



UNION COUNTY IMPROVEMENT AUTHORITY

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Resolution No. 41-2016

Date: May 4, 2016

**RESOLUTION AUTHORIZING THE ISSUANCE OF THE CITY
GUARANTEED LEASE REVENUE BONDS, SERIES 2016 (CITY OF
LINDEN OMNIBUS REVENUE REFUNDING PROJECT) OF THE UNION
COUNTY IMPROVEMENT AUTHORITY AND DETERMINING OTHER
MATTERS RELATED THERETO**

APPROVED AS TO FORM:

Lisa M. da Silva
Clerk of the Authority

Lisa M. da Silva

APPROVED AS TO SUFFICIENCY OF FUNDS

☐ YES ☐ NO ☒ NONE REQUIRED
UNION COUNTY IMPROVEMENT AUTHORITY

M. W. B. [Signature]

	PRESENT	ABSENT	AYE	NAY	ABSTAIN	MOTION	SECOND
<i>Bornstad</i>	✓		✓			✓	
<i>D'Elia</i>		✓					
<i>Hockaday</i>	✓		✓				
<i>Lattimore</i>	✓		✓				
<i>Salerno, Secretary</i>	✓		✓				
<i>Szpond</i>	✓		✓				
<i>Tomko, Treasurer</i>	✓		✓				
<i>Rountree, Vice Chair</i>	✓		✓				
<i>Scutari, Chairman</i>	✓		✓				

**RESOLUTION AUTHORIZING THE ISSUANCE OF THE CITY
GUARANTEED LEASE REVENUE BONDS, SERIES 2016 (CITY OF LINDEN
OMNIBUS REVENUE REFUNDING PROJECT) OF THE UNION COUNTY
IMPROVEMENT AUTHORITY AND DETERMINING OTHER MATTERS
RELATED THERETO**

WHEREAS, the Union County Improvement Authority (the "Authority") has been duly created by a resolution duly adopted on June 5, 1986 by the Board of Chosen Freeholders (the "Board of Freeholders") of the County of Union (the "County") in the State of New Jersey (the "State") as a public body corporate and politic of the State pursuant to and in accordance with the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the "Act"); and

WHEREAS, the County has created the Authority for the express purpose, among other things, of facilitating the development and financing of public facilities and development projects within the County; and

WHEREAS, pursuant to the terms of the Act, the Authority is authorized to provide public facilities, as such term is defined therein, within the County, including the financing of the acquisition of same; and

WHEREAS, the Authority, on behalf of the City of Linden, New Jersey (the "City") has previously financed on a conduit basis certain public facility projects as hereinafter set forth; and

WHEREAS, on April 14, 2005 the Authority issued its \$4,440,000 Lease Revenue Bonds, City of Linden-Guaranteed (Linden Football and Track Stadium Project) (the "Stadium Bonds"), of which \$3,095,000 remains outstanding; and

WHEREAS, the Stadium Bonds were issued in order to finance the (i) renovation and expansion of the City of Linden Board of Education's football and track and field stadium through the realignment of the existing track and field, the installation of new track and field surfaces, stadium seating, lighting, fencing and a concession area, among other things, upon property on which the current football and track and field facility are constructed which is owned by the City of Linden Board of Education, (ii) capitalized interest on the Stadium Bonds, and (iii) the payment of certain of the costs of issuance related to the Stadium Bonds; and

WHEREAS, the Stadium Bonds were issued pursuant to the Act, and a bond resolution of the Authority entitled "Resolution Authorizing the Issuance of Lease Revenue Bonds, City of Linden Guaranteed (Linden Football and Track Stadium Project) of the Union County Improvement Authority and Determining Other Matters Related Thereto" (the "Stadium Bonds Resolution"); and

WHEREAS, on April 27, 2005, the Authority issued its \$2,500,000 Lease Revenue Bonds, City of Linden-Guaranteed (Linden Library Project) (the "2005 Library Bonds"), of which \$1,950,000 remains outstanding; and

WHEREAS, the 2005 Library Bonds were issued in order to finance the (i) the renovation, construction and/or acquisition of certain capital improvements and the acquisition of certain capital

equipment, all related to an existing public library, located in the City and (ii) the payment of certain of the costs of issuance related to the 2005 Library Bonds; and

WHEREAS, the 2005 Library Bonds were issued pursuant to the Act, and a bond resolution of the Authority, duly adopted on December 15, 2004, as supplemented and amended by an Award Resolution duly executed by the Executive Director of the Authority (the "2005 Library Bonds Resolution"); and

WHEREAS, on February 23, 2006 the Authority issued its \$25,000,000 City of Linden General Obligation Lease Revenue Bonds, Series 2006 (City of Linden Firehouse Project) (the "Firehouse Bonds"), of which \$16,595,000 remains outstanding; and

WHEREAS, the Firehouse Bonds were issued in order to finance the (i) costs of the acquisition of certain land located in the City, (ii) costs of the demolition, construction and renovation, as applicable, of four fire stations and the 911 call center in the City, (iii) costs of the acquisition and installation of equipment and fixtures for the four fire stations and 911 call center, (iv) capitalized interest on the Firehouse Bonds, and (v) pay certain of the costs of issuance incurred in connection with the issuance of the Firehouse Bonds; and

WHEREAS, the Firehouse Bonds were issued pursuant to the Act, a bond resolution of the Authority adopted November 2, 2005, and amended by a certificate of the Executive Director of the Authority and all other applicable law (the "Firehouse Bonds Resolution"); and

WHEREAS, on November 27, 2006 the Authority issued its \$7,000,000 City of Linden Guaranteed Lease Revenue Bonds, Series 2007 (City of Linden Public Library Project) (the "2007 Library Bonds" and together with the Stadium Bonds, the 2005 Library Bonds, and the Firehouse Bonds, the "Refunded Bonds"), of which \$4,160,000 remains outstanding; and

WHEREAS, the 2007 Library Bonds were issued in order to finance (i) certain capital improvements and renovations to the public library, located in the City, (ii) acquisition of equipment and materials as may be necessary for the improvements described above, and (iii) certain costs of issuance with respect to the sale and delivery of the 2007 Library Bonds; and

WHEREAS, the 2007 Library Bonds were issued pursuant to the Act, and a bond resolution of the Authority, duly adopted on December 15, 2004, as supplemented and amended on September 5, 2007 and as supplemented and amended by a certificate of the Executive Director of the Authority (the "2007 Library Bond Resolution" and together with the Stadium Bonds Resolution, the 2005 Library Bonds Resolution, and the Firehouse Bonds Resolution, "the "Prior Bond Resolutions"); and

WHEREAS, the projects financed by the Refunded Bonds shall hereinafter be considered the "Underlying Projects"; and

WHEREAS, in order to take advantage of a currently favorable interest rate environment, in accordance with terms and conditions of the Prior Bond Resolutions, the Authority shall issue one or more series, including renewals, if any, of its not to exceed \$28,000,000 City Guaranteed Lease Revenue Bonds, Series 2016 (City of Linden Omnibus Revenue Refunding Project) (the "Refunding Bonds") in order to refund all or a portion of the outstanding principal amount of the Refunded Bonds (the "Refunding Project"); and

WHEREAS, the Refunding Bonds shall be issued pursuant to the terms of the Act, this general bond resolution entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF THE CITY GUARANTEED LEASE REVENUE BONDS, SERIES 2016 (CITY OF LINDEN OMNIBUS REVENUE REFUNDING PROJECT) OF THE UNION COUNTY IMPROVEMENT AUTHORITY AND DETERMINING OTHER MATTERS RELATED THERETO" as the same may be further supplemented and amended by a certificate of the Executive Director of the Authority (collectively, the "Refunding Bond Resolution"), and other applicable law; and

WHEREAS, the principal of, redemption premium, if any, and interest on the Refunding Bonds shall be secured, on a parity basis, by valid and binding lease payments made by the City to the Authority under a Lease and Agreement by and between the Authority and the City pursuant to which the various facilities (the "Facilities") of the Underlying Projects shall be leased dated as of the first day of the month of issuance of the Refunding Bonds (the "Lease Agreement"); and

WHEREAS, the principal of (including sinking fund installments, if any), redemption premium, if any, and interest on the Bonds, including refunding bonds, if any, shall be fully, unconditionally and irrevocably guaranteed in an aggregate principal amount not to exceed \$28,000,000 in accordance with the terms of a guaranty ordinance of the City finally adopted by the City Council of the City (the "City Guaranty"), a city guaranty agreement by and between the Authority and the City (the "City Guaranty Agreement"), and by a guaranty certificate (collectively, the "Bond Guaranty") to be executed by the Mayor of the City on the face of each Bond, all pursuant to Section 37 ("Section 37") of the Act (N.J.S.A. 40:37A 80); and

WHEREAS, in accordance with Section 13 ("Section 13") of the Act (N.J.S.A. 40:37A-56), prior to the issuance of the Refunding Bonds, the Authority will have made a detailed report of the Board of Chosen Freeholders of the County, which report will include, without limitation, the Refunding Bond Resolution, the Refunding Bonds the Lease Agreement and the Bond Guaranty (collectively, the "Financing Documents").

NOW THEREFORE, BE IT RESOLVED BY THE UNION COUNTY IMPROVEMENT AUTHORITY, as follows:

1. The terms and conditions with respect to the Refunding Bonds, substantially in the form attached hereto as Exhibit A, together with such changes and modifications as approved by the Chairman, Vice Chairman, or Executive Director of the Authority, in consultation with McManimon, Scotland & Baumann, LLC, as bond counsel to the Authority, are hereby approved and made a part of this resolution adopted pursuant to N.J.S.A. 40:37A-60.
2. The Chairman, Vice Chairman or Executive Director or a duly appointed Authority designee is hereby authorized to have prepared and release an official statement and execute the Lease Agreement and such other agreements, documents, certificates, opinions and other instruments as the same are necessary and may be reasonably required by the Authority in connection with the lease of the Facilities and the Refunding Project.
3. This resolution shall take effect immediately and the Executive Director shall cause a copy to be filed for public inspection in the offices of the Authority and with the Clerk of the County of Union, State of New Jersey and shall thereupon cause the adoption of the resolution to be advertised in accordance with N.J.S.A. 40:37A-62.

EXHIBIT A – TERMS AND CONDITIONS

**CITY GUARANTEED LEASE REVENUE BONDS, SERIES 2016 (CITY OF LINDEN
OMNIBUS REVENUE REFUNDING PROJECT OF THE UNION COUNTY
IMPROVEMENT AUTHORITY**

TERMS AND CONDITIONS OF THE CITY GUARANTEED
LEASE REVENUE BONDS, SERIES 2016 (CITY OF LINDEN
OMNIBUS REVENUE REFUNDING PROJECT) OF THE UNION
COUNTY IMPROVEMENT AUTHORITY

AS APPROVED BY A RESOLUTION OF THE UNION COUNTY
IMPROVEMENT AUTHORITY ADOPTED ON MAY 4, 2016

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ARTICLE I

Definitions and Interpretations

Section 101. Definitions. The following terms that are used as defined terms herein shall, unless the context clearly requires otherwise, have the meanings that are set forth below:

"*Accountant*" means any registered municipal accountant of the State of New Jersey or a certified public accountant of the State of New Jersey, who, in either case, may be the accountant or a member of a firm of accountants who regularly audit the books and accounts of the Authority, as selected by the Authority from time to time.

"*Act*" means the "county improvement authorities law" constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (N.J.S.A. 40:37A-44 *et seq.*).

"*Additional Bonds*" or "*Additional Refunding Bonds*" means any bond or bonds of the Authority that are authorized and issued pursuant to the terms of Sections 317 and 318 hereof.

"*Additional Rent*" means the additional rent payments payable by the City to the Authority pursuant to the Agreement.

"*Agreement*" means the Lease Agreement by and between the Authority and the City, dated as of the first day of the month in which the Refunding Bonds are issued, relating to the Refunding Project, and any and all modifications, alterations, amendments and supplements thereto that are made in accordance with the provisions of the Agreement and the Resolution.

"*Authority*" means The Union County Improvement Authority, a public body corporate and politic of the State of New Jersey organized and existing under the Act and created by virtue of a resolution of the Board of Chosen Freeholders of the County, duly adopted June 5, 1986.

"*Authorized Authority Representative*" means the Chairman, Vice-Chairman or Executive Director of the Authority and any other person or persons who shall be authorized to act on behalf of the Authority by virtue of a written certificate, duly executed on behalf of the Authority by the Chairman, Vice-Chairman or Executive Director of the Authority, which sets forth the specimen signature of each such person.

"*Authorized City Representative*" means the Mayor or Chief Financial Officer of the City and any other person or persons who shall be authorized to act on behalf of the City by virtue of a written certificate, duly executed on behalf of the City by the Mayor or Chief Financial Officer, which sets forth the specimen signature of each such person.

"*Authorized Newspapers*" means (a) one newspaper that is customarily published and generally circulated at least once in each calendar week in the County, and (b) one newspaper that is customarily published in the Borough of Manhattan, City and State of New York, at least

once a day for at least five (5) days (other than legal holidays) in each calendar week, each of which newspapers is printed in the English language.

"*Basic Rent*" means the basic rent payments payable by the City to the Authority pursuant to the Agreement.

"*Bonds*" or "*Refunding Bonds*" means any bond or bonds, as the case may be, of the Authority that are authorized herein and that may be issued in one or more Series pursuant to the terms of Section 301 hereof in order to provide funds for the financing of the Refunding Project, and any bonds issued in lieu of or in substitution for such Refunding Bonds pursuant to the terms of the Resolution.

