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**\$465,560,000**  
**PENNSYLVANIA TURNPIKE COMMISSION**  
**REGISTRATION FEE REVENUE REFUNDING BONDS**  
**SERIES OF 2005**  
**PENNSYLVANIA TURNPIKE COMMISSION**  
**To**  
**WACHOVIA BANK, NATIONAL ASSOCIATION,**  
**as Trustee**

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**TRUST INDENTURE**

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**Dated as of August 1, 2005**

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## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1    DEFINITIONS.....	4
Section 1.01    Meaning of Words and Terms. ....	4
ARTICLE 2    FORM, EXECUTION, AUTHENTICATION, DELIVERY AND REGISTRATION OF BONDS.....	21
Section 2.01    Limitations on Issuance of Indebtedness. ....	21
Section 2.02    Date, Execution and Payment of Bonds. ....	21
Section 2.03    Authentication of Bonds. ....	24
Section 2.04    Exchange of Bonds. ....	24
Section 2.05    Transfer and Registry of Bonds. ....	24
Section 2.06    Ownership of Bonds. ....	25
Section 2.07    Authorization of Bonds and Conditions Precedent to Delivery of Bonds. ....	25
Section 2.08    Authorization of 2005 Bonds. ....	27
Section 2.09    Issuance of Additional Bonds Generally. ....	28
Section 2.10    Issuance of Additional Bonds for any Additional Projects.....	29
Section 2.11    Issuance of Additional Bonds for Refunding.....	29
Section 2.12    Subordinated Indebtedness. ....	30
Section 2.13    Temporary Bonds.....	31
Section 2.14    Mutilated, Destroyed or Lost Bonds. ....	31
Section 2.15    Parity Swap and Other Obligations.....	32
Section 2.16    Conversions from Variable Rate Period to Fixed Rate Period. ....	33
Section 2.17    Application of 2005 Bonds Proceeds.....	34
ARTICLE 3    CONCERNING THE VARIABLE RATE BONDS .....	34
Section 3.01    Interest Rates and Maturity. ....	34
Section 3.02    Purchase of Variable Rate Bonds. ....	41
Section 3.03    Remarketing of Variable Rate Bonds. ....	45
Section 3.04    Source of Funds for Purchase of Variable Rate Bonds.....	46
Section 3.05    Delivery of Remarketed or Purchased Variable Rate Bonds.....	47
Section 3.06    Purchase Funds. ....	47
Section 3.07    Liquidity Facility; Alternate Liquidity Facility. ....	48



Section 3.08	Delivery of Proceeds of Sale; Draw.....	49
Section 3.09	Remarketing Agents.....	49
ARTICLE 4	REDEMPTION OF BONDS .....	50
Section 4.01	Redemption of Bonds of the Initial Series and of Bonds of any other Series.....	50
Section 4.02	Optional Redemption.....	51
Section 4.03	Mandatory Redemption of Variable Rate Bonds.....	51
Section 4.04	Redemption Notice. ....	52
Section 4.05	Effect of Calling for Redemption. ....	52
Section 4.06	Redemption of Portions of Bonds.....	53
Section 4.07	Cancellation of Bonds Redeemed.....	53
Section 4.08	Bonds Called for Redemption Deemed Not Outstanding.....	53
Section 4.09	Bond Insurer Approval. ....	53
ARTICLE 5	CUSTODY AND APPLICATION OF PROCEEDS OF BONDS.....	54
Section 5.01	Clearing Fund.....	54
Section 5.02	Construction Fund.....	54
Section 5.03	Construction Fund: Separate Accounts.....	54
Section 5.04	Items of Cost of Projects.....	54
Section 5.05	Payments from Construction Fund. ....	55
Section 5.06	Trustee to Retain Requisitions. ....	56
Section 5.07	Certificate and Opinion after Completion of Project.....	56
Section 5.08	Bond Insurer Defaults. ....	56
ARTICLE 6	ACT 3 REVENUES AND FUNDS.....	58
Section 6.01	Covenants as to Act 3 Revenues and Trust Receipts.....	58
Section 6.02	Revenue Fund. ....	58
Section 6.03	Debt Service Fund.....	59
Section 6.04	Debt Service Reserve Fund.....	61
Section 6.05	Special Sinking Fund. ....	61
Section 6.06	Moneys set aside for Principal and Interest Held in Trust.....	62
Section 6.07	Cancellation of Bonds Upon Payment. ....	62
Section 6.08	Series 2005 Rebate Fund. ....	62
Section 6.09	Surplus Trust Receipts. ....	62
ARTICLE 7	SECURITY FOR DEPOSITS AND INVESTMENTS OF MONEYS. 63	

Section 7.01	Security for Deposits.....	63
Section 7.02	Investment of Moneys.....	63
ARTICLE 8	PARTICULAR COVENANTS .....	64
Section 8.01	Payment of Principal, Interest and Premiums.....	64
Section 8.02	Construction of Project. ....	64
Section 8.03	No Liens on Trust Estate.....	64
Section 8.04	Rights of Trustee, Bondholders and Other Holders not to be Impaired. ....	64
Section 8.05	Further Instruments and Action. ....	65
Section 8.06	Accurate Records. ....	65
Section 8.07	Arbitrage Bonds. ....	65
Section 8.08	Financing Statements. ....	65
Section 8.09	Bonds not Deemed Outstanding. ....	66
ARTICLE 9	DEFAULTS AND REMEDIES .....	66
Section 9.01	Events of Default. ....	66
Section 9.02	Acceleration of Maturities. ....	67
Section 9.03	Enforcement of Remedies.....	68
Section 9.04	Pro Rata Application of Funds.....	69
Section 9.05	Effect of Discontinuance of Proceedings.....	71
Section 9.06	Majority of Holders of the Parity Obligations may Control Proceedings.....	71
Section 9.07	Restrictions upon Action by Individual Holders of the Parity Obligations.....	71
Section 9.08	Actions by Trustee. ....	72
Section 9.09	No Remedy Exclusive.....	72
Section 9.10	No Delay or Omission Construed to be a Waiver.....	72
Section 9.11	Notice of Default.....	72
Section 9.12	Directions, Requests, Consents or Voting. ....	72
ARTICLE 10	CONCERNING THE TRUSTEE .....	73
Section 10.01	Acceptance of Trusts.....	73
Section 10.02	Trustee Entitled to Payment.....	73
Section 10.03	Limitation on Obligations and Responsibilities of Trustee. ....	73
Section 10.04	Trustee not Liable for Failure of Commission to Act or for Deposits in Other Banks. ....	73

Section 10.05	Compensation and Payment of Trustee. ....	74
Section 10.06	Trustee may Rely on Certificates. ....	74
Section 10.07	Notice of Default. ....	74
Section 10.08	Trustee May Deal in Bonds and Take Action as Bondholder. ....	74
Section 10.09	Trustee not Responsible for Recitals. ....	75
Section 10.10	Trustee Protected in Relying on Certain Documents. ....	75
Section 10.11	Resignation of Trustee. ....	75
Section 10.12	Removal of Trustee. ....	75
Section 10.13	Appointment of Successor Trustee. ....	75
Section 10.14	Vesting of Trusts in Successor Trustee. ....	76
Section 10.15	Paying Agents and Bond Registrar. ....	77
ARTICLE 11	EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS .....	77
Section 11.01	Execution of Instruments by Owners of Parity Obligations. ....	77
ARTICLE 12	SUPPLEMENTAL INDENTURES .....	78
Section 12.01	Supplemental Indentures by Commission and Trustee. ....	78
Section 12.02	Modification of Indenture with Consent of Owners of a Majority of Parity Obligations. ....	78
Section 12.03	Trustee Joining in Supplemental Indenture. ....	80
Section 12.04	Responsibilities of Trustee under this Article. ....	80
Section 12.05	Consents of Bond Insurer and Counterparties. ....	80
ARTICLE 13	DEFEASANCE.....	81
Section 13.01	Release of Indenture. ....	81
Section 13.02	Provision for Payment of Bonds. ....	82
Section 13.03	Termination of Other Parity Obligations. ....	82
Section 13.04	Defeasance Securities and Bond Insurer Matters. ....	82
ARTICLE 14	PROVISIONS RELATING TO THE BOND INSURER .....	84
Section 14.01	Sole Holder. ....	84
Section 14.02	Rights of Bond Insurer. ....	84
Section 14.03	Payments by Bond Insurer. ....	84
Section 14.04	Agreed Action. ....	84
Section 14.05	Claims Upon the Policy and Payments by and to the Bond Insurer. ....	84
Section 14.06	Subrogation. ....	86

Section 14.07	Reimbursement of Bond Insurer.....	86
Section 14.08	Default.....	86
Section 14.09	Nonpayment by Commission.....	86
Section 14.10	Information to Bond Insurer. ....	86
Section 14.11	Additional 2005 Bonds. ....	87
Section 14.12	Effect of Amendment.....	87
Section 14.13	Rights of Bond Insurer.....	87
Section 14.14	Reimbursement. ....	87
ARTICLE 15	MISCELLANEOUS PROVISIONS.....	87
Section 15.01	Successorship of Commission. ....	88
Section 15.02	Manner of Giving Notice, etc. ....	88
Section 15.03	Parties and Bondholders Alone Have Rights under Indenture. ....	88
Section 15.04	Credit of Commission and of Commonwealth not Pledged. ....	89
Section 15.05	Effect of Partial Invalidity. ....	89
Section 15.06	Effect of Covenants, etc.....	89
Section 15.07	Multiple Counterparts. ....	89
Section 15.08	Headings, etc. not part of Indenture.....	89
Section 15.09	Time References. ....	89
Section 15.10	Notices to Rating Agencies.....	90

## **TRUST INDENTURE**

This TRUST INDENTURE (this "Indenture"), dated as of August 1, 2005, by and between PENNSYLVANIA TURNPIKE COMMISSION (the "Commission"), an instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth"), and WACHOVIA BANK, NATIONAL ASSOCIATION, as trustee, a national banking association duly organized and validly existing under and by virtue of the laws of the United States of America (said banking association and any bank or trust company appointed as successor trustee under this Indenture being referred to hereinafter as the "Trustee"),

### **WITNESSETH:**

WHEREAS, by an Act of the General Assembly of Pennsylvania approved May 21, 1937, P.L. 774, Act 211, and certain acts subsequent thereto, the Commission was created and constituted an instrumentality of the Commonwealth, and by virtue of said Act, as amended by Acts approved on various dates, including May 24, 1945, P.L. 972 and February 26, 1947, P.L. 17, and said Acts approved May 23, 1951, P.L. 335, August 14, 1951, P.L. 1232, September 30, 1985, P.L. 240 (Act No. 1985-61) ("Act 61"), August 5, 1991, P.L. 238 (Act No. 1991-26), April 16, 1992 (Act No. 1992-31) and November 24, 1992, P.L. 725 (said Acts being hereinafter sometimes collectively called the "Enabling Acts"), the Commission is authorized to construct, operate and maintain a turnpike system and to issue bonds payable solely from the revenues of the Commission, including tolls, or from such funds as may be available to the Commission for that purpose; and

WHEREAS, the Commonwealth imposes annual registration fees on owners or lessees of passenger cars, recreational motor vehicles, motorcycles, trucks, farm vehicles and other vehicles pursuant to 75 Pa.C.S.A. Section 1911 et seq., (which, together with certain related charges, are referred to herein as the "Registration Fees"); and

WHEREAS, pursuant to Act No. 1997-3, H.B. No. 67, approved April 17, 1997 ("Act 3"), the annual Registration Fees were increased (with a few exceptions) effective July 1, 1997 (the portion of the Registration Fees received as a result of the increases imposed by Act 3 are referred to as the "Act 3 Revenues"), which Act 3 Revenues are collected by the Department of Transportation of the Commonwealth, deposited in the Motor License Fund of the Commonwealth for which the Commonwealth Treasurer acts as custodian and, except to the extent provided in the following paragraph, appropriated for the use of the Department of Transportation of the Commonwealth for new highway capital projects; and

WHEREAS, pursuant to Section 20 of Act 3, \$28,000,000 of the Act 3 Revenues deposited in the Motor License Fund are appropriated to the Commission annually (the portion of the Act 3 Revenues appropriated to the Commission, as the same may be increased from time to time, is referred to hereinafter as the "Commission Allocation") and are distributed monthly to the Commission in the amount of \$2,333,333.33; and

WHEREAS, Section 20 of Act 3 provides that "[t]his section shall operate as a pledge, by the Commonwealth to an individual or entity that acquires a bond issued by the [C]ommission, to: (1) secure the portion of the money described in this section and distributed under this section; and (2) not limit or alter the rights vested in the [C]ommission to the appropriation and distribution of the money set forth in this section"; and

WHEREAS, the Commission has determined to issue and has authorized its aggregate original principal amount of \$465,560,000 Registration Fee Revenue Refunding Bonds, Fixed Rate Series A of 2005 (the "2005A Bonds"), Variable Rate Series B of 2005 (the "2005B Bonds"), Variable Rate Series C of 2005 (the "2005C Bonds") and Variable Rate Series D of 2005 (the "2005D Bonds" and, together with the 2005A Bonds, the 2005B Bonds and the 2005C Bonds, the "2005 Bonds") to finance the costs of the 2005 Project and to be secured solely by the Trust Estate and, for such purpose, to enter into this Indenture and to do or cause to be done all the acts and things herein provided or required to be done as hereinafter covenanted; and

WHEREAS, the Commission previously issued Four Hundred Seventy Six Million Sixty Five Thousand (\$476,065,000) aggregate original principal amount of its Registration Fee Revenue Bonds, Series of 2001 (the "2001 Bonds") to provide funds to be used (1) generally to finance a portion of the costs of the turnpike extension and improvement projects designated in Act 61, and, specifically, to finance a portion of the costs of the Mon/Fayette Project and the Southern Beltway Project, (2) to finance capitalized interest on the 2001 Bonds, and (3) to pay costs of the 2001 Bonds (collectively, the "2001 Project"); and

WHEREAS, the 2001 Bonds were issued under a Trust Indenture dated as of July 1, 2001 (the "2001 Indenture") by and between the Commission and the Trustee; and

WHEREAS, monies and securities held in the Construction Fund and Revenue Fund under the 2001 Indenture are being transferred to the Construction Fund and Revenue Fund, respectively, under this Indenture upon the defeasance of the 2001 Indenture; and

WHEREAS, the proceeds of the 2005 Bonds will be used to provide funds for the 2005 Project; and

WHEREAS, the 2005 Bonds will be secured by municipal bond insurance policies (collectively, the "Policy") issued by Financial Security Assurance Inc. (the "Series 2005 Insurer") which guarantees scheduled payment of principal and interest on the 2005 Bonds; and

WHEREAS, the purchase price of tendered Variable Rate Bonds bearing interest at the Weekly Rate for each Series of Variable Rate Bonds is secured by a separate Liquidity Facility consisting of a Standby Bond Purchase Agreement dated as of August 1, 2005 issued by JPMorgan Chase Bank, National Association (each, a "Standby Bond Purchase Agreement"); and

WHEREAS, all things necessary to make the 2005 Bonds, when authenticated and issued as provided in this Indenture, the valid, binding and legal obligations of the Commission according to the import thereof, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the 2005 Bonds, subject to the terms hereof, have in all respects been duly authorized; and

WHEREAS, the Commission has determined to issue the 2005 Bonds to finance the costs of the 2005 Project and to be secured solely by the Trust Estate and, for such purpose, to enter into this Indenture and to do or cause to be done all the acts and things herein provided or required to be done as hereinafter covenanted; and

WHEREAS, the execution and delivery of this Indenture have been duly authorized by resolutions of the Commission; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the Commonwealth and by the rules and regulations of the Commission to happen, exist and be performed precedent to and in the execution and delivery of this Indenture, have happened, exist and have been performed as so required, in order to make this Indenture a valid, binding and legal trust indenture for the security of the Bonds in accordance with its terms; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Parity Obligations by the owners thereof, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become owners thereof, and for the purpose of fixing and declaring the terms and conditions upon which the Approved Obligations are to be incurred, delivered, secured and accepted by all persons who shall become parties to such Approved Obligations, and the other Parity Obligations to be entered into, and in order to secure the payment of all the Bonds at any time issued, incurred and outstanding hereunder and the interest, fees and other payments thereon (excluding however, with respect to the Approved Obligations, any termination payments thereunder) according to their tenor, purport and effect, and the other Parity Obligations, all on a *pari passu* basis, and in order to secure the performance and observance of all of the covenants, agreements and conditions therein and herein contained, the Commission does hereby sell, assign, transfer, set over and grant a security interest in and pledge unto the Trustee the following: (i) all Trust Receipts, (ii) the Commission's right to receive the Commission Allocation from the Act 3 Revenues and any portion of the Commission Allocation actually received by the Commission, (iii) all right, title and interest of the Commission in the Intercept Agreement (as defined herein); and (iv) all moneys deposited into accounts or funds created by this Indenture (other than the Rebate Fund) (all of these items shall collectively be known as the "Trust Estate") as security for the payment of the Parity Obligations and the interest thereon and as security for the satisfaction of any other



obligation assumed by it in connection with such Parity Obligations, and it is mutually agreed and covenanted by and between the parties hereto, for the equal and proportionate benefit and security of all and singular the present and future owners of the Parity Obligations issued and to be issued under this Indenture, without preference, priority or distinction as to lien or otherwise, except as otherwise provided herein or in any Supplemental Indenture, of any one Parity Obligation over any other Parity Obligation by reason of priority in the issuance, sale or negotiation thereof or otherwise, as follows:

## **ARTICLE 1 DEFINITIONS**

Section 1.01 Meaning of Words and Terms. In addition to words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture shall have the following meanings:

“Act 3 Revenues” shall have the meaning set forth in the recitals hereto.

“Act 61 Projects” shall mean those projects authorized to be undertaken by the Commission pursuant to Act 61.

“Additional Bonds” shall mean Bonds of any series authorized under this Indenture, other than the 2005 Bonds, duly executed, authenticated, issued and delivered pursuant to the provisions hereof.

“Additional Projects” the improvements, extensions and replacements to the Pennsylvania Turnpike System which constitute Act 61 Projects, other than the portions of the improvements, extensions and replacements which are financed with the proceeds of the 2005 Bonds, referred to in Section 2.10.

“Alternate Liquidity Facility” means a Liquidity Facility for the Variable Rate Bonds acceptable to the Bond Insurer delivered to the Trustee in accordance with Section 3.07 hereof (i) replacing any existing Liquidity Facility, (ii) dated no later than the date of the expiration or replacement date of the Liquidity Facility for which the same is to be substituted, (iii) which shall expire on a date which is fifteen (15) days after an Interest Payment Date for the applicable Series of Bonds, and (iv) if issued prior to the Conversion Date, issued on substantially identical terms and conditions as the then existing Liquidity Facility except that the stated amount of the Alternate Liquidity Facility shall equal the sum of (A) the aggregate principal amount of the applicable Series of Variable Rate Bonds at the time Outstanding, plus (B) an interest component, if applicable, acceptable to the Commission.

“Approved Obligations” shall mean Swap Agreements and other obligations, other than Bonds and Additional Bonds, meeting the requirements set forth in Section 2.15.

“Applicable Remarketing Agent” shall mean the Remarketing Agent designated hereunder with respect to the respective Series of 2005 Bonds as applicable.



"Authentication Order" shall have the meaning set forth in Section 2.07(b) hereof.

"Authorized Denominations" shall mean, with respect to the 2005A Bonds and Term Bonds, Five Thousand Dollars (\$5,000) or any multiple thereof, with respect to Bonds at a Daily Rate, Weekly Rate or a Monthly Rate, One Hundred Thousand Dollars (\$100,000) and any multiple of \$5,000 in excess thereof, and with respect to any Additional Bonds issued under a Supplemental Indenture, those denominations specified in such Supplemental Indenture.

"Bank Bonds" means any Variable Rate Bonds which shall, at the time of determination thereof, be held for the benefit of the Liquidity Provider by the Trustee pursuant hereto and the applicable Liquidity Facility.

"Bond" shall mean any 2005 Bond or any Additional Bond issued under the provisions of this Indenture, but shall not include any Subordinated Indebtedness which may be incurred pursuant to Section 2.12.

"Bond Counsel" shall mean any attorney or firm of attorneys whose experience in matters relating to the issuance of tax-exempt obligations is nationally recognized.

"Bond Insurer" shall mean Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

"Bond Registrar" shall have the meaning set forth in Section 10.15.

"Bondholder", "holder" or "owner" shall mean the registered owner of a Bond.

"Bonds not outstanding", "Bonds not deemed outstanding" or something similar shall have the meaning set forth in Section 8.09.

"Business Day" shall mean any day other than (i) a Saturday or a Sunday, (ii) a day on which banking institutions are required or authorized by law or executive order to remain closed in the Commonwealth or in any other city in which the office of the Trustee or the Paying Agent is located, or (iii) a day on which the New York Stock Exchange is closed.

"Certificates of Deposit" shall mean negotiable or non-negotiable certificates of deposit, time deposits or other similar banking arrangements issued by the Trustee or by any bank or trust company, including any depositary hereunder, which (i) has a combined capital and surplus of not less than \$200,000,000, to be fully secured by Government Obligations or direct and general obligations of the Commonwealth of Pennsylvania (such security shall have an aggregate market value, exclusive of accrued interest, at all times at least equal to the amount of such Certificate of Deposit; such security shall be deposited with a Federal Reserve Bank or with the trust department of the Trustee) or (ii) has its long term debt obligations rated by the Rating Agency in one of its two highest categories.

"Chief Engineer" shall mean the Chief Engineer of the Commission or such other employee of the Commission authorized to perform specific acts or duties of the Chief Engineer by resolution duly adopted by the Commission.

"Chief Financial Officer" shall mean the chief financial officer of the Commission which currently is the Deputy Executive Director/Finance and Administration.

"Clearing Fund" shall mean the special fund created by Section 5.01.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. References to the Code and Sections of the Code include the relevant regulations, temporary regulations and proposed regulations thereunder and under the Internal Revenue Code of 1954, as amended, and any successor provisions to those Sections, regulations, temporary regulations or proposed regulations.

"Commonwealth" means the Commonwealth of Pennsylvania.

"Commercial Paper Mode" means the mode while Variable Rate Bonds are bearing interest at a Commercial Paper Rate.

"Commercial Paper Rate" means the rate of interest borne by the Variable Rate Bonds determined pursuant to Section 3.01(c)(iv).

"Commercial Paper Rate Period" means an Interest Period, specified by the Commission, of at least one day and no longer than 270 days beginning on a Conversion Date or date of mandatory purchase, in the case of the establishment of each successive Commercial Paper Rate Period, and ending on the day preceding the earlier of the date of Conversion to a different Interest Rate Mode or the date of mandatory purchase in the case of the establishment of a successive Commercial Paper Rate Period or the date of redemption or of maturity of the applicable Series of Bonds.

"Commission Allocation" shall have the meaning set forth in the recitals hereto.

"Commission Official" shall mean any commissioner, officer, employee or agent of the Commission authorized to perform specific acts or duties by resolution duly adopted by the Commission.

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Construction Project" shall have the meaning set forth in Section 5.02.

"Consultant" shall mean a Person who shall be independent, appointed by the Commission as needed, qualified and having a nationwide and favorable reputation for skill and experience in such work for which the Consultant was appointed. In those situations in which a Consultant is appointed to survey risks and to recommend insurance coverage, such Consultant may not be a broker or agent with whom the Commission transacts business.

"Conversion" means any change from one Interest Rate Mode to another Interest Rate Mode of the Variable Rate Bonds or any Additional Bonds issued from time to time in accordance with the terms of this Indenture or any Supplemental Indenture.

"Conversion Date" means the date on which any Conversion becomes effective which shall be an Interest Payment Date for any Conversion to a Term Rate Period or a Commercial Paper Rate Period.

