsection (a) of this Section.

Section 803. Supplemental Resolutions Effective With Consent of Bondholders.

At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by holders of any Secured Bonds in accordance with and subject to the provisions of Article IX, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Representative and upon compliance with the provisions of Article IX, shall become fully effective in accordance with its terms as provided in said Article.

Section 804. General Provisions.

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

(b) Any Supplemental Resolution referred to and permitted or authorized by Sections 801 and 802 may be adopted by the City without the consent of any of the holders of any Secured Bonds, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution filed with the Trustee shall be accompanied by a Bond Counsel's Opinion stating that such Supplemental Resolution is authorized or permitted by this Resolution, and is valid and binding upon the City provided that such Bond Counsel's Opinion may take an exception on account of the laws of bankruptcy, reorganization and insolvency and of other laws affecting creditors' rights generally and to the exercise of judicial discretion in accordance with general equitable principles.

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

(d) No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

ARTICLE IX

AMENDMENTS

Section 901. Mailing of Notice of Amendment. Any provision in this Article for the mailing of a notice or other paper to any holder of the Secured Bonds shall be fully complied with if it is mailed, by first-class mail, postage prepaid only (i) to each owner of Bonds or Subordinated Bonds, respectively, then Outstanding at his address appearing upon the registry books, and (ii) to the Trustee.

Section 902. Powers of Amendment. Any modification or amendment of this Resolution or of the rights and obligations of the City and of the holders of the Secured Bonds hereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 903, (i) of the holders of at least two-thirds in principal amount of the Bonds outstanding at the time such consent is given and at least two-thirds in principal amount of the Subordinated Bonds Outstanding at the time such consent is given and (ii) in case less than all of the several Series of Secured Bonds of then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in aggregate principal amount of the Secured Bonds of the several Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Secured Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Secured Bonds shall not be required and such Secured Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Secured Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond or Subordinated Bond, or shall reduce the percentages or otherwise affect the classes of Secured Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Resolution if the same adversely affects or diminishes the rights of the holders of Secured Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment Secured Bonds of any particular Series or maturity would be affected by any modification or amendment hereof and any such determination shall be binding and conclusive on the City and all holders of Secured Bonds. For the purposes of this Section, the holders of the Secured Bonds may include the initial holders thereof, regardless of whether such Secured Bonds are being held for immediate resale.

Section 903. Consent of Holders of Secured Indebtedness.

(a) The City may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 902, to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to holders of Secured Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed by the

City to holders of Secured Bonds and shall be published in the Authorized Newspapers at least once a week for two successive weeks (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of holders of the percentages of Outstanding Secured Bonds specified in Section 902 and (b) a Bond Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed in accordance with the provisions of this Resolution, is authorized or permitted hereby and is valid and binding upon the City, and (ii) a notice shall have been published as hereinafter provided in this Section. The City may fix a record date for purposes of determining holders of Secured Bonds entitled to consent to a proposed Supplemental Resolution.

(b) Any such consent shall be binding upon the holder of the Secured Bonds giving such consent and upon any subsequent holder of such Secured Bond or any bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof).

(c) At any time after the holders of the required percentages of Secured Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the City a written statement that holders of such required percentages of Secured Bonds have filed their consents. Such written statement shall be conclusive evidence that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the City on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required percentages of Secured Bonds and will be effective as provided in this Section, shall be given to the holders of Secured Bonds by the City by mailing such notice to such holders and, if at the time any of such Secured Bonds is in coupon form payable to bearer, by publishing the same in the Authorized Newspapers at least once not more than ninety days after holders of the required percentages of Secured Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed. The City shall file with the Trustee proof of the giving of such notice. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the City, the Fiduciaries and the holders of all Secured Bonds upon the filing with the Trustee of the proof of the giving of such last mentioned notice.

Section 904. Modifications by Unanimous Consent. Notwithstanding anything contained in Article VIII or in the foregoing provisions of this Article, the terms and provisions of this Resolution and the rights and obligations of the City and of the holders of Secured Bonds may be modified or amended in any respect upon the adopting and filing of a Supplemental Resolution and the consent of the holders of all Secured Bonds then Outstanding, such consent to be given as provided in Section 903 except that no notice to the holders of Secured Bonds either by mailing or publication shall be required; but no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the holders of Secured Bonds.

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

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

ARTICLE X

REMEDIES ON DEFAULT

Section 1001. Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

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

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

(c) default by the City in the performance or observance of any other of the covenants, agreements or conditions on its part or on the part of the City in this Resolution, in any Supplemental Resolution or in the Secured Bonds contained, and such default shall continue for a period of 60 days after written notice thereof stating that such notice is a "Notice of Default" to the City by the Trustee or to the City and to the Trustee by the holders of not less than a majority in principal amount of the Secured Bonds Outstanding; provided that such 60-day period shall be extended to such longer period of time as the Trustee may deem appropriate in the event of defaults which by their nature will require such longer period of time to cure if the City shall commence such cure within such 60-day period and pursue the same diligently to completion; or

(d) if the City (i) admits in writing its inability to pay its debts generally as they become due, (ii) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a receiver of the whole or any substantial part of the Airport Property, or (v) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the City or of the whole or any substantial part of the Airport Property.

Upon the happening and continuance of any Event of Default, the Trustee shall give notice of such occurrence to the registered holders of the Secured Bonds. Upon the happening and continuance of any Event of Default, neither the Trustee may nor the holders of the Bonds or Subordinated Bonds shall have the right to declare the principal of any Secured Bonds then Outstanding, or the interest accrued thereon, to be due and payable prior to its stated maturity.

Section 1002. Accounting and Examination of Records After Default.

(a) The City covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the City shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys.

(b) The City covenants that if an Event of Default shall happen and shall not have been remedied, the City, upon demand of the Trustee, will account, as if it were the trustee

of an express trust, for all Revenues and other moneys, securities and funds pledged or held under this Resolution for such period as shall be stated in such demand.

Section 1003. Application of Revenues and Other Moneys After Default.

(a) The City covenants that if an Event of Default shall happen and shall not have been remedied, the City, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, any moneys, securities and funds then held by the City or a Depositary in any Fund, Account or Subaccount under this Resolution (excluding the Rebate Fund and the PFC Fund) and (ii) as promptly as practicable after receipt thereof, the Revenues.

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

(1) to the payment of the reasonable and proper fees, charges and expenses (including reasonable attorneys fees of the Fiduciaries and of any engineer or firm of engineers or accountants or firm of accountants selected by the Trustee pursuant to this Article and to the payment of any fees and expenses required to keep any Financial Guaranties or Credit Facilities in full force and effect;

(2) to the payment of the amounts required for reasonable and necessary Operation and Maintenance Expenses, including reasonable and necessary reserves and working capital therefor, and for the reasonable repair and replacement of the Airport Property necessary to prevent loss of Revenues or to provide for the continued operation of the Airport Property, as certified to the Trustee by an independent engineer or firm of engineers of recognized standing (who may be an engineer or firm of engineers retained by the City for other purposes) selected by the Trustee;

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

(i) unless the principal of all of the Bonds shall be due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments maturing; and, if the amount available shall not be sufficient to pay in full all installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if

the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to persons entitled thereto, without any discrimination or preference; or

- (ii) if the principal of all of the Bonds shall be due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference;

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

- (i) unless the principal of all of the Subordinated Bonds shall be due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments maturing, and, if the amount available shall not be sufficient to pay in full all installments maturing on the same date, then to the payment thereof ratably, accordingly to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

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

- (ii) if the principal amount of all of the Subordinated Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Subordinated 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

Subordinated Bond over any other Subordinated Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Any amounts on deposit in the Subordinated Debt Service Reserve Fund shall not be applied as set forth above to the payment of principal amount and interest on Bonds, and any amounts on deposit in the Debt Service Fund and the Debt Service Reserve Fund shall not be applied as set forth above to the payment of the principal amount and interest on Subordinated Bonds.