"*Bondholder*" or "*Holder*" or any similar term, when used with reference to a [Bond] or Refunding Bonds, means the Registered Owner.

"*Bond Counsel*" means an attorney or firm of attorneys with experience and nationally recognized expertise in the area of municipal finance, as may be appointed by the Authority from time to time.

"*Bond Reserve Credit Facility*" means any letter of credit, surety bond, loan agreement or other credit agreement, facility, insurance or guaranty arrangement issued by a financial institution, insurance company or association obtained by the Authority, with the prior written consent of the issuer of each Credit Facility, in satisfaction of all or any portion of the Bond Reserve Requirement with respect to any Series of Refunding Bonds.

"*Bond Reserve Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*Bond Reserve Requirement*" means, as of the date of computation, the amount of money required to be on deposit in the Bond Reserve Fund for any or all Series of Refunding Bonds, as determined by Supplemental Resolution of the Authority or by a Certificate of Authority Officer relating to the Refunding Bonds. All or any part of the Bond Reserve Requirement may be satisfied by depositing funds in the Bond Reserve Fund or by obtaining a Bond Reserve Credit Facility.

"*Bond Service Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*Bond Service Requirement*" means, as of any particular date of computation in a particular Bond Year and with respect to any Series of Outstanding Refunding Bonds on such date, an amount equal to the sum of (a) any unpaid interest or principal then due, (b) the amount of interest accruing on Outstanding Refunding Bonds during the succeeding six (6) month period if such amount was deemed to accrue daily in equal amounts, and (c) that portion of each Principal Installment for Outstanding Refunding Bonds that would accrue during the succeeding twelve (12) months if such Principal Installment was deemed to accrue daily in equal amounts

from the immediately preceding Principal Installment due date, less any amounts that are held by the Trustee in the Bond Service Fund and are available for such purpose.

"*Bond Year*" means, in the case of the first bond year, the period beginning on the date of issuance of such Refunding Bonds and ending on the first anniversary of such date. Each subsequent Bond Year is the one year (1) period beginning on the day after the expiration of the previous Bond Year.

"*Book-Entry Refunding Bonds*" means any Refunding Bonds that are issued in book-entry form as evidenced by one or more certificates for each stated principal maturity of the Refunding Bonds, which Refunding Bonds are in registered form and delivered to a Securities Depository.

"*Business Day*" means any Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which either state- or federally-chartered banking institutions in the City of New York or the State of New Jersey are authorized or obligated by law or executive order to close.

"*Certificate of Authority Officer*" means any certificate that is executed by the Authorized Authority Representative for any purpose that is provided in the Resolution or in any Supplemental Resolution of the Authority.

"*City*" means the City of Linden, in the County of Union, New Jersey.

"*Code*" means the Internal Revenue Code of 1986, as the same may be amended from time to time, and the regulations promulgated thereunder and any regulations promulgated under the Internal Revenue Code of 1954, as amended, to the extent applicable to the Refunding Bonds.

"*Construction Fund*" shall mean the fund so designated that has been herein established and created by the Authority pursuant to the terms of Section 401 hereof.

"*Cost(s) of the Refunding Project*" means and shall be deemed to include, together with any other proper item of cost that is not specifically mentioned herein but that is specifically provided under the definition of "cost" or "costs", as set forth in the Act, whether incurred prior to or after the date of adoption of the Resolution, (a) the costs and expenses of the Authority that are incurred in connection with the financing of the Refunding Project; (b) the cost of any letter of credit or any surety or similar bonds issued in lieu of or in addition to such surety bond and the cost of insurance of any kind that may be required or that may be necessary during the course of construction, renovation, improvement and equipping of the Refunding Project that is not paid by the contractor or contractors or otherwise provided for; (c) the fees and expenses of the Trustee, Paying Agent, Registrar and/or other fiduciaries, all financial advisory, legal, accounting, underwriting, financial and printing fees and expenses and all other expenses incurred in connection with the (i) issuance of the Refunding Bonds and (ii) obtaining a Credit Facility or Bond Reserve Credit Facility for any Refunding Bonds; (d) all other costs that the Authority shall be required to pay under the terms of any contract or contracts for the financing of the Refunding Project; (e) deposits into the Bond Service Fund for payments of interest on the Refunding Bonds and deposits into the Bond Reserve Fund or any other fund or account under

the Resolution; (f) the payment of any project notes or similar evidences of indebtedness of the Authority that have been issued to temporarily finance the payment of any item or items of cost of the Refunding Project (including any interest and redemption premiums thereon); (g) the administrative expenses of the City and the Authority incurred in connection with the administration or financing of the Refunding Project; and (h) such other expenses that are not specified herein as may be necessary or incidental to the financing of the Refunding Project.

"*Counsel's Opinion*" means an opinion that shall be signed by an attorney or firm of attorneys of recognized standing (who may be counsel or of-counsel to the Authority) that shall be selected by the Authority, and, if such opinion is required to be delivered to the Trustee, which shall be satisfactory to the Trustee.

"*County*" means the County of Union, New Jersey.

"*Credit Facility*" means with respect to any Series of Refunding Bonds, or portion thereof, any letter of credit, surety bond, loan agreement or other credit agreement, facility, insurance or guaranty arrangement issued by a financial institution, insurance company or association pursuant to which funds are available to pay the principal of and accrued interest on such Series of Refunding Bonds or portion thereof.

"*Defeasance Obligations*" means (a) any direct and general obligation of, or any obligation fully and unconditionally guaranteed by, the United States of America, (b) any certificates of deposit that constitute Investment Obligations; *provided, however*, that such certificates of deposit are fully collateralized by Investment Obligations, or (c) non-callable, tax-exempt obligations that are rated "AAA" by Standard & Poor's Ratings Services or "Aaa" by Moody's Investors Service, Inc. that have been previously refunded by the issuer of such obligations.

"*Fiduciary*" means the Trustee, the Registrar, the Paying Agent or any or all of them, as the case may be.

"*Fiscal Year*" means the period of twelve (12) calendar months commencing on January 1 and ending on December 31, or such other period, as shall be determined from time to time by a resolution duly adopted by the Authority.

"*General Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*Guaranty*" means the City's guaranty that all payments due on the Refunding Bonds will be made or, in the event there are insufficient funds to make such payments, that the City will make such payments from all funds available therefor, and if sufficient funds are not available, that the City will levy *ad valorem* taxes upon all property in the City to fund its obligation.

"*Guaranty Agreement*" means the agreement entered into between the Authority and the City pursuant to which the City guarantees the Refunding Bonds.

"Herein", "hereunder", "hereby", "hereto" and "hereof" and any similar terms refer to the Resolution; the term "heretofore" means prior to the adoption of the Resolution; and the term "hereafter" means subsequent to the adoption of the Resolution.

"Indexing Agent" means, with respect to and in connection with the issuance of Variable Rate Refunding Bonds, as and to the extent expressly provided in a Supplemental Resolution authorizing the issuance of such Variable Rate Refunding Bonds, a nationally recognized indexing authority, or any other corporation, association or investment banking institution having skill and expertise in connection with the determination of an interest rate to be borne by variable rate obligations (which may, but need not, be the Remarketing Agent), in order to assist, to the extent provided in Section 304 hereof, in determining the rate of interest to be borne by Variable Rate Refunding Bonds, or any other corporation, firm or association which may at any time be substituted in its place pursuant to the terms of the Resolution, as shall be appointed by the Authority.

"Interest Index" means, if necessary, with respect to and in connection with the issuance of Variable Rate Refunding Bonds, as and to the extent expressly provided in a Supplemental Resolution of the Authority authorizing the issuance of such Variable Rate Refunding Bonds, the index which shall be used to determine the variable rate of interest to be borne by Variable Rate Refunding Bonds, which index shall be established in accordance with the terms of a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Refunding Bonds, or as may be determined by a Certificate of Authority Officer, as the case may be.

"Interest Payment Date" means the date for the payment of interest on any Series of Refunding Bonds as determined by Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Refunding Bonds, or as may be determined by a Certificate of Authority Officer, as the case may be.

"Interest Payment Period" means a specified period for the calculation of interest on Variable Rate Refunding Bonds, as more specifically provided in a Supplemental Resolution duly adopted prior to the authentication and delivery of such Variable Rate Refunding Bonds.

"Investment Obligations" means any obligations authorized from time to time as permissible investments for county improvement authorities under New Jersey law or as may be determined by Supplemental Resolution of the Authority or a Certificate of Authority Officer.

"Liquidity Facility" means, with respect to and in connection with the issuance of Variable Rate Refunding Bonds, as and to the extent expressly provided in a Supplemental Resolution of the Authority authorizing the issuance of such Variable Rate Refunding Bonds, an insurance policy, letter of credit or agreement or facility issued by a financial institution, insurance company or association pursuant to which the Fiduciary may obtain funds for payment of the principal of and accrued interest on Refunding Bonds upon the tender of such Refunding Bonds for purchase by the Holder thereof or upon the redemption of such Refunding Bonds by the Authority.

"*Local Authorities Law*" means the Local Authorities Fiscal Control Law, constituting Chapter 313 of the Pamphlet Laws of 1983 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (N.J.S.A. 40A:5-1 *et seq.*).

"*Maximum Annual Bond Service*" means an amount equal to the greatest of (1) interest on all Outstanding Refunding Bonds and (2) Principal Installments on all Outstanding Refunding Bonds, in each case, in any current or future Bond Year.

"*Outstanding*", when used with reference to Refunding Bonds and as of any particular date, describes all Refunding Bonds theretofore and thereupon being authenticated and delivered except (a) any Bond that has been canceled by the Authority or by the Registrar on or prior to said date, (b) any Bond for the payment or redemption of which either (i) cash, in an amount that is equal to the principal amount and redemption amount, as the case may be, or (ii) moneys and/or Investment Obligations, in the amounts of the maturities and otherwise conforming with the provisions of Section 1201 hereof, shall have theretofore been deposited with the Trustee in trust whether upon or prior to the maturity date or the redemption date of such Refunding Bonds and, except in the case of a [Bond] to be paid at maturity, of which notice of redemption shall have been given or provided for in accordance with the terms of Article VII hereof, and (c) any [Bond] in lieu of or in substitution for which another [Bond] shall have been authenticated and delivered pursuant to the provisions of the Resolution.

"*Paying Agent*" means any paying agent for the Refunding Bonds that shall be appointed by Supplemental Resolution of the Authority pursuant to the terms of Section 1102(a) hereof, and its successor or successors, and any other corporation or association that may at any time be substituted in its place pursuant to the terms of the Resolution.

"*Principal Installment*" means, as of any particular date of calculation, an amount of money equal to the sum of (1) the principal amount of Outstanding Refunding Bonds that mature on a single future date, reduced by the aggregate principal amount of such Outstanding Refunding Bonds that would, on or prior to such future date, cease to be Outstanding by reason (but only by reason) of the payment when due and the application of Sinking Fund Installments that are payable on or prior to such future date toward the retirement of such Outstanding Refunding Bonds, and (2) the amount of any Sinking Fund Installment that is payable on such future date toward the retirement of any Outstanding Refunding Bonds, and such future date is deemed to be the date when such Principal Installment is payable.

"*Rebate Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*Record Date*" means, with respect to a particular Series of Refunding Bonds, (a) the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding each interest payment date, in the event that the interest payment date is the first (1st) day of a month, (b) the first (1st) day (whether or not a Business Day) of the calendar month in which an interest payment date occurs in the event that the interest payment date is the fifteenth (15th) day of the month, or (c) as otherwise provided for a Series of Refunding Bonds in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Series

of Refunding Bonds, or as determined in a Certificate of Authority Officer that is duly executed in connection with the issuance of the Refunding Bonds.

"*Redemption Price*" means, when used with respect to any [Bond], the principal amount of such [Bond] (or portion thereof) plus the applicable redemption premium, if any, that is payable upon redemption thereof in the manner contemplated in accordance with its terms and in accordance with the terms of the Resolution, together with interest accrued thereon to the date fixed for redemption as such Redemption Price shall be determined by a Supplemental Resolution duly adopted by the Authority or a duly executed Certificate of Authority Officer.

"*Refunding Bonds*" means any bonds issued by the Authority pursuant to the Refunding Bond Resolution.

"*Refunding Bond Resolution*" means that certain "RESOLUTION AUTHORIZING THE ISSUANCE OF CITY GUARANTEED LEASE REVENUE BONDS, SERIES 2016 (CITY OF LINDEN OMNIBUS PROJECT) OF THE UNION COUNTY IMPROVEMENT AUTHORITY AND DETERMINING OTHER MATTERS RELATED THERETO", as duly adopted by the Authority on May 4, 2016, as the same may be amended, supplemented and restated from time to time thereafter.

"*Refunding Project*" means the refinancing of the Refunded Bonds issued to finance the Underlying Projects.

"*Registered Owner*" means the owner of any [Bond] that is issued in fully-registered form, as determined on the Record Date, and as reflected on the registration books of the Authority, which shall be kept and maintained on behalf of the Authority by the Registrar.

"*Registrar*" means the registrar or bond registrar for the Refunding Bonds that shall be appointed by Supplemental Resolution of the Authority pursuant to the terms of Section 1102(b) hereof, and its successor or successors, and any other corporation or association that may at any time be substituted in its place pursuant to the terms of the Resolution.