"Cost" as applied to any Project financed under the provisions of this Indenture, shall include, without intending thereby to limit or restrict any proper definition of such word under the provisions of the act authorizing such Project, all obligations and expenses and all items of cost which are set forth in Section 5.04.

"Counterparty" shall have the meaning set forth in Section 2.15.

"Daily Rate" means the Interest Rate Mode of a Series in which the interest rate on such Series is determined approximately daily in accordance with Section 3.01(c)(i).

"Daily Rate Period" means the period beginning on, and including, the Conversion Date to the Daily Rate and ending on, and including, the day preceding the next Business Day and each period thereafter beginning on, and including, a Business Day and ending on, and including, the day preceding the next succeeding Business Day until the day preceding the earlier of the Conversion to a different Interest Rate Mode or the redemption or maturity of the applicable Series of Bonds.

"Debt Service" shall mean interest, principal, redemption and premium, if any, payments.

"Debt Service Fund" shall mean the fund created by Section 6.03.

"Defeased Tax-Exempt Securities" shall mean those obligations which are described in subparagraph (e) of the definition of Government Obligations and are non-callable prior to the date needed to meet the requirements of defeasance.

"Electronic Notice" means notice transmitted through a terminal, if operative as between any two parties or if not operative, in writing, by facsimile transmission or by telephone (promptly confirmed in writing or by facsimile transmission).

"Enabling Acts" shall have the meaning set forth in the recitals hereto.

"Event of Default" shall mean those events specified in Section 9.01 and such other events specified in any Supplemental Indentures.

"Expiration Tender Date" means the day five Business Days prior to the applicable Liquidity Facility Expiration Date.

"Fiscal Year" shall mean the period commencing on the first day of June and ending on the last day of May of the following year.

"Fitch" shall mean FitchRatings.

"Fixed Rate Bonds Sinking Fund Account" shall mean the account within the Debt Service Fund created pursuant to Section 6.03.

"Fixed Rate Mode" means the mode while Bonds initially issued in a mode subject to Conversion are bearing interest at a Fixed Rate.

"Fixed Rate" shall have the meaning set forth in Section 3.01(c)(v).

"Fixed Rate Period" means the period beginning on, and including, the Series Issue Date or a Conversion Date, as applicable, and ending on the maturity date of such Series.

"Government Obligations" shall have the meaning set forth in Section 13.04. :

"Insurer Payment Rate" means the lesser of (a) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank ("Chase") at its principal office in the New York City, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus three percent, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Insurer Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Bond Insurer shall specify.

"Intercept Agreement" shall mean the letter agreement dated as of August 1, 2005 between the Commission and the State Treasurer, as acknowledged and agreed by the Department of Transportation of the Commonwealth.

"Interest Payment Date" shall mean, with respect to the 2005A Bonds, July 15 and January 15 of each year commencing January 15, 2006. With respect to each series of Additional Bonds, the Interest Payment Date shall mean such dates as are defined in the Supplemental Indenture under which such Additional Bonds are issued. However, in each case, if the date specified above is not a Business Day then the Interest Payment Date shall be the Business Day next succeeding the date specified above, provided that interest accruing from such July 15 or January 15 which is not a Business Day to such Interest Payment Date which is the next succeeding Business Day shall not be payable on such Interest Payment Date, but shall be payable on the next succeeding Interest Payment Date. With respect to the Variable Rate Bonds, "Interest Payment Date" means (i) if the Interest Rate Mode of a Series is the Daily Rate, the Weekly Rate or the Monthly Rate, and in the case of Bank Bonds, on the fifteenth calendar day of each month commencing September 15, 2005, unless such fifteenth calendar day is not a Business Day in which case it shall be the next Business Day thereafter, and on the date such Bank Bond is remarketed, (ii) if the Interest Rate Mode of a Series is the Commercial Paper Rate, the Business Day following the last day of such Commercial Paper Interest Period; or (iii) if

the Interest Rate Mode of a Series is the Term Rate or the Fixed Rate, January 15 and July 15 following the commencement of the Term Rate or the Fixed Rate and each January 15 and July 15 thereafter; provided that if any such January 15 or July 15 is not a Business Day, the Interest Payment date shall be the next Business Day thereafter without accrual of interest for such additional day or days; and provided that the last Interest Payment Date for any Term Rate Period which is followed by a Daily Rate Period, Weekly Rate Period, Monthly Rate Period, Commercial Paper Rate Period or Fixed Rate Period, shall be the applicable Conversion Date. In any case, Interest Payment Dates may not be more than once every seven days without approval of the Bond Insurer and the final Interest Payment Date of such Bonds shall be the maturity date for such Bonds.

“Interest Period” means for all Series of Variable Rate Bonds the period from, and including, each Interest Payment Date to, and including, the day next preceding the next Interest Payment Date.

“Interest Rate Mode”, with respect to the Variable Rate Bonds and any Additional Bonds so designated in a Supplemental Indenture, means the Daily Rate, the Weekly Rate, the Monthly Rate, the Term Rate, the Fixed Rate and the Commercial Paper Rate.

“Liquidity Facility” means, with respect to the Variable Rate Bonds, the Standby Bond Purchase Agreement, any letter of credit, or, in the event of delivery of an Alternate Liquidity Facility for a particular Series, such Alternate Liquidity Facility.

“Liquidity Facility Expiration Date” means with respect to each Standby Bond Purchase Agreement for the 2005B Bonds, the 2005C Bonds and the 2005D Bonds, August 16, 2015, as such date may be extended from time to time, or any earlier date on which such Standby Bond Purchase Agreement shall terminate (including by voluntary termination), expire or be cancelled and with respect to any Alternate Liquidity Facility, the date of expiration or earlier termination for such Alternate Liquidity Facility.

“Liquidity Provider” means JPMorgan Chase Bank, National Association, initially, and thereafter the provider of an Alternate Liquidity Facility for the Bonds of a Series.

“Monthly Rate” means the Interest Rate Mode of a Series in which the interest rate on such Series is determined monthly in accordance with Section 3.01(c)(iii).

“Monthly Rate Period” means the Interest Rate Mode of a Series in which the interest rate on such Series is determined monthly in accordance with Section 3.01(c).

“Moody’s” shall mean Moody’s Investors Service.

“Nominal Term Rate Period” means, with respect to Variable Rate Bonds bearing interest at a Term Rate, a period of one or more semiannual periods.

“Opinion of Counsel” shall mean an opinion or opinions in writing signed by an attorney who is, or a firm of attorneys at law which has a member who is, admitted to practice before the Supreme Court of the Commonwealth of Pennsylvania who may

(except as otherwise expressly provided herein) be counsel to the Commission who renders the initial opinion to the purchaser of the Bonds, who shall not be unsatisfactory to the Trustee. If such counsel be an individual, he/she shall not be, and if such counsel be a partnership or professional corporation it shall not have as a partner or employee an attorney at law who is, an officer or employee of the Commission, but such counsel may be regularly retained by or under contract with the Commission. Such opinion or opinions may contain such exceptions, qualifications and limitations as may be customary under the circumstances.

"Parity Obligations" consist of Bonds, Additional Bonds and Approved Obligations (excluding termination payments thereunder which shall not be Parity Obligations) on a parity hereunder pursuant to the provisions of Section 2.15.

"Parity Swap Agreements" shall have the meaning set forth in Section 2.15.

"Pennsylvania Turnpike System" shall mean the turnpike system of the Commission, all extensions and improvements thereto and any additional projects which may be financed under the provisions of the Enabling Acts.

"Permitted Investments" shall mean:

1. Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated. (These may constitute defeasance obligations.)

2. Federal Housing Administration debentures.

3. The listed obligations of government sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)  
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)  
Senior Debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)  
Consolidated system wide bonds and notes

- Federal Home Loan Banks (FHL Banks)  
Consolidated debt obligations
- Federal National Mortgage Association (FNMA)  
Senior debt obligations  
Mortgage backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- Student Loan Marketing Association (SLMA)  
Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
- Financing Corporation (FICO)  
Debt obligations
- Resolution Funding Corporation (REFCORP)  
Debt obligation

4. Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short term obligations of which are rated "A 1" or better by S&P.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million.

6. Commercial paper (having original maturities of not more than 270 days) rated "A 1+" by S&P and "Prime 1" by Moody's.

7. Money market funds rated 'AAm' or 'AAm G' by S&P, or better.

8. "State Obligations", which means:

A. Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured, general obligation debt of which is rated W" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

B. Direct general short term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A 1 +" by S&P and "MIG 1" by Moody's.

C. Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated 'AA' or better by S&P and 'Aa' or better by Moody's.

9. Pre refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:



A. the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the Commission of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

B. the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

C. the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

D. the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

E. no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

F. the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

10. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and Moody's; or (2) any broker dealer with "retail customers" or a related affiliate thereof which broker dealer has, or the parent company (which guarantees the provider) of which has, long term debt rated at least "A" by S&P and Moody's, which broker dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by S&P and Moody's and acceptable to the Insurer, provided that:

A. The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

B. The Trustee or a third party acting solely as agent therefor or for the Commission (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);



C. The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

D. All other requirements of S&P in respect of repurchase agreements shall be met.

E. The repurchase agreement shall provide that if during its term the providers rating by either Moody's or S&P is withdrawn or suspended or falls below "A" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the Commission or the Trustee (who shall give such direction if so directed by the Insurer), within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Commission or Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (A) above, so long as such collateral levels are 103% or better and the provider is rated at least 'W' by S&P and Moody's, respectively.

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long term debt of which, or, in the case of a guaranteed corporation the long term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AN" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

A. interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

B. the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Commission and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

C. the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

D. the Commission or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Commission and the Insurer) that such

investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Insurer;

E. the investment agreement shall provide that if during its term

i) the providers rating by either S&P or Moody's falls below "AA " or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Commission, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Commission or the Trustee (who shall give such direction if so directed by the Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Commission or Trustee, and

iii) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

F. the investment agreement must provide that if during its term

i) the provider shall default in its payment obligations, the providers obligations under the investment agreement shall, at the direction of the Commission or the Trustee (who shall give such direction if so directed by the Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Commission or Trustee, as appropriate, and

ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Commission or Trustee, as appropriate.

For the purposes of the foregoing definition, notwithstanding any contrary provision of such definition, "Permitted Investments" shall not include any foreign debt instruments to the extent such term is applied to any moneys held under this Indenture relating to the 2005 Bonds.

"Person" shall mean an individual, public body, a corporation, a partnership, an association, a joint stock company, a trust, and any unincorporated organization.

"Policy" shall have the meaning set forth in the recitals.

"Prevailing Market Conditions" means, without limitation, the following factors: existing applicable market rates for securities, indices of such market rates and the existing market supply and demand for securities bearing such rates, existing yield curves for short-term and long-term securities for obligations of credit quality comparable to the Variable Rate Bonds, general economic conditions, industry economic and financial conditions that may affect or be relevant to the Variable Rate Bonds, and such other facts, circumstances and conditions as the Applicable Remarketing Agents, in their sole discretion, shall determine to be relevant. Prevailing Market Conditions shall be considered in light of the exclusion of interest on the Variable Rate Bonds from gross income for federal income tax purposes.

"Principal and Interest Requirements" shall mean the amount required in each Fiscal Year, beginning with the Fiscal Year of the first maturity or mandatory sinking fund redemption of such Bonds and other Parity Obligations, to pay the principal or redemption price of and the interest and other payments on all such Bonds and other Parity Obligations which become due and payable in such Fiscal Year; all such computations shall be made by a Commission Official under the provisions of Section 10.06. In computing the Principal and Interest Requirements, the amount of any capitalized interest shall be deducted therefrom and any debt service reserve fund established in connection with the Bonds in question shall, to the extent that it is funded with cash or Permitted Investments and is available to pay the final year's debt service on such Bonds, be credited against such final year's Principal and Interest Requirements. To the extent any Bonds or other Parity Obligations under consideration bear interest at a variable rate, the Principal and Interest Requirements for such Bonds and other Parity Obligations shall be calculated assuming an interest rate equal to the highest of (a) the average BMA Index published for the corresponding rate period during the preceding Fiscal Year, (b) the actual interest rate on such Bonds during the preceding Fiscal Year, or (c) the swap rate if there is a Swap Agreement applicable to such Bonds. With respect to any Swap Agreements constituting Parity Obligations, the amount of such Principal and Interest Requirements shall be adjusted to reflect the net amounts, other than termination payments, payable by the Commission, whether to a swap counterparty, a Liquidity Provider or to the Trustee, after taking into account all swap payments and Debt Service requirements. The Commission is entitled to assume for purposes of this definition, if the Swap Agreement provides for payments by the Counterparty or swap provider based on the BMA Index, that the floating rate payable by a Counterparty or swap provider will be the same as the variable rate payable on the Variable Rate Bonds.

"Project" shall mean the 2005 Project and any additional projects or refundings which are authorized by Act 61 or which may be hereafter authorized by law and which are financed in whole or in part out of the proceeds of Bonds issued under this Indenture.

"Purchase Date" means (i) if the Interest Rate Mode of a Series is the Daily Rate, the Weekly Rate or the Monthly Rate, any Business Day as set forth in Section 3.02(a)(i), Section 3.02(a)(ii) and Section 3.02(a)(iii), respectively, (ii) if the Interest Rate Mode of a Series is the Term Rate, the final Interest Payment Date for each Term Rate Period, and (iii) each day that Variable Rate Bonds are subject to mandatory purchase pursuant to Section 3.02(b); provided, however, that the date of the stated maturity of the Variable Rate Bonds shall not be a Purchase Date.

"Purchase Funds" means the funds so designated which are established pursuant to this Indenture.

"Qualified Financial Institution" shall mean (a) any U.S. domestic institution which is a bank, trust company, national banking association or a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, or a member of the National Association of Securities Dealers, Inc. whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within the two highest rating categories by each Rating Agency or which has issued a Liquidity Facility, contract, agreement or surety bond in support of debt obligations which have been so rated; (b) an insurance company with a claims paying ability rated in the highest rating category by Rating Agency or whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within the highest rating category by each Rating Agency; or (c) any banking institution whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within one of the two highest rating categories by each Rating Agency.

"Rate Period" means any period during which a given interest rate is in effect for a 2005 Bond.

"Rating Agency" shall mean each nationally recognized securities rating agency then maintaining a rating on any of the Bonds at the request of the Commission, unless the context only applies the term to one series of Bonds, in which event it shall mean only such rating agency then maintaining a rating on such series of Bonds at the request of the Commission. Initially "Rating Agency" means Moody's, S&P and Fitch or their successors.

"Rating Confirmation Notice" means a notice from each Rating Service then rating the Bonds, confirming that the rating on the Bonds will not be lowered or withdrawn (other than a withdrawal of a short term rating upon a change to the Term Rate) as a result of the action proposed to be taken.

"Registration Fees" shall have the meaning set forth in the recitals hereto.

**“Regular Record Date” or “Record Date”** means (a) with respect to the 2005A Bonds and any other Bonds in a Fixed Rate Period, January 1 and July 1 next preceding each Interest Payment Date for the 2005A Bonds, (b) with respect to any Interest Period during which the Interest Rate Mode is the Daily Rate, the Weekly Rate, the Monthly Rate or the Commercial Paper Rate, the close of business on the last Business Day preceding each Interest Payment Date for such Interest Period, and (c) with respect to any Interest Period during which the Interest Rate Mode is the Term Rate, January 1 and July 1 (whether or not a Business Day) next preceding each interest Payment Date for such Interest Period.

**“Remarketing Agents”** mean the three firms appointed as Applicable Remarketing Agents pursuant to Section 3.09 and any successors thereto.

**“Remarketing Agreements”** mean the Remarketing Agreements dated as of the date hereof between the Commission and the Applicable Remarketing Agents respectively, and any remarketing agreement between the Commission and a successor Applicable Remarketing Agents, each as approved by the Bond Insurer.

**“Remarketing Proceeds Accounts”** means the accounts of that name established in the Purchase Funds pursuant to Section 3.06(a).

**“Revenue Fund”** shall mean the special fund created by the provisions of Section 6.02.

**“S&P”** shall mean Standard and Poor’s Rating Group.

**“Secretary and Treasurer”** shall mean the officer of the Commission holding the office by such title, by the title of Secretary/Treasurer or a similar title.

**“Series”** shall mean each series of Bonds designated as such by this Indenture or a Supplemental Indenture.

**“Series Issue Date”** means the date on which such Series of Bonds is issued.

**“Settlement Amounts”** are as defined in the ISDA Master Agreement as part of the applicable Swap Agreement.

**“Special Record Date”** shall mean that date eight days immediately preceding the date established by the Trustee for the payment of interest on the 2005 Bonds not paid on a regularly scheduled Interest Payment Date or such other date or dates specified in a Supplemental Indenture with respect to Additional Bonds issued under such Supplemental Indenture.

**“Standby Bond Purchase Agreement”** means each Standby Bond Purchase Agreement dated as of August 1, 2005 between the Commission, the Trustee and JPMorgan Chase Bank, National Association.

"Subordinated Indebtedness" shall mean indebtedness which shall contain provisions (which shall be binding on all owners of such Subordinated Indebtedness) not more favorable to the owners of such Subordinated Indebtedness than the following:

(a) No payment on account of principal of and premium, if any, or interest on such Subordinated Indebtedness shall be made from the Trust Estate, nor shall the Trust Estate be applied to the purchase or other acquisition or retirement of such Subordinated Indebtedness, unless full payment of amounts due and payable on or prior to such payment date, whether at maturity, by acceleration or otherwise, for principal of and premium, if any, and interest on all Bonds has been made or duly provided for in accordance with the terms of this Indenture. Notwithstanding the foregoing, no payment on account of principal of and premium, if any, or interest on such Subordinated Indebtedness shall be made from the Trust Estate, nor shall any portion of the Trust Estate be applied to the purchase or other acquisition or retirement of such Subordinated Indebtedness if, at the time of such payment or application or immediately after giving effect thereto, there shall exist a default in the payment of principal of, and premium, if any, or interest on any Bonds.

(b) Upon any dissolution or winding up or total or partial liquidation, reorganization or arrangement of the Commission, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal of, premium, if any, interest and other payments due or to become due upon all Bonds and other Parity Obligations shall first be paid in full, or payment thereof provided for in accordance with the terms of the Bonds and other Parity Obligations, and any deficiency in any fund created under the Indenture has been satisfied, before any payment from the Trust Estate is made on account of the Subordinated Indebtedness.

(c) In the event that, notwithstanding the foregoing provisions, any holder of Subordinated Indebtedness shall have received any payment or distribution of any portion of the Trust Estate including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Commission being subordinated to the payment of the Subordinated Indebtedness before all Bonds are paid in full (a "Distribution"), then and in such event such Distribution shall be received and held in trust for the owners of the Bonds and shall be paid over or delivered forthwith to the Trustee for the benefit of the owners of the Bonds to the extent necessary to pay all such Bonds in full after giving effect to any payment or distribution made to the owners of such Bonds concurrently with the Distribution made to such holder of Subordinated Indebtedness.

(d) The Subordinated Indebtedness may provide that the provisions of (a) and (b) above are solely for the purpose of defining the relative rights of the owners of the Bonds, the holders of other Parity Obligations and the owners of Subordinated Indebtedness, and that nothing therein shall impair, as between the obligor and the owners of the Subordinated Indebtedness, the obligations of the obligor, which is unconditional and absolute, to pay to the owners thereof the principal thereof and premium, if any, and interest thereon in accordance with its terms nor shall anything therein prevent the owners of the Subordinated Indebtedness from exercising all remedies



otherwise permitted by applicable law or upon default thereunder, subject to the rights under (a) and (b) above of the owners of the Bonds and the holders of other Parity Obligations, as the case may be, to receive cash, property or securities otherwise payable or deliverable to the owners of the Subordinated Indebtedness; and the Subordinated Indebtedness may provide that, insofar as a Trustee for such Subordinated Indebtedness is concerned, the foregoing provisions shall not prevent the application by such Trustee for the purpose of the payment of or on account of the principal (and premium, if any) and interest on such Subordinated Indebtedness if such Trustee did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

(e) The Subordinated Indebtedness shall provide that no acceleration of amounts due thereunder may be made prior to the acceleration of amounts due hereunder pursuant to Section 9.02.

“Supplemental Indenture” shall mean any indenture supplemental to this Indenture, now or hereafter duly authorized and entered into in accordance with the provisions of Article 12.

“Swap Agreements” shall have the meaning set forth in Section 2.15.

“Tax Regulatory Agreement” shall mean the federal tax certificate or agreement (or similar instrument) executed by the Commission and delivered to Bond Counsel with respect to the 2005 Bonds and, with respect to any Additional Bonds, the federal tax certificate or agreement (or similar instrument) executed by the Commission and delivered to Bond Counsel for such Additional Bonds.

“Term Bonds” means the Bonds issued at a Term Rate in accordance with Section 3.01.

“Term Rate” means the Interest Rate Mode for a Variable Rate Bond in which the interest rate on the Variable Rate Bonds is determined in accordance with Section 3.01(d).

“Term Rate Period” means any period established by the Commission pursuant to Section 3.01(d)(i) and beginning on, and including, the Conversion Date to the Term Rate or to a different Term Rate Period and ending on, and including, the day preceding the last Interest Payment Date for such period and, thereafter, each successive period of the same duration as that established period until the day preceding the earliest of the change to a different Term Rate Period, the Conversion to a different Interest Rate Mode or the redemption or maturity of the Bonds of such Series.

“Treasurer’s Certificate” shall mean a certificate signed by the Treasurer, Assistant Treasurer or Chief Financial Officer of the Commission containing the data specified in Section 3.08(b).

“Trust Estate” shall have the meaning set forth in the granting paragraph following the recitals hereof.

“Trust Receipts” shall mean (a) any receipts, revenues and other moneys received by the Trustee from the Commission Allocation from the Act 3 Revenues and (b) the interest and income earned on any fund or account established pursuant to this Indenture and included in the Trust Estate.

“Trustee” shall mean the Trustee at the time in question, whether original or successor.

“2005 Bonds” or “Initial Series” shall mean the Commission’s Registration Fee Revenue Refunding Bonds, Series of 2005, issued pursuant to this Indenture.

“2005 Project” shall mean the project established for the purpose of the payment of: (i) the refunding of the 2001 Bonds and the defeasance of the 2001 Indenture; (ii) the costs of a Liquidity Facility and bond insurance to be obtained in connection with the issuance of the 2005 Bonds; and (iii) the costs of issuing the 2005 Bonds.

“Variable Rate Period” means the Daily Rate Period, Weekly Rate Period, Monthly Rate Period, Term Rate Period or Commercial Paper Rate Period.

“Variable Rate Bonds” shall mean the 2005B Bonds, the 2005C Bonds and the 2005D Bonds so long as such Bonds are at a Daily Rate, Weekly Rate, Monthly Rate, Term Rate or Commercial Paper Rate.

“Weekly Rate” means the Interest Rate Mode of a Variable Rate Bond in which the interest rate on the Variable Rate Bond is determined weekly in accordance with Section 3.01(c).

“Weekly Rate Period” means the period beginning on, and including, the Series Issue Date or a Conversion Date, as applicable, and ending on, and including, the next Wednesday and thereafter the period beginning on, and including, any Thursday and ending on, and including, the earliest of the next Wednesday, the day preceding the Conversion to a different Interest Rate Mode or the redemption or maturity of the applicable Series of Bonds.



**ARTICLE 2**  
**FORM, EXECUTION, AUTHENTICATION, DELIVERY AND REGISTRATION**  
**OF BONDS**

Section 2.01 Limitations on Issuance of Indebtedness. The Commission shall not incur any indebtedness which is secured by the Trust Estate while this Indenture is in effect except in accordance with the provisions of this Indenture.

Section 2.02 Date, Execution and Payment of Bonds.