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

Section 1004. Proceedings Brought by Trustee.

(a) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, if the Trustee shall deem it advisable, may proceed to protect and enforce its rights and the rights of the holders of the Secured Bonds under this Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the City as if the City were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Resolution.

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

(c) The holders of a majority in principal amount of the Bonds at the time Outstanding or, if no Bonds are Outstanding, of Subordinated Bonds Outstanding, may direct by instrument in writing the time, method and place of conducting any proceeding for any remedy

available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so, directed would involve the Trustee in personal liability or be unjustly prejudicial to the holders of Secured Bonds not parties to such direction.

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

(e) Regardless of the happening of an Event of Default, the Trustee shall have the power to, but (unless requested in writing by the holders of a majority in principal amount of the Secured Bonds then Outstanding, and furnished with reasonable security and indemnity) shall be under no obligation to, institute and maintain such suits and, proceedings, including, without limitation, proceedings for declaratory judgment or injunctive or other equitable relief, as it may determine shall be necessary or expedient to prevent any impairment of the security under this Resolution, any impairment of the ability of the City of the Trustee to satisfy any of its agreements or obligations hereunder, or the impairment of any protection provided by this Resolution of the interests of the holders of Secured Bonds by any acts which may be unlawful or in violation of this Resolution, and such suits and proceedings, including, without limitation, proceedings for declaratory judgment or injunctive or other equitable relief, as the Trustee may determine shall be necessary or expedient to preserve or protect its interest and the interests of the holders of any Secured Bonds.

Section 1005. Restrictions on Action by Holders of Secured Bonds.

(a) No holder of any Secured Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Resolution or the execution of any trust under this Resolution or for any remedy under this Resolution, unless such holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the holders of at least a majority in principal amount of the Bonds then Outstanding, or if no Bonds are Outstanding of Subordinated Bonds Outstanding, shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in this Section or to institute such action, suit or proceeding in its own name, and unless such holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred

therein or thereby, and the Trustee shall have refused to comply with such request within a reasonable time; it being understood and intended that no one or more holders of Secured Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by this Resolution, or to enforce any right under this Resolution, except in the manner therein provided, and that all proceedings at law or in equity to enforce any provision of this Resolution shall be instituted, had and maintained in the manner provided in this Resolution and for the equal benefit of all holders of the Outstanding Bonds, in accordance with their rights and interests hereunder and all holders of Outstanding Subordinated Bonds, in accordance with their rights and interests hereunder.

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

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

Section 1007. Effect of Waiver and Other Circumstances.

(a) No delay or omission of the Trustee or of any holder of Secured Bonds to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescence therein; and every power and remedy given by this Article to the Trustee or to the holders of Secured Bonds may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the holders of Secured Bonds.

(b) Prior to the declaration of maturity of the Secured Bonds as provided in Section 1201, the holders of a majority in principal amount of the Bonds at the time-Outstanding, or if no Bonds are Outstanding, of Subordinated Bonds Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the holders of all of the Secured Bonds waive any past default under this Resolution and its consequences, except a default in the payment of interest on or principal or Redemption Price of the Secured Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

ARTICLE XI

CONCERNING FIDUCIARIES

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

Section 1102. Paying Agents; Appointment and Acceptance of Duties.

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

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

Section 1103. Responsibilities of Fiduciaries. The recitals of fact in this Resolution and in the Secured Bonds contained shall be taken as the statements of the City and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Resolution or of any Secured Bonds issued thereunder or in respect of the security afforded by this Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate on the Secured Bonds. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Secured Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the City or for any losses incurred upon the sale or redemption of any securities purchased for or held in any Fund Account or Subaccount under this Resolution. No Fiduciary shall be under any responsibility of duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be liable in connection with the performance of its duties under this Resolution except for its own willful misconduct, negligence or default. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred undertakes to perform such duties and only such duties as are specifically set forth in the Resolution and no implied covenants or obligations shall be read into this Resolution against the Trustee. No provision of this Resolution shall require any Fiduciary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. No Fiduciary shall be under any responsibility or duty with respect to any

certificate, report or opinion delivered to it hereunder except to examine it to determine that it conforms to the provisions hereof.

Section 1104. Evidence on Which Fiduciaries May Act.

(a) Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the City, and the written advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by such Fiduciary under this Resolution in good faith and in accordance therewith.

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

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

Section 1105. Compensation. The City shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution. The City further agrees to indemnify and save each Fiduciary harmless against any liability, loss, cost, damage and expense, including reasonable attorneys fees in defending against any claim, which it may incur in connection with its appointment hereunder or in the exercise and performance of its powers and duties hereunder and which are not due to its willful misconduct, negligence or bad faith.

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

Section 1107. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than 60 days' written notice to the City and publishing notice thereof, at the Trustee's expense, specifying the date when such resignation shall take effect, once in each week for two successive calendar weeks in an Authorized Newspaper, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the City or the holders of any Secured Bonds as provided in Section 1109, in which event such resignation shall take effect immediately on the appointment of such successor.

Section 1108. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the holders of a majority in principal amount of the Bonds then Outstanding, or if no Bonds are Outstanding, of the Subordinated Bonds then Outstanding, or their attorneys-in-fact duly authorized, excluding any Secured Bonds held by or for the account of the City. The Trustee may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this resolution with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the City or the holders of not less than 25% in aggregate principal amount of Bonds Outstanding, or if no Bonds are Outstanding, Subordinated Bonds Outstanding, excluding any Secured Bonds held by or for the account of the City. Notwithstanding the foregoing provisions, at the end of the fifth Fiscal Year following the Fiscal Year in which the first series of Secured Bonds is issued hereunder, and at the end of every fifth Fiscal Year thereafter, the City may remove the Trustee, except during the existence of an Event of Default, upon 120 days written notice to the Trustee by filing with the Trustee an instrument signed by an Authorized Representative of the City.

Section 1109. Appointment of Successor Trustee.

(a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holder of a majority in principal amount of the Bonds then Outstanding, or if no Bonds are Outstanding of the Secured Bonds then Outstanding, excluding any Secured Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed and acknowledged by such holders of any Secured Bonds or by their attorneys-in-fact duly authorized and delivered to such successor trustee, notification thereof being given to the City and the predecessor Trustee; but (unless a successor trustee shall have been appointed by the holders of the Secured Bonds as aforesaid) the City by a duly executed written instrument signed by an Authorized Representative shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the holders of the Secured Bonds as authorized in this Section. The City shall publish notice of any such appointment made by it once in each week for two consecutive calendar weeks, in an Authorized Newspaper, the first publication to be made within 20 days after such appointment. Any successor Trustee appointed by the City shall, immediately and without further act, be superseded by a Trustee appointed by the holders of the Secured Bonds as authorized in this Section.

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

(c) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company organized under the laws of any state or a national banking association, and having a capital and surplus aggregating at least \$100,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

Section 1110. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the City, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estate, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the City, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor trustee in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the City be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the City. Any such successor Trustee shall promptly notify any Paying Agent of its appointment as Trustee.

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

Section 1112. Adoption of Authentication. In case any of the Secured Bonds contemplated to be issued under this Resolution shall have been authenticated but not delivered,

any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Secured Bonds and deliver such Bonds so authenticated; and in case any of the said Secured Bonds shall not have been authenticated, any successor Trustee may authenticate such Secured Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Secured Bonds or in this Resolution provided that the certificate of the Trustee shall have.

Section 1113. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least 60 days' written notice to the City, the Trustee, and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the City. Any successor Paying Agent shall be appointed by the City, with the approval of the Trustee, and (subject to the requirements of Section 1102) shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association, having a capital and surplus aggregating at least \$100,000,000, and willing and able to accept the offer on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

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

ARTICLE XII

MISCELLANEOUS

Section 1201. Defeasance.