"*Remarketing Agent*" means any corporation, banking institution or investment banking firm which shall be appointed by the Authority pursuant to a Supplemental Resolution and its successor or successors, acting for the purpose of remarketing any Variable Rate Refunding Bonds (including, if applicable, the determination of interest rates for such Variable Rate Refunding Bonds) that have been tendered by the holders thereof to the Tender Agent for purchase in order to obtain funds that are necessary to pay the purchase price of such Variable Rate Refunding Bonds as of such date and at such time as may be established by a Supplemental Resolution authorizing the issuance of such Variable Rate Refunding Bonds.

"*Rental Payment Date*" shall mean any day that is a Business Day that is at least fifteen (15) days prior to an Interest Payment Date.

["*Resolution*" means this General Bond Resolution, as such term is defined in Section 106 hereof, as same may be amended or supplemented from time to time.]

"*Revenue Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*Revenues*" means (a) all revenues, income, rents and receipts derived or to be derived by the Authority from or attributable to the ownership or leasing of the Refunding Project pursuant to the provisions of the Agreement, including Basic Rent but other than Additional Rent (as described in Section 5.1(b) of the Agreement), including all revenues derived by the Authority under the terms of the Agreement (other than Additional Rent and amounts received by the Authority pursuant to Sections 5.2 and 5.3 of the Agreement), and (b) any investment income that is derived from the investment of any funds held by the Trustee.

"*Securities Depository*" means the depository for any Book-Entry Refunding Bonds that are issued hereunder and that shall be appointed by the Authority pursuant to the terms of Section 1102(c) hereof, and its successor or successors, and any corporation or financial or banking institution that may be substituted in its place pursuant to the terms of the Resolution.

"*Series*" means any series of Refunding Bonds that is authenticated and delivered on original issuance in a simultaneous transaction and that is designated by Supplemental Resolution of the Authority authorizing such Series of Refunding Bonds, and that may vary in maturity, interest rate, security and other provisions from any other Series of Refunding Bonds that may be issued in a simultaneous transaction with such Series, and any Refunding Bonds that are thereafter authenticated and delivered in lieu of or in substitution for any of such Refunding Bonds of a Series pursuant to the terms of the Resolution; *provided*, that in no event shall any Refunding Bonds issued as Tax-Exempt Obligations be treated as being part of the same Series as Refunding Bonds that are not Tax-Exempt Obligations.

"*Serial Refunding Bonds*" means the Refunding Bonds of a Series that mature in annual or semiannual installments.

"*Sinking Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*Sinking Fund Installment*" means the amount of money that is required by the terms of a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Refunding Bonds, or as may be determined by a Certificate of Authority Officer, as the case may be, to be paid from the Sinking Fund toward the retirement of any Term Refunding Bonds. However, Term Refunding Bonds does not include any amount payable by reason only of a maturity of a Bond.

"*Sinking Fund Requirement*" means, as of any particular Withdrawal Date in a particular Bond Year and with respect to all Refunding Bonds that are Outstanding on such date, an amount of money equal to all prior Sinking Fund Installments then due and unpaid plus that portion of the Sinking Fund Installment for Outstanding Refunding Bonds that would accrue during the succeeding six (6) months if such Sinking Fund Installment was deemed to accrue daily in equal amounts from the immediately preceding Principal Installment due date or the

Sinking Fund Installment due date, as the case may be, as shall be determined by Supplemental Resolution of the Authority or by a duly executed Certificate of Authority Officer.

"Supplemental Resolution" means any resolution of the Authority amending or supplementing the Resolution that is duly adopted and becomes effective in accordance with the terms of Article VIII hereof.

"Tax-Exempt Obligations" means any Series of Refunding Bonds that are issued pursuant to the terms of the Resolution together with an opinion of Bond Counsel to the effect that the interest on such Refunding Bonds is excludable from gross income pursuant to the provisions of the Code (notwithstanding the application of the provisions of the Code relating to alternative minimum taxation).

"Tender Agent" means any banking institution, corporation or investment banking firm with trust powers that shall be appointed by the Authority pursuant to Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Variable Rate Refunding Bonds, and its successor or successors, in connection with the purchase of Variable Rate Refunding Bonds that are tendered by the holders thereof, or any other banking institution, corporation or investment banking firm with trust powers that may be substituted therefor pursuant to the terms of the Resolution or the terms of the agreement appointing the Tender Agent.

"Term Refunding Bonds" means the Refunding Bonds of a Series that shall be stated to mature on one date, rather than serially, and that shall be subject to retirement by operation of the Sinking Fund.

"Trustee" means the trustee for the Refunding Bonds that shall be appointed by Supplemental Resolution of the Authority pursuant to the terms of Section 1101 hereof, and its successor or successors, and any other corporation or association that may at any time be substituted in its place pursuant to the terms of the Resolution.

"Variable Rate Refunding Bonds" means any Refunding Bonds that bear interest at a variable rate of interest and that are issued in accordance with the terms of Section 304 hereof.

"Withdrawal Date" means the Business Day preceding the date payment of any Principal Installment, Sinking Fund Installment or interest on the Refunding Bonds is due and payable.

Words importing persons include firms, associations and corporations; and

Words importing the maturity or payment of a [Bond] do not include or connote redemption of such [Bond] prior to maturity pursuant to the terms of the Resolution or the payment of the Redemption Price thereof; and

Words importing the redemption of, redeeming or calling for redemption of a [Bond] do not include or connote the payment of such [Bond] at its stated maturity date, or the payment of

such [Bond] upon declaring the same due and payable in advance of such maturity date, or the purchase of such [Bond]; and

Words importing the singular number include the plural number and vice versa.

Section 102. Successors and Assigns. Whenever the Authority is named or referred to in the Resolution, such reference shall be deemed to include its successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations, and agreements by or on behalf of, and other provisions for the benefit of, the Authority which are contained in the Resolution shall bind and inure to the benefit of such successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agent or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Authority, or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of the Resolution or to comply with or fulfill any conditions which are set forth in the Resolution.

Section 103. Parties Interested Herein. Nothing which is contained in the Resolution (expressed or implied) is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Authority, any Fiduciary, the issuer of any Credit Facility or Liquidity Facility, if any, or the Holders of the Refunding Bonds, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements which are contained in the Resolution and which are to be performed by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, any Fiduciary, the issuer of any Credit Facility or Liquidity Facility and the holders of the Refunding Bonds.

Section 104. Severability of Invalid Provisions. If any one or more of the covenants or agreements which are contained in the Resolution which are to be performed on the part of the Authority, any Fiduciary or any agent or employee of the Authority should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed separable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of the Resolution or of the Refunding Bonds.

Section 105. Applicable Law. The Resolution is adopted pursuant to statutes of the State of New Jersey, and the law of said State shall be applicable to its interpretation and construction.

ARTICLE II

Determinations By and Obligations of the Authority

Section 201. Authority for Resolution. The Resolution is hereby adopted by virtue of the Act and pursuant to its provisions, and the Authority has ascertained and hereby determines that each and every act, matter, thing or course of conduct for which provision is made in the Resolution is necessary in order to carry out and to effectuate the purposes of the Authority in accordance with the Act and to carry out powers expressly given to the Authority in the Act and to further secure the payment of the principal of, redemption premium, if any, and interest on the Refunding Bonds.

Section 202. Resolution to Constitute Contract. In consideration of the purchase and acceptance of the Refunding Bonds by those who shall hold the same from time to time, the provisions of the Resolution shall be deemed to be and shall constitute contracts between the Authority, the Trustee, the issuer of any Credit Facility or Liquidity Facility and the Holders from time to time of the Refunding Bonds. Any pledge which is made in the Resolution and the covenants and agreements which are set forth herein and which are to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the issuer of any Credit Facility or Liquidity Facility (for as long as such Credit Facility or Liquidity Facility remains outstanding) and the Holders of any and all of the Refunding Bonds of a particular Series and all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Refunding Bonds of said Series over any other thereof except as expressly provided in or pursuant to the terms of the Resolution.

Section 203. Obligation of Refunding Bonds. The Refunding Bonds shall be special obligations of the Authority and the principal of, redemption premium, if any, and interest on the Refunding Bonds shall be payable from the Revenues, moneys and accounts which are pledged under the terms of the Resolution, as and to the extent provided in Section 502 hereof. All Refunding Bonds of a particular Series and Bondholders of a particular Series of Refunding Bonds and the issuer of any Credit Facility or Liquidity Facility (for as long as the Authority has a reimbursement obligation to the issuer of such Credit Facility or Liquidity Facility) shall be entitled to the benefit of the continuing pledge and lien created by the Resolution to secure the full and final payment of the principal of, redemption premium, if any, and interest on the Refunding Bonds of a particular Series.

Section 204. Guaranty of Refunding Bonds and Provision for Endorsement of Guaranty on Refunding Bonds. The Authority may issue one or more Series of Refunding Bonds which are entitled to the benefits of the Guaranty. Prior to the authentication and delivery of Refunding Bonds of any Series which purport to be entitled to the benefits of the Guaranty upon original issuance, provision shall have been made for the City's guaranty of the timely payment of the principal of and interest on such Series of Refunding Bonds. The Guaranty for the benefit of any Series of Refunding Bonds, including any limitation with respect to the percentage of any Bond of any Series so guaranteed, shall be printed on each of the Refunding Bonds of such Series, and shall be in substantially the form set forth in Section 1207 hereof and shall be duly executed by

the manual or facsimile signature of the Mayor of the City, who, pursuant to the terms of a guaranty agreement approved by the City governing body is authorized to execute same. Any payments made by the City pursuant to the terms of the Guaranty shall be made to the Trustee and shall thereafter be deposited by the Trustee in the Bond Service Fund and shall be applied in accordance with the terms of Section 505 hereof.

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ARTICLE III

Authorization, Terms, Execution and Issuance of Refunding Bonds

Section 301. Authorization of Refunding Bonds. The Authority shall refinance the Prior Refunding Projects, all to the extent necessary to comply with the terms and conditions of the Resolution. In accordance with the terms of the Act and subject to and in accordance with the provisions of the Resolution and for the purpose of raising funds to pay the Costs of the Refunding Project, together with amounts required to be deposited into any fund or account which is established pursuant to the terms of Section 501 hereof, Refunding Bonds of the Authority, each constituting a Bond, are hereby authorized to be issued from time to time in one or more Series in an aggregate principal amount not exceeding \$28,000,000 including amounts required to be deposited into any fund or account which is established pursuant to the terms of Section 501 hereof; provided, that Refunding Bonds may be issued in excess of \$28,000,000 in order to provide funds for the completion of the Refunding Project or the refunding of any Refunding Bonds.

Section 302. Particular Terms of the Refunding Bonds. Each Series of Refunding Bonds shall be issued upon the terms and conditions and in the manner provided by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Refunding Bonds upon original issuance or as shall be determined by a Certificate of Authority Officer, as the case may be; provided however, that the terms of such Supplemental Resolution or Certificate of Authority Officer shall be consistent with the provisions of Section 303 hereof.

Section 303. General Terms of Refunding Bonds. (a) All Refunding Bonds shall bear such designation or title, including the words City Guaranteed Lease Revenue Refunding Bonds, Series 2016 (City of Linden Omnibus Revenue Refunding Project) as may be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of the Refunding Bonds, or as shall be determined by a Certificate of Authority Officer, as the case may be. Every Refunding Bond shall be dated, shall bear interest from such date at such rate or rates per annum or in such manner and shall mature on such dates in such principal amounts as may be fixed by such Supplemental Resolution, or as shall be determined by a Certificate of Authority Officer, as the case may be. Such Supplemental Resolution or Certificate of Authority Officer, as the case may be, may contain any other terms and provisions with respect to the Refunding Bonds which are not determined by the Resolution. The Refunding Bonds shall be payable with respect to principal or redemption premium, if any, and interest thereon in any coin or currency of the United States of America which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts, shall be issued in either the form of (1) a fully registered bond without coupons and payable to the Registered Owner, or (2) a Book-Entry Bond, and shall be substantially in the form set forth in Section 1207 hereof, with such omissions, insertions and variations as are properly required and as are specified in a Supplemental Resolution of the Authority duly adopted prior to their authentication and delivery upon original issuance, or as shall be determined by a Certificate of Authority Officer, as the case may be.

(b) The Authority's bond counsel and the underwriters are hereby authorized to prepare and to distribute a preliminary official statement on behalf of the Authority in connection with the sale of the Refunding Bonds. The form and content of such preliminary official statement shall, prior to the distribution thereof, be approved by the Authority, or by the Authorized Authority Representative, as the case may be, acting on behalf of the Authority. Subsequent to obtaining such approval, the preliminary official statement may be revised, if necessary, and may contain additional terms and information relating to the sale of the Refunding Bonds; provided however, that the form and content of such revised preliminary official statement shall have been previously approved by the Authority, or by the Authorized Authority Representative, as the case may be, acting on behalf of the Authority, prior to the distribution thereof.