(a) Each Bond shall be dated the date of its authentication or, in the case of any Additional Bonds, such other date specified in a Supplemental Indenture under which such Additional Bonds are issued, except that the 2005A Bonds shall be dated initially as of August 1, 2005. The Bonds shall be executed with the manual or facsimile signatures of the Governor of the Commonwealth of Pennsylvania and the Chairman of the Commission, and the official seal of the Commission or a facsimile thereof shall be affixed to the Bonds and attested by the manual or facsimile signature of the Secretary and Treasurer of the Commission.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery, and also any Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

(b) Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal of all Bonds shall be payable at the designated corporate trust office of the Trustee, and payment of the interest on each Bond shall be made by the Trustee on each Interest Payment Date to the Person appearing on the registration books of the Bond Registrar as of the Regular Record Date as the registered owner thereof:

(i) by check or draft mailed to such registered owner at his/her address as it appears on such registration books;

(ii) in the case of an interest payment to any owner of \$1,000,000 or more in aggregate principal amount of Bonds of a Series;

(iii) as of the close of business on the Regular Record Date for a particular Interest Payment Date, by wire transfer to such registered owner as of the close of business on such Interest Payment Date upon written notice from such registered owner containing the wire transfer address (which shall be in the continental United States) to which such registered owner wishes to have such wire transfer directed, which

written notice is received by the Trustee not less than one Business Day prior to such Regular Record Date; or

(iv) in such other fashion as is agreed upon in writing between the registered owner and the Trustee.

However, if and to the extent that the Commission defaults on the payment of interest due on an Interest Payment Date, such defaulted interest shall be paid to those Persons who are the registered owners as of the Special Record Date on a payment date established by the Trustee, notice of which shall have been mailed to those Persons who are the registered owners as of the Special Record Date (i) in the case of the 2005 Bonds, at least five days prior to such payment date or (ii) in the case of any Additional Bonds, such date or dates established in the Supplemental Indenture under which such Bonds are issued.

(c) Book Entry System for the 2005 Bonds.

(i) The 2005 Bonds shall initially be issued in the form of one fully-registered bond per Series of Bonds of the same maturity and interest rate for the aggregate principal amount of the 2005 Bonds of each Series and each interest rate and maturity within a Series, which Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as provided in subparagraph (vii) below, all of the 2005 Bonds shall be registered in the books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the 2005 Bonds be registered in the name of a different nominee, the Bond Registrar shall exchange all or any portion of the 2005 Bonds of such Series for an equal aggregate principal amount of 2005 Bonds of such Series, registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the Commission or the Trustee a 2005 Bond, any other evidence of ownership of the 2005 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the 2005 Bonds on the books kept by the Bond Registrar, in connection with discontinuing the book entry system as provided in subparagraph (vii) below or otherwise.

(ii) So long as the 2005 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price of or interest on such 2005 Bonds shall be made to DTC or its nominee in accordance with the Representation Letter from the Commission and the Trustee to DTC (the "Representation Letter") on the dates provided for such payments under this Indenture. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Commission, and the Trustee with respect to the principal or redemption price of, and interest on, the 2005 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the 2005 Bonds Outstanding of any Series and maturity, the Trustee shall not require surrender by DTC or its nominee of the 2005 Bonds so redeemed, but DTC (or its nominee) may retain such 2005 Bonds and make an appropriate notation on the bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Trustee, upon request, a written

confirmation of such partial redemption and thereafter the records maintained by the Trustee shall be conclusive as to the amount of the 2005 Bonds of such Series and maturity which have been redeemed.

(iii) The Commission and the Trustee may treat DTC (or its nominee) as the sole and exclusive owner of the 2005 Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the 2005 Bonds, selecting the 2005 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to owners of 2005 Bonds under the Indenture, registering the transfer of 2005 Bonds, obtaining any consent or other action to be taken by owners of 2005 Bonds, and for all other purposes whatsoever; and neither the Commission nor the Trustee shall be affected by any notice to the contrary. Neither the Commission nor the Trustee nor the Paying Agent shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the 2005 Bonds under or through DTC or any such participant, or any other person which is not shown on the books kept by the Trustee as being a holder of 2005 Bonds, with respect to (i) the 2005 Bonds; (ii) the accuracy of any records maintained by DTC or any such participant; (iii) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the 2005 Bonds; (iv) any notice which is permitted or required to be given to owners of 2005 Bonds under the Indenture; (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the 2005 Bonds; or (vi) any consent given or other action taken by DTC as a holder of 2005 Bonds.

(iv) So long as the 2005 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the owners of 2005 Bonds under the Indenture shall be given to DTC as provided in the Representation Letter.

(v) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Trustee with respect to any consent or other action to be taken by the owners of 2005 Bonds, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the Trustee may establish a special record date for such consent or other action. The Trustee shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(vi) At or prior to settlement for the 2005 Bonds, the Commission and the Trustee shall execute or signify their approval of the Representation Letter. Any successor Trustee shall, in its written acceptance of its duties under this Indenture, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

(vii) The book-entry system for registration of the ownership of the 2005 Bonds may be discontinued at any time if (I) after notice to the Commission and the Trustee, DTC determines to resign as securities depository for the 2005 Bonds; or (II)

after notice to DTC and the Trustee, the Commission determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Commission. In either of such events (unless, in the case described in clause (II) above, the Commission appoints a successor securities depository), the 2005 Bonds shall be delivered in registered certificate form to such Persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Commission or the Trustee for the accuracy of such designation. Whenever DTC requests the Commission and the Trustee to do so, the Commission and the Trustee shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the 2005 Bonds.

Section 2.03 Authentication of Bonds. Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth in the form of 2005A Bond attached hereto as Exhibit A-1, in the form of Variable Rate Bond attached hereto as Exhibit A-2, (or, in the case of any Additional Bonds, the form of Bond set forth in the Supplemental Indenture pursuant to which such Additional Bonds are issued), duly executed by the Trustee or its agent, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture.

Section 2.04 Exchange of Bonds. Bonds, upon surrender thereof at the designated corporate trust office of the Trustee, together with an assignment duly executed by the registered owner or his attorney in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for Bonds of the same series and maturity, of any denomination or denominations authorized by this Indenture, in an aggregate principal amount equal to the principal amount of such Bonds, or the unredeemed portion thereof, and bearing interest at the same rate.

The Commission shall make provision for the exchange of Bonds at the designated corporate trust office of the Bond Registrar and shall cause books to be kept by the Bond Registrar for the registration and transfer of Bonds as provided in this Indenture.

Section 2.05 Transfer and Registry of Bonds. The Commission shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Bond Registrar. The Trustee shall serve as the Bond Registrar. The principal of any Bond shall be payable only to or upon the order of the registered owner or his legal representative.

Any Bond may be transferred only upon the books kept for the registration and transfer of Bonds, upon surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his legal representative in such form as shall be satisfactory to the Bond Registrar. Upon the transfer of any such Bond, the Commission shall execute in the name of the transferee, the Trustee shall authenticate

and the Bond Registrar shall deliver, a new Bond or Bonds, of the same series and maturity and bearing interest at the same rate, of any denomination or denominations authorized by this Indenture, in an aggregate principal amount equal to the principal amount of such Bond, or the unredeemed portion thereof, of the same series and maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or transferred hereunder, the Commission shall execute and authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchange or transfer shall forthwith be canceled by the Bond Registrar. Except as otherwise provided in this Indenture, the Commission or the Bond Registrar may make a charge for every such exchange or transfer of Bonds sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and in addition the Commission may charge a sum equal to the actual costs of exchanging or transferring such Bond for each new Bond delivered upon such exchange or transfer, and such charge or charges shall be paid before any such new Bond shall be delivered. Neither the Commission nor the Bond Registrar shall be required to make any such exchange or transfer of Bonds during the period beginning on and after a Record Date and preceding an Interest Payment Date on the Bonds or, in the case of any proposed redemption of Bonds, after such Bond or any portion thereof has been selected for redemption.

Section 2.06 Ownership of Bonds. The Person in whose name any Bond is registered at the close of business on the Regular Record Date with respect to an Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date notwithstanding the cancellation of such Bond, upon any transfer or exchange thereof subsequent to such Regular Record Date and prior to such Interest Payment Date. However, if and to the extent that the Commission defaults in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Person in whose name Outstanding Bonds are registered at the close of business on the Special Record Date.

Section 2.07 Authorization of Bonds and Conditions Precedent to Delivery of Bonds. The Bonds of each series issued under the provisions of this Indenture shall be authorized by the Commission by appropriate resolution or resolutions. Such Bonds shall be designated, shall be dated, shall bear interest until paid at or after maturity at such rate or rates not exceeding the maximum rate provided by law, such interest to the maturity thereof being payable on the interest dates stated thereon, shall state the maturity date of such Bond, and may be made redeemable at such times and prices (subject to the provisions of Article 4), all as may be provided by the resolution or resolutions authorizing the issuance of such Bonds.

The definitive Bonds of the Initial Series shall be executed substantially in the form and manner set forth in Exhibit A-1 and Exhibit A-2 hereto, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture, and may have endorsed thereon such legends or text as may be necessary or appropriate to



conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

All Bonds shall be deposited with the Trustee for authentication, but before such Bonds shall be authenticated by the Trustee and delivered by the Trustee, there shall be filed with the Trustee the following:

(a) a copy, certified by the Secretary and Treasurer or Assistant Secretary of the Commission, of the above mentioned resolution or resolutions adopted by the Commission authorizing the issuance and sale of the Bonds, authorizing a Commission Official to direct the authentication and delivery of the Bonds, and further authorizing each of the Commission Officials to perform any and all acts and duties required under this Indenture to be performed by such official;

(b) an order, signed by the Chairman, any Vice Chairman or other Commission Official (the "Authentication Order"), directing the authentication and delivery of such Bonds to or upon the order of the purchasers named in the resolution mentioned in item (a) above and which order shall direct, among other things, the application of the proceeds of the Bonds and from the funds and accounts held under the 2001 Indenture;

(c) an Opinion of Counsel to the effect that (i) the Commission has the right and power under the Enabling Acts, as amended to the date of such opinion, to authorize the execution and delivery of this Indenture or the Supplemental Indenture, if any, as the case may be, and the resolutions of the Commission authorizing such Bonds; and this Indenture or such Supplemental Indenture, if any, as the case may be, has been duly and lawfully authorized, executed and delivered by the Commission, is in full force and effect and is valid and binding upon the Commission and enforceable in accordance with its terms; (ii) this Indenture or the Supplemental Indenture, if any, as the case may be, providing for the issuance of Bonds creates the valid pledge and lien which it purports to create on and in the Trust Receipts and moneys, securities and funds (other than the Rebate Fund) held or set aside under this Indenture or such Supplemental Indenture, if any, as the case may be; (iii) the Bonds of such series are valid and binding obligations of the Commission as provided in this Indenture or the Supplemental Indenture, if any, as the case may be, providing for the issuance thereof, enforceable in accordance with their terms and the terms of this Indenture or such Supplemental Indenture, if any, as the case may be, and entitled to the benefits of this Indenture or such Supplemental Indenture, if any, as the case may be, and the Enabling Acts, (iv) such Bonds have been duly and validly authorized and issued in accordance with the Enabling Acts, and this Indenture or such Supplemental Indenture, if any, as the case may be; (v) that the Project being financed is one permitted under Act 61; and (vi) all conditions precedent and concurrent provided for in this Indenture relating to the authentication and delivery of the Bonds have been satisfied;

(d) the fully executed Intercept Agreement;

(e) such further documents, moneys and securities as are required by the provisions of this Indenture or any Supplemental Indenture.

When the documents mentioned in the above clauses, together with any documents required by the subsequent sections of this Article under which the Bonds are being issued, shall have been filed with the Trustee and when the Bonds, described in the resolution or resolutions and order mentioned in clauses (a) and (b) above, shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver such Bonds at one time to or upon the order of the purchasers named therein, but only upon payment of the purchase price therein set forth. The Trustee shall be entitled to rely upon such resolution and order as to the names of the purchasers and the amount of the purchase price.

Section 2.08 Authorization of 2005 Bonds. The 2005 Bonds shall be issued in an aggregate principal amount of \$465,560,000, consisting of an aggregate principal amount of \$234,135,000 for the 2005A Bonds, \$77,140,000 for the 2005B Bonds, \$77,140,000 for the 2005C Bonds and \$77,145,000 for the 2005D Bonds. The 2005A Bonds shall be issued at the fixed rates as shown below shall be dated as of August 1, 2005 and shall be issuable as registered Bonds in denominations of \$5,000 or any multiple thereof. The Variable Rate Bonds shall all initially be issued at the Weekly Rate, shall be dated as of the date of their original issuance and shall be issuable as registered Bonds in denominations of \$100,000 or any multiples in excess of \$5,000. The 2005A Bonds shall bear interest from August 1, 1005. The 2005B Bonds, the 2005C Bonds and the 2005D Bonds shall bear interest from their dates of issuance.

The 2005A Bonds shall mature as shown in Appendix C. The 2005B Bonds, 2005C Bonds and 2005D Bonds shall mature on July 15, 2041.

Each 2005 Bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue interest at the rate borne by such 2005 Bond on the day before the Event of Default occurred.

The 2005A Bonds shall mature in the amounts, on the dates, at the yields and prices and shall bear interest from August 1, 2005 at the rates per annum, such interest being payable on January 15, 2006 and semiannually thereafter on January 15 and July 15 of each year until the payment of such principal amounts at or after maturity, all as set forth on Exhibit C.

Before the 2005 Bonds shall be authenticated by the Trustee and delivered by the Trustee, there shall be filed with the Trustee those documents required by Section 2.07, including the Authentication Order setting forth the amount of proceeds to be received by the Commission from the sale of the 2005 Bonds, including accrued interest to the extent payable, which shall be separately stated and directing the Trustee to deposit the proceeds of such Bonds (including accrued interest) to the credit of the Clearing Fund and to make the following payments and transfers from the Clearing Fund: (i) the amount of accrued interest on the 2005A Bonds, which amount shall be transferred to the 2005A Account of the Debt Service Fund; (ii) the amount to be deposited for the refunding of the 2001

Bonds; and (iii) the amounts to be expended for costs and expenses in connection with the issuance of the 2005 Bonds which shall be paid from the Clearing Fund, including but not limited to the initial and first year's annual Trustee's fees. The Authentication Order shall also set forth the amounts to be deposited by the Commission including without limitation monies and securities to be deposited (i) from the Construction Fund under the 2001 Indenture, in accordance with Section 5.02, to the Construction Fund hereunder, and (ii) from the Revenue Fund under the 2001 Indenture in accordance with Section 6.02, to the Revenue Fund hereunder.

The proceeds (including accrued interest) of the 2005 Bonds shall be deposited by the Trustee to the credit of the Clearing Fund created under Section 5.01 pending transfer pursuant to the Order noted above.

Section 2.09 Issuance of Additional Bonds Generally. The Commission will not issue or incur other indebtedness having a parity lien on the Trust Receipts except for Additional Bonds as separate Series issued pursuant to this Section and other Parity Obligations. Additional Bonds may be issued under and secured by this Indenture, at any time or times, subject to the conditions hereinafter provided in this Section, for the purpose of paying the cost of all or any part of any Additional Project or for the purpose of refunding all or any portion of the Bonds then outstanding and, if elected by the Commission as hereinafter set forth, all or a portion of the expenses incurred by the Commission in connection with the issuance of such Bonds.

Before any such Bonds shall be authenticated by the Trustee and delivered by the Trustee, there shall be filed with the Trustee the following:

(a) the documents required by Section 2.07, by this Section 2.09 and by Sections 2.10 or 2.11, as appropriate;

(b) a Supplemental Indenture executed by the Commission in an appropriate number of counterparts setting forth, subject to the provisions of this Article 2, the terms and provisions of such Additional Bonds. The Supplemental Indenture shall provide whether the Debt Service Reserve Fund shall be funded and, if funded, shall establish a separate account within the Debt Service Reserve Fund and shall specify how such account may be funded;

(c) An opinion of Bond Counsel that the issuance of the Additional Bonds will not adversely affect the exclusion of the interest on all outstanding Bonds from federal income taxation; and

(d) If such Bonds do not bear interest at a Fixed Rate to maturity, the consent of the Bond Insurer and the Liquidity Provider for any Series of Bonds.

The proceeds (excluding amounts used to pay accrued interest, costs of issuance or capitalized interest) of such Additional Bonds shall be deposited with the Trustee to the credit of a special account of the Construction Fund or other Fund appropriately



designated or such other special fund created in the case of refunding Bonds and held in trust for the sole and exclusive purpose of paying the Cost of such Project.

**Section 2.10 Issuance of Additional Bonds for any Additional Projects.** Additional Bonds may be issued under and secured by this Indenture, to the extent from time to time permitted by law, subject to the conditions hereinafter provided in this Section, at any time or times for the purpose of paying the cost of any Project, or completion of any Project (any of the foregoing being herein sometimes called "Additional Projects") and for paying costs incurred in issuing such Additional Bonds and for any required contributions to the Debt Service Reserve Fund.

Such Additional Bonds shall not be authenticated by the Trustee nor delivered by the Trustee, unless there shall be filed with the Trustee the following:

- (a) the documents required by Sections 2.07 and 2.09; and
- (b) a Treasurer's Certificate demonstrating and concluding that the actual Principal and Interest Requirements in each Fiscal Year on all Bonds and other Parity Obligations to be outstanding under this Indenture after the delivery of the proposed Additional Bonds would not be more than the Commission Allocation for such Fiscal Year.

The proceeds (excluding amounts used to pay accrued interest, costs of issuance or capitalized interest) of such Bonds ultimately (e.g., after initially being deposited into the Clearing Fund) shall be deposited with the Trustee to the credit of a special account in the Construction Fund appropriately designated and held in trust for the sole and exclusive purpose of paying the cost of such Additional Projects; and all of the provisions of Article 5 which relate to the Construction Fund shall apply to such special construction fund insofar as such provisions may be applicable except as otherwise provided in any Supplemental Indenture. The amount paid as accrued interest on such Bonds shall be deposited by the Trustee to the credit of the applicable account or sub-account of the Debt Service Fund.

**Section 2.11 Issuance of Additional Bonds for Refunding.** Additional Bonds may be issued under and secured by this Indenture, subject to the conditions hereinafter provided in this Section, at any time or times, for the purpose of providing funds for refunding or advance refunding all of the outstanding Bonds of any series issued under the provisions of this Indenture, or any portion of the Bonds of any such Series, including in each case the payment of any redemption premium thereon and the costs of issuance.

Before such Bonds shall be authenticated and delivered by the Trustee, there shall be filed with the Trustee the following:

- (a) the documents required by Sections 2.07 and 2.09;
- (b) in case all or a portion of such Bonds are to be issued for the purpose of redeeming Bonds prior to their stated maturity or maturities, such documents

as shall be required by the Trustee to show that provision has been duly made for the redemption of such Bonds; and

(c) a certificate of an independent public accountant or nationally recognized verification agent verifying that the proceeds (excluding accrued interest but including any premium and after deducting an amount equal to all expenses incurred by the Commission in connection with the issuance of such Bonds to the extent that said expenses are to be paid from such proceeds) of such refunding Bonds and any investment income earned thereon shall be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded, and, if permitted by law and deemed necessary by the Commission, the payment of interest thereon to the date of redemption.

The Trustee, however, shall not authenticate and deliver such Bonds unless it receives a certificate signed by the Treasurer, Assistant Treasurer or Chief Financial Officer of the Commission demonstrating that the percentage derived by dividing the amount of the Trust Receipts by the debt service on Bonds outstanding after delivery of such Additional Bonds shall be either (i) at least 100% in each year or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Bonds.

Simultaneously with the delivery of such Additional Bonds issued to refund Bonds issued under the provisions of this Indenture, the Trustee shall withdraw from the Debt Service Fund and the debt service reserve fund, if any, any amounts allocable to the Bonds being refunded and shall apply such amounts to the payment of the Bonds being refunded unless an opinion of Bond Counsel is provided that another application will not adversely affect the exclusion of the interest from federal income taxation. The proceeds of such Additional Bonds shall be applied by the Trustee pursuant to the Authentication Order with respect to such Additional Bonds or a requisition or other written direction signed by a Commission Official and delivered to the Trustee.

Upon compliance with the provisions of this Section, the Trustee shall authenticate and the Trustee shall deliver such Additional Bonds issued under this Section. The proceeds of such Additional Bonds (excluding accrued interest and after deducting an amount equal to all expenses incurred by the Commission in connection with the issuance of such Bonds to the extent that said expenses are to be paid from such proceeds) shall be held by the Trustee or an escrow agent that would satisfy the requirement for a Trustee hereunder in trust for the sole and exclusive purpose of paying such principal, redemption premium, if any, and interest.

To the extent the proceeds of any Bonds issued under this Section are required to be invested as aforesaid; such proceeds shall be invested only in Government Obligations.

Section 2.12 Subordinated Indebtedness. Nothing in this Indenture shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Commission, to the extent now permitted under the Enabling Act or hereafter permitted by law and subject to

the approval of the Bond Insurer, from issuing or otherwise incurring subordinated indebtedness subordinate to the lien of this Indenture. Subordinate Indebtedness secured by a subordinate lien of this Indenture may be issued or otherwise incurred in accordance with this Indenture.

Section 2.13 Temporary Bonds. Until definitive Bonds of any series are ready for delivery, there may be executed, and upon request of the Chairman or any Vice Chairman of the Commission, the Trustee shall authenticate and the Trustee shall deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, temporary printed, engraved or lithographed Bonds in the Authorized Denominations, substantially of the tenor hereinabove set forth, and with appropriate omissions, insertions and variations as may be required.

Until definitive Bonds of any series are ready for delivery, such temporary Bonds of any series may, without expense to the owners thereof, be exchanged at the designated corporate trust office of the Bond Registrar for a like aggregate principal amount of temporary Bonds, in the Authorized Denominations, of the same series, maturing on the same date and bearing interest at the same rate.

The Commission shall cause the definitive Bonds to be prepared and to be executed and delivered to the Bond Registrar, and the Bond Registrar, upon presentation to it at its designated corporate trust office of any temporary Bond, shall cancel the same and authenticate and deliver in exchange therefore at the place designated by the holder, without expense to the holder, a definitive Bond or Bonds of the same aggregate principal amount, of the same series and bearing interest at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit of this Indenture as the definitive Bonds to be issued and authenticated hereunder, and interest on such temporary Bonds, when payable, if the definitive Bonds shall not be ready for exchange, shall be paid on presentation of such temporary Bonds and notation of such payment shall be endorsed thereon.

Section 2.14 Mutilated, Destroyed or Lost Bonds. If any Bond shall become mutilated, the Commission shall execute, the Trustee shall thereupon authenticate and the Bond Registrar shall deliver a new Bond of like tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Bond Registrar of such mutilated Bond for cancellation, and the Commission and the Bond Registrar may require reasonable indemnity therefore. If any Bond shall be reported lost, stolen or destroyed, evidence as to the ownership and the loss, theft or destruction thereof shall be submitted to the Bond Registrar; and if such evidence shall be satisfactory to both and indemnity satisfactory to both shall be given, the Commission shall execute, and thereupon the Trustee shall authenticate and the Bond Registrar shall deliver, a new Bond of like tenor and denomination. The cost of providing any substitute Bond under the provisions of this Section shall be borne by the Bondholder for whose benefit such substitute Bond is provided. If any such mutilated, lost, stolen or destroyed Bond shall have matured or be about to mature, the Trustee may, with the consent of the Commission, pay to the owner the principal amount of such Bond upon the maturity

thereof and the compliance with the aforesaid conditions by such owner, without the issuance of a substitute Bond therefore.

Every substituted Bond issued pursuant to this Section shall constitute an additional contractual obligation of the Commission, whether or not the Bond alleged to have been destroyed, lost or stolen shall be enforceable at any time by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments, investments or other securities without their surrender.

