

THE DELAWARE RIVER AND BAY AUTHORITY  
TO  
WILMINGTON TRUST COMPANY,  
AS TRUSTEE

SUPPLEMENTAL TRUST AGREEMENT  
NUMBER 8

Dated as of December 1, 2008

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APPENDIX A

APPENDIX B

**This Supplemental Trust Agreement Number 8**, dated for convenience of reference as of the 1st day of December, 2008 (this “Supplemental Agreement”), by and between

**THE DELAWARE RIVER AND BAY AUTHORITY,**

a body politic and an agency of government of the State of Delaware and the State of New Jersey (hereinafter sometimes called the “Authority”), and

**WILMINGTON TRUST COMPANY, as Trustee**

a bank and trust company duly organized and existing under the laws of the State of Delaware and having its principal office in the City of Wilmington, Delaware, which is authorized under such laws to exercise corporate trust powers and is subject to examination by state authority, as trustee (said trust company and any bank or trust company becoming successor trustee under this Supplemental Agreement being hereinafter sometimes called the “Trustee”), supplemental to that certain Trust Agreement hereinafter mentioned,

**WITNESSETH:**

**WHEREAS**, the Authority entered into a Trust Agreement, dated as of October 1, 1993 (said agreement, as amended and supplemented as therein permitted, the “Trust Agreement”), between the Authority and Trustee, and Supplemental Trust Agreement Number 1, dated as of October 1, 1993, for the purpose of providing for the issuance of and securing its \$123,755,000 Revenue Bonds, Series 1993 (the “1993 Bonds”), and from the proceeds thereof: (i) defeasing certain outstanding indebtedness with respect to the Authority’s outstanding revenue bonds originally issued in the aggregate principal amount of \$103,000,000 (the “Prior Bonds”) and the defeasance of the trust agreement, dated as of January 1, 1964 (the “Prior Trust Agreement”), pursuant to which the Prior Bonds were issued and (ii) financing the costs of certain Additional Facilities; and

**WHEREAS**, the Authority entered into Supplemental Trust Agreement Number 2, dated as of August 1, 1996, for the purpose of providing for the issuance of and securing its \$67,065,000 Revenue Bonds, Series 1996 (the “1996 Bonds”), and, from the proceeds thereof, financing the costs of certain Additional Facilities; and

**WHEREAS**, the Authority entered into Supplemental Trust Agreement Number 3, dated as of June 1, 2000, and Supplemental Trust Agreement Number 4, dated as of August 1, 2000, for the purpose of providing for the issuance of and securing its \$98,755,000 Revenue Bonds, Series 2000A (the “2000 A Bonds”) and \$30,000,000 Revenue Bonds, Series 2000B (the “2000 B Bonds”) and, from the proceeds thereof, financing the costs of certain Additional Facilities; and

**WHEREAS**, the Authority entered into Supplemental Trust Agreement Number 5, dated as of January 1, 2003, for the purpose of providing for the issuance of and securing its \$76,300,000 Revenue Bonds, Series 2003 (the “2003 Bonds”) and, from the proceeds thereof, financing the costs of certain Additional Facilities; and

**WHEREAS**, the Authority entered into Supplemental Trust Agreement Number 6, dated as of September 1, 2004, for the purpose of providing for the issuance of and securing its \$53,670,000 Revenue Bonds, Refunding Series 2004 and, from the proceeds thereof, refunding a portion of the 1993 Bonds and the 1996 Bonds; and

**WHEREAS**, the Authority entered into Supplemental Trust Agreement Number 7, dated as of March 1, 2005, for the purpose of providing for the issuance of and securing its \$180,215,000 Revenue Bonds, Refunding Series 2005 and, from the proceeds thereof, refunding the remaining outstanding portion of the 1993 Bonds and the 1996 Bonds and refunding a portion of the 2000 A Bonds and the 2003 Bonds; and

**WHEREAS**, this Supplemental Agreement is being entered into by the Authority and the Trustee pursuant to the provisions of Section 210 of the Trust Agreement in order to provide for the issuance of the eighth series of bonds pursuant to the Trust Agreement in order to provide funds, together with other available moneys, for refunding prior to their maturity, including the payment of any redemption premium thereon, the 2000 B Bonds (in such context, the “Refunded Bonds”) and prepaying on the date of delivery of said eighth series of bonds \$26,200,000 principal amount of the 2000 B Bonds (in such context, the “2000B Bank Bonds”) held by Dexia Credit Local, acting through its New York Branch (“Dexia”), under that certain standby bond purchase agreement, dated as of August 1, 2000, by and between the Authority and Dexia, plus accrued interest on the 2000B Bank Bonds to said date of delivery:

<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>Original CUSIP Number</u>
\$3,800,000	2030	January 2, 2009	100%	246317 AV 3

; and

**WHEREAS**, by virtue of the Enabling Legislation and the Compact (each as defined in the Trust Agreement) and the Trust Agreement, the Authority is authorized to issue its revenue bonds as hereinafter provided, to enter into this Supplemental Agreement 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 Supplemental Agreement have been duly authorized by resolution of the Authority; and

**WHEREAS**, all acts, conditions and things required by the constitution and laws of the State of Delaware and the State of New Jersey and by the Compact, to happen, exist and be performed precedent to and in the execution and delivery of this Supplemental Agreement have happened, exist and have been performed as so required, in order to make this Supplemental Agreement a legal, valid and binding trust agreement for the security of the bonds herein authorized in accordance with its terms; and

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

**NOW, THEREFORE**, in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created and by the Trust Agreement, and also for and in consideration of the sum of One Dollar to the Trustee in hand paid by the Authority at or before the execution and delivery of this Supplemental Agreement, the receipt of which is hereby acknowledged, it is mutually agreed and covenanted by and between the parties hereto, as follows:

## ARTICLE I

### DEFINITIONS

Section 1.01. **Meaning of Words and Terms.** In addition to words and terms defined in the Trust Agreement, which words and terms are used herein as therein defined, or elsewhere in this Supplemental Agreement, the following words and terms as used in this Supplemental Agreement shall have the following meanings, unless some other meaning is plainly intended:

**Alternate Credit Facility.** The term “Alternate Credit Facility” means a replacement irrevocable, transferable, direct-pay letter of credit containing administrative provisions reasonably satisfactory to the Trustee, issued and delivered to, and accepted by, the Trustee in accordance with Section 3.07. Any amendment, extension, renewal or substitution of the Credit Facility then in effect for the purpose of extending the Expiration Date of such Credit Facility or modifying such Credit Facility pursuant to its terms shall not be deemed to be an Alternate Credit Facility for purposes of this Supplemental Agreement.

**Alternate Liquidity Facility.** The Term “Alternate Liquidity Facility” means a replacement Liquidity Facility delivered to, and accepted by, the Tender Agent in accordance with Section 3.03; provided, however, that any amendment, extension, renewal or substitution of the Liquidity Facility then in effect for the purpose of extending the Expiration Date of such Liquidity Facility shall not be deemed to be an Alternate Liquidity Facility for purposes of this Supplemental Agreement.

**ARS.** The Term “ARS” means, on any date, the 2008 Bonds when bearing interest at an Auction Period Rate as provided in Appendix B to this Supplemental Agreement, including any Initial Period.

**ARS Rate Period.** The Term “ARS Rate Period” has the meaning given in Appendix B to this Supplemental Agreement.

**Auction.** The Term “Auction” has the meaning given in Appendix B to this Supplemental Agreement.

**Auction Agent.** The Term “Auction Agent” has the meaning given in Appendix B to this Supplemental Agreement.

**Auction Agreement.** The Term “Auction Agreement” has the meaning given in Appendix B to this Supplemental Agreement.

**Auction Date.** The Term “Auction Date” has the meaning given in Appendix B to this Supplemental Agreement.

**Auction Period.** The Term “Auction Period” has the meaning given in Appendix B to this Supplemental Agreement.

**Auction Period Rate.** The Term “Auction Period Rate” has the meaning given in Appendix B to this Supplemental Agreement.

**Authority Bonds.** The Term “Authority Bonds” means the 2008 Bonds held by the Tender Agent for and on behalf of the Authority or any nominee for (or any Person who owns such Bonds for the sole benefit of) the Authority pursuant to Section 3.14(c).

**Authorized Denominations.** The Term “Authorized Denominations” means (a) with respect to 2008 Bonds which are subject to a Long-Term Interest Rate Period, \$5,000 or any multiple thereof, (b) with respect to 2008 Bonds which are ARS, “Authorized Denomination” as defined in Appendix B to this Supplemental Agreement, and (c) with respect to 2008 Bonds which are not described in the preceding clause (a) or clause (b), \$100,000 or any multiple of \$5,000 in excess of \$100,000.