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

(b) Secured Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the City of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section. Subject to the provisions of subsection (c) of this Section, any Outstanding Secured Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section if (i) in case any of said Secured Bonds are to be redeemed on any date prior to their maturity, the City shall have given to the Trustee irrevocable instructions accepted in writing by the Trustee to publish as provided in Article VI notice of redemption of such Secured Bonds (other than the Secured Bonds which have been purchased by the Trustee at the direction of the City as hereinafter provided prior to the publication of such notice of redemption) on said date, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal installments of and/or the interest on which when due, without reinvestment, will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the Principal Installments or Redemption Price, if applicable, and interest due and to become due on said Secured Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Secured Bonds are not to be redeemed within the next succeeding 60 days, the City shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in the Authorized Newspapers a notice to the holders of such Secured Bonds that the deposit required by (i) above has been made with the Trustee and that said Secured Bonds are deemed to have been paid in accordance with this Section 1201 and stating such maturity or redemption date upon which moneys are to be available for the payment of the Principal Installments or Redemption Price, if applicable, on said Secured Bonds (other than Secured Bonds which have been purchased by the Trustee at the direction of the City as hereinafter provided prior to the publication of the notice of redemption referred to in clause (i) hereof); provided, however, that in connection with the provision for payment of any Secured Bonds which are then in non-

certificated form, the requirements of clause (iii) above shall be deemed satisfied upon mailing of the notice required by said clause (iii) by registered mail to the securities depository which is the registered owner, or whose nominee is the registered owner, of such Secured Bonds. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 1201 to the retirement of said Secured Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Secured Bonds, all in the manner provided in this Resolution.

The Trustee shall, if so directed by the City (x) prior to the maturity date of Secured Bonds deemed to have been paid in accordance with this Section 1201 which are not to be redeemed prior to their maturity date or (y) prior to the publication of the notice of redemption referred to in clause (i) above with respect to any Secured Bonds deemed to have been paid in accordance with this Section 1201 which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Secured Bonds and redeem or sell Defeasance Obligations so deposited with the Trustee and apply the proceeds thereof to the purchase of such Secured Bonds and the Trustee shall immediately thereafter cancel all such Secured Bonds so purchased; provided, however, that the Trustee shall receive an Accountant's Certificate showing that the moneys and Defeasance Obligations remaining on deposit with the Trustee after the purchase and cancellation of such Secured Bonds shall be sufficient to pay when due the Principal Installment or Redemption Price, if applicable, and interest due or to become due on all Secured Bonds, in respect of which such moneys and Defeasance Obligations are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be and a Bond Counsel's Opinion to the effect that such redemption or sale of such Defeasance Obligations will not adversely affect the exclusion of the interest on such Secured Bonds from gross income of the holders thereof for federal income tax purposes and that such redemption or sale otherwise complies with the provisions of this Resolution. The directions given by the City to the Trustee referred to in the preceding sentence shall also specify the portion, if any, of such Secured Bonds so purchased and canceled to be applied against the obligation of the Trustee to pay Secured Bonds deemed paid in accordance with Section 1201 upon their maturity date or dates and the portion, if any, of such Secured Bonds so purchased and canceled to be applied against the obligation of the Trustee to redeem Secured Bonds deemed paid in accordance with this Section 1201 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases and cancellations of Secured Bonds as provided in this Section 1201 the total amount of moneys and Defeasance Obligations remaining on deposit with the Trustee under this Section 1201 is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Secured Bonds in order to satisfy clause (ii) of this subsection (b) of Section 1201, the Trustee shall, if requested by the City, pay the amount of such excess to the City free and clear of any lien or pledge securing said Secured Bonds or otherwise existing under this Resolution. Except as otherwise provided in this subsection (b) of Section 1201 and subsection (c) of this Section 1201, neither Defeasance Obligations nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Secured Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Trustee,

free and clear of any trust, lien or pledge securing said Secured Bonds or otherwise existing under this Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested at the written direction of an Authorized Representative of the City in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Secured Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the City, as received by the Trustee, free and clear of any lien or pledge securing said Secured Bonds or otherwise existing under this Resolution.

(c) For purposes of determining whether Variable Rate Indebtedness 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, Defeasance Obligations and moneys, if any, in accordance with the second sentence of subsection (b) of Section 1201, the interest to come due on such Variable Rate Indebtedness on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Rate Indebtedness having borne interest at less than such maximum rate for any period, the total amount of moneys and Investment securities on deposit with the Trustee for the payment of interest on such Variable Rate Indebtedness is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Rate Indebtedness in order to satisfy the second sentence of subsection (b) of Section 1201, the Trustee shall, if requested, by the City, pay the amount of such excess to the City free and clear of any lien or pledge securing the Secured Bonds or otherwise existing under this Resolution.

(d) Option Bonds shall be deemed to have been paid in accordance with the second sentence of subsection (b) of this Section 1201 only if, in addition to satisfying the requirements of clauses (i) and (iii) of such sentence, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Option Bonds which could become payable to the holders of such Option Bonds upon the exercise of any options provided to the holders of such Option Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to subsection (b) of this Section, the options originally exercisable by the holder of an Option Bond are no longer exercisable, such Option Bond shall not be considered an Option Bond for purposes of this subsection (d). If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Trustee shall, if requested by the City, pay the amount of such excess to the City free and clear any trust, lien or pledge securing said Option Bonds or otherwise existing under this Resolution.

(e) Anything in this Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Secured Bonds which remain unclaimed for two years after the date when such Secured Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Secured Bonds become due and payable, shall, at the written request of the City, be repaid by the Fiduciary to the City, as its

absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the holders of any Secured Bonds shall look only to the City for the payment of such Secured Bonds; provided, however, that before being required to make any such payment to the City, the Fiduciary may, at the expense of the City, cause to be published at least twice, at an interval of not less than seven days between publications, in the 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 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the City.

Section 1202. Evidence of Signatures of Holders of Secured Bonds and Ownership of Secured Bonds.

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

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

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

Section 1204. Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of this Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the City, any other Fiduciary, and any holder of any Secured Bonds, and any person that the Trustee can reasonably determine is a beneficial owner of any Secured Bonds held by or on behalf of a securities depository, and their agents and their representatives, any of whom may make copies thereof. Upon the receipt of a written request by any such beneficial owner or any holder of any Secured Bonds, or their agents or their representatives, the Trustee shall provide copies of any reports or certificates delivered to the Trustee pursuant to any provision of this Resolution. At the direction of the City, the Trustee shall require the party requesting such reports or certificates to pay or reimburse the Trustee for the direct costs of reproducing and mailing such reports or certificates.

Section 1205. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the City, the Fiduciaries, and the holders of the Secured Bonds, any right, remedy of claim under or by reason of this Resolution or any covenant, condition or stipulation thereof; and

all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the fiduciaries, and the holders of the Secured Bonds.

Section 1206. No Recourse on the Secured Bonds. No recourse shall be had for the payment of the principal of or interest on the Secured Bonds or for any claim based thereon or on this Resolution against any elected official, other officer, employee or agent of the City or any person executing the Secured Bonds.

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

Section 1208. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Resolution on the part of the City or any Fiduciary to be performed should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Resolution.

Section 1209. Payments on Saturdays, Sundays and Holidays. In any case where the date of any payment required to be made under this Resolution shall be a Saturday or a Sunday or shall be at the place designated for such payment a legal holiday or a day on which banking institutions are authorized by law to close, then such payment shall not be made on such date but shall be made on the next succeeding business day not a Saturday, Sunday or legal holiday or a day upon which banking institutions are authorized by law to close.

Section 1210. Effective Date. This Resolution shall take effect, after its adoption, upon execution of a Certificate of an Authorized Representative of the City to the effect that the final form of this Resolution has been approved.