Section 2.15 Parity Swap and Other Obligations. The Commission may enter into one or more contracts with a swap provider ("Counterparty"), with respect to the 2005 Bonds or Additional Bonds, having an interest rate, cash-flow, or other hedge basis desired by the Commission (a "Swap Agreement"), including, without limitation, interest rate swap agreements, forward payment conversion agreements, futures contracts, contracts providing for payments based on levels of or changes in interest rates, stock or other indices, or contracts to exchange cash flows or a series of payments, and contracts including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, currency rate, spread or similar exposure. In the event the Commission wishes the payments to be made and received by the Commission under the Swap Agreement or under any other obligation, to be taken into account in any calculation of Principal and Interest Requirements hereunder, the Commission shall file with the Trustee the following on or before entering into the Swap Agreement or other obligation (in which event, such Swap Agreement or other obligation shall constitute an "Approved Obligation"):

(a) A copy certified by a Commission Official of the resolution or resolutions of the Commission authorizing the execution and delivery of the Approved Obligation (no Supplemental Indenture being required unless the Commission determines it to be necessary or appropriate);

(b) An original executed counterpart of the Approved Obligation;

(c) An opinion of Bond Counsel addressed to the Commission and to the Trustee, to the effect that execution of the Approved Obligation is permitted under the laws of the Commonwealth and will not adversely affect the exclusion from gross income from interest on any Bonds for federal income tax purposes; provided that if the Approved Obligation relates to Bonds being issued and the Approved Obligation is entered into at the time of or prior to the issuance of such Bonds, the portion of the opinion of Bond Counsel referring to tax-exempt status of the Bonds need not be delivered;

(d) A certificate of the Commission, signed by a Commission Official, that the Commission is not under default under this Indenture;

(e) Evidence that the execution of the Approved Obligation will not result in a reduction or withdrawal of the non-enhanced rating then assigned to any Bonds by the Rating Agency;

(f) Evidence that the provisions of Section 2.10(b) have been met with respect to such Approved Obligations; and

(g) Such further documents as are required by the Approved Obligation or Bond Counsel.

In the event the Commission wishes to enter into an Approved Obligation and to have its obligations thereunder be on parity with all Bonds and other Parity Obligations, it shall file with the Trustee the items set forth above, together with a supplemental indenture granting such parity position (in which event, such Approved Obligation shall constitute a "Parity Obligation"). Upon entering into a Swap Agreement, unless otherwise provided in the Supplemental Indenture, the Commission shall pay to the Trustee for deposit into the Interest Account the net amount payable, if any, to the Counterparty as if such amounts were additional amounts of interest due; and the Trustee shall pay on behalf of the Commission to the Counterparty, to the extent required under the parity swap agreement, amounts deposited in the Interest Account. Net amounts received by the Commission or the Trustee from the counterparty pursuant to a Parity Swap Agreement shall be deposited to the credit of the Interest Account or to such other account as designated by a Commission Official.

The Commission agrees that it will not enter any Parity Obligation unless prior to or contemporaneously with the incurrence thereof, the applicable provisions of this Section 2.15 are met and there is delivered to the Trustee one of the certificates or reports required in Section 2.10 hereof, which takes into account the expected payments by and to the Commission pursuant to such Parity Obligation in making the calculations thereunder.

Notwithstanding anything to the contrary contained herein, the Swap Agreements executed or to be executed in connection with the 2005 Bonds (other than the termination payments provided therein), scheduled fees to the Liquidity Provider and the reimbursement obligations to the Bond Insurer shall be deemed for the purposes hereof to be, and are hereby defined as, Parity Obligations hereunder. Principal and interest payments on 2005 Bonds, including Bank Bonds, and Additional Bonds shall also be Parity Obligations. Settlement Amounts under Swap Agreements payable by the Commission shall be paid under this Indenture as Subordinated Indebtedness.

**Section 2.16 Conversions from Variable Rate Period to Fixed Rate Period.** The Commission may convert from a Variable Rate Period to a Fixed Rate Period if permitted pursuant to the terms hereof and if the Commission is in compliance with the Principal and Interest Requirements for the most recently completed Fiscal Year. Unless the Bond

Insurer shall otherwise direct, the Commission shall convert the interest rate on the Bonds to the Fixed Rate to maturity:

- (a) Upon failure of the Liquidity Provider to purchase Bonds;
- (b) Upon expiration or termination of the Liquidity Facility with no substitution therefor;
- (c) If Bonds are held as Bank Bonds for 45 days or more in any Fiscal Year or there are two failed remarketings of the Bonds; or
- (d) If the Commission fails to replace the Liquidity Facility when required.

Section 2.17 Application of 2005 Bonds Proceeds. Upon the receipt of the proceeds of the 2005 Bonds, including accrued interest thereon, the Trustee shall apply all such proceeds in accordance with the closing memorandum delivered and dated the date of original issuance and delivery of the 2005 Bonds.

### ARTICLE 3 CONCERNING THE VARIABLE RATE BONDS

#### Section 3.01 Interest Rates and Maturity.

(a) Maturity. Each Series of Variable Rate Bonds shall have an issuance date of August 17, 2005. Each Variable Rate Bond shall bear interest from the last Interest Payment Date to which interest has accrued and has been paid or duly provided for, or if no interest has been paid or duly provided for, from the Series Issue Date of each Variable Rate Bond until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions of this Indenture, whether upon maturity, redemption or otherwise.

(b) Interest Rates on the Variable Rate Bonds. During each Interest Period for each Interest Rate Mode, the interest rate or rates for the applicable Variable Rate Bonds shall be determined in accordance with this Section 3.01 and shall be payable on an Interest Payment Date for such Interest Period. The interest rate or rates borne by the Variable Rate Bonds (other than Bank Bonds) shall not exceed 12% per annum when the Interest Rate Mode is either the Daily Rate, Weekly Rate, Monthly Rate or Commercial Paper Rate. Interest on the Variable Rate Bonds at the interest rate or rates for the Daily Rate, the Weekly Rate and the Monthly Rate shall be computed upon the basis of a 365 or 366 day year, as applicable, for the actual number of days elapsed. Interest on the Variable Rate Bonds at the interest rate or rates for the Fixed Rate, Term Rate or Commercial Paper Rate shall be computed upon the basis of a 360 day year, consisting of twelve 30 day months.

(c) Interest Rate Modes. Each Series of Bonds issued hereunder shall consist entirely of one Mode at a time. The 2005B Bonds shall initially bear interest from the date of their original issuance at Weekly Rates for Weekly Rate Periods and the



2005B Bonds shall thereafter continue to bear interest at Weekly Rates until the Conversion of the 2005B Bonds to a different Interest Rate Mode or the redemption or maturity of the 2005B Bonds. The 2005C Bonds shall initially bear interest from the date of their original issuance at Weekly Rates for Weekly Rate Periods and the 2005C Bonds shall thereafter continue to bear interest at Weekly Rates until the Conversion of the 2005C Bonds to a different Interest Rate Mode or the redemption or maturity of the 2005C Bonds. The 2005D Bonds shall initially bear interest from the date of their original issuance at Weekly Rates for Weekly Rate Periods and the 2005D Bonds shall thereafter continue to bear interest at Weekly Rates until the Conversion of the 2005D Bonds to a different Interest Rate Mode or the redemption or maturity of the 2005D Bonds. Different Series of the Variable Rate Bonds may simultaneously bear interest in different Interest Rate Modes and the provisions of this Article 3 shall be read consistently therewith. Interest rates on the Variable Rate Bonds shall be determined as follows:

(i) If the Interest Rate Mode for a Series of Variable Rate Bonds is the Daily Rate, the interest rate on such Variable Rate Bonds for any Business Day shall be the rate established by the Applicable Remarketing Agent no later than 9:30 a.m., prevailing local time in New York City, on such Business Day as the minimum rate of interest necessary, in the judgment of the Applicable Remarketing Agent, taking into account then Prevailing Market Conditions, to enable the Applicable Remarketing Agent to sell such Variable Rate Bonds on such Business Day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. For any day which is not a Business Day, the interest rate on the Variable Rate Bonds shall be the interest rate in effect for the next preceding Business Day; provided that:

(A) if the Applicable Remarketing Agent fails for any reason to determine the Daily Rate for any Daily Rate Period, such Daily Rate shall be the same as the Daily Rate in effect for the immediately preceding Daily Rate Period, except that if such failure continues for more than one consecutive Daily Rate Period, the Daily Rate thereafter shall be the BMA Index Rate at that time for the corresponding rate period; and

(B) in no event shall the Daily Rate for any Daily Rate Period exceed the maximum annual rate of interest at which the applicable Liquidity Facility then in effect provides coverage for the applicable Series of Variable Rate Bonds.

(ii) If the Interest Rate Mode for a Series of Variable Rate Bonds is the Weekly Rate, the interest rate on such Variable Rate Bonds for a particular Weekly Rate Period shall be the rate established by the Applicable Remarketing Agent no later than 5:00 p.m., prevailing local time in New York City, on the day preceding the first day of such Weekly Rate Period, or, if such preceding day is not a Business Day, on the next preceding Business Day, as the minimum rate of interest necessary, in the judgment of the Applicable Remarketing Agent, taking into account then Prevailing Market Conditions, to enable the Applicable Remarketing Agent to sell such Variable Rate Bonds on such first day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon; provided that:

(A) if the Applicable Remarketing Agent fails for any reason to determine the Weekly Rate for any Weekly Rate Period, such Weekly Rate shall be the same as the Weekly Rate in effect for the immediately preceding Weekly Rate Period, except that if such failure continues for more than one consecutive Weekly Rate Period, the Weekly Rate thereafter shall be the BMA Index Rate at that time for the corresponding rate period; and

(B) in no event shall the Weekly Rate for any Weekly Rate Period exceed the maximum annual rate of interest at which the applicable Liquidity Facility then in effect provides coverage for the applicable Series of Variable Rate Bonds.

(iii) If the Interest Rate Mode for the Variable Rate Bonds is the Monthly Rate, the interest rate on such Variable Rate Bonds for a particular Monthly Rate Period shall be the rate established by the Applicable Remarketing Agent no later than 5:00 p.m., prevailing local time in New York City, on the day preceding the first day of such Monthly Rate Period, or, if such preceding day is not a Business Day, on the next preceding Business Day, as the minimum rate of interest necessary, in the judgment of the Applicable Remarketing Agent, taking into account then Prevailing Market Conditions, to enable the Applicable Remarketing Agent to sell such Variable Rate Bonds on such first day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon; provided that:

(A) if the Applicable Remarketing Agent fails for any reason to determine the Monthly Rate for any Monthly Rate Period, such Monthly Rate shall be the same as the Monthly Rate in effect for the immediately preceding Monthly Rate Period, except that if such failure continues for more than one consecutive Monthly Rate Period, the Monthly Rate thereafter shall be the BMA Index Rate at that time for the corresponding rate period; and

(B) in no event shall the Monthly Rate for any Monthly Rate Period exceed the maximum annual rate of interest at which the applicable Liquidity Facility then in effect provides coverage for the applicable Series of Variable Rate Bonds.

(iv) If the Interest Rate Mode for the Variable Rate Bonds is the Commercial Paper Rate, the interest rate on such Variable Rate Bonds for a particular Commercial Paper Rate Period shall be the rate established by the Applicable Remarketing Agent no later than 5:00 p.m., prevailing local time in New York City, on the day preceding the first day of such Commercial Paper Rate Period, or, if such preceding day is not a Business Day, on the next preceding Business Day, as the minimum rate of interest necessary, in the judgment of the Applicable Remarketing Agent, taking into account the Prevailing Market Conditions, to enable the Applicable Remarketing Agent to sell such Variable Rate Bonds on such first day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon; provided that:

(A) if the Applicable Remarketing Agent fails for any reason to determine the Commercial Paper Rate for any Commercial Paper Rate Period, such Commercial Paper Rate shall be the same as the Commercial Paper Rate in effect

for the immediately preceding Commercial Paper Rate Period, except that if such failure continues for more than one consecutive Commercial Paper Rate Period, the Commercial Paper Rate thereafter shall be the applicable BMA Index Rate at that time for the corresponding rate period; and

(B) in no event shall the Commercial Paper Rate for any Commercial Paper Rate Period exceed the maximum annual rate of interest at which the applicable Liquidity Facility then in effect provides coverage for the Commercial Paper Rate`.

(v) If the Interest Rate Mode for a Series of Variable Rate Bonds is the Term Rate, which shall be known as the Fixed Rate if the Term Rate Period is to the date of redemption or maturity of such Series, the interest rate on such Term Bonds for a particular Term Rate Period shall be the rate established by the Applicable Remarketing Agent (by the Commission for the Fixed Rate) during the applicable Term Rate Period as the minimum rate of interest necessary, in the judgment of the Applicable Remarketing Agent, taking into account the Prevailing Market Conditions, to enable the Applicable Remarketing Agent to sell such Term Bonds on such first day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon.

(vi) The Applicable Remarketing Agent shall notify the Trustee by Electronic Notice of each interest rate determined by the times set forth for the corresponding Interest Rate Modes in this Section 3.01 for 2005 Bonds in the Daily Rate, Weekly Rate, Monthly Rate, Commercial Paper Rate and the Term Rate. As soon as practicable thereafter, the Applicable Remarketing Agent shall provide such information to the Trustee and the Commission.

(vii) In the event the Commission determines that any Series of 2005 Bonds shall be in the Fixed Rate Mode, the provisions thereof shall be set forth herein or in a Supplemental Indenture.

(viii) Notwithstanding anything to the contrary contained in this Indenture, the interest rate on Bank Bonds shall be paid in accordance with the terms of the applicable Liquidity Facility.

(d) Term Rate Periods.

Upon conversion of any Variable Rate Bonds to a Term Mode, a Nominal Term Rate Period shall be fixed by the Commission pursuant as a term of one or more Semiannual Periods constituting the nominal length of each Term Rate Period thereafter until the date of a conversion to another Interest Rate Mode. A Term Rate based on one Nominal Term Rate Period and a Term Rate based on another Nominal Term Rate Period are different Interest Rate Modes. Unless otherwise specified by the Commission, each Term Rate shall be based on a Nominal Term Rate Period of one year consisting of two semiannual periods.

Each Term Rate Period shall end on the day next preceding an Interest Payment Date; provided that no Term Rate Period shall extend beyond the maturity date of the Variable Rate Bonds. Anything in this Section 3.01(d) to the contrary notwithstanding, if a Liquidity Facility for a particular Series is then in effect, no Term Rate Period shall extend beyond the Business Day preceding the stated expiration date of such Liquidity Facility. The Trustee shall not terminate or surrender a Liquidity Facility in effect prior to the Conversion Date (converting to a Term Rate) until after the second Business Day following the honoring of a draw thereon in connection with a conversion from a Daily Rate, Weekly Rate, Monthly Rate or Commercial Paper Rate to a Term Rate.

(i) Change of Term Rate Period. The Commission may change from one Term Rate Period to another Term Rate Period on any date on which the Variable Rate Bonds are subject to optional redemption at par (without any premium) pursuant to Section 4.01(a)(ii) by notifying the Commission, the Trustee, the Liquidity Provider, and the Applicable Remarketing Agent in writing at least 35 days prior to the proposed effective date of the change. Any such notice shall be accompanied by an opinion of Bond Counsel stating that such change is permitted by this Indenture and will not adversely affect the exclusion from gross income of the interest on the Variable Rate Bonds for federal income tax purposes.

(ii) Cancellation of Change in Term Rate Period. Notwithstanding any provision of this Section 3.01(d), the length of a Term Rate Period shall not be changed if (A) the Applicable Remarketing Agent has not determined the interest rate for the new Term Rate Period in accordance with this Section 3.01 or (B) the Trustee shall receive written notice from Bond Counsel prior to the opening of business at the office of the Trustee on the effective date of such change that the opinion of such Bond Counsel required under Section 3.01(d)(ii) has been rescinded, in which case the provisions of Section 3.01(e)(iii) shall apply with respect to cancellation of a Conversion.

(e) Conversion of Interest Rate Mode.

(i) Method of Conversion. The Interest Rate Mode for each Series of Variable Rate Bonds is subject to Conversion to or from a different Interest Rate Mode from time to time in whole and not in part with respect to each Series by the Commission, such right to be exercised in each case by notifying the Trustee, the Liquidity Provider and the Applicable Remarketing Agent in writing, (x) in the case of Conversion to or from the Term Rate or to the Fixed Rate, not less than 35 days prior to the effective date of such proposed Conversion and (y) in all other cases, not less than 20 days prior to such proposed effective date; provided, in any such case, if there is a Liquidity Facility then in effect, no such conversion shall be effective on a date on which the purchase price for a mandatory tender includes a premium. Such notice of the Commission and the notice to the Bondholders given by the Trustee pursuant to Section 3.02(c) hereof shall specify (A) the effective date of such Conversion, (B) if the Interest Rate Mode is to be changed, the proposed Interest Rate Mode, (C) if the Conversion is to the Term Rate, the duration of the Term Rate Period, and (D) the purchase price of the Variable Rate Bonds determined under Section 3.02(b)(i) hereof. In the case of a Conversion of the Interest Rate Mode for the Variable Rate Bonds (1) from a Daily Rate

Period, a Weekly Rate Period, a Monthly Rate Period, a Commercial Paper Rate Period or a Term Rate Period of one year or less to a Term Rate Period of more than one year, or (2) from a Term Rate Period of more than one year to a Daily Rate Period, a Weekly Rate Period, a Monthly Rate Period, a Commercial Paper Rate Period or a Term Rate Period of one year or less, then the Commission's notice must be accompanied by an opinion of Bond Counsel stating that the proposed Conversion is permitted by this Indenture and will not adversely affect the exclusion from gross income of interest on the Variable Rate Bonds for federal income tax purposes.

(A) Limitations. Any Conversion of the Interest Rate Mode for any Series of the Variable Rate Bonds pursuant to paragraph (i) above must comply with the following:

a) if the proposed Conversion is from a Daily Rate Period, a Weekly Rate Period, a Monthly Rate Period or a Commercial Paper Rate Period, the Conversion Date must be a Business Day; and, in the case of any conversion to a Daily Rate Period, a Weekly Rate Period, a Monthly Rate Period or a Commercial Paper Rate Period, or if the Conversion is to the Term Rate that does not extend to the maturity date of the Bonds and a Liquidity Facility with respect to the Series being converted to a Term Rate Period is to be in effect following the Conversion, the new Interest Period may not extend beyond the Business Day preceding the stated Expiration Date of such Liquidity Facility.

b) if the Conversion is to a Term Rate and a Liquidity Facility is to be in effect for the applicable Series, the Commission shall have obtained a Rating Confirmation Notice from each Rating Service then rating the Variable Rate Bonds, and delivered to the Trustee an amendment to the Liquidity Facility or an Alternate Liquidity Facility for the applicable Series effective as of the Conversion and providing for interest at the Term Rate for the number of days in the Term Rate Period plus such additional days as may be required by the Rating Services; and

c) if the Conversion is to a Term Rate to maturity and no Liquidity Facility is to be in effect for the applicable Series, then the Commission shall have provided such updated disclosure documents and other materials to the Applicable Remarketing Agent as the Applicable Remarketing Agent shall reasonably request and all conditions to Conversion established by the Applicable Remarketing Agent shall have been satisfied.

(ii) Conditions. The exercise by the Commission of an option to convert shall not be effective unless there shall have been delivered to the Trustee at least 45 days prior to the proposed Conversion Date (or, in the case of a conversion of

Variable Rate Bonds in the Daily Mode, the Weekly Mode or the Monthly Mode, at least 15 days prior to the proposed Conversion Date):

(A) an opinion of bond counsel addressed to the Trustee, the Commission, the Liquidity Provider and the Remarketing Agent stating that (i) such conversion is authorized or permitted by this Indenture and the Enabling Acts and (ii) such conversion (including, in the case of a conversion to the Fixed Rate Mode, the establishment of any schedule of maturities, optional redemption terms and mandatory sinking fund redemption schedule pursuant to Section (a)) will not adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes, which opinion shall be confirmed by such bond counsel on the Conversion Date;

(B) in the case of a conversion to a Daily Rate Mode Term Period, a Weekly Rate Period, a Monthly Rate Period, a Term Rate Period (other than a Term rate Period to maturity) or a Commercial Paper Mode, an amendment to the Liquidity Facility or a replacement Liquidity Facility, or written evidence satisfactory to the Trustee that an amendment to the Liquidity Facility or a replacement Liquidity Facility will be delivered to the Trustee on or before the Conversion Date, which provides for an Expiration Date not earlier than the fifth day following the Term Rate Period last Interest Payment Date of the first Term Rate Period following the Conversion Date (in the case of conversion to a Term Mode) or the Interest Payment Date for the Commercial Paper Rate Period (in the case of conversion to a Commercial Paper Mode); and

(C) in the case of a conversion of the Variable Rate Bonds to the Daily Mode, Weekly Mode or Monthly Mode, (i) an amendment to the Liquidity Facility or a replacement Liquidity Facility, or written evidence satisfactory to the Trustee that such an amendment or replacement Liquidity Facility will be delivered to the Trustee on or before the Conversion Date, which provides for an Expiration Date not earlier than the fifth day following the second Interest Payment Date following the Conversion Date (the second Interest Payment Date being approximately 60 days after the Conversion Date in order to allow sufficient time for any notices required to be given) and (ii) the Rating Confirmation Notice.

(D) the Consent of the Bond Insurer for any conversion of the Variable Rate Bonds to another variable rate mode unless there is a Swap Agreement in place pursuant to which the Counterparty thereunder is obligated to make payments at the variable rate payable on the Bonds.

(iii) Cancellation of Conversion of Interest Rate Mode. Notwithstanding any provision of this Section 3.01, the Interest Rate Mode shall not be converted if (A) the Applicable Remarketing Agent has not determined the initial interest rate for the new Interest Rate Mode in accordance with this Section 3.01; (B) all of the Variable Rate Bonds that are to be purchased pursuant to Section 3.02(b) are not remarketed by the Applicable Remarketing Agent or (C) the Trustee shall receive written notice from Bond Counsel prior to the opening of business on the effective date of



Conversion that the opinion of such Bond Counsel, required under Section 3.01(e)(i), has been rescinded. If the proposed Conversion of the Variable Rate Bonds is cancelled as provided in this paragraph, the Variable Rate Bonds will remain in the same rate mode in effect prior to the failed Conversion Date which will continue to be effective in accordance with the provisions hereof and the Variable Rate Bonds shall bear interest as provided herein. Anything in this Section 3.01(e)(iii) to the contrary notwithstanding, if a Liquidity Facility is then in effect, the Rate Period determined upon a failed Conversion shall not extend beyond the Business Day preceding the stated Expiration Date of such Liquidity Facility.

(f) Binding Effect of Determination and Computations. The determination of each interest rate or any change in the redemption provisions in accordance with the terms of this Indenture shall be conclusive and binding upon the Holders of the Variable Rate Bonds, the Commission, the Trustee, the Applicable Remarketing Agent and the applicable Liquidity Provider, if any.

Section 3.02 Purchase of Variable Rate Bonds.

(a) Purchase of Variable Rate Bonds Upon Demand of Owner.

(i) During Daily Rate Period. If the Interest Rate Mode for the Variable Rate Bonds of a Series is the Daily Rate, each 2005 Bond (or portion thereof) of such Series shall be purchased on the demand of the Holder on any Business Day during a Daily Rate Period at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the Purchase Date upon written notice or telephonic notice, promptly confirmed in writing, to the Trustee and to the Applicable Remarketing Agent not later than 10:30 a.m. (all specified times herein being prevailing local time in New York City) on such Business Day of such Holder's demand for purchase pursuant to this Section 3.02(a)(i).

The Applicable Remarketing Agent shall promptly provide the Trustee and the Commission with Electronic Notice of the receipt of the notice referred to in the preceding paragraph, which notice shall include, without limitation, the principal amount of Variable Rate Bonds so tendered and the date of such purchase.

(ii) During Weekly Rate Period. If the Interest Rate Mode for the Variable Rate Bonds of a Series is the Weekly Rate, each 2005 Bond (or portion thereof) of such Series shall be purchased on the demand of the owner on any Business Day during a Weekly Rate Period at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the Purchase Date, upon written notice to the Trustee and to the Applicable Remarketing Agent. Upon receipt of such notice, the Applicable Remarketing Agent shall determine the Purchase Date which shall be at or before 5:00 p.m. on a Business Day not later than the seventh calendar day thereafter.