(c) Upon original issuance, interest on each of the Refunding Bonds shall be payable by the Paying Agent or the Trustee, as specified in the Supplemental Resolution or Certificate of Authority Officer, as the case may be, hereinafter referred to, from and after its date on the dates set forth in a Supplemental Resolution of the Authority duly adopted prior to their authentication and delivery upon original issuance, or as shall be determined by a Certificate of Authority Officer, as the case may be. All Refunding Bonds which are fully registered in form (herein called "Registered Refunding Bonds") shall be issuable in the denomination of \$5,000 each, or any integral multiple thereof, and shall be in substantially the form set forth in Section 1207 hereof. All Refunding Bonds which are issued as Book-Entry Refunding Bonds shall be issuable in the denominations and in the form set forth in substantially the form set forth in Section 1207 hereof. The Refunding Bonds may be issued upon such terms and conditions, may be benefitted by such credit enhancements and may contain or may have endorsed thereon such provisions, specifications and descriptive words as are (i) not inconsistent with the provisions of the Resolution, (ii) necessary or desirable in order to comply with custom or with the rules of any securities exchange or commission or brokerage board, and (iii) authorized by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Refunding Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be. Interest on Registered Refunding Bonds (other than Book-Entry Refunding Bonds) shall be paid by check and shall be mailed to the Registered Owner at the most recent address appearing on the registration books of the Authority which shall be kept and maintained on behalf of the Authority by the Registrar. The principal of and redemption premium, if any, on Registered Refunding Bonds (other than Book-Entry Refunding Bonds) shall be payable upon presentation and surrender thereof by the Registered Owner or by his or her duly authorized attorney at a designated corporate trust office of the Paying Agent. The provisions relating to payment of the principal of, redemption premium, if any, and interest on Book-Entry Refunding Bonds shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Book-Entry Refunding Bonds upon original issuance, or by a Certificate of Authority Officer, as the case may be.

(d) Toward the retirement of Refunding Bonds that are Term Refunding Bonds, there shall be due and the Authority shall pay Sinking Fund Installments on the particular dates and in such several amounts as shall be specified and determined by a Supplemental Resolution of the

Authority duly adopted prior to the authentication and delivery of such Refunding Bonds upon original issuance, or by a Certificate of Authority Officer, as the case may be.

(e) In order to facilitate the issuance of Refunding Bonds, the Executive Director of the Authority is hereby authorized on behalf of the Authority to negotiate and enter into any agreement or contract constituting a credit enhancement instrument. Such credit enhancement instrument shall be provided by a commercial bank, insurance company, finance company or other financial institution, including but not limited to, letters of credit, lines of credit and municipal bond insurance. Such credit enhancement instrument may be drawn in favor of a fiduciary or agent of the Authority, including the Trustee and/or the Tender Agent, as shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Refunding Bonds, or, as shall be determined by a Certificate of Authority Officer, as the case may be, and such credit enhancement instrument shall be available for such fiduciary or agent for, among other things, the payment of the principal of and interest on any Refunding Bonds upon the tender of such Refunding Bonds by the holders thereof for purchase by the Authority, upon the maturity of such Refunding Bonds, and/or upon the occurrence of an event of default by the Authority, as provided in the Resolution. An Authorized Authority Representative is hereby authorized to negotiate and enter into any agreement or contract on behalf of the Authority with the Tender Agent, the Remarketing Agent or the Indexing Agent.

Section 304. Variable Rate Refunding Bonds. (a) Notwithstanding any other provisions of the Resolution to the contrary, Refunding Bonds may be issued as Variable Rate Refunding Bonds. Such Variable Rate Refunding Bonds shall be issued in fully registered form upon the terms and conditions set forth in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of the Variable Rate Refunding Bonds, or as may be determined by a Certificate of Authority Officer, as the case may be. Interest which is due and payable with respect to Variable Rate Refunding Bonds shall be based upon the Interest Index, as calculated by the Indexing Agent, and shall be payable on such dates during the Interest Payment Period, as shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Variable Rate Refunding Bonds, or, as shall be determined by a Certificate of Authority Officer, as the case may be; provided however, that any Variable Rate Refunding Bonds which are tendered by Bondholders for purchase by the Authority may be remarketed by the Remarketing Agent at an interest rate which shall be determined by the Remarketing Agent within the limitations established by such Supplemental Resolution or such Certificate of Authority Officer, as the case may be; and provided further, that upon the occurrence of certain events, Variable Rate Refunding Bonds which are held by, or for the benefit of, a bank or other financial institution which has provided a credit enhancement instrument or liquidity facility for the Variable Rate Refunding Bonds, may bear a rate of interest which shall be determined in accordance with the terms of the Supplemental Resolution or the Certificate of Authority Officer referred to above.

(b) Upon the terms and conditions provided in the Supplemental Resolution or in the Certificate of Authority Officer referred to in subparagraph (a) above, the holders of Variable Rate Refunding Bonds may require that such Variable Rate Refunding Bonds be purchased by the Authority at the times and upon the terms which are provided therein. During the period that

Variable Rate Refunding Bonds are Outstanding, the Authority may appoint a Remarketing Agent to facilitate the remarketing of any Variable Rate Refunding Bonds which have been tendered by the holders thereof for purchase by the Authority. The Authority may also appoint a Tender Agent to facilitate the purchase of such Variable Rate Refunding Bonds and the payment of the purchase price therefor.

(c) In order to facilitate the issuance of Variable Rate Refunding Bonds, the Executive Director of the Authority is hereby authorized on behalf of the Authority to negotiate and enter into any agreement or contract constituting a credit enhancement instrument or liquidity facility for the Variable Rate Refunding Bonds. Such credit enhancement instrument or liquidity facility shall be provided by a commercial bank, insurance company, finance company or other financial institution, including but not limited to, letters of credit, lines of credit and municipal bond insurance. Such credit enhancement instrument or liquidity facility may be drawn in favor of a fiduciary or agent of the Authority, including the Trustee and/or the Tender Agent, as shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Variable Rate Refunding Bonds, or, as shall be determined by a Certificate of Authority Officer, as the case may be, and such credit enhancement instrument or liquidity facility shall be available for such fiduciary or agent for, among other things, the payment of the principal of and interest on any Variable Rate Refunding Bonds upon the tender of such Variable Rate Refunding Bonds by the holders thereof for purchase by the Authority, upon the maturity of such Variable Rate Refunding Bonds, and/or upon the occurrence of an event of default by the Authority, as provided in the Resolution. An Authorized Authority Representative is hereby authorized to negotiate and enter into any agreement or contract on behalf of the Authority with the Tender Agent, the Remarketing Agent or the Indexing Agent.

(d) The Authority may provide for the mandatory or optional conversion of any Variable Rate Bond to a Bond which bears interest at a fixed interest rate for the remaining term of such Variable Rate Bond and thereby eliminate the tender option which is available to the holders thereof. The terms relative to the conversion to a fixed interest rate shall be determined by the Supplemental Resolution or by the Certificate of Authority Officer referred to in subparagraph (a) above.

(e) All of the provisions of the Resolution, other than as specifically provided by this Section 304, or in the Supplemental Resolution or the Certificate of Authority Officer referred to in paragraph (a) above, shall be applicable to any Variable Rate Refunding Bonds which are authorized to be issued pursuant to this Section 304.

Section 305. Execution of Refunding Bonds. Each Bond shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of its Chairman, Vice Chairman or Executive Director and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted or otherwise reproduced and attested by the manual or facsimile signature of its Secretary or Assistant Secretary. In the event that any officer who shall have signed, sealed or attested any of the Refunding Bonds shall cease to be such officer of the Authority before the Refunding Bonds so signed, sealed or attested shall have been authenticated and delivered by the Trustee upon original issuance, such Refunding Bonds may nevertheless be authenticated and

delivered as herein provided as if the person who signed, sealed or attested such Refunding Bonds had not ceased to be such officer. Any Refunding Bonds may be signed, sealed or attested on behalf of the Authority by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond such person may not have held such office.

Section 306. Authentication of Refunding Bonds. The Refunding Bonds shall bear thereon a certificate of authentication, substantially in the form set forth in Section 1207 hereof, which shall be duly executed upon original issuance by an authorized signature of the Trustee (after such Refunding Bonds have been registered by the Registrar), and thereafter, by an authorized signature of the Registrar (except in the case of Book-Entry Refunding Bonds, other than the redemption of a portion of such Book-Entry Refunding Bonds, in which case the portion of such Book-Entry Refunding Bonds which are not redeemed shall be registered by the Registrar). Only such Refunding Bonds as shall bear such certificate of authentication thereon, and which have been duly executed, shall be entitled to any right or benefit under the terms of the Resolution. No Bond shall be valid or obligatory for any purpose unless such certificate of authentication upon such Bond shall have been duly executed by the Trustee or by the Registrar, as the case may be. The certificate of authentication upon any Bond shall be conclusive and the only evidence that the Bond so authenticated has been duly authenticated and delivered under the terms of the Resolution and that the Holder thereof is entitled to the benefit of the Resolution.

Section 307. Interchangeability of Refunding Bonds. Registered Refunding Bonds, upon surrender thereof at a designated corporate trust office of the Registrar, together with a written instrument of transfer which is satisfactory to the Registrar and which is duly executed by the Registered Owner thereof or by his attorney duly authorized in writing, accompanied by a signature guarantee, may, at the option of such Registered Owner, be exchanged for Registered Refunding Bonds of the same Series, designations, maturity and interest rate of any other of the authorized denominations. Book-Entry Refunding Bonds shall be subject to exchange upon the terms and conditions provided in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Book-Entry Refunding Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be.

Section 308. Registration of Registered Refunding Bonds and Agency Therefor. The Authority shall cause the Registrar to maintain and keep books for the registration and transfer of the Refunding Bonds, and, upon presentation thereof for such purpose at the designated office of the Registrar, together with a written instrument of transfer which is satisfactory to the Registrar, and which is duly executed by the Registered Owner thereof or by his attorney duly authorized in writing, the Registrar shall register or cause to be registered therein, and permit to be transferred thereon or to be exchanged, under such reasonable regulations as the Registrar may prescribe, any Registered Bond which shall be entitled to registration, transfer or exchange. The Registrar is hereby appointed by the Authority to serve as its agent for such registration, transfer or exchange of Refunding Bonds. Provisions relating to the transfer and registration of Book-Entry Refunding Bonds shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Book-Entry Refunding Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be. Notwithstanding anything contained herein to the contrary, upon the occurrence of an Event of Default requiring

payment of all or any portion of the principal of and interest on the Refunding Bonds by the issuer of any Credit Facility, the Registrar shall provide the issuer of such Credit Facility and its designated agent with access to the registration books of the Authority.

Section 309. Transfer of Registered Refunding Bonds. Each Registered Bond shall be transferable only upon the registration books of the Authority at the designated office of the Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer which is satisfactory to the Registrar and which is duly executed by the Registered Owner or by such duly authorized attorney, together with a signature guarantee and such other and further documentation as the Registrar may reasonably request. Upon the transfer of such Registered Bond, the Authority shall execute, and the Registrar shall authenticate and deliver or make available for pick-up, a new Bond or Refunding Bonds (registered in the name of the transferee) of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered Bond. Provisions relating to the transfer of Book-Entry Refunding Bonds shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Book-Entry Refunding Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be.

Section 310. Ownership of Refunding Bonds and Effect of Registration. As of the Record Date, the Authority and any Fiduciary may treat and consider the person in whose name any Registered Bond is registered as the Holder and absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of, redemption premium, if any, or interest thereon and for all other purposes whatsoever, and payment of, or on account of, the principal of, redemption premium, if any, or interest on such Bond shall be made only to, or upon the order of, such Registered Owner thereof. However, such registration may be changed or discharged as provided in the Resolution. All payments which are made as provided in this Section shall be valid and effectual to satisfy and discharge the Authority's liability upon the Refunding Bonds to the extent of the sum or sums so paid.

Section 311. Reissuance of Mutilated, Destroyed, Stolen or Lost Refunding Bonds. In case any Outstanding Bond shall become mutilated or shall be destroyed, stolen, or lost, the Registrar shall authenticate and deliver or make available for pick-up, a new Bond of like tenor, number and amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and in substitution for such mutilated Bond and upon surrender of such mutilated Bond or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Registrar of evidence which is satisfactory to the Authority and the Registrar that such Bond has or have been destroyed, stolen or lost, and together with a signature guarantee and such other and further documentation as the Registrar may reasonably request. The owner of such Bond shall also provide the Registrar with proof of the ownership thereof, and shall furnish the Authority and the Registrar with indemnification satisfactory to them and shall comply with such other reasonable regulations, as the Authority and the Registrar may prescribe, and the owner of such Bond shall pay such expenses as the Authority and the Registrar may incur in connection therewith. In lieu of reissuing a mutilated, destroyed, lost or stolen Bond which is due and payable or which will be due and payable within sixty (60) days thereof, the Authority may pay the amount which is

due on such Bond to the owner or Holder thereof, provided all of the requirements of this Section have been met.

Section 312. Regulations with Respect to Registrations, Exchanges and Transfers. In all cases in which the privilege of exchanging Refunding Bonds or transferring Registered Refunding Bonds is exercised, the Authority shall execute and the Registrar shall authenticate new Refunding Bonds in accordance with the provisions of the Resolution. For every registration, exchange or transfer of Refunding Bonds, the Authority or the Registrar, as the case may be, may charge a sum which is sufficient to reimburse them for any tax or other governmental charge or other fees which are required to be paid, which sum, if not otherwise provided for, shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of effecting such registration, exchange or transfer. During the fifteen days next preceding any interest payment date of the Refunding Bonds, or in the case of any proposed redemption of Refunding Bonds, subsequent to the date next preceding the date of the first publication or mailing of notice of such redemption, neither the Authority nor the Registrar shall be required to make any registration, transfer or exchange of any Refunding Bonds under the provisions of this Article. The Registrar shall, if requested by the Authority, deliver to the Authority a statement of all Refunding Bonds issued in lieu of or in substitution for other Refunding Bonds pursuant to the terms of this Article, including a report of the description and disposition of such other Refunding Bonds.