ATTACHMENT B

Summary of the Airport's Outstanding Debt

<u>Series</u>	<u>Tax Status</u>	<u>Final Maturity</u>	<u>First Call Date</u>	<u>Original Par Amount</u>	<u>Principal Outstanding as of 11/15/2019</u>	<u>Coupon Range</u>
2012A	Non-AMT	1/1/32	1/1/2022	\$59,215,000	\$59,215,000	3.75% - 5.00%
2012B	AMT	1/1/20	Non-Callable	\$25,725,000	\$5,180,000	5.00%
2013A	AMT	1/1/22	Non-Callable	\$21,800,000	\$4,603,549	3.06%
2014A	Non-AMT	1/1/27	At any time (subject to make-whole provision)	\$10,000,000	\$9,895,976	2.44%
2015A	Non-AMT	1/1/27	At any time (subject to make-whole provision)	\$2,630,000	\$2,253,690	2.38%
2018	Non-AMT	1/1/30	At any time (subject to make-whole provision)	\$46,030,000	\$46,030,000	3.44%
				Total	\$127,178,215	

The Authority's Aggregate Annual Debt Service
(calculated as of November 2019)

Total Annual Principal Payments

<u>Bond Year Ending 1/1</u>	<u>Series 2012A</u>	<u>Series 2012B</u>	<u>Series 2013A</u>	<u>Series 2014A</u>	<u>Series 2015A</u>	<u>Series 2018</u>	<u>Total</u>
2020	\$1,000,000	\$5,180,000	\$2,065,722	\$22,908	\$82,517	\$3,180,000	\$11,531,147
2021	6,490,000	0	2,129,827	23,474	84,502	2,635,000	11,362,803
2022	6,820,000	0	1,089,572	507,927	0	2,705,000	11,122,499
2023	7,170,000	0	0	1,989,900	450,419	2,755,000	12,365,319
2024	7,535,000	0	0	2,039,001	461,257	2,820,000	12,855,257
2025	7,930,000	0	0	2,089,313	472,355	2,880,000	13,371,668
2026	8,325,000	0	0	2,140,866	483,721	2,935,000	13,884,586
2027	2,100,000	0	0	1,090,162	246,208	10,195,000	13,631,369
2028	2,175,000	0	0	0	0	10,410,000	12,585,000
2029	2,270,000	0	0	0	0	2,735,000	5,005,000
2030	2,365,000	0	0	0	0	2,780,000	5,145,000
2031	2,465,000	0	0	0	0	0	2,465,000
2032	2,570,000	0	0	0	0	0	2,570,000
TOTAL	\$59,215,000	\$5,180,000	\$5,285,121	\$9,903,550	\$2,280,978	\$46,030,000	\$127,894,648

**Total Annual Interest Payments
(calculated as of November 2019)**

<u>Bond Year Ending 1/1</u>	<u>Series 2012A</u>	<u>Series 2012B</u>	<u>Series 2013A</u>	<u>Series 2014A</u>	<u>Series 2015A</u>	<u>Series 2018</u>	<u>Total</u>
2020	\$2,800,856	\$129,500	\$132,913	\$241,392	\$53,391	\$1,528,736	\$4,886,788
2021	2,618,606		68,808	240,826	51,406	1,428,718	4,408,364
2022	2,285,856		9,745	239,265	50,312	1,336,870	3,922,048
2023	1,936,106			205,966	45,420	1,242,958	3,430,450
2024	1,568,481			156,865	34,582	1,147,068	2,906,997
2025	1,181,856			106,554	23,484	1,049,028	2,360,922
2026	775,481			55,000	12,118	949,010	1,791,610
2027	527,981			7,771	1,712	723,174	1,260,639
2028	443,747					368,768	812,515
2029	352,069					142,674	494,743
2030	256,472					47,816	304,288
2031	156,853						156,853
2032	53,006						53,006
TOTAL	\$14,957,372	\$129,500	\$211,465	\$1,253,639	\$272,425	\$9,964,820	\$26,789,222

Total Annual Debt Service Payments
(calculated as of November 2019)

<u>Bond Year Ending 1/1</u>	<u>Series 2009A</u>	<u>Series 2012A</u>	<u>Series 2012B</u>	<u>Series 2013A</u>	<u>Series 2014A</u>	<u>Series 2015A</u>	<u>Total</u>
2020	\$3,800,856	\$5,309,500	\$2,198,634	\$264,300	\$135,908	\$4,708,736	\$16,417,935
2021	9,108,606		2,198,634	264,300	135,908	4,063,718	15,771,166
2022	9,105,856		1,099,317	747,192	50,312	4,041,870	15,044,547
2023	9,106,106			2,195,866	495,839	3,997,958	15,795,769
2024	9,103,481			2,195,866	495,839	3,967,068	15,762,254
2025	9,111,856			2,195,866	495,839	3,929,028	15,732,589
2026	9,100,481			2,195,866	495,839	3,884,010	15,676,196
2027	2,627,981			1,097,933	247,919	10,918,174	14,892,008
2028	2,618,747					10,778,768	13,397,515
2029	2,622,069					2,877,674	5,499,743
2030	2,621,472					2,827,816	5,449,288
2031	2,621,853						2,621,853
2032	2,623,006						2,623,006
TOTAL	\$74,172,372	\$5,309,500	\$5,496,586	\$11,157,189	\$2,553,403	\$55,994,820	\$154,683,870

ATTACHMENT C

Form of Bond Purchase Agreement

CITY OF MANCHESTER, NEW HAMPSHIRE
BOND PURCHASE AGREEMENT

Dated as of [Date]

[Bank]
Attention:

RE: City of Manchester, New Hampshire, General Airport Revenue Bond, [Series]

This Bond Purchase Agreement (this "Agreement") will confirm our agreement under which the City of Manchester, New Hampshire (the "City") is selling to [Bank] (the "Purchaser"), and the Purchaser is purchasing from the City, the City of Manchester, New Hampshire, General Airport Revenue Bond, [Series] in the principal amount of \$[Amount] (together with any bonds issued in exchange or replacement therefor, the "Bond"). The [Bond] is being issued pursuant to the [Supplemental Resolution], adopted [Date] (the "Supplemental Resolution") authorizing the issuance of the [Bond] pursuant to the General Airport Revenue Bond Resolution of the City, adopted as of October 1, 1998, as amended (the "General Resolution"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the General Resolution or the Supplemental Resolution.

The City is entering into this Agreement as an inducement to the Purchaser and each subsequent owner of the [Bond] (collectively, the "Bondowner") to purchase and hold the [Bond].

1. Sale and Purchase.

1.1 Issuance of [Bond].

(a) Based upon the representations, warranties, and covenants contained herein, and subject to the terms and conditions hereafter stated, the Purchaser agrees to buy the [Bond] from the City at a price equal to one hundred percent (100%) of the principal amount thereof. The closing shall be on [Date] (the "Closing Date").

(b) The [Bond] shall be substantially in the forms required by the Supplemental Resolution, with such variations, omissions and insertions as are permitted or required hereby and approved by the Purchaser; and shall be dated as of the Closing Date.

(c) Simultaneously with the delivery of this Agreement, the City shall deliver the [Bond] to the Purchaser against payment thereof for the account of the City, in immediately available funds.

(d) The [Bond] shall bear interest at the Interest Rate, in effect from time to time, as more particularly set forth in the Supplemental Resolution.

(e) The proceeds of the [Bond], together with other funds of the City, shall be used to refund a portion of the [Refunded Bonds].

1.2 Execution; Authentication. The [Bond] shall be executed on behalf of the City in accordance with Section 310 of the General Resolution.

1.3 Interest on Bond and Payment Obligations. The [Bond] shall be payable as to principal and interest as provided in the [Bond] and the Supplemental Resolution.

1.4 Redemption. The [Bond] shall be subject to redemption prior to maturity as provided in the Supplemental Resolution.

1.5 Late Charge. If any payment due to the Bondowner hereunder or under the [Bond] is more than fifteen (15) days overdue, a late charge of [charge] of the overdue payment shall be assessed.