The Applicable Remarketing Agent shall promptly, but in no event later than 11:00 a.m. on the Business Day next succeeding receipt of any written notice pursuant to this Section 3.02(a)(ii), provide the Commission, the Liquidity Provider and the Trustee

with Electronic Notice of the receipt of such notice, which notice shall include, without limitation, the principal amount of Variable Rate Bonds so tendered and the date of such purchase.

(iii) During Monthly Rate Period. If the Interest Rate Mode for the Variable Rate Bonds of a Series is the Monthly Rate, each 2005 Bond (or portion thereof) of such Series shall be purchased on the demand of the owner on any Business Day during a Monthly Rate Period at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the Purchase Date, upon written notice to the Trustee and to the applicable Remarketing Agent. Upon receipt of such notice, the Applicable Remarketing Agent shall determine the Purchase Date which shall be at or before 5:00 p.m. on a Business Day not later than the fifth Business Day thereafter.

The Applicable Remarketing Agent shall promptly, but in no event later than 11:00 a.m. on the Business Day next succeeding receipt of any written notice pursuant to this Section 3.02(a)(iii), provide the Commission, the Liquidity Provider and the Trustee with Electronic Notice of the receipt of such notice, which notice shall include, without limitation, the principal amount of Variable Rate Bonds so tendered and the date of such purchase.

Any notice in connection with a demand for purchase of a 2005 Bond (or portion thereof) as set forth in this Section 3.02(a) shall be given to the Trustee and to the Applicable Remarketing Agent by the registered owner of the 2005 Bond unless a Book-Entry System has been established for the Variable Rate Bonds, in which case such notice shall be by the Beneficial Owner. Such notice shall (a) state the principal amount (or portion thereof in an Authorized Denomination) of the 2005 Bond to be purchased; (b) state the Purchase Date on which the 2005 Bond shall be purchased; and (c) irrevocably request such purchase. If the Book-Entry System is not in effect, such notice shall also include the certificate number of the 2005 Bond and the registered owner's agreement to deliver the 2005 Bond to the Trustee on the Purchase Date. If the Book-Entry System is in effect, such notice shall also state the name, address and taxpayer identification number of the Beneficial Owner and the payment instructions for the purchase price and shall only be delivered by the Beneficial Owner to the Applicable Remarketing Agent and shall not be delivered to the Trustee. If the Book-Entry System is in effect, delivery of such Beneficial Owner's 2005 Bond shall have been made when the Applicable Remarketing Agent, as the sole Participant in the Book-Entry System, has transferred the interest of the Beneficial Owner on the records of the Securities Depository or of the Applicable Remarketing Agent, as such Participant.

(iv) Notwithstanding any other provision of this Section 3.02(a), the Holder of a 2005 Bond may demand purchase of a portion of such 2005 Bond only if the portion to be purchased and the portion to be retained will be in an Authorized Denomination.

(v) In the event that the Applicable Remarketing Agent has resigned or been removed and a successor Applicable Remarketing Agent has not been appointed in accordance with the provisions of this Indenture, then the Trustee shall

provide the Commission with the notices described in the second paragraph of Section 3.02(a)(i), the second paragraph of Section 3.02(a)(ii) and the second paragraph of Section 3.02(a)(iii) hereof.

(b) Mandatory Purchases of Variable Rate Bonds and Term Rate Bonds. The Variable Rate Bonds and Term Rate Bonds of a Series shall be subject to mandatory purchase as set forth below.

(i) Conversion Date or Change by the Commission in Term Rate Period. The Variable Rate Bonds of a Series shall be subject to mandatory tender and purchase at a purchase price equal to the principal amount thereof plus accrued interest to the Purchase Date (A) on each Conversion Date of such Series, and (B) on the effective date of any change in the Term Rate Period by the Commission pursuant to Section 3.01(d)(ii).

(ii) Expiration of Liquidity Facility. In the event a Liquidity Facility of a Series is to expire on the applicable Liquidity Facility Expiration Date, and the Trustee does not receive, within twenty days (or such shorter period as the Trustee may consent to in writing) written notice from the Commission that the applicable Liquidity Provider has agreed in writing to extend the Liquidity Provider's existing Liquidity Facility beyond the Liquidity Facility Expiration Date or in the event an Alternate Liquidity Facility commencing on the Liquidity Facility Expiration Date is not provided by the Commission within such time period, the Variable Rate Bonds secured by such Liquidity Facility shall be subject to mandatory purchase on the applicable Expiration Tender Date at a purchase price equal to the principal amount thereof plus accrued interest to the Expiration Tender Date.

(iii) Alternate Liquidity Facility. Notwithstanding anything to the contrary contained herein, in the event an Alternate Liquidity Facility is issued pursuant to the requirements hereof with respect to a Series of Variable Rate Bonds, the Variable Rate Bonds of that Series shall be subject to mandatory purchase on the date on which the Alternate Liquidity Facility is delivered at a purchase price equal to the principal amount thereof plus interest accrued to the Purchase Date to be paid from remarketing proceeds and the proceeds of a draw on the then current Liquidity Facility.

(iv) Liquidity Facility Default. In the event the Trustee receives written notice from a Liquidity Provider of its declaration of an event of termination under the Liquidity Facility, such Series of Variable Rate Bonds shall be subject to mandatory purchase on the fifth Business Day following the Trustee's receipt of such notice. Notwithstanding the foregoing, this provision shall not affect the rights of the Liquidity Provider with respect to certain remedies under the Liquidity Facility or under the Indenture.

The Owners of the 2005 Bonds shall not have any right to retain 2005 Bonds subject to mandatory purchase. In addition, there will be no mandatory purchases of 2005 Bonds if the maturity of the 2005 Bonds shall have been accelerated as a result of

an Event of Default under the Indenture, and, in such event, there shall be no remarketing of 2005 Bonds except in the sole discretion of the Applicable Remarketing Agent.

(c) Notice of Mandatory Purchases. The Trustee shall give notice by first class mail, postage prepaid, to the 2005 Bondholders of any mandatory purchase of Variable Rate Bonds (i) pursuant to Section 3.02(b)(i), (ii) or (iii), on or before the fifth Business Day (30th day if the Interest Rate Mode is the Term Rate) before such mandatory purchase, and (ii) pursuant to Section 3.02(b)(iv), five Business Days before such mandatory purchase.

(d) Payment of Purchase Price. The purchase price of any 2005 Bond purchased pursuant to Section 3.02 shall be payable on the Purchase Date by the Trustee upon delivery of such 2005 Bond on such Purchase Date to the Delivery Office of the Trustee; provided that if the Book-Entry System is in effect, delivery of such 2005 Bond shall be made when the Applicable Remarketing Agent, as the sole Participant in the Book-Entry System, has transferred such 2005 Bond on the records of the Securities Depository, or of the Applicable Remarketing Agent, as such Participant. If the Book-Entry System is not in effect, such 2005 Bond must be delivered to the Trustee at or prior to 12:00 noon on the Purchase Date in the case of the Weekly Rate or 12:30 p.m. on the Purchase Date in the case of the Daily Rate or 5:00 p.m. on the second Business Day prior to the Purchase Date if the Variable Rate Bonds are in the Term Rate, provided, however, that if the date of such purchase is not a Business Day, the purchase price shall be payable on the next succeeding Business Day.

If the Book-Entry System is not in effect, any 2005 Bond delivered for payment of the purchase price shall be accompanied by an instrument of transfer thereof in form satisfactory to the Trustee properly endorsed for transfer in blank with all signatures guaranteed to the satisfaction of the Trustee. The Trustee may refuse to accept delivery of any 2005 Bond for which an instrument of transfer satisfactory to it has not been provided and shall have no obligation to pay the purchase price of such 2005 Bond until a satisfactory instrument is delivered.

If, when the Book-Entry System is not in effect, the Holder of any 2005 Bond (or portion thereof) that is subject to purchase pursuant to this Indenture fails to deliver such 2005 Bond with an appropriate instrument of transfer to the Trustee for purchase on the Purchase Date, and if the Trustee is in receipt of the purchase price therefore, such 2005 Bond (or portion thereof) shall nevertheless be purchased on the Purchase Date thereof. Any owner who so fails to deliver such 2005 Bond for purchase on (or before) the Purchase Date shall have no further rights thereunder, except the right to receive the purchase price thereof from those moneys deposited with the Trustee in the Purchase Funds pursuant to Section 3.06 hereof upon delivery of such 2005 Bond (which, if the Book-Entry System is not in effect, shall include presentation and surrender of such 2005 Bond to the Trustee properly endorsed for transfer in blank with all signatures guaranteed). The Trustee shall, as to any Variable Rate Bonds which have not been delivered to it, promptly notify the Applicable Remarketing Agent and the Trustee of such non delivery. Upon such notification, the Trustee shall place a stop transfer against an appropriate amount of Variable Rate Bonds registered in the name of the Holder(s) on

the Trustee, commencing with the lowest serial number Bond registered in the name of such Holder(s) (until stop transfers have been placed against an appropriate amount of Bonds) until the appropriate purchased Variable Rate Bonds are surrendered to the Trustee.

The Trustee shall hold all Variable Rate Bonds delivered to it pursuant to this Section 3.02 in trust for the benefit of the Holders thereof until moneys representing the purchase price of such Variable Rate Bonds shall have been delivered to or for the account of or to the order of such 2005 Bondholders, and thereafter shall deliver replacement Variable Rate Bonds of such Series, prepared by the Trustee in accordance with the directions of the Applicable Remarketing Agent and authenticated by the Trustee, for any Variable Rate Bonds of a Series purchased in accordance with the directions of the Applicable Remarketing Agent, to the Applicable Remarketing Agent for delivery to the purchasers thereof.

### Section 3.03 Remarketing of Variable Rate Bonds.

(a) Upon the receipt by the Applicable Remarketing Agent of any notice pursuant to Section 3.02(a), the Applicable Remarketing Agent, subject to the terms of the Remarketing Agreement, shall use its best efforts to offer for sale and sell Variable Rate Bonds of the Series in respect of which such notice has been given. Unless otherwise instructed by the Commission, the Applicable Remarketing Agent, subject to the terms of the Remarketing Agreement, shall use its best efforts to offer for sale and sell any Variable Rate Bonds purchased pursuant to Section 3.02(b); provided however that, if the Liquidity Facility has expired and the Variable Rate Bonds of the applicable Series have not been converted to a Term Rate to maturity, the Applicable Remarketing Agent shall be under no obligation to remarket such 2005 Bond unless an Alternate Liquidity Facility has been put into place. Any such Variable Rate Bonds shall be offered: (i) at a price equal to the principal amount thereof, plus interest accrued, if any, to the Purchase Date, and (ii) pursuant to terms calling for payment of the purchase price on such Purchase Date against delivery of such Variable Rate Bonds. The Applicable Remarketing Agent, the Trustee or the Liquidity Provider may purchase any Variable Rate Bonds offered pursuant to this Section 3.03 for its own account.

(b) The Applicable Remarketing Agent shall, subject to the terms of the Remarketing Agreement, offer for sale, and use its best efforts to offer for sale and sell, on behalf of the Commission, Bank Bonds held pursuant to Section 3.05. Any such Variable Rate Bonds shall be offered at par, plus interest accrued to the sale date. If any Variable Rate Bonds to be remarketed have been called for redemption, the Applicable Remarketing Agent shall give notice thereof to prospective purchasers of such Variable Rate Bonds.

(c) Anything in this Indenture to the contrary notwithstanding there shall be no remarketing of Variable Rate Bonds pursuant to this Section 3.03 if there shall have occurred and be continuing an Event of Default under section 9.01(a) hereof, except in the sole discretion of the Applicable Remarketing Agent.

(d) The Applicable Remarketing Agent shall advise the Trustee in writing or by Electronic Notice of the principal amount of Variable Rate Bonds of the applicable Series which have been remarketed, together with the denominations and registration instructions (including taxpayer identification numbers) in accordance with the following schedule:

<u>Current Interest Rate Period or, in connection with a Conversion, Interest Rate Period to which converting</u>	<u>Time By Which Information To Be Furnished Tender Agent</u>
Daily Rate Period	11:00 a.m. on Purchase Date
Weekly Rate Period	10:30 a.m. on Purchase Date
Monthly Rate Period	10:30 a.m. on Purchase Date
Commercial Paper Rate Period	3:00 p.m. on Business Day immediately preceding Purchase Date
Term Rate Period	3:00 p.m. on Business Day immediately preceding Purchase Date

The Applicable Remarketing Agent shall advise the Commission and the Trustee in writing or by Electronic Notice of the principal amount of Variable Rate Bonds which have not been remarketed in accordance with the foregoing schedule.

(e) If the Book-Entry System is in effect, the remarketing of Variable Rate Bonds will be effected in accordance with the rules of the Securities Depository. While the Book-Entry System is not in effect, the terms of any sale by the Applicable Remarketing Agent shall provide for the authorization of the payment of the purchase price by the Applicable Remarketing Agent to the Trustee in exchange for Variable Rate Bonds registered in the name of the new 2005 Bondholder which shall be delivered by the Trustee to the Applicable Remarketing Agent at or before 3:30 p.m. on the Purchase Date if the purchase price has been received from the Applicable Remarketing Agent in immediately available funds by 10:00 a.m. (11:00 a.m. in the case of the Daily Rate) on the Purchase Date. Such payment by the Applicable Remarketing Agent pursuant to such authorization shall be made on such date.

(f) The Applicable Remarketing Agent shall not remarket the Variable Rate Bonds to the Commission.

**Section 3.04 Source of Funds for Purchase of Variable Rate Bonds.** On the Purchase Date, the Trustee shall purchase tendered Variable Rate Bonds from the tendering Holders at the purchase price by wire transfer in immediately available funds. Funds for the payment of such purchase price shall be derived solely from the following sources in the order of priority indicated and neither the Trustee nor the Applicable Remarketing Agent shall be obligated to provide funds from any other source:

(a) immediately available funds on deposit in the applicable Remarketing Proceeds Account; and



(b) immediately available funds from a drawing on the applicable Liquidity Facility deposited in the applicable Liquidity Facility Purchase Account (provided that such proceeds shall not be applied to purchase Bank Bonds or Variable Rate Bonds registered or beneficially owned by the Commission).

Anything herein to the contrary notwithstanding, the Commission and the Trustee shall not be obligated to use their own funds to purchase any Variable Rate Bonds hereunder. Unless otherwise notified in writing by the Applicable Remarketing Agent, the Trustee shall be entitled to assume that no Variable Rate Bonds were remarketed to the Commission. Bonds which are tendered and not purchased shall bear interest at the applicable BMA Index rate for the corresponding rate period.

#### Section 3.05 Delivery of Remarketed or Purchased Variable Rate Bonds.

(a) Variable Rate Bonds purchased pursuant to Section 3.05 shall be delivered as follows:

(i) Variable Rate Bonds sold by the Applicable Remarketing Agent to persons other than the Commission shall be delivered by the Applicable Remarketing Agent to the purchasers thereof.

(ii) Variable Rate Bonds purchased by the Trustee with moneys described in Section 3.04(b) hereof shall be registered promptly in the name of the Liquidity Provider under the Liquidity Facility in favor of the Liquidity Provider (or its nominee) on or before 3:00 p.m. on the Purchase Date. The Trustee shall hold such Bank Bonds in its custody or as otherwise instructed by the Liquidity Provider, provided that, if the Bank Bonds are held in uncertificated form pursuant to an agreement with DTC, or a successor securities depository, then such pledge to the Liquidity Provider shall be recorded in the registration books maintained by the Trustee and in the records maintained by the securities depository and any participants through which the Bank Bonds are held. Except for Bank Bonds delivered to a Bank pursuant to its Liquidity Facility, no Bank Bonds shall be released by the Trustee until the Trustee has received written confirmation that the Liquidity Provider has reinstated the applicable Liquidity Facility with respect to such Bank Bonds.

Section 3.06 Purchase Funds. There are hereby established and there shall be maintained with the Trustee, separate trust funds to be known as the "2005B Purchase Fund", the "2005C Purchase Fund" and the "2005D Purchase Fund". The Trustee shall further establish separate accounts within the Purchase Funds to be known as the "2005B Liquidity Facility Purchase Account", the "2005C Liquidity Facility Purchase Account", the "2005D Liquidity Facility Purchase Account", the "2005B Remarketing Proceeds Account", the "2005C Remarketing Proceeds Account" and the "2005D Remarketing Proceeds Account". Amounts on deposit from time to time in the respective accounts of the Purchase Fund shall not be commingled with each other or with any other moneys.

(a) Remarketing Proceeds Accounts. Upon receipt of the proceeds of a remarketing of Variable Rate Bonds on a purchase date, the Trustee shall deposit such

proceeds in the applicable Remarketing Proceeds Account for application to the purchase price of the Variable Rate Bonds of the particular Series. Notwithstanding the foregoing, upon the receipt of the proceeds of a remarketing of Bank Bonds, the Trustee shall immediately pay such proceeds to the Liquidity Provider to the extent of any amount owing to the Liquidity Provider, in connection with which Trustee may rely conclusively on a written certification of the Liquidity Provider setting forth the amount owed.

(b) Liquidity Facility Purchase Account. Upon receipt of immediately available funds pursuant to Section 3.07(a) hereof, the Trustee shall deposit such money in the applicable Liquidity Facility Purchase Account for application to the purchase price of Variable Rate Bonds to the extent that the moneys on deposit in the applicable Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in a Liquidity Facility Purchase Account and not needed with respect to any purchase date for the payment of the Purchase Price for any Variable Rate Bonds shall be immediately returned to the Liquidity Provider.

(c) Investment. Amounts held in the Liquidity Facility Purchase Accounts and the Remarketing Proceeds Accounts by the Trustee shall be held uninvested in trust for the benefit of the Holders of Variable Rate Bonds tendered for purchase and the Liquidity Provider for each Series, shall not be commingled and shall be held separate and apart from all other funds and accounts.

Section 3.07 Liquidity Facility; Alternate Liquidity Facility.

(a) On each Purchase Date for the Variable Rate Bonds, the Trustee, at or prior to 11:00 a.m. (11:30 a.m.. in the case of Variable Rate Bonds bearing interest at the Daily Rate), in each case New York City time, shall submit a request for a Drawing under the applicable Liquidity Facility for the Series in accordance with the terms thereof so as to receive thereunder by 3:00 p.m. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of Variable Rate Bonds of such Series on such date, to enable the Trustee to pay the purchase price in connection therewith. The proceeds of such draw shall be deposited in the Liquidity Facility Purchase Account pursuant to Section 3.06(b).

(b) Notwithstanding the foregoing paragraph (a) of this Section, the Trustee shall not draw on a Liquidity Facility with respect to any payments due or made in connection with Bank Bonds or Bonds owned by the Issuer. For purposes of the preceding sentence, the Trustee shall be entitled to assume that no Variable Rate Bonds are owned by, for the account of or on behalf of the Commission unless the Trustee received written notice to the contrary thereof from the Commission.

(c) The Trustee shall not sell, assign or otherwise transfer a Liquidity Facility, except to a successor Trustee hereunder and in accordance with the terms of the applicable Liquidity Facility and this Indenture.

(d) At the Commission's election and subject to approval by the Bond Insurer, an Alternate Liquidity Facility may be substituted for a Liquidity Facility at any

time; provided, however, that the applicable Liquidity Facility shall not be released, surrendered or cancelled until all draws thereunder by the Trustee have been honored including, specifically, a draw pursuant to Section 3.02(b)(iii) in connection with the provision of an Alternate Liquidity Facility. No termination of a Liquidity Facility shall be effective prior to (1) the mandatory tender of all Variable Rate Bonds covered by such Liquidity Facility, and (2) receipt by the Commission, the Commission and the Trustee of an opinion of Bond Counsel to the effect that the proposed termination is permitted under this Indenture and that doing so will not adversely affect the exclusion from gross income of interest on the Variable Rate Bonds for federal income tax purposes. No substitution or replacement of a Liquidity Facility shall be effective unless the Trustee shall have received (i) an opinion of Bond Counsel to the effect that the substitution or replacement is permitted under this Indenture and will not adversely affect the exclusion from gross income of the Holders of interest on the Variable Rate Bonds for federal income tax purposes, (ii) an opinion of counsel as to the enforceability of the Alternate Liquidity Facility and (iii) a Rating Confirmation Notice. In the event the Liquidity Provider is not rated at least A-1 by S&P, P-1 by Moody's or F1+ by Fitch at any time, the Commission shall promptly obtain an Alternate Liquidity Facility meeting the requirements of this Indenture.

#### Section 3.08 Delivery of Proceeds of Sale; Draw.

(a) The Applicable Remarketing Agent shall deliver directly to the Trustee no later than 10:00 a.m. (11:00 a.m. in the case of the Daily Rate) on the Purchase Date the proceeds actually received by the Applicable Remarketing Agent of Variable Rate Bonds which have been remarketed pursuant to Section 3.03, and, except as provided otherwise in this Section, all such remarketing proceeds shall be deposited directly into the Remarketing Proceeds Account. The Trustee may conclusively assume that no moneys representing the proceeds from the remarketing by the Applicable Remarketing Agent of any Variable Rate Bonds were proceeds from the remarketing of Variable Rate Bonds to the Commission.

(b) The Trustee shall make a draw under the Liquidity Facility in such amount deemed necessary to pay the purchase price of all Variable Rate Bonds tendered or deemed tendered for which there are no remarketing proceeds available; if the Trustee shall not have received proceeds of remarketing from the Applicable Remarketing Agent under Subsection (a) by 10:00 a.m. (11:00 a.m. in the case of the Daily Rate) on a Purchase Date, the Trustee shall draw under the Liquidity Facility the full amount of the Variable Rate Bonds tendered or deemed tendered.

#### Section 3.09 Remarketing Agents.

(a) Goldman, Sachs & Co. is hereby appointed as the Remarketing Agent under this Indenture for the 2005B Bonds. PNC Capital Markets, Inc. is hereby appointed as the Remarketing Agent under this Indenture for the 2005C Bonds. RBC Dain Rauscher is hereby appointed as the Remarketing Agent under this Indenture for the 2005D Bonds. The Applicable Remarketing Agent shall perform such of the duties of the Remarketing Agent hereunder as are set forth in the Remarketing Agreement. The

Applicable Remarketing Agent, by written instrument delivered to the Commission, the Trustee and the Commission (which written instrument may be the Remarketing Agreement), shall accept the duties and obligations imposed on it under this Indenture, subject to the terms and provisions of the Remarketing Agreement.

(b) In addition to the other obligations imposed on the Remarketing Agents hereunder, the Remarketing Agents shall keep such books and records with respect to their respective duties as a Remarketing Agent as shall be consistent with prudent industry practice and shall make such books and records available for inspection by the Trustee and the Commission at all reasonable times.

(c) At any time a Remarketing Agent may resign in accordance with the applicable Remarketing Agreement. A Remarketing Agent may be removed at any time in accordance with the applicable Remarketing Agreement or by the Bond Insurer in its discretion. Upon resignation or removal of the Remarketing Agent, the Commission shall appoint a successor Remarketing Agent subject to approval by the Bond Insurer. If a Remarketing Agent resigns or is removed, the Commission shall appoint a successor Remarketing Agent. Any successor Remarketing Agent shall have the legal power and authority to serve as Remarketing Agent and shall have combined capital stock, surplus and undivided profits of at least \$50,000,000 and shall be rated at least Baa 3 or P 3 by Moody's (if the Variable Rate Bonds are then rated by Moody's), at least "BBB-" or "A-" by Standard & Poor's (if the Variable Rate Bonds are then rated by Standard & Poor's) and at least "BBB-" or "A-" by Fitch Ratings (if the Variable Rate Bonds are then rated by Fitch Ratings). Any successor Remarketing Agent shall be acceptable to the Liquidity Provider and the Bond Insurer; provided however that the consent of the Liquidity Provider will not be required if a Bank is in default under the Liquidity Facility.