Section 313. No Recourse on Refunding Bonds. No recourse shall be had for the payment of the principal of, redemption premium, if any, or the interest on the Refunding Bonds or for any claim based thereon or on the Resolution against any member or officer of the Authority or any person executing the Refunding Bonds, including the Trustee or the Registrar, as the case may be. The Refunding Bonds are not and shall not be in any way a debt or liability of the State of New Jersey or of any county or any municipality and do not and shall not create or constitute any indebtedness, liability or obligation of said State or of any county or any municipality, either legal, moral or otherwise.

Section 314. Temporary Refunding Bonds. Until Refunding Bonds in definitive form are ready for delivery, the Authority may execute, and upon its written request, the Trustee upon original issuance, and thereafter the Registrar, shall authenticate and deliver one or more printed, lithographed or typewritten Refunding Bonds in temporary form, substantially of the tenor of the Refunding Bonds hereinbefore described, together with any appropriate omissions, variations and insertions. Such Bond or Refunding Bonds in temporary form shall be in such authorized denominations as the Authority may determine. Until exchanged for Refunding Bonds in definitive form, such Refunding Bonds in temporary form shall be entitled to the lien and benefit of the Resolution. The Authority shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and thereupon, upon the presentation and surrender of the Bond or Refunding Bonds in temporary form, the Registrar shall authenticate and deliver, in exchange therefor, a Bond or Refunding Bonds in definitive form in authorized denominations of the same maturity and for the same aggregate principal amount as the surrendered Bond or Refunding Bonds in temporary form. Such exchange shall be made by the Authority without making any charge therefor except that the Authority may require payment of a sum which is sufficient to cover any tax or other governmental charge that may be imposed upon it in connection therewith.

Section 315. Issuance of Each Series of Refunding Bonds and Disbursement of Proceeds of Sale and Other Funds. Upon execution by the Authority, any Series of Refunding Bonds authorized to be issued under Section 301 hereof shall be delivered to the Trustee for authentication by the Trustee upon original issuance, and thereupon the Refunding Bonds shall be authenticated by the Trustee. Upon fulfillment of the conditions hereinafter set forth, the Refunding Bonds shall be delivered by the Trustee to the Authority or upon its order. The proceeds which are derived from the sale of each Series of Refunding Bonds, including accrued interest thereon, together with other funds, if any, which are held by the Authority and which are not pledged or otherwise committed for a specific purpose, shall simultaneously with the issuance of each such Series of Refunding Bonds, be paid by the Authority as follows:

(a) To the Trustee, to be deposited in the Bond Service Fund, a sum equal to the accrued interest on the Series of Refunding Bonds from the date of the Refunding Bonds to the date of delivery thereof, and the amount, if any, equal to capitalized interest, if any, on the Series of Refunding Bonds, as reflected in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Series of Refunding Bonds, or, as shall be determined by a Certificate of Authority Officer, as the case may be;

(b) To the Trustee, to be deposited in the Construction Fund, (i) the amount which is estimated to be necessary to pay the costs and expenses incurred or to be incurred by the Authority in connection with the issuance and delivery of the Series of Refunding Bonds, and (ii) the amounts remaining after deducting the amounts referred to in subparagraphs (a), (c) and (d) have been made;

(c) To the Trustee, to be deposited in the Bond Reserve Fund, either an amount which is required to be so deposited so that the amount on deposit therein equals the Bond Reserve Requirement or a Bond Reserve Credit Facility having a stated amount which (together with any proceeds so deposited) is required to be so deposited so that the amount on deposit therein equals the Bond Reserve Requirement; and

(d) If any Series of Refunding Bonds are secured by a Credit Facility and/or a Liquidity Facility, to the issuer of such Credit Facility, the amount which is due and payable for or with respect to the issuance of such Credit Facility and/or Liquidity Facility.

In the event that any Series of Refunding Bonds shall be issued as Variable Rate Refunding Bonds, the Supplemental Resolution of the Authority or Certificate of Authority Officer authorizing the issuance of such Variable Rate Refunding Bonds shall also set forth any additional provisions with respect to the application of such proceeds in connection with the issuance of such Variable Rate Refunding Bonds.

In the event that any Series of Refunding Bonds are issued which pay interest on dates which are different from the established interest payment dates of Outstanding Refunding Bonds, there shall be no requirement that, on any interest payment date of any Bond, the Trustee establish reserves for the benefit of the Holder of any Bond on which interest is not being then

paid unless otherwise required under the terms of the Resolution, the terms of any Supplemental Resolution of the Authority or the terms of a Certificate of Authority Officer.

Section 316. Conditions Precedent to Issuance of Each Series of Refunding Bonds. (1) The Trustee shall not deliver to the Authority, or upon its order, any Refunding Bonds pursuant to the terms of the Resolution unless theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee the following:

(a) A copy of the General Bond Resolution, certified by the Secretary or Assistant Secretary of the Authority;

(b) A copy of the Supplemental Resolution of the Authority, if any, certified by the Secretary or Assistant Secretary of the Authority fixing the rate or rates of interest or the maximum rates of interest on such Series of Refunding Bonds and all other terms and provisions of such Series of Refunding Bonds which are not fixed by the terms of the General Bond Resolution and a copy of each amending resolution of the Authority, if any, which has been duly adopted prior to the authentication and delivery of such Series of Refunding Bonds pursuant to and in accordance with the provisions of Section 801 hereof, each certified by the Secretary or Assistant Secretary of the Authority;

(c) A copy of the Certificate of Authority Officer, if any, duly executed in connection with the sale of the Refunding Bonds, as provided in Sections 302 and 303 hereof;

(d) The written order of the Authority as to the delivery of the Series of Refunding Bonds, signed by an Authorized Authority Representative and stating the amount of the proceeds which have been derived from the sale of the Refunding Bonds;

(e) An opinion of Bond Counsel stating, in the opinion of the signer, that (i) the General Bond Resolution, each Supplemental Resolution referred to in subparagraph (b) above and each Certificate of Authority Officer referred to in subparagraph (c) above have been duly and lawfully adopted by the Authority or executed by an Authorized Authority Representative, as the case may be, are each in full force and effect and are valid and binding on the Authority, the Trustee and the Holders of the Series of Refunding Bonds in accordance with their respective terms, and that all conditions precedent to the authentication of such Series of Refunding Bonds by the Trustee upon original issuance have been satisfied and that the Trustee may lawfully authenticate such Series of Refunding Bonds; (ii) the Certificate of Authority Officer, if applicable, is valid and binding on the Authority in accordance with its terms; (iii) the Resolution creates the valid pledge which it purports to create of the Revenues, moneys, securities and funds which are held or set aside under the terms of the Resolution, subject to the application thereof to the purposes and on the conditions permitted by the terms of the Resolution for repayment of such Refunding Bonds; and (iv) the Refunding Bonds of such Series are valid and binding obligations of the Authority, as provided in the Resolution, and are entitled to the benefits of the Resolution and of the Act, and that such Refunding Bonds have been duly and validly authorized and issued in accordance with law, including the Act, and in accordance with the terms of the Resolution; provided however, that such opinion may take exception for limitations imposed by

or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' rights generally;

(f) A copy of the Agreement, certified by the Secretary or Assistant Secretary of the Authority, together with any consents which are required to be obtained from the City with respect to the assignment of the Agreement, as provided in Section 512 hereof;

(g) A Counsel's Opinion, stating, in the opinion of the signer, that (i) the Authority has the right and power under the Act and other applicable law to enter into the Agreement; (ii) the execution of the Agreement has been duly and lawfully authorized by the Authority; and (iii) the Agreement has been duly and lawfully executed by the Authority, is in full force and effect, is valid and binding upon the Authority and is enforceable in accordance with its terms; provided however, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' rights generally;

(h) A Counsel's Opinion of counsel to the City, stating, in the opinion of the signer, that (i) the City has the right and power to enter into the Guaranty Agreement; (ii) the execution of the Guaranty Agreement has been duly and lawfully authorized by the City; and (iii) the Guaranty Agreement has been duly and lawfully executed by the City, is in full force and effect, is valid and binding upon the City and is enforceable in accordance with its terms; provided further, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' rights generally;

(i) The amounts or instruments which are required to be delivered to the Trustee pursuant to the terms of Section 315 hereof;

(j) If any Series of Refunding Bonds are entitled to the benefits of a Credit Facility and/or a Liquidity Facility, the original of such Credit Facility and/or Liquidity Facility issued with respect to such Series of Refunding Bonds;

(k) If such Series of Refunding Bonds are entitled to the benefits of a Credit Facility or Liquidity Facility, an opinion of counsel to any Credit Facility Issuer or Liquidity Facility Issuer, stating, in the opinion of the signer, that such Credit Facility or Liquidity Facility, as the case may be, constitutes the legal, valid and binding obligation of the issuer of such Credit Facility or Liquidity Facility, as the case may be, and is enforceable in accordance with its terms; provided however, that, such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws effecting creditors' rights generally;

(l) A Certificate of Authority Officer setting forth (1) the aggregate principal amount of Refunding Bonds which are issued on the date of such Certificate, (2) the aggregate principal amount of each Series of Refunding Bonds, if any, issued by the Authority prior to the date of such Certificate and including the date each such Series of Refunding Bonds was issued, and (3)

that no default has occurred and is continuing under the terms of the Resolution and the Agreement;

(m) With respect to the issuance of any Refunding Bonds which are issued as Variable Rate Refunding Bonds, such other documents as may be required by the terms of a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of the Refunding Bonds, or, as may be required by a Certificate of Authority Officer executed in connection with the sale of such Series of Refunding Bonds;

(n) A Certificate of Authority Officer setting forth a listing of any additional documents which are required to be executed and delivered pursuant to the terms of any contract which is executed by or on behalf of the Authority in connection with the sale of such Series of Refunding Bonds;

(o) Each of the documents which are set forth in the Certificate of Authority Officer described in paragraph (n) above, unless waived by the purchaser of such Series of Refunding Bonds;

(p) A Certificate of an Authorized City Representative stating that no default has occurred and is continuing under the terms of the Agreement; and

(q) In the event that such Series of Refunding Bonds are issued as Tax-Exempt Obligations, an opinion of Bond Counsel to the effect that the interest on such Series of Refunding Bonds is not includable as gross income under the provisions of the Code.

(2) The Authority shall not be required to liquidate any securities then held by it for the purpose of payment of the aforementioned amounts to the Trustee, and the Trustee shall be authorized and directed to accept any such securities in whole or in part as funds delivered under authority of this Section provided that such securities would constitute Investment Obligations under the provisions of the Resolution applicable to the fund or account into which such securities are deposited; provided however, that in such event, the Trustee shall receive an opinion of Bond Counsel to the effect that such actions will not, in and of itself, cause the interest on any Outstanding Refunding Bonds issued as Tax-Exempt Obligations to be includable in gross income for federal tax purposes.

Section 317. Purposes, Authorization and Description of Additional Refunding Bonds.

(1) After the execution, authentication and delivery of the Refunding Bonds, Additional Refunding Bonds of the Authority may be authorized to be issued pursuant to and in accordance with the terms of the Act for the purpose of (a) raising funds to complete any work for which Refunding Bonds were issued or (b) refunding any Refunding Bonds.

(2) Any Series of Additional Refunding Bonds of the Authority shall be issued only after authorization thereof by a Supplemental Resolution of the Authority duly adopted prior to their authentication and delivery upon original issuance. Such Supplemental Resolution shall state the purpose or purposes for which such Additional Refunding Bonds are being issued, shall direct the application of the proceeds which are to be derived from the sale thereof to such

purpose or purposes, and shall direct the execution and authentication thereof. Such Supplemental Resolution or a Certificate of Authority Officer, as the case may be, shall fix and determine the date, principal amount, denominations, designation and numbers thereof, the rate or rates of interest or maximum rate of interest to be borne thereby, the place or places of payment therefor, the redemption privileges of the Authority, if any, with respect thereto, the amount and date of each Sinking Fund Installment for the retirement of any Term Refunding Bonds, and any other provisions thereof, all in accordance with the terms of the Resolution. Upon such authorization, such Additional Refunding Bonds may upon original issuance, at one time, or from time to time, be executed by or on behalf of the Authority and delivered to the Trustee for authentication by the Trustee, as provided in the Resolution, and thereafter such Additional Refunding Bonds shall be authenticated by the Trustee upon original issuance and, upon fulfillment of the applicable conditions set forth in Section 318 hereof, shall be delivered by the Trustee to the Authority, or upon its order.

(3) All Additional Refunding Bonds shall be substantially in the form and tenor of Refunding Bonds, as provided in Section 303 and Section 1207 hereof, except that, notwithstanding any other provision contained in the Resolution to the contrary, such Additional Refunding Bonds shall be issued in such principal amounts, shall be of such denominations, shall bear such dated date and such maturity date or dates, shall bear such designation as to Series, numbers or symbols prefixed to their number distinguishing them from each other Bond, and shall be subject to redemption prior to maturity on such terms and conditions which are consistent with the provisions of the Resolution, and shall bear interest from such date at such rate or such different or varying rates of interest per annum and shall be payable at such times as may be fixed by the Supplemental Resolution of the Authority authorizing the issuance of such Additional Refunding Bonds or by a Supplemental Resolution of the Authority duly adopted prior to authentication and delivery of such Additional Refunding Bonds upon original issuance, or by a Certificate of Authority Officer, as the case may be.