1.6 Obligations Absolute. The obligation of the City to make payments under Sections 6 and 9 shall be absolute, unconditional and irrevocable and shall be paid strictly as provided herein under all circumstances, including, without limitation, the following:

(a) any lack of validity or enforceability of the Bond Documents, or any other agreement, document or instrument relating thereto;

(b) any amendment or waiver of, or any consent to departure from, all or any of the terms of the Bond Documents, or any other agreement, document or instrument relating thereto;

(c) any draft, certificate or statement presented under any Bond Document proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, provided that such circumstance or happening shall not have been the result of the fraud, gross negligence or willful misconduct of the Purchaser.

Notwithstanding the foregoing, payments under Sections 6 and 9 shall be made solely from Revenues in accordance with the General Resolution.

2. Representations and Warranties of the City. The City represents and warrants as follows as of the date hereof:

2.1 Existence and Power. The City is a political subdivision of the State of New Hampshire and has all the requisite power and authority to (a) own and operate the Airport Property and to carry on its business as now conducted and as presently proposed to be conducted on the Airport Property, and (b) enter into or adopt and perform its obligations under this Agreement, the [Bond], the Supplemental Resolution and the General Resolution (this Agreement, the [Bond], the Supplemental Resolution and the General Resolution are herein referred to collectively as the "Bond Documents").

2.2 Corporate Authority. The City has the power and authority to enter into or adopt and perform the Bond Documents, and to incur the obligations provided for therein. The adoption,

execution, delivery and performance of the Bond Documents have been duly authorized on the part of the City by all necessary action, and the adoption, execution, delivery and performance thereof will not (immediately or with the passage of time, the giving of notice, or both): (a) violate the Charter of the City or the Enabling Act, or (b) violate any other applicable law, or result in a default under any contract, agreement, or instrument to which the City is a party or by which the City or its property is bound; or (c) result in the creation or imposition of any security interest in, or lien or encumbrance upon, the Revenues, except in favor of the Bondowner.

2.3 Binding Effect. The Bond Documents are the legal, valid and binding obligations of the City and are enforceable against the City in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law and the availability of the remedy of specific performance.

2.4 Financial Statements. The City has delivered to the Purchaser financial statements of the City and of its Department of Aviation, including (a) statements of financial position, as of [Date] (the "[FY Financials]"), and the related statements of activities and statements of cash flows for the fiscal year then ended, audited by [Auditor], and (b) a statement of revenue and expenditures for the period ending [Date] (collectively, the "[FY Financials]"). Such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved and are correct and complete and fairly present the financial condition and the results of operations of City and the Department of Aviation at the dates and for the periods indicated. As of [Date], the City had no material liabilities, contingent or otherwise, except as set forth on such statements, and since such date there has been no material adverse change in the financial condition, operations or properties of the Airport Property and no material liabilities have been incurred by the City with respect to the Airport Property or the Revenues.

2.5 Indebtedness. As of the date hereof, the City has no indebtedness outstanding other than as set forth in Schedule 2.5 attached hereto (the "Existing Indebtedness"). The City is not in default with respect to any Existing Indebtedness.

2.6 No Breach of Other Instruments. Neither the adoption or execution and delivery of the Bond Documents, nor the compliance by the City with the terms and conditions of the Bond Documents, nor the consummation of the transactions contemplated thereby, will conflict with or result in a breach of the City's charter, or any of the terms, conditions or provisions of any agreement or instrument or any other restriction or law, regulation, rule or order of any governmental body or agency to which the City is now a party or is subject, or imposition of a lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City pursuant to the terms of any such agreement or instrument, other than as provided therein.

2.7 Parity Liens. The liens and security interests created pursuant to the Supplemental Resolution and the General Resolution are parity liens, securing the [Bond] on a parity with the other outstanding Bonds issued under the General Resolution.

2.8 Litigation. There are no suits or proceedings pending or, to the knowledge of the City, threatened against or affecting the City, the Airport Property or the Revenues, or by or before any court or governmental authority that reasonably could have a Material Adverse Effect on the Airport Property or the Revenues that have not been disclosed in writing to the Bondowner. "Material Adverse Effect" means a change or effect (or a series of related changes or effects) which could reasonably be expected to result in a material adverse effect on (i) the ability of the City to perform its obligations under this Agreement or the other Bond Documents, including payment of the Bonds, or (iii) the validity or enforceability of this Agreement or the other Bond Documents.

2.9 Compliance with Charter; Applicable Laws; Permits. The City is not in default under any order or decree of any court or governmental authority, and the City is complying in all material respects with all applicable statutes and regulations, relating or applicable to the Airport Property. The City is not in violation of its charter, as amended to date. The City has all permits necessary or desirable for the operation of the Airport Property. The City has not received any notice, not heretofore complied with, from any governmental authority or any licensing, accreditation or inspection body that any of the Airport Property fails to comply in any material respect with any applicable law, regulation or any other requirement of any such authority or body. No authorization, consent, approval, license, exemption of or filing or registration with any governmental authority is or will be necessary to the valid execution or delivery of, or for the performance by the City of the Bond Documents or any other instrument provided for or contemplated by this Agreement.

2.10 Financial Condition of City. After giving effect to the transactions contemplated hereby and by the Supplemental Resolution, the City (a) will be able to pay its debts with respect to the Airport Property as they become due, (b) will have funds and capital sufficient to operate the Airport Property as now operated and as intended to be operated, and (c) the Airport Property is not insolvent and does not expect to be rendered insolvent as determined by applicable law.

2.11 Disclosure. The Purchaser has conducted its own diligence with respect to the purchase of the [Bond]. To the best knowledge of the City, (a) the [FY Financials], (b) the [FY Financials], which has been provided to the Purchaser at its request, and (c) the information set forth in Schedule 2.11, are true and correct. To the best knowledge of the City, there is no fact or circumstance, not of general knowledge, that could have a Material Adverse Effect that has not been disclosed herein or in another written document furnished to the Purchaser by the City.

2.12 Fiscal Year. The City's fiscal year ends on June 30.

2.13 Event of Default. No default or Event of Default exists.

2.14 Environmental Matters. (a) To the City's knowledge, the City has complied in all material respects with all environmental laws regarding transfer, construction on and operation of the Airport Property, including but not limited to notifying authorities, observing restrictions on use, transferring, modifying or obtaining permits, licenses, approvals and registrations, making required notices, certifications and submissions, complying with financial liability requirements, managing hazardous substances, and responding to the presence or release of hazardous substances connected with the Airport Property; and (b) the City has not received any notice regarding a violation of the same from any regulatory body that has not been remedied.

2.15 Investment Company Act. The City is not directly or indirectly controlled by, or acting on behalf of, any Person which is an "Investment Company," within the meaning of the Investment Company Act of 1940, as amended.

2.16 Anti-Terrorism Laws. Neither the City nor any of its Subsidiaries or Affiliates are or shall be in violation of any law or regulation or appear on any list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list, Executive Order No. 13224 or the USA Patriot Act (Title III of Pub. L. 107-56) (signed into law October 26, 2001) (the "Patriot Act")). The Purchaser is subject to the requirements of the Patriot Act and hereby notifies the City that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the City, which information includes the name and address of the City and other information that will allow the Purchaser to identify the City in accordance with the Patriot Act.

2.17 Federal Reserve Regulations; Use of Bond Proceeds. The City is not engaged in the business of extending credit for the purpose of purchasing or carrying any Margin Stock (as defined in Regulation U of the Board of Governors of the Federal Reserve). No part of the proceeds of the [Bond] will be used, directly or indirectly, for a purpose which violates any law, rule or regulation of any governmental body, including without limitation the provisions of Regulations G, U, or X of the Board of Governors of the Federal Reserve System, as amended. No part of the proceeds of the [Bond] will be used, directly or indirectly, to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

All of the representations and warranties set forth in this Section 2 shall be as of the date hereof and shall survive until the [Bond] has been paid in full and there remain no outstanding obligations of the City to the Bondowner under any of the Bond Documents.