(d) In the event that the Commission shall fail to appoint a successor Remarketing Agent upon the resignation or removal of the Remarketing Agent or upon its dissolution, insolvency or bankruptcy, the Trustee, at the expense of the Commission, may either appoint an Applicable Remarketing Agent (which may be the Trustee acting in its individual capacity or any of its affiliates) or itself act as Applicable Remarketing Agent until the appointment of a successor Applicable Remarketing Agent in accordance with this Section 3.09; provided, however, that the Trustee, in its capacity as Remarketing Agent, shall not, unless acting in its individual capacity as a Remarketing Agent, be required to sell Variable Rate Bonds and provided further that the Trustee shall not be required to establish the interest rate on the Variable Rate Bonds (except in accordance with a rate established by operation of Section 3.01(c)(vii) or determine the redemption period or prices as provided herein.

#### **ARTICLE 4**

#### **REDEMPTION OF BONDS**

Section 4.01 Redemption of Bonds of the Initial Series and of Bonds of any other Series. The 2005 Bonds issued under the provisions of this Indenture may be redeemed prior to their respective maturities pursuant to optional redemption and mandatory sinking fund redemption as provided herein and as set forth in the form of the

2005A Bond and the Variable Rate Bond each attached hereto as Exhibit A. The Bonds of any other series issued under the provisions of this Indenture shall be made subject to redemption, either in whole or in part and at such times and prices as may be provided in the resolution authorizing the issuance of such Bonds and in the Supplemental Indenture pursuant to which such Bonds are issued.

If less than all of the Bonds of a series which are stated to mature on the same date shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee or in such manner as the Trustee in its discretion may determine, provided, however, that the portion of any Bond to be redeemed shall be in an Authorized Denomination, and that, in selecting portions of Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by the Authorized Denomination. Any unredeemed portion of Bonds must be in Authorized Denominations.

Section 4.02 Optional Redemption. Whenever the Interest Rate Mode for Variable Rate Bonds of a Series is the Daily Rate, the Weekly Rate, the Monthly Rate or the Commercial Paper Rate, such Variable Rate Bonds shall be subject to redemption at the option of the Commission, upon the direction of the Commission, with the prior written consent of the Liquidity Provider, in whole or in part, at a redemption price of 100% of the principal amount thereof, plus interest accrued, if any, to the redemption date, on any Interest Payment Date.

Section 4.03 Mandatory Redemption of Variable Rate Bonds. The Variable Rate Bonds shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on July 15 of the years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date (provided that if July 15 of any year is not a Business Day, the redemption date shall be the first Business Day following such July 15):

<u>Date</u>	<u>Series B</u>	<u>Series C</u>	<u>Series D</u>
07/15/2031	\$5,585,000	\$5,585,000	\$5,590,000
07/15/2032	\$5,835,000	\$5,835,000	\$5,835,000
07/15/2033	\$6,095,000	\$6,095,000	\$6,095,000
07/15/2034	\$6,365,000	\$6,365,000	\$6,370,000
07/15/2035	\$6,650,000	\$6,650,000	\$6,650,000
07/15/2036	\$6,945,000	\$6,945,000	\$6,950,000
07/15/2037	\$7,255,000	\$7,255,000	\$7,255,000
07/15/2038	\$7,580,000	\$7,580,000	\$7,580,000
07/15/2039	\$7,920,000	\$7,920,000	\$7,915,000
07/15/2040	\$8,270,000	\$8,270,000	\$8,270,000
07/15/2041	\$8,640,000	\$8,640,000	\$8,635,000



Section 4.04 Redemption Notice. A notice of any such redemption, either in whole or in part, prepared and signed, on behalf of the Commission, by the Trustee, (a) shall be filed with the Trustee and (b) shall be mailed via first class mail, postage prepaid, in the case of Fixed Rate bonds, at least 30 days but not more than 60 days prior to the redemption date, and in the case of Variable Rate Bonds, at least 15 days and not more than 60 days prior to the redemption date, in each case to all registered owners of Bonds or portions of Bonds to be redeemed at their registered addresses, and to the Rating Agency and the Bond Buyer or their respective successors, if any, but failure to mail any such notice or defect in the mailed notice or in the mailing thereof shall not affect the validity of the redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds of any series then outstanding shall be called for redemption, the CUSIP numbers, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond or Bonds in principal amount equal to the unredeemed portion of such Bond will be issued. Any notice of redemption may be subject to the condition that funds be delivered to the Trustee at the time of the redemption. Any redemption notice hereunder shall be subject to the condition that funds be available at the time of the redemption.

In addition to the foregoing notice, notice of any such redemption shall be given by the Trustee, on the day of the mailing of the notice to registered owners of Bonds, by registered or certified mail or overnight delivery service to Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor: Kenny Information Services' "Called Bond Service", 55 Bond Street, 28th Floor, New York, New York 10004; Moody's "Municipal and Government", 99 Church Street, New York, New York 10007-2769, Attention: Municipal News Report; Standard & Poor's "Called Bond Record", 55 Water Street, New York, New York 10041; and FitchRatings, One State Street Plaza, New York, NY 10004, or, in accordance with then-current guidelines of the Securities and Exchange Commission each Nationally Recognized Municipal Securities, Information Repository, any State Information Depository for the Commonwealth, to such other addresses and/or other services, as the Commission may designate with respect to the Bonds, or other such services, as the Commission may designate in a certificate delivered to the Trustee. Such notice shall contain the information required above or by the then-current guidelines of the Securities and Exchange Commission. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given to the registered Owners of the Bonds as described above.

Section 4.05 Effect of Calling for Redemption. The Bonds or portion of Bonds called for redemption pursuant to this Article shall, on the redemption date designated by the Commission in its notice of redemption, become and be due and payable at the redemption price provided for redemption of such Bonds and portions of Bonds on such date; provided, however, that such redemption may be conditioned upon moneys sufficient for, or Government Obligations, the principal of and interest on which when due, will be sufficient for the payment of the redemption price of, and accrued interest to



the date fixed or an escrow agent that would meet the qualifications for a trustee hereunder for redemption on, the Bonds to be redeemed are being held in separate accounts by the Trustee, or an escrow agent that would meet the qualifications for a trustee hereunder, in trust for owners of the Bonds or portions thereof to be redeemed, all as provided in this Indenture on the date designated for redemption and shall not be effective if such moneys or Government Obligations are not so held on such date. If notice of redemption has been filed as required by Section 4.03 and such moneys or Government Obligations are so held on the date so designated for redemption, then interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds and portions of Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and the registered owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof solely from the securities and cash escrowed for such payment pursuant hereto and the proceeds thereof and, to the extent provided in Section 2.04, to receive Bonds for any unredeemed portions of Bonds.

Section 4.06 Redemption of Portions of Bonds. In case part but not all of an outstanding Bond shall be selected for redemption, the registered owner thereof shall present and surrender such Bond, duly endorsed or accompanied by a written instrument of transfer satisfactory to the Trustee, to the Trustee for payment of the principal amount thereof so called for redemption, and the Commission shall execute, the Trustee shall authenticate and the Trustee shall deliver to or upon the order of such registered owner, without charge there for, a new Bond for the unredeemed balance of the principal amount of the Bond so surrendered.

Section 4.07 Cancellation of Bonds Redeemed. Bonds presented and surrendered shall be cancelled upon the surrender thereof by the Bond Registrar or the Trustee.

Section 4.08 Bonds Called for Redemption Deemed Not Outstanding. Bonds and portions of Bonds which have been duly called for redemption under the provisions of this Article, or with respect to which irrevocable instructions to call for redemption have been given to the Trustee, in form satisfactory to it, and moneys sufficient for, or Government Obligations, the principal of and interest on which, when due, will be sufficient for, the payment of the redemption price of which and accrued interest to the date fixed for redemption shall be held in separate accounts by the Trustee or an escrow agent that would meet the qualifications for a trustee hereunder and shall not be deemed to be outstanding under the provisions of this Indenture.

Section 4.09 Bond Insurer Approval. Upon the occurrence of an extraordinary optional or extraordinary mandatory redemption, if any, the selection of 2005 Bonds to be redeemed shall be subject to the approval of the Bond Insurer. The exercise of any provision of this Indenture which permits the purchase of 2005 Bonds in lieu of redemption shall require the prior written approval of the Bond Insurer if any 2005 Bond so purchased is not cancelled upon purchase.

**ARTICLE 5**  
**CUSTODY AND APPLICATION OF PROCEEDS OF BONDS**

Section 5.01 Clearing Fund. A special fund is hereby created and designated the "Clearing Fund," which shall be held in trust by the Trustee until applied as hereinafter provided. There shall be deposited in the Clearing Fund all of the net proceeds of the sale of the Bonds, including accrued interest payable thereon in accordance with Section 2.08 and all funds transferred from funds and accounts under the 2001 Indenture. The amounts so deposited in the Clearing Fund shall be disbursed or transferred by the Trustee upon the furnishing of an Authentication Order as is provided by Section 2.07. There may be reserved in the Clearing Fund moneys for the payment of any unpaid items, including a contingency amount therefore, as may be set forth in the aforesaid Authentication Order, and payment thereof shall be made by the Trustee upon receipt of a supplemental Commission Official's Certificate. Upon the sooner of such payments and transfers finally being accomplished and that date six (6) months after the date of issuance of the 2005 Bonds (or, with respect to any Additional Bonds, such other date established in a Supplemental Indenture for such Additional Bonds), any remaining balance shall be transferred to the Construction Fund.

Section 5.02 Construction Fund. A special fund is hereby created and designated the "Act 3 Construction Fund" (the "Construction Fund"), to the credit of which deposits shall be made from the entire remaining balance of the monies and securities in the Construction Fund under the 2001 Indenture, upon the defeasance thereof, and by the provisions of Sections 2.08 or 2.09.

The moneys in the Construction Fund shall be held by the Trustee in trust and shall be applied to the payment of the Costs of the construction portion of any "Project" as defined under the 2001 Indenture, hereunder and as provided in this Article (the "Construction Project").

Section 5.03 Construction Fund: Separate Accounts. Payment of the Costs of the Construction Project shall be made from the Construction Fund. Separate accounts may be established therein at the written direction of the Commission. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article, and the Commission covenants that it will not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions.

Section 5.04 Items of Cost of Projects. For the purposes of this Indenture the cost of any Project shall include, without intending thereby to limit or restrict or to extend any proper definition of such cost under the provisions of Act 61, the following:

(a) obligations incurred for labor and to contractors, builders and materialmen in connection with the construction of the Project, for machinery and equipment, and for the restoration or relocation of property damaged or destroyed in connection with such construction;

(b) the cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in or any settlement or compromise of any proceeding to acquire by condemnation, such lands, property rights, rights-of-way, franchises, easements and other interests as may be deemed necessary or convenient for the construction and operation of the Project, options and partial payments thereon, and the amount of any damages incident to or consequent upon the construction and operation of the Project;

(c) the cost of any indemnity and surety bonds to secure deposits of moneys in the Construction Fund, the cost of any payment or performance bonds to secure performance under construction contracts, the fees and expenses of the Trustee during construction, including without limitation the reasonable fees and expenses of counsel to the Trustee, taxes or other municipal or governmental charges lawfully levied or assessed during construction upon the Project or any property acquired therefore, and premiums on insurance (if any) in connection with the Project during construction;

(d) the cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing the Project, and fees and expenses of engineers for making traffic studies, surveys and estimates of costs and of revenues and other estimates and for preparing plans and specifications and supervising construction, as well as for the performance of all other duties of engineers set forth herein in relation to the construction of the Project or the issuance of Bonds therefore;

(e) expense of administration properly chargeable to the Project, legal expenses and fees, financing charges, cost of audits and all other items of expense not elsewhere in this Section specified incident to the construction and equipment of the Project, the financing thereof (but not in excess of any limits placed on the payment of costs of issuance under the Code), the placing of the same in operation and the acquisition of lands, property rights, rights-of-way, franchises, easements and interests therefore, including abstracts of title, title insurance, cost of surveys and other expenses in connection with such acquisition;

(f) the cost of any insurance that is required to be obtained during construction of any Project;

(g) an amount equal to the interest accruing on Bonds issued to finance the cost of any Project, prior to completion of construction and for such period of time after construction as permitted by the laws of the Commonwealth, and in the case of tax-exempt Bonds, the Code (i.e., capitalized interest); and

(h) reimbursements of amounts of money advanced towards the costs of Projects by the Commission.

Section 5.05 Payments from Construction Fund. Payments from the Construction Fund shall be made in accordance with the provisions of this Section. Before any such payment shall be made the Commission shall file with the Trustee: a

requisition, in the form attached hereto as Exhibit B, signed by a Commission Official stating in respect of each payment to be made:

- (a) the name of the Person (which may be the Commission) to whom payment is due,
- (b) the amount to be paid,
- (c) the purpose for which the obligation to be paid was incurred,
- (d) each item thereof is a proper charge against the Construction Fund and has not been paid (or has been paid by the Commission if it is seeking reimbursement for such expense) and
- (e) such requisition contains no item representing payment on account of any retained percentages which the Commission is at the date of such certificate not entitled to release.

Upon receipt of each requisition, the Trustee shall transfer from the Construction Fund to an account designated by the Commission in writing, or shall pay directly to the persons, firms or corporations named in such requisition if the Commission so directs, an amount equal to the total of the amounts to be paid as set forth in such requisition. In making such transfer, the Trustee may rely upon such requisitions and the Commission covenants to apply such funds to the payments described in the requisition.

Section 5.06 Trustee to Retain Requisitions. All requisitions received by the Trustee, as required in this Article as conditions of payment from the Construction Fund, may be relied upon by and shall be retained in the possession of the Trustee for a period of five years, subject at all times to the Inspection of the Commission and the agents and representatives thereof.

Section 5.07 Certificate and Opinion after Completion of Project. When a Project shall have been completed or when the Commission shall have determined that the funds remaining in the account established for such Project exceed the remaining costs of the Project, which fact shall be evidenced to the Trustee by a certificate signed by a Commission Official and approved by the Chief Engineer, the balance in the applicable account of the Construction Fund not deemed by the Chief Engineer to be necessary to be reserved for the payment of any remaining part of the cost of the Project shall be transferred by the Trustee to the credit of such fund or account as directed pursuant to such certificate; provided, however, that an Opinion of Bond Counsel shall be delivered with such certificate to the effect that such transfer and the resultant application of such moneys will not adversely affect the tax-exempt status of the interest on the Bonds of which such moneys are proceeds (which Opinion may require the establishment of a special account within a fund in order to track the application of such moneys).

Section 5.08 Bond Insurer Defaults. Unless the Bond Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the

Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the 205 Bonds.

**ARTICLE 6**  
**ACT 3 REVENUES AND FUNDS**

Section 6.01 Covenants as to Act 3 Revenues and Trust Receipts The Commission covenants that:

(a) it will seek to enforce the pledge and appropriation of the Commonwealth with respect to the Commission Allocation which is described in the recitals hereto. By way of example and not of limitation, in the event (i) the monthly payment of the Commission allocation is not received by the Trustee in any month and the Trustee so notifies the Commission or (ii) the General Assembly of the Commonwealth has not adopted its budget by July 1 of any year, the Commission promptly will make inquiry as to the reasons for such missed payment or failure to adopt the budget and will report its findings to the Trustee. If the Trustee, upon receiving such report, has reason to believe that such payments will not be resumed or that the failure to adopt the budget could jeopardize any payments of the Commission Allocation, then the Trustee shall request the Commission to seek to enforce the pledge and appropriation.

(b) it will petition the General Assembly for additional funds in the event that the Trust Receipts are inadequate to pay the amounts due hereunder.

Section 6.02 Revenue Fund. here is hereby created a special fund known as the "Revenue Fund." The moneys in the Revenue Fund shall be held by the Trustee in trust and applied as hereinafter provided.

The Commission acknowledges that it has irrevocably directed the Commonwealth to transfer the Commission Allocation from the Commonwealth to the Trustee for deposit into the Revenue Fund in order to assure the lien in favor of the Trustee on the Trust Receipts and such direction may only be modified (but not revoked) with the consent of the Trustee and the Bond Insurer, which consents the Trustee and the Bond Insurer may withhold in their sole discretion. Notwithstanding the foregoing, the Commission covenants that any and all Act 3 Revenues which it receives on and after the date hereof pursuant to the Commission Allocation initially will be deposited into a segregated account of the Commission and will be transferred therefrom within one (1) Business Day following receipt to the Trustee for deposit in the Revenue Fund.

The Commission further covenants that statements giving the amounts of each such deposit with any depository will be forwarded promptly to the Trustee by the Commission and by such depository.

All sums received by the Commission from any other source for paying any part of the cost of a Project for which any Bonds have been or will be issued shall be deposited into a separate fund (which may or may not be held by the Trustee) established by the Commission for the particular Project.



Section 6.03 Debt Service Fund.

(a) There is hereby created a fund known as the Debt Service Fund which shall be held in trust by the Trustee until applied as hereinafter provided for the payment of debt service on the 2005 Bonds and financing costs. The Trustee shall make transfers for debt service to the Debt Service Fund as required by this Indenture and by the Bonds. The Trustee shall make transfers for financing costs to the Debt Service Fund as directed by the Commission.

(b) There is hereby created a Liquidity Facility Account within the Debt Service Fund into which Drawings on the Liquidity Facility shall be deposited and from which the Purchase Price of the series of Bonds secured by such Liquidity Facility shall be paid .

(c) There is hereby created a Sinking Fund Account within the Debt Service Fund for mandatory sinking fund payments by the Commission for the 2005 Bonds.

(d) There is hereby created a Swap Account within the Debt Service Fund for any swap, swap cap or other similar hedge receipts to be deposited upon receipt by the Trustee from the respective Counterparties and for any swap payments to be made by the Commission to the Counterparties. The Trustee is hereby directed to transfer from the Revenue Fund to the Swap Account, upon direction by the Commission, such amounts and at such time as are necessary to make net payments required pursuant to the Swap Agreements together with required fees and to make such net payments and payment of fees out of the Swap Account to the swap Counterparties.

(e) There is also hereby created a Fee Payment Account within the Debt Service Fund for the purpose of providing funds for paying fees and other costs.

The Trustee is hereby directed to transfer from the Revenue Fund, to the respective Funds and Accounts listed in (a) through (e) above, upon direction of the Commission, such amounts and at such times as are necessary to make payments of fees and other amounts due under the Liquidity Facility and the Remarketing Agreements. The Trustee is hereby directed to make such fee and other cost payments to the respective recipients.

Pursuant to the Commission's covenant to pay principal, interest and premium on the Bonds set forth in Section 8.01, the Trustee shall withdraw monies from the Debt Service Fund and the Accounts therein for such payments as required pursuant to this Indenture and the Bonds.

The Trustee shall withdraw from the Revenue Fund and deposit to the Debt Service Fund on each payment date the amount which, together with amounts already on deposit in the Debt Service Fund or Accounts therein, are sufficient to pay the principal of, interest on, redemption price of, and any other amounts due under the Bonds and other

Parity Obligations on such payment date. The Trustee shall withdraw from the Revenue Fund and deposit to the Sinking Fund Account, on the payment dates, amounts sufficient to make mandatory sinking fund payments. The Trustee shall pay out of the Debt Service Fund, from time to time, without further authorization from the Commission, and as the same shall become due and payable, (i) the interest on the Bonds, (ii) the principal of the Bonds, whether at maturity or pursuant to mandatory redemption, but only upon the presentation and surrender of the Bonds, and (iii) the payments, other than termination fee payments, due under the other Parity Obligations.

If any 2005 Bond which is subject to mandatory redemption is at any time redeemed pursuant to an optional redemption, as described in the 2005 Bonds (the forms of which are attached hereto as Exhibit A) the principal amount of 2005 Bonds of each maturity so redeemed may be applied as a credit against the principal amount of 2005 Bonds of such maturity which is subject to mandatory redemption at such time as the Commission shall direct.

On the dates specified in any Supplemental Indenture or indentures relating to Additional Bonds or Parity Obligations, the Trustee shall transfer from the Revenue Fund the amounts required to be deposited on such dates to the credit of the sinking, purchase or analogous fund, if any, established for such Additional Bonds and Parity Obligations as specified in such Supplemental Indenture.

The moneys at any time on deposit to the credit of the Debt Service Fund or to be deposited thereto from the Revenue Fund may be applied by the Commission to the purchase of 2005 Bonds of the same maturity of 2005 Bonds to be called for mandatory redemption from the Debt Service Fund and such moneys shall be withdrawn by the Trustee and applied to the payment of the purchase price of such 2005 Bonds which the Commission may agree to purchase or has paid, provided that such purchase price is not in excess of 100% of the principal amount thereof. At any time that the Trustee shall be requested to apply such moneys to the purchase of 2005 Bonds, the Commission shall furnish to the Trustee a Commission Official's certificate specifying the 2005 Bonds or portions thereof which it has agreed to purchase, the purchase price thereof, the names of the sellers (if not the Commission) and the expenses involved in connection with such purchase. At the time of any purchase of the 2005 Bonds, the Trustee shall withdraw from the Debt Service Fund any amounts deposited therein for the payment of interest on the 2005 Bonds so purchased. Any 2005 Bonds so purchased shall be promptly cancelled.

On or before June 15 of each year in which transfers are required to be made on the next succeeding July 15 to the Debt Service Fund with respect to a mandatory redemption, the Trustee shall select and call for redemption on the next succeeding July 15 such principal amount of 2005 Bonds as shall be sufficient, when added to the principal amount of 2005 Bonds which the Trustee has purchased or agreed to purchase on said next succeeding July 15, according to the provisions of the preceding paragraph, to satisfy the mandatory redemption schedule set forth in the respective forms of the 2005 Bonds on said July 15. The notice of redemption of any such principal amount of 2005 Bonds being redeemed pursuant to this Section shall be given by the Trustee in the name of the Commission in accordance with the provisions of this Indenture, and shall state

that such principal amount of 2005 Bonds will be redeemed pursuant to the operation of the Debt Service Fund. If on June 15 of any year the moneys in the Debt Service Fund and the Revenue Fund shall be sufficient to effect the redemption of all 2005 Bonds Outstanding on the next succeeding July 15, or at such time as there shall not be any 2005 Bonds outstanding, any moneys in the Debt Service Fund and the Revenue Fund in excess of the amount required for such redemption or all such moneys, as the case may be, shall be transferred to the Commission and thereafter no further transfers shall be required to be made from the Revenue Fund to the Debt Service Fund.

The payment of the necessary costs and expenses of such redemptions, including, without limiting the generality of the foregoing, all reasonable legal fees, costs of advertisements, printing costs, brokerage charges and charges of the Trustee, if any, incident to such redemption, shall be payable by the Commission upon demand.

There shall be no preference, priority or distinction in respect of any particular Parity Obligation over any other Parity Obligation, in respect of the moneys at any time available for transfer from the Revenue Fund, and in the event that at any time the moneys so available for transfer are not sufficient to meet the current requirements of any sinking funds established for such various series of Bonds and the current requirements of any comparable funds established for other Parity Obligations, the total amount of moneys available for transfer shall be prorated among the various sinking funds in the proportion that the sinking fund payment requirement for each particular sinking fund bears to the total of all such sinking fund payments required to be made at the time in question.

Bonds (and, if applicable, other Parity Obligations) so redeemed shall be cancelled and destroyed by the Trustee, which shall file a cancellation and destruction certificate with the Commission.

Section 6.04 Debt Service Reserve Fund. No Debt Service Reserve Fund shall be created for the 2005 Bonds. In the event the sale of Additional Bonds requires a Debt Service Reserve Fund, a Debt Service Reserve Fund and a special account shall be established which shall be held in trust by the Trustee until applied as directed therein, but moneys in any special account may only be applied to the payment of the series of Additional Bonds to which it relates.