**Available Moneys.** The Term “Available Moneys” means, if a Credit Facility is in effect, (a) moneys drawn under the Credit Facility which at all times since their receipt by the Trustee or the Tender Agent were held in a separate segregated account or accounts or subaccount or subaccounts in which no moneys other than those drawn under the Credit Facility were at any time held, (b) moneys which have been paid to the Trustee or the Tender Agent by the Authority and have been on deposit with the Trustee or the Tender Agent for at least 124 consecutive days during and prior to which no Event of Bankruptcy shall have occurred, (c) any other moneys, if, in the opinion of nationally recognized counsel experienced in bankruptcy matters (which opinion shall be acceptable to each Rating Agency then rating the 2008 Bonds other than S&P), the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Event of Bankruptcy, and (d) investment earnings on any of the moneys described in clauses (a), (b) and (c) of this definition; otherwise, “Available Moneys” means any moneys deposited with the Trustee or the Tender Agent.

**Bank Bond Interest Differential Amount.** The Term “Bank Bond Interest Differential Amount” means, as to any Bank Bond for any period for which interest on such Bank Bond has not been paid, the difference between the amount of accrued interest on such Bank Bond at the Bank Bond Rate during such period and the amount of accrued interest on such Bond included in the sales price therefor.

**Bank Bond Rate.** The Term “Bank Bond Rate” means the interest rate, if any, specified in the Liquidity Facility or Credit Facility Agreement then in effect as the rate at which Bank Bonds shall bear interest, such rate not to exceed the Maximum Bank Bond Interest Rate. If no such rate is specified in the Liquidity Facility or Credit Facility Agreement then in effect, then

Bank Bonds shall continue to bear interest and such interest shall accrue and be payable as specified in this Supplemental Agreement as if such Bank Bonds were not Bank Bonds.

**Bank Bonds.** The Term “Bank Bonds” means 2008 Bonds purchased by the Liquidity Facility Provider or Credit Bank pursuant to a Liquidity Facility or Credit Facility during the period beginning on the date such Bonds are purchased until the earlier of (a) the date on which such Bonds are remarketed to a purchaser identified by the Remarketing Agent, and (b) the date on which the Liquidity Facility Provider or the Credit Bank elects pursuant to Section 3.16 not to sell such Bonds to a purchaser identified by the Remarketing Agent.

**Bankruptcy Code.** The Term “Bankruptcy Code” means Title 11 of the United States Code, as amended, and any successor statute.

**Beneficial Owner.** The Term “Beneficial Owner” means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2008 Bond (including any Person holding a Bond through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2008 Bond for federal income tax purposes.

**Bond Counsel** means Sidley Austin LLP or any other attorney at law or firm of attorneys selected by the Authority and reasonably acceptable to the Trustee of nationally recognized standing in matters pertaining to the validity of and the tax-exempt nature of interest on bonds issued by states, territories and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

**Bond Interest Term.** The Term “Bond Interest Term” means, with respect to any 2008 Bond, each period established in accordance with Section 2.02(g) of this Supplemental Agreement during which such Bond bears interest at a Bond Interest Term Rate.

**Bond Interest Term Rate.** The Term “Bond Interest Term Rate” means, with respect to each 2008 Bond, a non variable interest rate on such Bond established periodically in accordance with Section 2.02(g) of this Supplemental Agreement.

**Bond Purchase Agreement.** The term “Bond Purchase Agreement” shall mean the Bond Purchase Agreement, dated December 17, 2008, by and between the Authority and Citigroup Global Markets Inc., as underwriter of the 2008 Bonds.

**Bond Purchase Fund.** The Term “Bond Purchase Fund” means the fund created in Section 3.18 hereof.

**Bondholder or Holder.** The Term “Bondholder” or “Holder” means, as of any time, the registered owner of any 2008 Bond as shown in the register kept by the Bond Registrar.

**Broker-Dealer.** The Term “Broker-Dealer” has the meaning given in Appendix B to this Supplemental Agreement.

**Broker-Dealer Agreement.** The Term “Broker-Dealer Agreement” has the meaning given in Appendix B to this Supplemental Agreement.



**Business Day.** The Term “Business Day” means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange is closed or on which banks are authorized or required to be closed in any of the City of Wilmington, Delaware, The City of New York or any other municipalities in which the principal offices of the Trustee, the Tender Agent and the Remarketing Agent and the office of the Liquidity Facility Provider or Credit Bank from which payments pursuant to the Liquidity Facility or Credit Facility are to be made are located.

**Closing Date.** The Term “Closing Date” means the date of delivery of the 2008 Bonds to the Underwriter against payment therefor.