3. Satisfaction of Conditions of Purchaser's Obligations. The obligations of the Purchaser to purchase the [Bond] pursuant to Section 1.1(a) hereof hereunder shall be subject to the compliance with and performance by the City of its obligations and its agreements to be complied with pursuant to this Agreement and to the accuracy and completeness as of the date hereof and as of the Closing Date of the representations and warranties of the City contained herein. The obligations of the Purchaser hereunder are subject to the following further conditions set forth below. On the Closing Date, the Purchaser shall receive:

3.1 Opinions dated as of the Closing Date of Hawkins Delafield & Wood LLP, as Bond Counsel substantially in the form attached hereto as Appendix A and from the City Solicitor substantially in the form attached hereto as Appendix B;

3.2 The Tax Certificate dated the Closing Date satisfactory in form and substance to Bond Counsel;

3.3 A copy of the resolutions of the Governing Body of the City, certified as of the Closing Date by the an authorized officer of the City, authorizing the execution and delivery of the this Agreement, and all other necessary corporate actions;

3.4 Evidence of all insurance coverage required under the General Resolution; and

3.5 Evidence of defeasance of the [Refunded Bonds].

4. Financial and other Information. The City agrees that so long as the [Bond] is outstanding, it will furnish directly to the Bondowner the following:

4.1 Financial and Operating Reports.

(a) At the applicable times specified therein, all documents and information required to be provided to the Trustee (as defined in the General Resolution) pursuant to Sections 712 and 713 of the General Resolution;

(b) Notice of any filings made pursuant to Sections 1.2, 1.3 and 1.4 of the Continuing Disclosure Agreement, dated as of June 20, 2012 (the "Continuing Disclosure Agreement"), by and between the City and The Bank of New York Mellon, as trustee, and pursuant to any subsequent continuing disclosure undertaking or amendment thereto, executed or agreed to by the City from time to time in connection with the issuance of any Secured Bonds, including but not limited to:

(i) The Annual Financial Information (as defined in the Continuing Disclosure Agreement) and the Audited Financial Statements (as defined in the Continuing Disclosure Agreement) at the times provided in such Continuing Disclosure Agreement; and

(ii) Following the occurrence of a Notice Event (as defined in the Continuing Disclosure Agreement), written notice of such Notice Event;

(c) Approved budget document by July 15 of each year; and

(d) As soon as available, and in any event within 60 days after the end of each fiscal quarter of the City, management prepared unaudited quarterly financial statements, in form and substance satisfactory to the Bondowner.

4.2 Insurance. On or before the last day of each fiscal year of the City, the City shall deliver to the Bondowner a certificate listing the types and amounts of insurance then maintained by the City as described in Section 708(a) of the General Resolution.

4.3 Covenant Compliance. At the time of delivery of each financial statement of the City pursuant to Section 4.1 above, a certificate executed by the Finance Director of the City stating that he or she has reviewed this Agreement, the Supplemental Resolution and the General Resolution and has no knowledge of any default by the City in the performance or observance of any of the provisions of this Agreement, the Supplemental Resolution or the General Resolution, including with respect to the maintenance of insurance coverages, or, if he or she has such knowledge, specifying each such default and the nature thereof. The certificate provided with the annual financial statements pursuant to this Section shall also set forth the computations necessary to determine compliance with Sections 4.1 hereof.

4.4 Accountants. Promptly upon any change of the City's independent public accountants, notification thereof and such further information as the Bondowner may reasonably request concerning the resignation, refusal to stand for reappointment after completion of the current audit or dismissal of such accountants.

4.5 Litigation. As soon as practicable, and in any event within 15 Business Days after the City learns of any proceeding(s) being instituted or threatened to be instituted by or against the City or its property in any federal, state, local or foreign court or before any arbitration or mediation panel that, if determined adversely to the City, would likely have a Material Adverse Effect, notification thereof and such further information as the Bondowner may reasonably request.

4.6 Event of Default. As soon as possible and in any event within seven Business Days after the occurrence of any Event of Default or any event which, with the giving of notice or the lapse of time or both, could become an Event of Default, a statement of the City setting forth details of each such Event of Default or event and the action which the City proposes to take with respect thereto.

4.7 Additional Information. From time to time such other information on the financial condition and properties of the City, as the Bondowner may reasonably request. The City will permit persons designated by the Bondowner to inspect its properties and financial books and records of the Airport Property and to discuss its affairs with its officers and employees at such reasonable times as requested and upon reasonable notice.

5. Covenants of the City. The City agrees that so long as any [Bond] is outstanding, it will comply with all covenants of the City set forth in Article VII of the General Resolution, including but not limited to:

5.1 Payment of Secured Indebtedness. The City shall comply with Section 701 of the General Resolution with respect to all Secured Indebtedness, including the [Bond].

5.2 [Tax-Exempt Provisions Redacted]

5.3 Debt Service Coverage Ratio. The City shall comply with Section 705 of the General Resolution and shall deliver to the Bondowner copies of all certificates and documents required to be delivered to the Trustee pursuant to such Section 705.

5.4 Sale, Lease or Other Disposition of Property. The City shall not sell, mortgage or lease any part of the Airport Property, except in accordance with Section 706 of the General Resolution.

5.5 Indebtedness and Liens. The City shall not incur indebtedness secured by a pledge of or other lien or charge on the Revenues and shall not create or cause to be created any lien or charge on such Revenues, except in compliance with Article II and Section 709 of the General Resolution.

5.6 Insurance. The City shall maintain insurance coverages as required by Section 708(a) of the General Resolution.

5.7 Insurance and Condemnation Proceeds. The City shall apply any amounts received as insurance or eminent domain proceeds in accordance with Sections 708(b) and (c) of the General Resolution.

5.8 Right to Access. Following an Event of Default that has not been waived, the City shall permit access to the Bondowner to the Airport Property and the City's places of business, without hindrance or delay, (a) to inspect, audit, check and make copies of and extracts from the City's books, records, journals, orders, receipts and any correspondence and other data relating to the Airport Property or to any transactions between the parties hereto, (b) to make such verification concerning the Airport Property as the Bondowner may consider reasonable under the circumstances, and (c) to discuss the affairs, finances and businesses of the City with any of their respective officers or key employees.

6. Investment Grade Rating. [redacted]

7. Consent to Amendments. This Agreement may be amended by an instrument in writing executed by the City and the Bondowner. Any covenant or agreement required to be performed by the City may be modified or waived, and any Event of Default may be waived, with the written consent of the Bondowner. The Bondowner at the time of any consent authorized by this section and each subsequent Bondowner shall be bound by such consent, whether or not its [Bond] has been marked to indicate such consent.

8. Purchase for Investment; Disclosure Material; [Tax Certification]. By acceptance of this Agreement, the Purchaser hereby confirms that it is purchasing the [Bond] for its own account and does not presently intend to sell or otherwise distribute the [Bond] or any interest or participation therein, except that the Purchaser intends to participate a portion of its interest in the [Bond] not to exceed \$[Amount] prior to [Date], and the Purchaser acknowledges that the nature of the disclosure material in this transaction has been based upon the foregoing. The Purchaser acknowledges that no official statement or other disclosure document has been prepared by the City in connection with the [Bond]; and that in making a decision as to whether to purchase the [Bond] the Purchaser has relied on its own examination of the [Bond], the Bond Documents and the City; that the Purchaser has been provided with all information requested from the City; and that the Purchaser has obtained and relied upon such information and made such investigations as the Purchaser has deemed necessary or advisable in connection with the Purchaser's investment in the [Bond]. The Purchaser acknowledges that it has had access to financial and other information, and has been afforded the opportunity to ask such questions of representatives of the City, and receive answers thereto, as the Purchaser deemed necessary or advisable in connection with its decision to purchase the [Bond].