Section 6.05 Special Sinking Fund. There is also hereby created hereunder a Special Sinking Fund for the purpose of holding and investing funds which shall be deposited into the Special Sinking Fund by the Commission in such amounts and at such times as are determined by the Commission's Financial Advisor or other financial consultant for purposes of compliance with the requirements of Section 148 of the Code. The Trustee shall invest such funds in Permitted Investments as directed by the Commission. If moneys in other Funds hereunder are not sufficient to make principal, interest, mandatory redemption and other required payments with respect to the 2005 Bonds, funds in the Special Sinking Fund may be disbursed by the Trustee for such purposes.

Section 6.06 Moneys set aside for Principal and Interest Held in Trust. All moneys which the Trustee shall have withdrawn from the Debt Service Fund, or any sinking fund created under any Supplemental Indenture or shall have received from any other source and set aside, or deposited with the Trustees, for the purpose of paying any of the Bonds or other Parity Obligations hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective owners of such Bonds and such other Parity Obligations. Any moneys which shall be so deposited by the Trustee and which shall remain unclaimed by the owners of such Bonds and such other Parity Obligations for the period of five years after the date on which such Bonds and such other Parity Obligations shall have become payable shall upon request in writing be paid to the Commission or to such officer, board or body as may then be entitled by law to receive the same, and thereafter the owners of such Bonds and such other Parity Obligations shall look only to the Commission or to such officer, board or body, as the case may be, for payment and then only to the extent of the amounts so received without any interest thereon, and the Trustee shall have no responsibility with respect to such moneys.

Section 6.07 Cancellation of Bonds Upon Payment. All Bonds paid, redeemed or purchased, either at or before maturity, shall be delivered to the Trustee when such payment, redemption or purchase is made, and such Bonds shall thereupon be cancelled. All cancelled Bonds shall be held by the Trustee until this Indenture shall be released; provided, however, that Bonds so cancelled may at any time be cremated or destroyed by the Trustee, who shall execute a certificate of destruction in duplicate describing the Bonds so destroyed, and one executed certificate shall be filed with the Secretary and Treasurer of the Commission and the other executed certificate shall be retained by the Trustee.

Section 6.08 Series 2005 Rebate Fund. Upon written direction of the Commission, the Trustee shall establish a special fund to be known as the "Series 2005 Rebate Fund," separate and apart from the pledge of the Indenture. A similar Rebate Fund may be established for any Additional Bonds as Set forth in the Supplemental Indenture pursuant to which such Bonds are issued. Deposits shall be made to the Series 2005 Rebate Fund in accordance with, and moneys and investments in the Series 2005 Rebate Fund shall be applied as set forth in, the Tax Regulatory Agreement for the 2005 Bonds. The Tax Regulatory Agreement may be superseded or amended by a new Tax Regulatory Agreement delivered by the Commission and accompanied by an Opinion of Bond Counsel addressed to the Trustee to the effect that the use of such new Tax Regulatory Agreement will cause the interest on the 2005 Bonds to be excluded from the gross income of the owner thereof for federal income tax purposes. The Series 2005 Rebate Fund, and the moneys and investments therein, shall not secure the 2005 Bonds.

Section 6.09 Surplus Trust Receipts. On the Business Day immediately succeeding July 15 of each year, after making the required deposits to the accounts of the Debt Service Fund under the this Indenture for debt service and financing fees and no Event of default has occurred or is continuing hereunder, the Trustee, as Trustee is hereby directed to withdraw from the Revenue Fund under this Indenture (the "Revenue Fund") an amount in each case equal to the remaining balance of the Revenue Fund on that day

in excess of \$2,333,333.33, and transfer such funds to the Commission or as the Commission may otherwise direct. These funds may be applied by the Commission as it may otherwise agree or for any other lawful purpose including without limitation, the payment of a termination payment.

## **ARTICLE 7**

### **SECURITY FOR DEPOSITS AND INVESTMENTS OF MONEYS**

Section 7.01 Security for Deposits. To the extent required by law, all moneys deposited with the Trustee shall be continuously and fully secured, unless or until invested as provided in Section 7.02, for the benefit of the Commission and the owners of the Bonds and the other Parity Obligations, by Government Obligations or direct and general obligations of the Commonwealth or otherwise in accordance with the laws of the Commonwealth governing trust funds of public bodies. Such security shall have an aggregate market value, exclusive of accrued interest, at all times at least equal to the amount of moneys so deposited. Such security shall be deposited with a Federal Reserve Bank or with the corporate trust department of the Trustee to the extent required by law.

Section 7.02 Investment of Moneys. Moneys held in any of the funds or accounts hereunder may be retained uninvested, if deemed necessary by the Commission, as trust funds and secured as provided in Section 7.01, or may be invested in Permitted Investments. All such investments shall be made by the Trustee only upon the oral request of the Commission confirmed in writing by a Commission Official specifying the account or fund from which moneys are to be invested and designating the specific investments to be acquired. Absent investment directions from the Commission, the Trustee may invest such balances in investments pursuant to paragraph (j) of the definition of Permitted Investments.

All such investments made pursuant to this Section shall be subject to withdrawal or shall mature or be subject to redemption by the holder at not less than the principal amount thereof or the cost of acquisition, whichever is lower, not later than the earlier of (i) 15 years from the date of such investment or (ii) the date on which the moneys may reasonably be expected to be needed for the purpose of this Indenture. The foregoing provisions shall not prevent the Commission or the Trustee from selling such investments at less than the principal amount thereof or the cost of acquisition.

The investments so acquired with the moneys in any such fund or account shall be a part of such fund or account and, for the purposes of determining the amount in such fund or account, the investments therein shall be valued at their then fair market value. The interest or income received shall remain in the fund or account to which the investment is credited until transferred therefrom pursuant to the provisions hereof.

Upon request of the Commission to withdraw, redeem or sell, or whenever in the opinion of the Trustee it is necessary because the moneys in any of said funds or accounts are to be applied and paid out by the Trustee pursuant to the provisions of the Indenture, the Trustee shall withdraw, redeem or sell the required or requested part of any such investments, and the proceeds thereof shall be deposited by the Trustee in the appropriate



fund or account. If the net proceeds realized upon any withdrawal, redemption or sale shall be less than the amount so invested, the Trustee shall make good the difference from any available moneys in the Revenue Fund. Neither the Trustee nor the Commission shall be liable or responsible for any loss resulting from any such investment.

## **ARTICLE 8 PARTICULAR COVENANTS**

Section 8.01 Payment of Principal, Interest and Premiums. The Commission covenants that it will promptly pay the principal of and the interest on every Bond issued under the provisions of this Indenture at the places, on the dates and in the manner provided herein and in said Bonds and any premium required for the retirement of said Bonds by purchase or redemption, according to the true intent and meaning thereof, but only to the extent provided in the succeeding sentence. The principal, interest and premiums are payable solely from Trust Receipts, which Trust Receipts are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified, and from the remainder of the Trust Estate; nothing in the Bonds or in this Indenture shall be construed as pledging the faith and credit of the Commission or of the Commonwealth or as obligating the Commission or the Commonwealth, directly or indirectly or contingently, to levy or to pledge any form of taxation whatever therefore or to make any appropriation for their payment other than the pledge made by the Commonwealth with respect to the Act 3 Revenues which is referred to in the recitals hereto.

Section 8.02 Construction of Project. The Commission covenants that it will proceed with the Construction Project in conformity with law and all requirements of all governmental authorities having jurisdiction thereover.

Section 8.03 No Liens on Trust Estate. The Commission covenants that it will not create or suffer to be created any lien or charge upon the Trust Estate, or any part thereof except the lien and charge of the Bonds and other Parity Obligations or Subordinated Indebtedness secured hereby and any subordinated indebtedness permitted pursuant to Section 2.12.

Section 8.04 Rights of Trustee, Bondholders and Other Holders not to be Impaired. The Commission covenants and agrees that until the Bonds and other Parity Obligations secured hereby and the interest thereon shall have been paid or provision for such payment shall have been made, none of the Trust Estate will be used for any purpose other than as provided in this Indenture (including being transferred to the Commission) and no contract or contracts will be entered into or any action taken by which the rights of the Trustee, of the Bondholders or of the holders of the other Parity Obligations might be materially impaired or diminished. Notwithstanding the above, the Commission shall be permitted to incur [S]ubordinated [I]ndebtedness pursuant to the provisions of Section 2.12.



Section 8.05 Further Instruments and Action. The Commission covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Indenture.

Section 8.06 Accurate Records. The Commission covenants that it will keep accurate records of its receipts and expenditures of the Commission Allocation. Such records shall be open to the inspection of the Bondholders and the holders of other Parity Obligations and their agents and representatives.

Section 8.07 Arbitrage Bonds. The Commission covenants to the owners of all Bonds outstanding hereunder that

(a) it will make no investment or other use of the proceeds of any Bonds issued hereunder which would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148 of the Code, and all applicable regulations promulgated with respect thereto, and that it will comply with the requirements of the Code and applicable regulations throughout the term of such Bonds.

(b) it will not take any action, omit to take any action, or permit any other person to take any action or fail to take any action over which the Commission has control, which action or inaction would cause the interest on any Bonds not to be excluded from gross income for federal income tax purposes to a greater extent than on the date of issuance of such Bonds.

Section 8.08 Financing Statements. Upon the effective date of this Indenture, to the extent not already accomplished, the Commission shall cause a financing statement to be filed in such manner and at such places as may be required by law to protect the security of the owners of all Bonds and other Parity Obligations and Subordinated Indebtedness heretofore or hereafter issued under the Indenture and the right, title and interest of the Trustee in and to the Trust Estate or any part thereof. The Commission shall perform or shall cause to be performed any such acts, and execute and cause to be executed any and all further instruments, as may be required by law or as shall reasonably be requested by the Trustee for such protection of the interests of the Trustee, all owners of Bonds, other Parity Obligations and Subordinated Indebtedness, and shall furnish satisfactory evidence to the Trustee of filing and refiling of such financing statement and of every continuation statement as shall be necessary to preserve the lien of this Indenture upon the Trust Estate or any part thereof and for the benefit of all Bonds and all other Parity Obligations heretofore or hereafter issued under this Indenture until the principal of and interest on said Bonds and all payments, other than termination payments, due under the other Parity Obligations shall have been paid. The Trustee shall execute or join in the execution of any further or additional instrument and file or join in the filing thereof at such time or times and in such place or places as it may be advised by an Opinion of Counsel, furnished by the Commission, will preserve the lien of this Indenture upon the Trust Estate or any part thereof until the aforesaid principal shall have been paid.

Section 8.09 Bonds not Deemed Outstanding. As of the time in question, Bonds authenticated and delivered under this Indenture shall not be deemed to be outstanding under the provisions of this Indenture if:

(a) such Bonds have been paid, redeemed or purchased and cancelled (other than Bonds purchased but not cancelled pursuant to optional or mandatory purchase provisions applicable to any series of Bonds), pursuant to the provisions of Section 6.08, or

(b) such Bonds have been refunded under the provisions of Section 2.11, or

(c) such Bonds shall not be deemed outstanding under the provisions of Section 4.07, or

(d) such Bonds for the payment or redemption of which, moneys, Government Obligations the principal of and interest on which, when due, will provide sufficient moneys to fully pay such Bonds in accordance with Article 13 hereof, shall have been or shall concurrently be deposited with the Trustee, or

(e) such Bonds are in substitution for which other Bonds have been authenticated and delivered pursuant to Section 2.14.

## **ARTICLE 9 DEFAULTS AND REMEDIES**

Section 9.01 Events of Default. Each of the following events is hereby declared an "event of default," that is to say: If

(a) payment of the interest on, or principal and premium, if any, of any of the Parity Obligations shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) The Commission shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like for it or for all or a substantial part of its property, or (ii) make a general assignment for the benefit of creditors, or (iii) be adjudicated a bankrupt or insolvent, or (iv) commence a voluntary case under the United States Bankruptcy Code or file a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding, or action of the Commission shall be taken for the purpose of effecting any of the foregoing, or (v) take any corporate action or other action to authorize any of the foregoing, or (vi) if without the application, approval or consent of the Commission, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking in respect of the Commission an order for relief or an adjudication in bankruptcy, reorganization, dissolution, winding up or liquidation, a composition or arrangement with creditors, a readjustment of debts, the

appointment of a trustee, receiver, liquidator or custodian or the like of the Commission or of all or any substantial part of its assets or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by the Commission in good faith, the same shall (A) result in the entry of an order for relief or any such adjudication or appointment or (B) remain undismissed and undischarged for a period of 60 days;

(c) any proceeding shall be instituted, with the consent or acquiescence of the Commission, for the purpose of effecting a compromise between the Commission and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Trust Receipts; or

(d) the Commission shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Parity Obligations or in this Indenture or any agreement executed in connection therewith and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Commission by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the owners of not less than ten percent (10%) in principal amount of Parity Obligations then outstanding, provided, however, that if the default cannot be remedied within 30 days and the Commission begins to diligently proceed in good faith to remedy said default, then said default shall not be deemed to be a continuing one if and so long as the Commission shall diligently and continuously attempt to prosecute the same to completion.

(e) The Commonwealth, the Treasurer of the Commonwealth or the Commonwealth Department of Transportation shall default in the due and punctual performance of any covenant, condition, agreement and provision contained in the Intercept Agreement and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Commission, the Commonwealth, the Treasurer of the Commonwealth or the Commonwealth Department of Transportation by the Trustee.

No grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of the Bond Insurer. No grace period shall be permitted for payment defaults pursuant to the 2005 Bonds or this Indenture.

Notwithstanding anything to the contrary contained herein, any default under Subordinated Indebtedness shall not constitute a default hereunder.

Section 9.02 Acceleration of Maturities. Upon the happening and continuance of any event of default specified in Section 9.01, and subject to 9.12, then and in every such case the Trustee may, and upon the written request of the owners of not less than twenty-five percent (25%) in principal amount of Parity Obligations then Outstanding shall, by a notice in writing to the Commission, declare the principal of all of the Parity

Obligations then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Parity Obligations or in this Indenture to the contrary notwithstanding; provided, however, that if at any time after the principal of the Parity Obligations shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee shall hold moneys sufficient to pay the principal of all matured Parity Obligations and all arrears of interest, if any, upon all the Parity Obligations then outstanding (except the principal of any Parity Obligations not then due by their terms and the interest accrued on such Parity Obligations since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee, and all other amounts then payable by the Commission hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the appropriate trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Parity Obligations or in this Indenture (other than a default in the payment of the principal of such Parity Obligations then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the owners of not less than twenty-five percent (25%) in principal amount of the Parity Obligations not then due by their terms and then outstanding shall, by written notice to the Commission, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Notwithstanding anything to the contrary contained herein, the maturity of 2005 Bonds insured by the Bond Insurer shall not be accelerated without the consent of the Bond Insurer and in the event the maturity of the 2005 Bonds is accelerated, the Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued that, on such principal to the date of acceleration (to the extent unpaid by the Commission) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Bond Insurer's obligations under the Policy with respect to such 2005 Bonds shall be fully discharged.

Notwithstanding anything to the contrary contained herein, the owners of Subordinated Indebtedness shall have no right to vote on, or require, an acceleration of maturities of Parity Obligations. Notwithstanding anything to the contrary contained herein, any default under an Approved Obligation to timely pay a termination fee due and payable by the Commission under a Swap Agreement shall not constitute a default hereunder.

Section 9.03 Enforcement of Remedies. Upon the happening and continuance of any event of default specified in Section 9.01, then and in every such case the Trustee may proceed, and upon the written request of the owners of not less than twenty-five percent (25%) in principal amount of Parity Obligations then outstanding hereunder shall proceed, subject to the provisions of Section 9.02 and 9.12, to protect and enforce its

rights and the rights of the Bondholders under the laws of the Commonwealth or under this Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem reasonable or necessary to protect and enforce such rights.

In the enforcement of any remedy under this Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Commission for principal, interest or otherwise under any of the provisions of this Indenture or of the Parity Obligations and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Parity Obligations (to the extent that payment of such interest is enforceable under applicable law), together with any and all costs and expenses of collection and of all proceedings hereunder and under such Parity Obligations, without prejudice to any other right or remedy of the Trustee or of the Holders of the Parity Obligations and to recover and enforce judgment or decree against the Commission, but solely as provided herein and in such Parity Obligations, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

**Section 9.04 Pro Rata Application of Funds.** If at any time the moneys in the Debt Service Fund or any sinking fund or similar fund shall not be sufficient to pay the principal of or the interest on the Parity Obligations as the same become due and payable (either by their terms or by acceleration of maturities under the provision of Section 9.02 of this Article), such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows, subject to the payment of amounts owing to the Trustee pursuant to Section 10.05:

(a) Unless the principal of all the Parity Obligations shall have become or shall have been declared due and payable, all such moneys shall be applied

first: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Parity Obligations;

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Parity Obligations which

shall have become due (other than Parity Obligations called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest upon such Parity Obligations from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full the principal of Parity Obligations due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of the Parity Obligations, to the purchase and retirement of Parity Obligations and to the redemption of Parity Obligations, all in accordance with the provisions of this Indenture.

(b) If the principal of all the Parity Obligations shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Parity Obligations, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Parity Obligation over any other Parity Obligation, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Parity Obligations.

(c) If the principal of all the Parity Obligations shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 9.02, then, subject to the provisions of paragraph (b) of this Section, in the event that the principal of all the Parity Obligations shall later become due or be declared due and payable, the moneys then remaining in and thereafter accruing to any Debt Service Reserve Fund and any sinking fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Trustees, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Commission, to any holder of the Parity Obligations or to any other person for any delay in applying any such moneys, so long as the Trustee acts with



reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any Parity Obligation until such Parity Obligation shall be surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

Section 9.05 Effect of Discontinuance of Proceedings. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the Commission, the Trustee and the Holders of the Parity Obligations shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 9.06 Majority of Holders of the Parity Obligations may Control Proceedings. nothing in this Indenture to the contrary notwithstanding, the owners of a majority in principal amount of the Parity Obligations then outstanding hereunder shall have the right, subject to the provisions of Section 9.02 and 9.12, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to holders of the Parity Obligations not parties to such direction. The Trustee may exercise any right or take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 9.07 Restrictions upon Action by Individual Holders of the Parity Obligations. No holder of any of the Parity Obligations shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless such holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and, subject to 9.12, unless also the owners of not less than twenty-five percent (25%) in principal amount of the Parity Obligations then outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or for any other remedy hereunder. It is understood and intended that no

one or more owners of the Parity Obligations hereby secured shall have any right in any manner whatever by this or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all owners of such outstanding Parity Obligations.

Section 9.08 Actions by Trustee. All rights of action under this Indenture or under any of the Parity Obligations secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of the Parity Obligations appertaining thereto or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the owners of such Parity Obligations subject to the provisions of this Indenture.

Section 9.09 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the owners of the Parity Obligations is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.10 No Delay or Omission Construed to be a Waiver. No delay or omission of the Trustee or of any holder of the Parity Obligations to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and the owners of the Parity Obligations, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the owners of not less than a majority in principal amount of the Parity Obligations then outstanding shall, waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 9.11 Notice of Default. The Trustee shall mail to the registered owners of the Parity Obligations then outstanding at their addresses as they appear on the registration books, written notice of the occurrence of any event of default set forth in clause (a) of Section 9.01 within thirty (30) days after any such event of default shall have occurred. The Trustee shall not, however, be subject to any liability to any holder of the Parity Obligations by reason of its failure to mail the notice required by this Section.

Section 9.12 Directions, Requests, Consents or Voting. With respect to any direction, request, consent or voting by owners of Parity Obligations, any such owners

pursuant to Swap Agreements, Liquidity Facilities or bond insurance shall have such rights as are specifically set forth in this Indenture.

## ARTICLE 10 CONCERNING THE TRUSTEE

Section 10.01 Acceptance of Trusts. The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the terms and conditions set forth in this Article and subject to the provision of this Indenture, to all of which the parties hereto and the respective owners of the Parity Obligations agree.

Section 10.02 Trustee Entitled to Payment. The Trustee shall be under no obligation to institute any suit, or to take any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made a defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be paid or have provision for payment to it made to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without such payment or provision for payment, and in such case the Commission shall reimburse the Trustee for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred and against all liabilities in connection therewith. If the Commission shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture only after all Bonds and other Parity Obligations are no longer deemed outstanding hereunder.

Section 10.03 Limitation on Obligations and Responsibilities of Trustee. The Trustee shall be under no obligation to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. The Trustee shall have no responsibility in respect of the validity or sufficiency of this Indenture or the due execution or acknowledgment thereof, or in respect of the validity of the Parity Obligations or the due execution thereof.

Section 10.04 Trustee not Liable for Failure of Commission to Act or for Deposits in Other Banks. The Trustee shall not be liable or responsible because of the failure of the Commission or of any of its employees or agents to make any collections or deposits or to perform any act herein required of them because of the loss of any moneys arising through the insolvency or the act of default or omission of any other bank or trust company in which such moneys shall have been deposited under the provisions of this Indenture. The Trustee shall not be responsible for the application of any of the proceeds of the Parity Obligations or any other moneys deposited with it and paid out, withdrawn or transferred hereunder, if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Indenture. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

**Section 10.05 Compensation and Payment of Trustee.** Subject to the provisions of any contract between the Commission and the Trustee, the Commission shall, pay to the Trustee, from time to time within 30 days after receipt of an invoice therefore, reasonable compensation for all services performed by it hereunder and pay or reimburse the Trustee (within 30 days after notice) for all its reasonable expenses, charges and other disbursements including the costs of the purchase of Parity Obligations and administration fees and the fees and costs of its attorneys, agents and employees incurred in and about the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder, and shall indemnify and save the Trustee and its officers and employees harmless against any liabilities, including all costs, expenses, outlays, counsel fees and other disbursements, which any of them may incur in the exercise and performance of its powers and duties hereunder. If the Commission shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession under the provisions of this Indenture, other than Liquidity Facility draws, bond insurer payments and swap payments, and shall be entitled to a preference therefor over any of the Parity Obligations outstanding hereunder. Notwithstanding any contrary provision of this Indenture, this Section shall survive the termination of this Indenture.

**Section 10.06 Trustee may Rely on Certificates.** In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which this Indenture provides for permitting or taking any action, the Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Indenture, and any such certificate shall be evidence of such fact to protect the Trustee in any action that it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Indenture, any request, notice or other instrument from the Commission to the Trustee shall be deemed to have been signed by the proper party or parties if signed by a Commission Official, and the Trustee may accept a certificate signed by the Chief Financial Officer, Secretary, Assistant Secretary, Treasurer or Assistant Treasurer of the Commission as to any action taken by the Commission.

**Section 10.07 Notice of Default.** Except as otherwise provided in this Indenture, the Trustee shall not be obliged to take notice or be deemed to have notice of any event of default hereunder, unless specifically notified in writing of such event of default by the owners of not less than ten percent (10%) in principal amount of the Parity Obligations hereby secured and then outstanding.

**Section 10.08 Trustee May Deal in Bonds and Take Action as Bondholder.** The bank or trust company acting as Trustee under this Indenture, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and otherwise deal in any of the Parity Obligations outstanding under and secured by this Indenture, and may join in any action which any Bondholder or and Holder of the other Parity Obligations may be entitled to take with like effect as if such bank or trust company were not the Trustee under this Indenture.

Section 10.09 Trustee not Responsible for Recitals. The recitals, statements and representations contained herein and in the Parity Obligations (excluding the Trustee's certificate on the Bonds) shall be taken and construed as made by and on the part of the Commission and not by the Trustee, and the Trustee does not assume and shall not be under any responsibility for the correctness of the same.