(4) All Additional Refunding Bonds which are authorized by any one Supplemental Resolution of the Authority shall constitute Refunding Bonds of a single or multiple Series, as specifically provided in such Supplemental Resolution. No bonds shall constitute Additional Refunding Bonds unless they are authenticated by the Trustee upon original issuance, and thereafter by the Registrar (except as provided herein with reference to Book-Entry Refunding Bonds), as provided in the Resolution, nor shall such Additional Refunding Bonds be entitled to any right or benefit under the Resolution unless they are so authenticated, and no Additional Bond shall be valid and obligatory for any purpose of the Resolution unless said Additional Bond shall have been so authenticated.

(5) After their authentication and delivery by the Trustee upon original issuance, Additional Refunding Bonds of a particular Series shall for all purposes hereof be deemed to constitute Refunding Bonds and shall be entitled to the pledge of the Revenues and other moneys and accounts provided by the Resolution and by Supplemental Resolution of the Authority or by Certificate of Authority Officer and such Additional Refunding Bonds shall be entitled to the security and benefit of such pledge and of the provisions of the Resolution.

(6) If Additional Refunding Bonds are issued which pay interest on dates which are different from the established interest payment dates of Outstanding Refunding Bonds, there shall be no requirement that, on an interest payment date of any Bond, the Trustee establish reserves for the benefit of the Holder of any Bond on which interest is not being then paid, unless otherwise required under the terms of the Resolution or the terms of any Supplemental Resolution of the Authority.

Section 318. Conditions Precedent to Issuance of Additional Refunding Bonds. (1) The Trustee shall not authenticate or deliver upon original issuance any Additional Refunding Bonds to the Authority, or upon its order, unless theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee, among other things, in addition to the documents or amounts required to be delivered pursuant to the provisions of Section 316 hereof (except to the extent otherwise provided in this Section 318) the following:

(a) A copy of the Supplemental Resolution of the Authority authorizing the issuance of such Additional Refunding Bonds, stating the purpose or purposes for the issuance of such Additional Refunding Bonds and otherwise conforming with the provisions of Section 317 hereof, and if such Additional Refunding Bonds are authorized for any purpose other than the refunding of Refunding Bonds, such Supplemental Resolution shall describe in brief and general terms the completion of the Refunding Project or prior additional Refunding Projects, as the case may be, to be financed by the issuance of such Additional Refunding Bonds, each certified by the Secretary or Assistant Secretary of the Authority;

(b) A copy of the Supplemental Resolution which has been duly adopted by the Authority or Certificate of Authority Officer, as the case may be, fixing the rate or rates of interest on such Additional Refunding Bonds and all other terms and provisions thereof which are not fixed by the Supplemental Resolution referred to in subparagraph (a) above, or in the Resolution, if any, certified by the Secretary or Assistant Secretary of the Authority;

(c) A certificate of an Authorized City Representative to the effect that the Agreement has been amended, if necessary, to insure that such Agreement shall be applicable to the Additional Refunding Bonds. If no amendment is required, a Counsel's Opinion stating same shall be delivered to the Trustee;

(d) For any additional series of Refunding Bonds, a certificate of an Authorized City Representative to the effect that the Guaranty Agreement has been amended, if necessary, to insure that the Guaranty Agreement shall be applicable to the Additional Refunding Bonds. If no amendment is required, a Counsel's Opinion stating same shall be delivered to the Trustee;

(e) The written order of the Authority as to the delivery of such Additional Refunding Bonds, signed by an Authorized Authority Representative and stating, among other things, (1) the amount of the proceeds derived from the sale of such Additional Refunding Bonds, (2) the amount, if any, of such proceeds which will be paid by the Authority to the Trustee for deposit in the Bond Service Fund, and (3) the amount, if any, or the delivery of a Bond Reserve Credit Facility, or any combination of the foregoing, which in any case, is required to be deposited in

the Bond Reserve Fund so that the amount in such fund equals the Bond Reserve Requirement immediately after the authentication and delivery of such Additional Refunding Bonds;

(f) The amount, if any, which is stated in said written order as the amount of such proceeds which will be paid by the Authority to the Trustee for deposit in the Bond Service Fund, which amount shall be deposited by the Trustee in the Bond Service Fund and held therein;

(g) The amount, if any, which is stated in said written order as the amount of such proceeds which will be paid by the Authority to the Trustee for deposit in the Bond Reserve Fund, which amount shall be deposited by the Trustee in the Bond Reserve Fund and held therein, or a Bond Reserve Credit Facility in an amount which satisfies the requirement of paragraph (e)(3) above;

(h) The amount of such proceeds which will remain after deducting the amount, if any, paid to the Trustee in accordance with the terms of subparagraphs (f) and (g) above, as applicable to such Series of Refunding Bonds, which amount shall be paid to the Trustee and applied in accordance with the provisions of paragraph (2) or paragraph (3) of this Section 317;

(i) An opinion of Bond Counsel approving the form of the Supplemental Resolution authorizing the issuance of the Additional Refunding Bonds and stating (1) that such Refunding Bonds are authorized to be issued for a purpose referred to in Section 317(1) hereof, (2) that its terms and provisions conform to the requirements of the Act and the Resolution, (3) that the written order, certificates and amounts of money which are delivered or paid to the Trustee in accordance with the provisions of this Section 318 constitute compliance with the conditions hereinabove stated for the authentication and delivery of such Additional Refunding Bonds, (4) that all of the conditions precedent to the authentication and delivery of the Additional Refunding Bonds have been satisfied and that the Trustee may lawfully authenticate the Additional Refunding Bonds upon original issuance, and (5) that upon the execution, authentication and delivery of the Additional Refunding Bonds, all Revenues thereafter to be derived will be pledged under and subject to the lien and the pledge created by the Resolution free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, except to the extent specifically provided herein;

(j) If the Additional Refunding Bonds are entitled to the benefits of a Credit Facility and/or Liquidity Facility, the original of such Credit Facility and/or Liquidity Facility issued with respect to such Additional Refunding Bonds, together with the amount of any premium or fee which is due and payable upon delivery of the Additional Refunding Bonds with respect to such Credit Facility and/or Liquidity Facility from the proceeds derived from the sale of such Additional Refunding Bonds;

(k) If such Series of Additional Refunding Bonds are entitled to the benefits of a Credit Facility or Liquidity Facility, an opinion of counsel to any Credit Facility Issuer or Liquidity Facility Issuer, stating, in the opinion of the signer, that such Credit Facility or Liquidity Facility, as the case may be, constitutes the legal, valid and binding obligation of such Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, and is enforceable in

accordance with its terms; provided however, that, such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws effecting creditors' rights generally;

(l) With respect to the issuance of any Additional Refunding Bonds which are issued as Variable Rate Refunding Bonds, such other documents as may be required by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of the Additional Refunding Bonds upon original issuance or a Certificate of Authority Officer executed prior to or simultaneously with delivery of the Additional Refunding Bonds upon original issuance;

(m) A Certificate of Authority Officer setting forth a listing of any additional documents which are required to be executed and delivered pursuant to the terms of any contract which is executed by or on behalf of the Authority in connection with the sale of the Additional Refunding Bonds;

(n) Each of the documents which are set forth in the Certificate of Authority Officer described in paragraph (m) above, unless waived by the purchaser of such Additional Refunding Bonds;

(o) A Certificate of an Authorized City Representative stating that no default has occurred and is continuing under the terms of the Agreement;

(p) Such other documents as may be required by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of the Additional Refunding Bonds upon original issuance; and

(q) (1) In the event that such Additional Refunding Bonds are issued as Tax-Exempt Obligations, an opinion of Bond Counsel stating that the interest on such Additional Refunding Bonds is not includable as gross income under the provisions of the Code and that the issuance of such Additional Refunding Bonds will not cause the interest on any Outstanding Refunding Bonds which were issued as Tax-Exempt Obligations to be includable as gross income under the provisions of the Code.

(2) If such Additional Refunding Bonds are authorized for the purpose which is described in clause (a) of paragraph (1) of Section 317 hereof, the Trustee shall deposit the proceeds which are derived from the sale thereof which are referred to in subparagraph (h) of paragraph (1) of this Section in the Construction Fund, and the moneys so deposited shall be applied by the Authority and by the Trustee to pay the Cost of the acquisition which is described in the Supplemental Resolution of the Authority authorizing the issuance of such Additional Refunding Bonds.

(3) If such Additional Refunding Bonds are authorized for the purpose which is described in clause (b) of paragraph (1) of Section 317 hereof, the Trustee shall apply the remaining proceeds which are derived from the sale thereof and which are referred to in subparagraph (i) of paragraph (1) of this Section as follows: (a) an amount as is set forth in a

Certificate of Authority Officer which is sufficient to pay the costs incurred in connection with the authorization, issuance and delivery of such Additional Refunding Bonds shall be deposited in the Construction Fund, and (b) the remaining amounts shall be applied to the refunding of such Refunding Bonds in accordance with the terms of the Supplemental Resolution of the Authority authorizing the issuance of such Additional Refunding Bonds or the Certificate of Authority Officer relating to the issuance of such Additional Refunding Bonds.

(4) In the event that such Additional Refunding Bonds are entitled to the benefit of a Credit Facility, any additional conditions precedent to the issuance of such Additional Refunding Bonds which are required under the terms of such Credit Facility shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Additional Refunding Bonds or Certificate of Authority Officer executed prior to or simultaneously with the authentication and delivery of such Additional Refunding Bonds.

ARTICLE IV

Construction Fund

Section 401. Establishment of Construction Fund. The Authority hereby establishes and creates a special fund, designated the "Construction Fund" which shall be held by the Trustee and in which may be deposited any moneys which are received by the Authority from any source for payment of Costs related to the acquisition of the Refunding Project, the proceeds (or any portion thereof) derived from the issuance of any Refunding Bonds, the proceeds of any insurance or any condemnation award and which to be applied by the Authority for the acquisition of any portion of the Refunding Project. Amounts which are deposited in the Construction Fund shall be held by the Trustee in trust and shall be applied (in accordance with and subject to the limitations of this Article) to pay the Costs of the Refunding Project, and such moneys are hereby pledged, pending application to the payment of such Cost, to secure the payment of the principal of, redemption premium, if any, and interest on the Refunding Bonds and such moneys shall at all times be subject to the lien of such pledge. The Trustee shall establish within the Construction Fund a separate account for the Refunding Project and for any additional Refunding Projects which are described in any Supplemental Resolution of the Authority which has been duly adopted pursuant to the terms of Section 317 hereof. Any insurance proceeds and any proceeds derived from any condemnation award which are received by or on behalf of the Authority in connection with rebuilding or reconstructing any part of the Refunding Project or additional Refunding Projects shall be deposited in the appropriate account in the Construction Fund. Notwithstanding anything above to the contrary, the Trustee may from time to time establish subaccounts within any account which is created with respect to the Refunding Project.

Section 402. Purpose of the Construction Fund. The Trustee shall make payment from the Construction Fund for payment of the Costs of the Refunding Project in accordance with, and upon satisfaction of the terms of this Article. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article and the Authority shall not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions.

Section 403. Payments from Construction Fund. Upon execution of the Agreement, and upon receipt of a certificate of an Authorized City Representative requesting payment, the Trustee shall make payment from the Construction Fund in the full amount specified in Section 2.2 of the Agreement. Such certificate from an Authorized City Representative shall indicate, among other things, the amount of the payment requested and that all other terms and conditions of the Agreement have been satisfied by the City.

Section 404. Interim Investment of Construction Fund. Any moneys which are held in the Construction Fund (or in any subaccount created and established pursuant to the provisions of Section 401 hereof) shall be invested by the Trustee, at the oral direction of an Authorized City Representative (promptly confirmed in writing), in Investment Obligations; provided however, that the maturity of every such Investment Obligation shall not be later than the time

when such funds are needed to be applied to pay Costs of the Refunding Project. Unless otherwise determined by a Certificate of an Authorized City Representative, investment income shall be held in the Construction Fund and applied in accordance with the terms of Article IV and Section 1206 hereof.

Section 405. Disposition of Balance in Construction Fund. (a) The Trustee, when directed in writing by an Authorized Authority Representative, shall apply the balance which is on deposit in the Construction Fund as provided in, and upon the terms and conditions set forth herein. Before any such application shall be made, the Authority shall file a Certificate of an Authorized Authority Representative with the Trustee and such certificate shall state the portion of the Refunding Project for which the funds were deposited in the Construction Fund has been completed in accordance with the plans and specifications therefore and the date of such completion, and that the sum stated in the certificate is sufficient to pay, and is required to be reserved in the Construction Fund to pay, all items subject of the certificate which, as of the date of such certificate, remain unpaid, including an estimate of the amount of any such items which are not finally determined.

(b) Upon receipt of such Certificate of Authorized Authority Representative, the Trustee shall apply the balance in the Construction Fund, in excess of the amount stated in the certificate referred to in subparagraph (a) above, to either (1) payment of Costs of any portion of the Refunding Project (other than the portion referred to in such certificate), (2) payment of the principal of or interest on the Refunding Bonds, (3) payment of any Sinking Fund Installment of any Series of Refunding Bonds issued for or with respect to the Refunding Project, (4) payment of the Redemption Price of any Refunding Bonds, all in accordance with the Certificate of Authorized Authority Representative, or (5) any other Costs of the Refunding Project which, in the opinion of Bond Counsel, will not in and of itself cause the interest on any Refunding Bonds issued as Tax-Exempt Obligations to be included in gross income for purposes of the Code.