[Tax-Exempt Provisions Redacted]

9. Payment of Expenses.

9.1 The City shall pay on demand all of the Purchaser's reasonable expenses in connection with the preparation, negotiation, execution and delivery of this Agreement and the other Bond Documents, and in connection with any default under, and any waiver, amendment or enforcement of any provisions of any Bond Document. To the extent permitted by law, the City also shall pay and save the Purchaser harmless against any liability with respect to claims for or

on account of brokers' or finders' fees or commissions with respect to the placement of the [Bond]. Notwithstanding the foregoing, the Purchaser agrees that its fees and disbursements of counsel in connection with the issuance of two series of Bonds to the Purchaser, including the [Bond], and the preparation, negotiation, execution and delivery of the agreements in connection therewith shall not exceed \$[Amount].

9.2 The City shall pay to the Purchaser a fee equal to [] basis points of the principal balance of the [Bond] on the Closing Date.

10. No Waiver. No failure or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11. Provisions to Survive. All representations, warranties, covenants and agreements contained herein shall survive the adoption, execution and delivery of (i) this Agreement, (ii) the Supplemental Resolution, and (iii) the [Bond] and the payment of the purchase price therefor.

12. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns (including any subsequent Bondowner whether or not an express assignment of rights hereunder is made). No other person or entity shall acquire or have any right under or by virtue of this Agreement. The City may not assign its rights or delegate its duties hereunder except as expressly set forth herein.

13. WAIVER OF JURY TRIAL. THE CITY AND THE BONDOWNER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTIES, THIS WAIVER BEING A MATERIAL INDUCEMENT FOR THE PURCHASER TO ACCEPT THIS AGREEMENT, THE [BOND] AND THE OTHER BOND DOCUMENTS.

14. Defaults.

14.1 Events of Default. The Bondowner's rights under the [Bond], the General Resolution and the Supplemental Resolution upon the occurrence and continuation of an Event of Default shall be governed solely by the provision of Article X of the General Resolution. Bondowner acknowledges and agrees that, except as specifically provided in Article X, the rights under Article X of the General Resolution are exercised by the Trustee and that its rights as a holder of a Bond are subject to the limitations provided in Section 1005 of the General Resolution.

14.2 Agreement Event of Default. The occurrence of any of the following shall constitute an "Agreement Event of Default" under this Agreement:

- (a) An Event of Default; or
- (b) If the City fails to make or cause to be made any payment the Bondowner required to be made pursuant to the terms of this Agreement, including Section 6 hereof; or
- (c) If any representation or warranty made by the City in this Agreement proves to be incorrect in any material respect when made; or
- (d) Except as provided in (e) below, if the City shall fail to perform or observe any other provision, covenant, or agreement contained in this Agreement and such failure remains unremedied for sixty (60) calendar days after the Bondowner shall have given written notice thereof to the City, or
- (e) Any rating on the Bonds is below an Investment Grade Rating.

14.3 Remedies upon Agreement Event of Default. If an Agreement Event of Default occurs, the Bondowner may exercise any and all remedies, legal or equitable with respect thereto; provided, however, that nothing herein shall confer upon the Bondowner any additional rights or remedies with respect to an Event of Default which shall be limited to the rights of a holder of a Bond under the provisions of Article X of the General Resolution; provided further, however, that Purchaser's sole remedy for an Agreement Event of Default under Section 14.2(e) shall be to receive the one-time payment to the Purchaser specified in Section 6 within the 60 day period specified therein. An Agreement Event of Default does not constitute an Event of Default. No failure on the part of the Bondowner to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law or equity.

15. Notices. Any request, authorization, direction, notice, consent, waiver or other document provided by this Agreement shall be in writing and shall be deemed sufficiently given when mailed by registered or certified mail, postage prepaid, or sent by overnight mail or by private courier service providing evidence of receipt, or delivered during business hours as follows: (i) to the Purchaser or Bondowner at [address], Attention of [name]; or (ii) to the City, at Department of Finance, City Hall, One City Hall Plaza, Manchester, New Hampshire 03101, Attention: [Officer], Finance Officer. Notice hereunder may be waived prospectively or retroactively by the person entitled to the notice, but no waiver shall affect any notice requirement as to other persons. A communication provided for in this Agreement will become effective only when the person to whom it is given receives it or is considered to have received it. If it is mailed by express, certified or first-class mail, it will be considered to be received on (i) the third Business Day after being mailed, or (ii) the day of its receipt, whichever is earlier.

16. Sale or Transfer of [Bond]. The Bondowner may participate with other banks or financial institutions and/or may transfer and assign all or a portion of the [Bond] and its rights under this Agreement, the Supplemental Resolution, the General Resolution, and the other Bond Documents. The Bondowner may enter into participation agreements on terms and conditions acceptable to the

Bondowner, in its sole discretion. In the event that the Bondowner assigns or transfers rights and obligations under this Agreement and the other Bond Documents, such assignee shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the Bondowner hereunder, but the City shall continue to be entitled to deal solely with the Bondowner, unless the Bondowner assigns all of its rights as Bondowner hereunder and provides written notice of the same to the City. No such transfer or assignment shall affect or limit the rights and obligations of the City set forth herein or in the other Bond Documents. The Bondowner may disclose to any actual or prospective transferee or assignee all information in the Bondowner's possession regarding the [Bond], the City and the Airport Property upon receipt of customary undertakings from such actual or prospective transferees or assignees with respect to the confidentiality of such information. The Bondowner shall provide written notice to the City if the Bondowner sells, assigns or transfers all or a portion of the [Bond] to another Person.

17. Most Favored Nations. In the event that the City shall at any time from or after the date of this Agreement, directly or indirectly, enters into or otherwise consents to any credit agreement, standby bond purchase agreement, liquidity agreement, reimbursement agreement, loan agreement or other agreement or instrument with any creditor under which, directly or indirectly, any person or persons undertakes to make or provide funds to purchase or support any bonded indebtedness, redeem bonded indebtedness (other than as regularly scheduled), make loans, issue a letter of credit or make any other extension of credit facilities to or for the account of the City, which constitutes, or where the obligation thereunder is otherwise evidenced by, a "Bond" as defined in the General Resolution (each an "Other Lending Agreement") which provides such person with different or more restrictive financial covenants, additional security, more restrictive events of default and/or greater rights and remedies than are provided to the Purchaser in this Agreement (each, a "Favored Credit Term"), the City shall provide the Purchaser with a copy of each such Other Lending Agreement and such Favored Credit Term shall automatically be deemed to be incorporated into this Agreement (without regard to any waiver or consent to departure of any such Favored Credit Term other than by written amendment which changes such Favored Credit Term for all purposes) and the Purchaser shall have the benefits of such Favored Credit Term as if specifically set forth herein. Upon the request of the Purchaser, the City shall promptly enter into an amendment to this Agreement to include such Favored Credit Term (provided that the Purchaser shall maintain the benefit of such Favored Credit Term even if the City fails to provide such amendment). Notwithstanding anything set forth in this Section 17 to the contrary, any Favored Credit Term incorporated or amended into this Agreement pursuant to this Section 17 shall only apply and be in effect during the time the related Other Lending Agreement is in effect or any other creditor receives the benefit of any such Favored Credit Term and shall terminate upon the termination of such Other Lending Agreement giving rise to such Favored Credit Term. The Purchaser shall have the right to pursue a default or a breach of a Favored Credit Term provided the default is declared prior to the termination of the Other Lending Agreement, but may not do so if the Other Lending Agreement is amended or terminated prior to the declaration of the default.

18. Governing Law. This Agreement and all matters arising out or relating to this Agreement shall be governed by and interpreted in accordance with the internal substantive laws of the State of New Hampshire.

19. Miscellaneous. The captions of this Agreement are for convenience only and shall not affect the construction hereof. The Bond Documents constitute the entire agreement of the parties with

respect to the subject matter thereof and supersede all prior undertakings and agreements. This Agreement may be executed in several counterparts, each of which shall be deemed an original, may not be terminated or modified orally.

[Signature Page Follows]

If the foregoing correctly sets forth our understanding, please sign and return to the City the enclosed counterpart of this letter, whereupon this letter shall become a binding agreement between the undersigned and the Purchaser.