Section 10.10 Trustee Protected in Relying on Certain Documents. The Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably believed by it to be in accordance with the terms of this Indenture, or upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any attorney, engineer or accountant, and the Trustee shall be under no duty to make any investigation or inquiry as to statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of law and its duty hereunder, and the Trustee shall not be answerable for any act or omission of any such attorney, agent or employee selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatever in connection with the trust, except only for its own willful misconduct or gross negligence. For purposes of this Indenture, matters shall not be deemed to be known to the Trustee unless they are known to an officer in the Trustee's corporate trust department.

Section 10.11 Resignation of Trustee. The Trustee may resign and thereby become discharged from the trusts hereby created by notice in writing mailed postage prepaid to the Commission, to all registered owners of the Bonds, to all holders of the other Parity Obligations and to the Rating Agency at least thirty (30) days before such resignation is to take effect. In any event any resignation of the Trustee shall not take effect until the appointment of a new Trustee hereunder.

Section 10.12 Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, signed by the owners of not less than a majority in principal amount of the Parity Obligations hereby secured and then outstanding and filed with the Commission. A photostatic copy of each such instrument shall be delivered promptly by the Commission to the Trustee. The Trustee may also be removed at any time by a resolution of the Commission so long as the Commission is not in default, and so declared, under any provision of this Indenture. In any event any removal of the Trustee shall not take effect until the appointment of a new Trustee hereunder.

Section 10.13 Appointment of Successor Trustee. If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental



official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, the Commission shall appoint a Trustee to fill such vacancy. The Commission shall mail postage prepaid notice of any such appointment by it to all registered owners of the Bonds all holders of the other Parity Obligations, each Remarketing Agent, each Liquidity Provider, each bond insurer and each Rating Agency.

At any time after any such vacancy shall have occurred, the owners of a majority in principal amount of the Parity Obligations hereby secured and then outstanding, by an instrument or concurrent instruments in writing, signed by such Bondholders and such holders of the other Parity Obligations or their attorneys in fact thereunto duly authorized and filed with the Commission, may appoint a successor Trustee, which shall supersede any Trustee theretofore appointed by the Commission. Photostatic copies of each such instrument shall be delivered promptly by the Commission to the predecessor Trustee and to the Trustee so appointed by the Bondholders and the holders of the other Parity Obligations.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, the holder of any Parity Obligation outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee hereafter appointed shall be a bank or trust company duly organized and doing business under the laws of the United States of America or the Commonwealth and having an office in the Commonwealth, authorized under such laws to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having a combined capital and surplus aggregating not less than Fifty Million Dollars (\$50,000,000).

Section 10.14 Vesting of Trusts in Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Commission, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities, power and trusts, and subject to all the duties and obligations, of its predecessor; but such predecessor shall, nevertheless, on the written request of its successor or of the Commission, and upon payment of the expenses, charges and other disbursements of such predecessor which are payable pursuant to the provisions of Section 10.05, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all property and moneys held by it hereunder to its successor. Upon the request of any successor Trustee, an instrument in writing shall be executed, acknowledged and delivered by the Commission which more fully and certainly vests in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee.



Notwithstanding any of the foregoing provisions of this Article, any bank or trust company having power to perform the duties and execute the trusts of this Indenture and otherwise qualified to act as Trustee hereunder with or into which the bank or trust company acting as Trustee may be merged or consolidated, or to which the assets and business of such bank or trust company may be sold, shall be deemed the successor of the Trustee.

Section 10.15 Paying Agents and Bond Registrar. The Commission may appoint one or more Paying Agents to act as agent of the Trustee in performing any of the duties and obligations imposed under this Indenture or any Supplemental Indenture, and separate appointments may be made for the Bonds of each series. The Trustee may be appointed to serve in any such capacity. The Trustee shall serve as Paying Agent and Bond Registrar unless the Commission makes some other determination.

Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture or any Supplemental Indenture by executing and delivering to the Commission and to the Trustee a written acceptance thereof.

Any Paying Agent may be removed at any time by a resolution of the Commission so long as the Commission is not in default under any provision of this Indenture.

## **ARTICLE 11**

### **EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS**

Section 11.01 Execution of Instruments by Owners of Parity Obligations. Any request, direction, consent or other instrument in writing required by this Indenture to be signed or executed by owners of Parity Obligations may be in any number of concurrent instruments of similar tenor and may be signed or executed by such owners of Parity Obligations in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Parity Obligations shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution.

(b) The ownership of registered Bonds shall be proved by the registration books kept under the provisions of Section 2.05.

But nothing contained in this Article shall be construed as limiting the Trustee to such proof and the Trustee may accept any other evidence of the matters herein stated.

Any request or consent of the holder of any Parity Obligation shall bind every future holder of same Parity Obligation in respect of anything done by the Trustee in pursuance of such request or consent.

## **ARTICLE 12 SUPPLEMENTAL INDENTURES**

Section 12.01 Supplemental Indentures by Commission and Trustee. The Commission and the Trustee may, with the approval of the Liquidity Provider so long as it is not in default under the applicable Liquidity Facility and with the approval of the Bond Insurer so long as it is not in default under its Policy, from time to time and at any time, enter into one or more Supplemental Indentures (which Supplemental Indentures shall thereafter form a part hereof),

(a) to cure any ambiguity or formal defect or omission in this Indenture or in any Supplemental Indenture, including without limitation defects which would, if not cured, cause (i) the Bonds, or transactions therein, to fail to meet an exemption under federal or state securities laws customarily relied upon in the offering, sale, purchase tender or remarketing of bonds of the same general character as the Bonds or (ii) the interest on any series of Bonds to be included in gross income for federal income tax purposes when such interest is not to be so includable,

(b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee,

(c) to issue Additional Bonds or other Parity Obligations pursuant to the provisions hereof,

(d) to issue Subordinated Indebtedness, provided that such changes would not, in the determination of the Trustee, materially adversely affect the rights of the Trustee or of the owners of Parity Obligations, provided that the Trustee may solely and conclusively rely upon the opinion of its counsel, the Commission's financial advisor or a nationally recognized bond counsel, financial advisor or investment banking firm in making such determination,

(e) to make any necessary provisions for a Conversion or an Alternate Liquidity Facility pursuant to the provisions hereof, or

(f) to make any other amendment which does not, in the determination of the Trustee, materially adversely affect the rights of the Trustee or of the Bondholders, provided that the Trustee may solely and conclusively rely upon the opinion of its counsel, the Commission's financial advisor or a nationally recognized bond counsel, financial advisor or investment banking firm in making such determination.

Section 12.02 Modification of Indenture with Consent of Owners of a Majority of Parity Obligations. Subject to the terms and provisions contained in this Section, and not otherwise, and also subject to the approval of the Liquidity Provider so long as it is not in

default under the applicable Liquidity Facility and subject to the approval of the Bond Insurer so long as it is not in default under its Policy, the owners of not less than a majority (more than fifty percent (50%)) in aggregate principal amount of the Parity Obligations then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Commission and the Trustee of such Supplemental Indenture or Indentures hereto as shall be deemed necessary or desirable by the Commission for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, any of the following, without the consent of each owner of a Parity Obligation whose rights are affected thereby: (a) an extension of the maturity of the principal of or the interest on any Parity Obligation issued hereunder, or (b) a reduction in the principal amount of any Parity Obligation or the redemption premium or the rate of interest thereon, or (c) the creation of a lien ranking prior to or (except as to Additional Bonds and other Parity Obligations to the extent otherwise provided in this Indenture) on a parity with the lien or the Trust Estate created by this Indenture, or (d) a preference or priority of any Parity Obligation or owner of Parity Obligation over any other Parity Obligation or owner of Parity Obligation, or (e) a reduction in the aggregate principal amount of the Parity Obligations required for consent to such Supplemental Indenture. Nothing contained in this Section, however, shall be construed as making necessary the approval by owners of Parity Obligation of the execution of any Supplemental Indenture as authorized in Section 12.01.

If at any time the Commission shall request the Trustee to enter into any Supplemental Indenture for any of the purposes of this Section, the Trustee shall, at the expense of the Commission, cause notice of the proposed execution of such Supplemental Indenture to be mailed, postage prepaid, to all registered owners of Parity Obligations then outstanding at their addresses as they appear on the registration books and to all other owners of the other Parity Obligations who shall have filed their names and addresses with the Trustee for such purpose. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the designated corporate trust office of the Trustee for inspection by all owners of Parity Obligations. The Trustee shall not, however, be subject to any liability to any owner of Parity Obligations by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of the first dissemination of such notice, the Commission shall deliver to the Trustee an instrument or instruments purporting to be executed by the owners of not less than a majority in aggregate principal amount of the Parity Obligations then outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee may execute such Supplemental Indenture in substantially such form, without liability or responsibility to any holder of any Parity Obligations, whether

or not such holder shall have consented thereto. Anything herein to the contrary notwithstanding, the owners of any Parity Obligations may consent to the provisions of a Supplemental Indenture (or what are referred to as "springing" provisions) in connection with the issuance of such Parity Obligations, in which event such consent shall be effective for any period of time and not limited by the one-year period described above.

If the owners of not less than a majority in aggregate principal amount of the Parity Obligations outstanding at the time of the execution of such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Parity Obligation shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Commission from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Commission, the Trustee and all owners of the Parity Obligations then outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 12.03 Trustee Joining in Supplemental Indenture. The Trustee is authorized to join with the Commission in the execution of any such Supplemental Indenture and to make the further agreements and stipulations which may be contained therein. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture, and all of the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. In case of the execution and delivery of any Supplemental Indenture, express reference may be made thereto in the text of any Parity Obligations issued thereafter, if deemed necessary or desirable by the Trustee.

Section 12.04 Responsibilities of Trustee under this Article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Commission, as conclusive evidence that any such proposed supplemental indenture does or does not comply with the provisions of this Indenture, and that it is or is not proper for the Trustee, under the provisions of this Article, to join in the execution of such Supplemental Indenture.

Section 12.05 Consents of Bond Insurer and Counterparties. Any amendment, supplement, modification to, or waiver of, this Indenture or any other transaction document including any underlying security agreement (each a "Related Document"), that requires the consent of Bondholders or materially or adversely affects the rights and interests of the Commission, the applicable Bond Insurer, the applicable Liquidity Provider or the applicable Counterparty shall be subject to the prior written consent of the Bond Insurer, such Liquidity Provider and such Counterparty.

## **ARTICLE 13 DEFEASANCE**

Section 13.01 Release of Indenture. Subject to Section 13.04, if, when the Bonds secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in this Indenture or otherwise or shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the Commission to the Trustee, the whole amount of the principal and interest and the premium, if any, so due and payable upon all of the Bonds then outstanding shall be paid or there shall have been deposited with the Trustee an amount, evidenced by moneys or Government Obligations (that are either noncallable prior to the date needed to satisfy the requirements hereof or with respect to which the holder has the rights to demand the purchase of such obligations on the date needed to satisfy the requirements hereof), certified by an independent public accounting firm or verification agent of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), to be sufficient for the payment, at their maturities or redemption dates, of all principal, premium, if any, and interest on the Bonds to the date of maturity or redemption, as the case may be, and provision shall also be made for paying all other sums payable hereunder by the Commission, then and in that case the right, title and interest of the Trustee shall thereupon cease, determine and become void, and the Trustee in such case, on demand of the Commission, and upon receipt of an Opinion of Counsel stating in substance that all conditions precedent provided for in the Indenture relating to defeasance have been satisfied, shall release this Indenture and shall execute such documents to evidence such release as may be reasonably required by the Commission, and shall turn over to the Commission or to such officer, board or body as may then be entitled by law to receive the same any surplus in any account in any sinking fund and all balances remaining in any other funds or accounts other than moneys held in the Series 2005 Rebate Fund or any other Rebate Fund created under this Indenture or any Supplemental Indenture and other moneys held for redemption or payment of Bonds; otherwise this Indenture shall be, continue and remain in full force and effect.

Variable Rate Bonds, which are to remain outstanding after the defeasance as an advance refunding, shall only be defeased if (i) the Rating Confirmation Letter is delivered at the time of the defeasance, or (ii) the aforesaid interest is deposited at the maximum rate specified in this Indenture and a mandatory redemption or mandatory purchase of such Variable Rate Bonds shall occur no later than the earlier of the first possible mandatory redemption date or first possible mandatory purchase date.

Notwithstanding anything herein to the contrary, this Indenture shall not be defeased or terminated unless and until all Parity Obligations and Subordinated Indebtedness have been terminated and all amounts due thereunder have been paid in full or full provision for payment has otherwise been made. .

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the 2005 Bonds shall be paid by the Bond Insurer pursuant to the



Policy, the 2005 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Commission, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Commission to the registered owners of the 2005 Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

Section 13.02 Provision for Payment of Bonds. If the Commission deposits with the Trustee moneys or Government Obligations sufficient to pay the principal or redemption price of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the date of maturity or redemption, but in the case of Variable Rate Bonds, all interest thereon to the date of maturity or redemption at the maximum rate as set forth in Section 3.01(b), then in such event, interest on such Bond or Bonds shall cease to accrue on the date of maturity or redemption and all liability of the Commission with respect to such Bond or Bonds shall cease. Thereafter, such Bond or Bonds shall be deemed not to be outstanding hereunder and the holder or owners of such Bond or Bonds shall be restricted exclusively to the funds and securities so deposited and the proceeds thereof for any claim of whatever nature with respect to such Bond or Bonds, and the Trustee shall hold such funds in trust for such holder or owners.

Section 13.03 Termination of Other Parity Obligations. The termination of any Parity Obligation, other than the Bonds, shall be governed by the provisions of the separate agreements relating to Parity Obligations and, following termination of any such Parity Obligation in accordance with the provisions thereof, the holders of such Parity Obligation, under such agreement being terminated, shall have no rights hereunder.

Section 13.04 Defeasance Securities and Bond Insurer Matters. Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA", "Aaa" and "AAA" by S&P, Moody's and Fitch, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Bonds unless the Insurer otherwise approves ("Government Obligations").

Notwithstanding anything to the contrary contained herein, to accomplish defeasance, the Commission shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the 2005 Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form



and substance to the Bond Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the 2005 Bonds are no longer outstanding under the Trust Indenture and (iv) a certificate of discharge of the Trustee with respect to the 2005 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Commission, Trustee and Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed outstanding under this Indenture unless and until they are in fact paid and retired or the above criteria are met.

**ARTICLE 14**  
**PROVISIONS RELATING TO THE BOND INSURER**

Section 14.01 Sole Holder. The Bond Insurer shall be deemed to be the sole holder of the 2005 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the 2005 Bonds insured by it are entitled to take pursuant to Articles 9 and 10 of this Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee.

Section 14.02 Rights of Bond Insurer. The rights granted to the Bond Insurer under the Trust Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Bond Insurer, affirmative or negative, as to whether the consent of the Bondholders or any other person is required in addition to the consent of the Bond Insurer.

Section 14.03 Payments by Bond Insurer. Amounts paid by the Bond Insurer under the Policy shall not be deemed paid for purposes of the Trust Indenture and the 2005 Bonds relating to such payments shall remain outstanding and continue to be due and owing until paid by the Commission in accordance with the Trust Indenture. The Trust Indenture shall not be discharged unless all amounts due or to become due to the Bond Insurer have been paid in full or duly provided for.

Section 14.04 Agreed Action. Each of the Commission and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

Section 14.05 Claims Upon the Policy and Payments by and to the Bond Insurer. If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Trust Indenture, moneys sufficient to pay the principal of and interest on the 2005 Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Bond Insurers Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2005 Bonds due on such Payment Date, the Trustee shall make a claim under the Policy and give notice to the Bond Insurer and the Bond Insurers Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2005 Bonds and the amount required to pay principal of the 2005 Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer's Fiscal Agent by 12:00

noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Policy.

The Trustee shall designate any portion of payment of principal on 2005 Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2005 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Bond Insurer, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Commission on any Bond or the subrogation rights of the Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Bondholders in the same manner as principal and interest payments are to be made with respect to the 2005 Bonds under the sections hereof regarding payment of 2005 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Commission agrees to pay to the Bond Insurer (i) a sum equal to the total of all amounts paid by the Bond Insurer under the Policy (the "Bond Insurer Advances"); and (ii) interest on such Bond Insurer Advances from the date paid by the Bond Insurer until payment thereof in full, payable to the Bond Insurer at the Late Payment Rate per annum. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2005 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any

funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Bond Insurer.

Section 14.06 Subrogation. The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the 2005 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy. Each obligation of the Commission to the Bond Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

Section 14.07 Reimbursement of Bond Insurer. The Commission shall pay or reimburse the Bond Insurer any and all charges, fees, costs and expenses that the Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Trust Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Trust Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Trust Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Bond Insurer to honor its obligations under the Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Trust Indenture or any other Related Document.

Section 14.08 Default. After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Commission or rebate only after the payment of past due and current debt service on the 2005 Bonds.

Section 14.09 Nonpayment by Commission. The Bond Insurer shall be entitled to pay principal or interest on the 2005 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Commission (as such terms are defined in the Policy) and any amounts due on the 2005 Bonds as a result of acceleration of the maturity thereof in accordance with the Trust Indenture, whether or not the Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Policy) or a claim upon the Policy.

Section 14.10 Information to Bond Insurer. The Bond Insurer shall be provided with the following information by the Commission or Trustee, as the case may be:

(a) Annual audited financial statements within 150 days after the end of the Commissions fiscal year (together with a certification of the Commission that it is not aware of any default or Event of Default under the Trust Indenture), and the Commissions annual budget within 30 days after the approval thereof together with such other information, data or reports as the Bond Insurer shall reasonably request from time to time;

(b) Notice of any default known to the Trustee or Commission within five Business Days after knowledge thereof;

(c) Prior notice of the advance refunding or redemption of any of the 2005 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(d) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(e) Notice of the commencement of any proceeding by or against the Commission or Obligor commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(f) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the 2005 Bonds;

(g) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(h) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

Section 14.11 Additional 2005 Bonds. Notwithstanding satisfaction of the other conditions to the issuance of Additional 2005 Bonds set forth in the Trust Indenture, no such issuance may occur if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance unless otherwise permitted by the Bond Insurer.

Section 14.12 Effect of Amendment. In determining whether any amendment, consent or other action to be taken, or any failure to take action, under the Trust Indenture would adversely affect the security for the 2005 Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, action or inaction as if there were no Policy.

Section 14.13 Rights of Bond Insurer. No contract shall be entered into or any action taken by which the rights of the Bond Insurer or security for or sources of payment of the 2005 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Bond Insurer.

Section 14.14 Reimbursement. The Commission shall reimburse the Bond Insurer for amounts paid under each Policy and all costs of collection thereof and enforcement of the Swap Agreements at the Insurer Payment Rate.

## ARTICLE 15 MISCELLANEOUS PROVISIONS

Section 15.01 Successorship of Commission. In the event of the dissolution of the Commission, all of the covenants, stipulations, obligations and agreements contained in this Indenture by or on behalf of or for the benefit of the Commission shall bind or inure to the benefit of the successor or successors of the Commission from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the word "Commission" as used in this Indenture shall include such successor or successors.

Section 15.02 Manner of Giving Notice, etc. Any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the Commission or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by registered mail, return receipt requested:

to the Commission, if addressed to Pennsylvania Turnpike Commission, 700 South Eisenhower Boulevard, Middletown, PA 17057

to the Trustee, if addressed to Wachovia Bank, National Association, Corporate Trust Administration, PA 1249, 123 South Broad Street, Philadelphia, PA 19109, or to any successor Trustee, if addressed to it at its principal office;

to the Bond Insurer, if addressed to Financial Security Assurance Inc., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director Surveillance, Re: Policy No. 205555, Telephone: (212) 826 0100; Telecopier (212) 339 3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

until notice of another address shall be given in the manner herein provided, and thereafter to such other address

All documents received by the Trustee under the provisions of this Indenture shall be retained in its Possession, subject at all reasonable times to the inspection of the Commission, any Bondholder, and the agents and representatives thereof

Section 15.03 Parties and Bondholders Alone Have Rights under Indenture. Except as herein otherwise expressly provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person, firm or corporation other than the parties hereto, the Bond Insurer, the Liquidity Provider and the Owners of the Bonds issued under and secured by this Indenture any right, remedy or claim, legal or equitable under or by reason of this



Indenture or any provision hereof, this Indenture and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto, the Owners from time to time of the Bonds issued hereunder, the Bond Insurer, the Liquidity Provider and the holders of other Parity Obligations, all of which are third party beneficiaries of the covenants and agreements in this Indenture.

Section 15.04 Credit of Commission and of Commonwealth not Pledged. Nothing in the Bonds or in this Indenture shall be construed as pledging the faith and credit of the Commission or the Commonwealth or to create any debt against the Commonwealth, but such Bonds and the interest and periodic payments (other than termination fees) thereon shall be payable solely from the funds herein provided therefore.

Section 15.05 Effect of Partial Invalidity. In case any one or more of the provisions of this Indenture or of the Parity Obligations issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture or of said Parity Obligations, but this Indenture and said Bonds shall be construed and enforced as if such illegal or invalid provision had not contained therein. In case any covenant, stipulation, obligation or agreement contained in the Parity Obligations or in this Indenture shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Commission to the full extent permitted by law.

Section 15.06 Effect of Covenants, etc. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the Commission in his individual capacity, and neither the members of the Commission nor any official executing the Bonds or other Parity Obligations issued or incurred hereunder shall be liable personally on the Bonds or other Parity Obligations issued or incurred hereunder or be subject to any personal liability or accountability by reason of the issuance or delivery thereof. This Indenture is executed with the intent that the laws of the Commonwealth shall govern its construction.

Section 15.07 Multiple Counterparts. This Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

Section 15.08 Headings, etc. not part of Indenture. Any headings preceding the texts of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its construction or effect.

Section 15.09 Time References. All references herein to times of the day shall mean New York City time.

**Section 15.10 Notices to Rating Agencies.** The Trustee shall promptly furnish the following notices to Moody's Investors Service at 99 Church Street, New York, NY 10007-2796, Standard & Poor's at [pubfin\\_structured@standardandpoors.com](mailto:pubfin_structured@standardandpoors.com), 55 Water Street, New York, NY 10041, and FitchRatings at One State Street Plaza, New York, NY 10004:

- Facility;
- (a) Change in Trustee or Remarketing Agent;
  - (b) Material changes to this Indenture or other Bond documents;
  - (c) Expiration, termination, substitution or extension of a Liquidity
  - (d) Conversion of an Interest Rate Mode;
  - (e) Redemption or defeasance of the Bonds; and
  - (f) Mandatory tender or acceleration of the Bonds.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Pennsylvania Turnpike Commission has caused this Indenture to be executed by its authorized officer and its official seal to be impressed hereon and attested by its Secretary or Treasurer or Assistant Secretary and Treasurer, and Wachovia Bank, National Association has caused this Indenture to be executed in its behalf by its Authorized Officer and its corporate seal to be impressed hereon and attested- by its Authorized Officer, all as of the day and year first above written.

ATTEST:

  
(Seal)

ATTEST:

\_\_\_\_\_  
(Seal)

PENNSYLVANIA TURNPIKE  
COMMISSION

By 

Title: *Chairman*

WACHOVIA BANK, NATIONAL  
ASSOCIATION, AS TRUSTEE

By \_\_\_\_\_

Authorized Officer

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Pennsylvania Turnpike Commission has caused this Indenture to be executed by its authorized officer and its official seal to be impressed hereon and attested by its Secretary or Treasurer or Assistant Secretary and Treasurer, and Wachovia Bank, National Association has caused this Indenture to be executed in its behalf by its Authorized Officer and its corporate seal to be impressed hereon and attested- by its Authorized Officer, all as of the day and year first above written.

ATTEST:

PENNSYLVANIA TURNPIKE  
COMMISSION

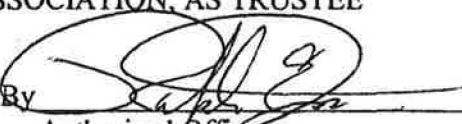
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(Seal)

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

ATTEST:

WACHOVIA BANK, NATIONAL  
ASSOCIATION, AS TRUSTEE

  
(Seal)

  
By \_\_\_\_\_  
Authorized Officer