ARTICLE V

Revenues and Funds

Section 501. Establishment of Funds. (1) In addition to the Construction Fund, the Authority hereby establishes and creates the following special funds:

- (a) Revenue Fund;
- (b) Bond Service Fund;
- (c) Sinking Fund;
- (d) Bond Reserve Fund;
- (e) General Fund; and
- (f) Rebate Fund.

(2) Each of said funds shall be held by the Trustee.

(3) Other funds or accounts may be created by Supplemental Resolution of the Authority duly adopted or by Certificate of Authority Officer duly executed prior to the authentication and delivery of a particular Series of Refunding Bonds upon original issuance; provided however, that prior to the creation of any such fund or account, the Authority shall deliver a written opinion of Bond Counsel to the Authority stating that, in the opinion of such firm, the creation of such fund or account will not adversely affect the rights of existing Bondholders.

Section 502. Pledge Securing Refunding Bonds. (a) The Refunding Bonds of each Series are hereby separately and individually secured by (i) the Revenues available for such Series of Refunding Bonds (except such moneys that are required to be rebated to the United States government pursuant to the provisions of the Code in order to insure that interest on any Refunding Bonds which are issued as Tax-Exempt Obligations continues to be excludable from gross income under the Code), and (ii) all moneys, securities and funds which are held or set aside or which are to be held or set aside with respect to any Series of Refunding Bonds pursuant to the terms of the Resolution or Supplemental Resolution or which are held in any funds or accounts which are established and created under Section 501 hereof or by the terms of any Supplemental Resolution, for each Series of Refunding Bonds and into which shall be deposited Revenues or such other moneys, securities and funds specified in the Resolution or any Supplemental Resolution (other than amounts which are on deposit in the Rebate Fund).

(b) In the event that any Series of Refunding Bonds are entitled to the benefits of the Guaranty, any moneys which are required to be paid to the Trustee by the City pursuant to the terms of its Guaranty are hereby pledged to secure the payment of the principal or and interest on the Refunding Bonds of such Series, or, to the extent provided in the Resolution or any

Supplemental Resolution, the purchase price of the Refunding Bonds of such Series, and shall not be available for any other purpose under the Resolution. Upon receipt of any such moneys by the Trustee, such moneys shall be deposited in the Bond Service Fund and applied in accordance with the provisions of Section 505 hereof.

(c) In the event that any Credit Facility or Liquidity Facility is provided with respect to any Series of Refunding Bonds, any moneys which are made available under the terms of such Credit Facility or Liquidity Facility are pledged solely to secure the payment of the principal of and interest on the Refunding Bonds, or, to the extent provided in the Resolution or any Supplemental Resolution, the purchase price of the Refunding Bonds, and shall not be available for any other purpose under the Resolution. Upon receipt of any such moneys by the Trustee, such moneys shall be deposited in the Bond Service Fund and applied in accordance with the provisions of Section 505 hereof.

(d) This pledge shall be valid and binding from and after the date of the first delivery by the Trustee of the first Bond which is authenticated and delivered under the terms of the Resolution. The Revenues and other moneys, securities and funds which are so pledged for each Series of Refunding Bonds and which are thereafter received by the Authority, and any other moneys hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations issued by the Authority and all other liabilities of the Authority. The lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

Section 503. Deposit of Revenues and Other Payments. (1) From and after the authentication and delivery of the first Bond to be so authenticated and delivered under the terms of the Resolution, all Revenues shall upon receipt be deposited by the Trustee into the Revenue Fund. The Trustee shall be accountable only for moneys which are actually so deposited.

(2) Any moneys which are held in the Revenue Fund shall be invested, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), by the Trustee in Investment Obligations; provided however, that the maturity of every such Investment Obligation shall not be later than the first Business Day next preceding the Withdrawal Date.

(3) Any payments that are made by the City pursuant to the terms of the Guaranty shall be made to the Trustee and shall thereafter be deposited by the Trustee in the Bond Service Fund and applied in accordance with Section 505 hereof.

(4) Any payments which are received by the Authority or City pursuant to any insurance relating to the Refunding Project, or any portion thereof, or pursuant to a condemnation award which are not applied to the repair or replacement of the Refunding Project, or any portion thereof, or to the substitution of the Refunding Project as provided in Section 401 hereof, shall be paid by the Authority or City to the Trustee. Thereafter such payments shall be deposited by the Trustee in the Bond Service Fund and applied in accordance with the terms of Section 505 hereof.

Section 504. Periodic Withdrawals From Revenue Fund. From time to time as moneys are received in the Revenue Fund, the Trustee shall make payments from moneys on deposit in the Revenue Fund into the following several funds or accounts, but as to each such fund or account only within the limitation herein below indicated with respect thereto and only after maximum payment within such limitation into every such fund previously mentioned in the following tabulation:

First: Into the Bond Service Fund, to the extent, if any, needed to provide for the payments contemplated in Section 505 of the Resolution;

Second: Into the Sinking Fund, to the extent, if any, needed to increase the amount which is on deposit in the Sinking Fund until the amount on deposit equals the Sinking Fund Requirement with respect to such Series of Refunding Bonds;

Third: Into the Bond Reserve Fund, to the extent, if any, needed to increase the amount which is on deposit in the Bond Reserve Fund until the amount on deposit equals the Bond Reserve Requirement; and

Fourth: Into the General Fund, to the extent any funds are available.

Section 505. Application, Investment and Restoration of Bond Service Fund. (1) There is hereby established with the Trustee a Bond Service Fund, the moneys in which, in accordance with Section 505(3), the Trustee shall make available to the Paying Agent or Agents, to pay (a) the principal or redemption price of Refunding Bonds as they mature or become due, upon surrender and (b) the interest on Refunding Bonds as it becomes payable. There are hereby established with the Trustee within the Bond Service Fund two separate and segregated accounts, to be designated "Authority Account" and "Credit Facility Account". The Credit Facility Account and the Authority Account are maintained as separate and segregated accounts and any moneys held therein shall not be commingled with any other moneys or funds. Neither the Authority nor the City shall have any interest in the Credit Facility Account.

(2) There shall be deposited into the accounts of the Bond Service Fund from time to time the following:

(a) into the Authority Account, (i) any accrued interest from the sale of the Refunding Bonds, (ii) all other moneys received by the Trustee under and pursuant to the provisions of the Resolution or any of the provisions of the Agreement and (iii) and any moneys received as a result of the enforcement of the Guaranty; and

(b) into the Credit Facility Account, all moneys drawn by the Trustee under a Credit Facility, if any, to pay principal or redemption price of the Refunding Bonds and interest on the Refunding Bonds and deposited directly therein, and only such moneys.

(3) Except as provided in subsection (5) of this Section, moneys in the Bond Service Fund shall be used solely for the payment of the principal or redemption price of the Refunding

Bonds and interest on the Refunding Bonds from the following source or sources but only in the following order of priority; provided further, that, for purposes of the Guaranty, the payment of principal of and interest on the Refunding Bonds shall not be deemed to be satisfied until such payment has been made to the issuer of a Credit Facility or Liquidity Facility, and, if necessary, the Trustee shall be obligated to enforce the Guaranty of the City until such payment has been made to the issuer of a Credit Facility or Liquidity Facility in an amount equal to the amount drawn against the issuer of a Credit Facility or Liquidity Facility in satisfaction of such principal or interest payment made on an interest payment date:

(a) proceeds of the Credit Facility, if any, deposited directly into, and held in, the Credit Facility Account, provided that, in no event shall moneys held in the Credit Facility Account be used to pay any premium which may be due on the Refunding Bonds pursuant to Section 701 unless the Credit Facility, if any, then in effect is available to pay such premium, and provided further, that in no event shall moneys in the Credit Facility Account be used to pay any amount which may be due on Refunding Bonds held by the Credit Facility Issuer or any other Refunding Bonds registered in the name of the Authority; and

(b) moneys held in the Authority Account.

(4) The Trustee shall, at or before 11:00 a.m. (New York City time) on the date on which such principal or interest is due, draw upon or demand payment under the Credit Facility, if any, then held by the Trustee in accordance with its terms in an amount, after taking into account any moneys then on deposit in the Credit Facility Account, and in a manner so as to provide immediately available funds for the payment of principal and interest by 2:00 p.m. (New York City time) on such due date.

(5) If a Credit Facility is in effect or any amounts remain owing to a Credit Facility Issuer by the Authority and there is no default in the payment of principal of or interest on the Refunding Bonds, any amounts in the Authority Account shall be paid to the Credit Facility Issuer to the extent of any amounts that the Authority owes the Credit Facility Issuer (as certified in writing by the Credit Facility Issuer to the Trustee and the Authority). Any amounts remaining in the Bond Service Fund (first, from the Credit Facility Account, and second, from the Authority Account) after payment in full of the principal of and interest on the Refunding Bonds (or provision for payment thereof) and payment of any outstanding fees and expenses of the Trustee and of the Tender Agent (including its reasonable attorney fees and expenses) shall be paid, first, to the Credit Facility Issuer, to the extent of any amounts that the Authority owes the Credit Facility Issuer (as certified in writing by the Credit Facility Issuer to the Trustee and the Authority) and, second, to the Authority.

(6) Any moneys which are on deposit in the Bond Service Fund shall be invested, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), by the Trustee in Investment Obligations; provided however, that the maturity of every such Investment Obligation shall not be later than the time when such funds are needed to be applied to pay the interest on or the principal of any Refunding Bonds. Any investment income which is derived from the investment of moneys which are on deposit in the Bond Service Fund shall remain in the Bond Service Fund; provided however, that, prior to completion of the Refunding

Project, or any additional Refunding Project for which such interest was capitalized, upon written request of an Authorized Authority Representative, investment income which is derived from the investment of moneys which represent capitalized interest on Refunding Bonds and which were deposited in the Bond Service Fund from the proceeds derived from the sale of any Refunding Bonds shall be deposited in the Construction Fund.

(7) For purposes of the Guaranty, if, on a date one (1) day subsequent to any Rental Payment Date for the Refunding Bonds, the available funds on deposit in the Bond Service Fund (or the Bond Reserve Fund, if applicable, earmarked for transfer to the Bond Service Fund) are insufficient to provide for the payment of the principal of (including sinking fund installments, if any) and interest on the Refunding Bonds on the next succeeding Interest Payment Date, the Trustee shall notify the City, the Authority, and the Bond Insurer (or the issuer of a Credit Facility or Liquidity Facility, as the case may be), in writing no later than 3:00 p.m. on the date which is two (2) business days after such Rental Payment Date of the amount which is necessary to provide for the full payment of the principal of (including sinking fund installments, if any) and interest on the Refunding Bonds on such next Interest Payment Date. If the deficiency is not cured five (5) days prior to the next ensuing Interest Payment Date, the City shall make payment in immediately available funds to the Trustee of the amount of such deficiency in the Bond Service Fund (as defined in the Bond Resolution). Such City payment shall be deposited by the Trustee into the Authority Account in the Bond Service Fund.

(8) No amount shall be withdrawn from or paid out of the Bond Service Fund except as expressly provided in this Section 505 or Section 1006 hereof.

Section 506. Application, Investment and Restoration of Sinking Fund. (1) The Trustee shall establish and shall maintain in the Sinking Fund a separate account for each Series of Term Refunding Bonds for which Sinking Fund Installments are established in accordance with the terms of the Resolution. Moneys which are paid into the accounts in the Sinking Fund in any Fiscal Year relating to any Series of Refunding Bonds pursuant to the terms of Section 504 hereof shall, upon receipt, be segregated and shall be set aside in such accounts in proportion to the respective amounts of the Sinking Fund Installments which are payable during such Fiscal Year with respect to the particular Term Refunding Bonds for such Series of Refunding Bonds for which each such account is maintained. Moneys which are paid into any accounts within the Sinking Fund with respect to each Series of Refunding Bonds pursuant to the terms of Section 505 hereof shall, upon receipt, be set aside in the account which is maintained therein with respect to which such payment is a reimbursement. Moneys which are paid into any account within the Sinking Fund established for each Series of Refunding Bonds pursuant to the terms of subparagraph (2) of this Section on account of any particular Sinking Fund Installment shall be set aside in the account which is maintained therein for the particular Term Refunding Bonds which are entitled to said Sinking Fund Installment. All other moneys which are paid into the Sinking Fund shall, upon receipt, be segregated and set aside by the Trustee in such accounts in proportion to the respective principal amount of Term Refunding Bonds for which each such account is maintained for each Series of Refunding Bonds.

(2) If on the date established for the payment of any Sinking Fund Installment for the Refunding Bonds, the full amount of all Sinking Fund Installments which are payable on such

date shall not have been paid into the Sinking Fund pursuant to the terms of Section 504 hereof, the Trustee shall withdraw from the Bond Reserve Fund and shall pay into the Sinking Fund on account of such Sinking Fund Installments, the amount which was not previously paid into the Sinking Fund.

(3) If, at any time there shall not be a sufficient amount on deposit in the appropriate account or subaccount within the Sinking Fund to provide for any withdrawal therefrom which is required to be made under the provisions of paragraph (1) or (2) of this Section in order to pay the Refunding Bonds the Trustee shall exercise its rights under the Guaranty to cause the City to make the payments required pursuant to the terms of such Guaranty.