Very truly yours,

CITY OF MANCHESTER, NEW HAMPSHIRE

By: _____
[Officer]
Mayor

By: _____
[Officer]
Finance Officer

ACCEPTED BY:

[BANK]

By: _____

SCHEDULE 2.5

Existing Indebtedness

<u>Series</u>	<u>Final Maturity</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>

SCHEDULE 2.11

Information Requested by Purchaser and Provided by City

[Bond Opinion of Hawkins Delafield & Wood LLP]

[Date]

Board of Mayor and Aldermen
of the City of Manchester, in the
County of Hillsborough, New Hampshire

Ladies and Gentlemen:

We have acted as bond counsel to the City of Manchester, a municipal corporation of the State of New Hampshire, situate in the County of Hillsborough (the “City”), and have examined a record of proceedings relating to the issuance by the City of its \$[Amount] General Airport Revenue Bond, [Series] (the “[Bond]”).

The [Bond] is being issued under and by virtue of Chapter 33-B of the New Hampshire Revised Statutes, as amended (the “Act”), and a resolution duly adopted by the City on [Date] (the “Authorizing Resolution”), and under and pursuant to a resolution entitled: “General Airport Revenue Bond Resolution”, adopted by the City as of October 1, 1998, as amended (the “General Airport Bond Resolution”), and a supplemental resolution entitled: “[Supplemental Resolution] Authorizing the Issuance of \$[Amount] City of Manchester, New Hampshire, General Airport Revenue Bond, [Series]”, adopted by the City as of [Date] (the “[Supplemental Resolution]” and, together with the General Airport Bond Resolution, the “Airport Bond Resolution”).

The [Bond] is dated the date of delivery thereof, matures on each Maturity Date set forth on the Maturity Schedule attached to the [Bond] and bears interest and is subject to redemption prior to maturity upon the terms and conditions and at the prices set forth therein and in the [Supplemental Resolution].

[Tax-Exempt Provisions Redacted]

Based on the foregoing, we are of the opinion that:

The City has the right and power to adopt the Authorizing Resolution and the Airport Bond Resolution under the Act.

The Authorizing Resolution and the Airport Bond Resolution have been duly and lawfully adopted by the City, are in full force and effect, and are valid and binding upon the City and are enforceable against the City.

The Airport Bond Resolution creates the valid pledge which it purports to create of the Revenues (as defined in the Airport Bond Resolution) and the moneys or securities in certain of the funds, accounts and subaccounts established under the Airport Bond Resolution, subject to the

application thereof to the purposes and on the conditions permitted by the Airport Bond Resolution.

All conditions required by the Airport Bond Resolution precedent to the issuance of the [Bond] has been met, and the [Bond] has been duly and validly authorized and issued in accordance with the Act, the Authorizing Resolution and the Airport Bond Resolution. The [Bond] is a valid and binding limited obligation of the City enforceable in accordance with its terms and the terms of the Airport Bond Resolution and is payable, on a parity with certain bonds and other obligations heretofore and hereafter issued or incurred under the Airport Bond Resolution, from the Revenues and other moneys and securities pledged therefor under the Airport Bond Resolution.

[Tax-Exempt Provisions Redacted]

Under existing statutes, interest on the [Bond] is exempt from the New Hampshire personal income tax on interest.

The foregoing opinions are qualified to the extent that the enforceability of the [Bond] and the Airport Bond Resolution may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or other laws or equitable principles from time to time in effect relating to the enforcement of creditors' rights generally.

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 City other than the record of proceedings hereinabove referred to, 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 purchaser of the [Bond].

We express no opinion regarding any [other] federal or state consequences with respect to the [Bond]. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the [Bond], or under state and local tax law.

Very truly yours,

[Reliance Opinion of Hawkins Delafield & Wood LLP]

[Date]

The Bank of New York Mellon
135 Santilli Highway
Everett, Massachusetts 02149

[Bank]

Ladies and Gentleman:

We are bond counsel to the City of Manchester, New Hampshire (the “City”) and are rendering our final approving opinion of even date herewith relating to the authorization and issuance of \$[Amount] principal amount of General Airport Revenue Bond, [Series] of the City, dated [Date], on original issuance. You are entitled to rely on said opinion as if it were addressed to you.

Very truly yours,

[Date]

City of Manchester
1 City Hall Plaza
Manchester, New Hampshire 03101

[Bank]

Ladies and Gentlemen:

This opinion is given in connection with the issuance by the City of Manchester, New Hampshire (the “City”), of its \$[Amount] General Airport Revenue Bond, [Series] (the “Bond”).

We are duly appointed and acting bond counsel to the City and based upon our examination of such documents and matters of law as we have deemed necessary for purposes of rendering the opinions set forth below, we are of the opinion that the Bond Purchase Agreement, dated [Date], between the City and [Bank] has been duly authorized, executed and delivered by the City, is in full force and effect and is valid and binding upon the City.

The foregoing opinion is qualified to the extent that the enforceability of the aforesaid agreements may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or other laws or equitable principles from time to time in effect relating to the enforcement of creditors’ rights generally.

We express no opinion as to the enforceability of any disclaimer, ipso facto clause, limitation of liability, release or legal or equitable discharge of any defense, provision for liquidated damages, waiver of a constitutional, statutory or common law right, choice of law, consent to jurisdiction, or provision releasing or indemnifying a party against liability for its own wrongful or negligent act. Further, we do not express any opinion as to the availability of any equitable or specific remedy upon any breach of any of the covenants, warranties or other provisions contained in any agreement.

This letter is solely for the benefit of the parties named above and is not to be used, circulated, quoted or otherwise referred to for any purpose other than the purchase of the Bond by [Bank]

Very truly yours,

[Opinion of City Attorney]

[Date]

[Bank]

Ladies and Gentlemen:

This opinion is provided to you pursuant to the requirements of the Bond Purchase Agreement (the “Agreement”) dated as of [Date] between the City of Manchester, New Hampshire (the “City”) and [Bank] relating to the purchase of the City’s \$[Amount] General Airport Revenue Bond, [Series] (the “Bond”). Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Agreement. I, [City Solicitor] of the City, am furnishing this opinion in connection with the issuance and delivery of the Bond.

In my capacity as City Solicitor, and based upon my examination of such documents and matters of law as I have deemed necessary for purposes of rendering the opinions set forth below, I am of the opinion that:

1. The City has all necessary power and authority to refund the City’s General Airport Revenue Bonds, [Series] and to issue the Bond.
2. The Bond Documents have been duly authorized, executed and delivered by the City and constitute legal, valid and binding agreements of the City enforceable in accordance with their terms, except to the extent that enforcement of the provisions thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application relating to or affecting the enforcement of rights of creditors generally and by applicable equitable principles.
3. To the best of my knowledge, after due inquiry, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, or any other legal or governmental proceeding, pending or threatened against or affecting the City, wherein an unfavorable decision, ruling or finding would materially adversely affect the City or the transactions contemplated by the Bond Documents or the validity of the Bond.
4. The adoption or execution and delivery of the Bond Documents by the City and the approval of the Agreement and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under: (1) any existing law, regulation, court order or consent decree to which the City is subject; or (2) to the best of our knowledge, following due inquiry, any other material agreement or instrument to which the City is a party.
5. The City has duly approved the Agreement.

6. The City has full legal power and authority to adopt or enter into the Bond Documents, and has full legal power and authority, and all necessary material licenses, approvals and permits, to own and operate the Airport Property.

In rendering this opinion, we call your attention to the fact that I am licensed to practice law only in the State of New Hampshire and consequently we are opining only as to the laws of the State of New Hampshire and of the United States.

This opinion is rendered as of the date set forth above and I express no opinion as to circumstances or events which may occur subsequent to such date. This opinion may be relied upon by the addressees, their successors and assigns and by no other person or entity, except that counsel to all of the parties to the above-referenced transaction, including Bond Counsel, may rely on this opinion as if it were specifically addressed to them.

Very truly yours,