(4) The Trustee shall apply the moneys in any account which has been established in the Sinking Fund, as provided in subparagraph (1) of this Section, to the purchase or the redemption of the Refunding Bonds for which such account is maintained, in the manner provided in this Section, or to the payment of the principal thereof at maturity, as the case may be. If on any date there shall be moneys in any such account and none of the Term Refunding Bonds for which such account was established shall be Outstanding, said account shall be closed and the moneys which are on deposit therein shall (upon the written direction of the Authority) be withdrawn therefrom by the Trustee and (a) shall be segregated and set aside in the other accounts in the Sinking Fund as if and with the same effect as if paid into the Sinking Fund by the Authority on said date pursuant to the terms of Section 504 hereof, or (b) if no other accounts shall be maintained in the Sinking Fund, such amount shall be paid into the Revenue Fund.

(5) The purchase price which shall be paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond which shall be purchased pursuant to the terms of this Section shall not exceed the Redemption Price of such Bond which is applicable upon its redemption through the application of the moneys which are available for such purpose on the next date on which such Bond could be redeemed in accordance with its terms by operation of the Sinking Fund. Subject to the limitations hereinbefore set forth or referred to in this Section, at the written direction of the Authority, the Trustee shall purchase Refunding Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Trustee in its sole discretion may determine and as may be possible with the amount of moneys which are available therefor in the Sinking Fund. The principal amount of the Refunding Bonds so purchased may be applied by the Trustee (at the written direction of the Authority) toward satisfaction of the Sinking Fund Installment which is due in the current or any future Fiscal Year.

(6) As soon as practicable after the sixtieth day and before the thirtieth day prior to the date of each Sinking Fund Installment, the Trustee shall select for redemption on such Sinking Fund Installment due date such amount of Term Refunding Bonds of the Series for which the Sinking Fund Installment was established as will exhaust all moneys which are required to have been deposited in the Sinking Fund as of such Sinking Fund Installment due date. Accrued interest on the Refunding Bonds which are to be redeemed shall be paid from the Bond Service Fund and all expenses which are incurred by the Trustee in connection with such redemption shall be paid from the Revenue Fund or the General Fund. Unless otherwise provided in a

Supplemental Resolution authorizing the issuance of such Refunding Bonds, all Refunding Bonds which are redeemed under the provisions of this Section shall be redeemed in the manner provided in Article VII of the Resolution, and prior to the date fixed for redemption the Trustee shall withdraw from the Sinking Fund the amount of the Redemption Price of such Refunding Bonds, and such amount shall be transferred to the Paying Agent by the Trustee and such amount shall be applied by the Paying Agent to the redemption of such Refunding Bonds on the date fixed for redemption.

(7) Investment income which is derived from the investment of any funds which are held in any account or subaccount within the Sinking Fund shall be deposited by the Trustee, upon receipt, in the Revenue Fund.

(8) Any moneys which are on deposit in the Sinking Fund shall be invested at the oral direction of an Authorized Authority Representative (promptly confirmed in writing) in Investment Obligations; provided however, that the maturity of every such Investment Obligation, other than moneys which are invested pursuant to paragraph (7) above, shall not be later than the time when such funds are needed for the purposes of the Sinking Fund.

(8) No amount, if any, shall be withdrawn from or paid out of the Sinking Fund except as expressly provided in this Section or Section 1005 hereof.

Section 507. Application and Investment of Bond Reserve Fund. (1) If on any Interest Payment Date, (a) the amount which is on deposit in the Bond Service Fund equals or exceeds any unpaid interest which is then due and payable on Outstanding Refunding Bonds, plus the interest, if any, to become due on Outstanding Refunding Bonds on or before the next succeeding Interest Payment Date, plus the principal amount of any Outstanding Refunding Bonds which have matured and which remain unpaid, plus the principal amount of Outstanding Refunding Bonds, if any, maturing at or before the next succeeding principal maturity date of the Refunding Bonds, and (b) all withdrawals or payments from the Bond Reserve Fund which are required to be made by any other provision of the Resolution shall have been made, the Trustee shall withdraw from the Bond Reserve Fund the amount of any excess therein over the Bond Reserve Requirement, as determined on such date, and shall pay the moneys so withdrawn into the General Fund.

(2) Any moneys which are on deposit in the Bond Reserve Fund shall be invested by the Trustee at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), in Investment Obligations; provided however, that the maturity of the Investment Obligations which are on deposit in the Bond Reserve Fund shall be limited to the lesser of five years or the period remaining to the last maturity date of the Refunding Bonds for which such Bond Reserve Fund was established. All income which is derived from the investment of moneys which are on deposit in the Bond Reserve Fund shall be deposited in the Revenue Fund to the extent the Bond Reserve Requirement has been satisfied and unless otherwise permitted to be transferred to another fund or account pursuant to the terms of the Resolution; provided however, that, (a) prior to completion of the Refunding Project, at the written direction of an Authorized Authority Representative, such investment income may be deposited in the Construction Fund, or, (b) subsequent to the completion of the Refunding Project, (such

completion being evidenced by the disbursement of all funds held in the Construction Fund, or any account therein, for or with respect to the Refunding Project), and such investment income shall be retained in the Bond Reserve Fund (to the extent necessary so that the amount which is on deposit in the Bond Reserve Fund equals the Bond Reserve Requirement), in each case, at the written direction of an Authorized Authority Representative;

(3) No amount shall be withdrawn from or paid out of the Bond Reserve Fund except as expressly provided in this Section or in Section 505, Section 506, Section 509 or Section 1005 hereof.

Section 508. Application and Investment of General Fund. (1) If on any date the amount which is on deposit in the Bond Reserve Fund shall be less than the Bond Reserve Requirement, as calculated on such date, the Trustee shall withdraw from the General Fund and shall pay into the Bond Reserve Fund the amount which is needed to increase the amount which is on deposit in the Bond Reserve Fund so that it equals the Bond Reserve Requirement.

(2) Notwithstanding any other provision of the Resolution, whenever at any date in any Fiscal Year, (a) the amount which is on deposit in the Bond Service Fund equals or exceeds the Bond Service Requirement, (b) the amount which is on deposit in the Sinking Fund, if any, equals or exceeds the Sinking Fund Requirement, (c) the amount which is on deposit in the Bond Reserve Fund equals or exceeds the Bond Reserve Requirement, (d) the Authority is not in default in the payment of the principal of, redemption premium, if any, or interest on any of the Refunding Bonds, (e) the Authority is not in default in the payment of any costs which are due and payable to the issuer of any Credit Facility or Liquidity Facility pursuant to the terms of any agreement between the Authority and such issuer, and (f) all amounts required to be rebated to the United States government have been paid, and all administrative costs of the Authority, including the fees and expenses of any Fiduciary, have been paid, the Trustee shall, upon receipt of the written direction of the City, withdraw from and pay out of the General Fund to the City, free and clear of any lien or pledge created by the terms of the Resolution, any amount which is then on deposit in the General Fund. All amounts which are so withdrawn by the Trustee from the General Fund shall forthwith upon withdrawal be paid to the City and such amounts may be used by the City for any lawful purpose. Unless otherwise specifically provided by the City, all amounts which are so paid to the City shall, upon withdrawal, be forever free and clear of any lien or pledge created by the terms of the Resolution.

(3) Notwithstanding anything contained in paragraph (2) above to the contrary, no withdrawals shall be made from the General Fund free and clear of any lien or pledge of the Resolution until and unless an amount equal to all interest which is payable on the interest payment dates during the current Bond Year and all Principal Installments and Sinking Fund Installments payable during the current Bond Year are on deposit in the Bond Service Fund; provided, however, that withdrawals may be made from the General Fund to increase the amount on deposit in the Bond Service Fund or the Sinking Fund to an amount equal to the Bond Service Requirement.

(4) Any moneys which are on deposit in the General Fund shall be invested by the Trustee, at the oral direction of an Authorized City Representative (promptly confirmed in

writing), in Investment Obligations; provided however, that the maturity of every such Investment Obligation shall not be later than fifteen years from the date of such investment. All income which is derived from the investment of moneys which are on deposit in the General Fund shall be deposited in the Revenue Fund; provided however, upon the written direction of the City, prior to completion of the Refunding Project, such investment income may be deposited in the Construction Fund.

(5) No amount shall be withdrawn from or paid out of the General Fund except as expressly provided in this Section or as provided in Section 610 and Section 1005 hereof.

Section 509. Application and Investment of Rebate Fund. (a) The Authority shall determine the amounts (as well as the dates of payment) which are subject to rebate to the United States government pursuant to the provisions of the Code (in order to ensure that interest on any Refunding Bonds which are issued as Tax-Exempt Obligations continues to be excludable from Federal income taxation), (b) the amounts which are required to be rebated to the United States government shall be withdrawn from the accounts which are held under the Resolution (other than from any funds which are held for the payment of the purchase price for Variable Rate Refunding Bonds upon the tender of such Variable Rate Refunding Bonds by the Holders thereof), at the written direction of the Authority, and be deposited in the Rebate Fund. Such amounts shall be held in the Rebate Fund pending withdrawal of such amounts for payment to the United States government.

(b) Moneys which are on deposit in the Rebate Fund shall be invested by the Trustee, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), in Investment Obligations; provided however, that such investments shall mature in such amounts and at such times as will permit funds to be available when needed to make payments to the United States Government in accordance with the terms of this Section 509. All income from such Investment Obligations shall be held within the Rebate Fund.

(c) If there is not a sufficient amount in the Rebate Fund for any required payment to the United States government, the Authority shall promptly pay, or cause the City to pay to the Trustee, from other sources or from moneys which are on deposit in the General Fund and which are available for such purpose, the amount which is necessary to make up such deficiency.

At the written direction of the Authority delivered to the Trustee, the rebate amount shall be paid to the United States of America in installments which shall be made at least once every five (5) years from the date of issuance of the Series of Refunding Bonds to which such payment relates. The first such installment shall be payable to the United States of America on behalf of the Authority not later than thirty (30) days subsequent to the end of the fifth (5th) year following the date of issuance of the Series of Refunding Bonds to which such payment relates and shall be in an amount which ensures that at least ninety percent (90%) of the amount described above with respect to such Series of Refunding Bonds is paid. Each subsequent payment shall be made not later than five (5) years after the date the preceding payment was due. Within sixty (60) days after the payment of the Refunding Bonds, the Authority shall direct the Trustee, in writing, to pay to the United States on behalf of the Authority one hundred percent

(100%) of the aggregate amount due with respect to such Series of Refunding Bonds which has not been theretofore paid.

At the (i) maturity of the Refunding Bonds, (ii) if the Refunding Bonds are redeemed prior to maturity, the date on which the Refunding Bonds are redeemed, (iii) each year, on the anniversary date of the issuance of the Series of Refunding Bonds to which such payment relates, or (iv) any other date that may be required by the Code (each a "Computation Date"), the Authority shall determine the amount of the rebate which shall be payable to the United States on behalf of the Authority and shall promptly deliver written notice of such amount and the detailed basis of calculation therefore to the Trustee. On each Computation Date, if such rebate amount exceeds the amount which is then on deposit in the Rebate Fund, such Rebate amount shall be transferred by the Trustee at the written direction of the Authority to the Rebate Fund until such amount is paid as a rebate to the United States of America. If there is not a sufficient amount in the Rebate Fund for any required payment the United States government, the Authority shall promptly pay to the Trustee, from other sources or from moneys which are on deposit in the General Fund and which are available for such purpose, the amount which is necessary to make up such deficiency.

Section 510. Funds Held for Payment of Refunding Bonds. The amounts which are held by the Trustee or which are applied by the Paying Agent for the payment of the principal of, redemption premium, if any, or interest which is due on any date with respect to particular Refunding Bonds appertaining thereto, if any, shall, pending such payment, be set aside and held in trust for the Holders of the Refunding Bonds who are entitled to such payment, and for the purposes of the Resolution, such principal, redemption premium, if any, and interest after the date fixed for the payment thereof, shall no longer be considered to be unpaid.

Section 511. Cancellation of Refunding Bonds. All Refunding Bonds which are purchased, redeemed or paid shall, if surrendered to the Authority or to any Paying Agent, be cancelled by it and delivered to the Registrar, or if such Refunding Bonds shall be surrendered to the Registrar, shall be cancelled by it. Such Refunding Bonds shall not be deemed to be Outstanding under the terms of the Resolution and no Refunding Bonds shall be issued in lieu thereof. All such Refunding Bonds shall be cancelled by the Registrar and the Registrar shall be authorized to destroy such cancelled Refunding Bonds upon receipt of an order of the Authority and a certificate thereof shall be delivered by the Registrar to the Authority.

Section 512. Assignment of Agreement. All rights of the Authority to receive Basic Rent payments from the City under the provisions of the Agreement are hereby pledged for the benefit and security of the holders of the Refunding Bonds in order to secure the punctual performance by the Authority of all of its obligations under the terms and provisions of the Resolution with respect to such Refunding Bonds and, for said purpose, such rights are hereby assigned by the Authority to the Trustee. All Basic Rent payments which are to be received by the Authority pursuant to the terms of the Agreement are to be paid directly to the Trustee for deposit into the Revenue Fund. The Agreement shall contain a provision providing for such assignment by the Authority and for the consent of the City to such assignment.