**Conversion.** The Term “Conversion” means a conversion of the 2008 Bonds from one Interest Rate Period to another Interest Rate Period (including the establishment of a new interest period within the Long-Term Interest Rate Period) as provided in Section 2.02(d)(ii), 2.02(e)(ii), 2.02(f)(ii) or 2.02(g)(ii) or Appendix B to this Supplemental Agreement.

**Conversion Date.** The Term “Conversion Date” means the effective date of a Conversion of the 2008 Bonds.

**Credit Bank.** The Term “Credit Bank” for purposes of this Supplemental Agreement and the Trust Agreement means initially T.D. Bank, N.A. and its successors under the Credit Facility Agreement and should an Alternate Credit Facility be delivered pursuant to Section 3.07, the issuer of such Alternate Credit Facility.

**Credit Facility.** The Term “Credit Facility” for purposes of this Supplemental Agreement and the Trust Agreement means the irrevocable, transferable, direct-pay letter of credit issued by the Credit Bank in favor of the Trustee under the Credit Facility Agreement.

**Credit Facility Agreement.** The Term “Credit Facility Agreement” means any agreement between the Authority and the Credit Bank, pursuant to which a Credit Facility is issued by the Credit Bank, as such agreement may be amended or supplemented.

**Credit Facility Purchase Account.** The Term “Credit Facility Purchase Account” means the account with that name established within the Bond Purchase Fund pursuant to Section 3.18(c).

**Daily Interest Rate.** The Term “Daily Interest Rate” means a variable interest rate for the 2008 Bonds established in accordance with Section 2.02(e).

**Daily Interest Rate Period.** The Term “Daily Interest Rate Period” means each period during which a Daily Interest Rate is in effect for the 2008 Bonds.

**DTC.** The Term “DTC” means The Depository Trust Company, New York, New York.

**Electronic Means.** The Term “Electronic Means” has the meaning given in Appendix B to this Supplemental Agreement.

**Escrow Agent.** The term “Escrow Agent” shall mean the duty assigned to Wilmington Trust Company under the Escrow Deposit Agreement.

**Escrow Deposit Agreement.** The term “Escrow Deposit Agreement” shall mean the Letter of Instructions, dated December 18, 2008, by and between the Authority and the Escrow Agent.

**Event of Bankruptcy.** The Term “Event of Bankruptcy” means any of the following events:

(i) the Authority shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the Authority or of all or any substantial part of its property, (b) commence a voluntary case under the Bankruptcy Code, or (c) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(ii) a proceeding or case shall be commenced, without the application or consent of the Authority in any court of competent jurisdiction, seeking (a) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of the Authority, (b) the appointment of a trustee, receiver, custodian, liquidator or the like of the Authority or of all or any substantial part of its property, or (c) similar relief in respect of the Authority under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts.

**Event of Default.** The Term “Event of Default” means any of the events listed in Section 801 of the Trust Agreement.

**Expiration Date.** The Term “Expiration Date” means the termination date of the Liquidity Facility or the Credit Facility then in effect, as extended from time to time.

**Favorable Opinion of Bond Counsel.** The Term “Favorable Opinion of Bond Counsel” means, with respect to any action relating to the 2008 Bonds, the occurrence of which requires such an opinion, a written legal opinion of Bond Counsel addressed to the Trustee, the Authority, the Credit Bank and the Remarketing Agent or the Broker-Dealer, as applicable, to the effect that such action is permitted under this Supplemental Agreement and will not impair the exclusion of interest on the 2008 Bonds from gross income for purposes of federal income taxation or the exemption of interest on the 2008 Bonds from personal income taxation under the laws of the State (subject to customary exceptions).

**Fitch.** The Term “Fitch” means Fitch Ratings Ltd., and its legal successors.

**Flexible Auction Period.** The Term “Flexible Auction Period” has the meaning given in Appendix B to this Supplemental Agreement.

**Funding Amount.** The Term “Funding Amount” means an amount equal to the difference between (1) the aggregate Tender Price of 2008 Bonds with respect to which a notice was received pursuant to subsection (a) or (b) of Section 3.01 hereof and to be purchased pursuant to subsections (c), (d), (e) or (f) of Section 3.01 hereof, and (2) the Tender Price of 2008

Bonds to be purchased pursuant to Section 3.01 hereof that are remarketed by the Remarketing Agent and for which funds have been transferred by the Remarketing Agent to the Tender Agent.

**Independent Counsel.** The Term “Independent Counsel” means an attorney or firm of attorneys duly admitted to practice law before the highest court of any State of the United States and who is not a full-time employee of the Authority.

**Initial Period.** The Term “Initial Period” has the meaning given in Appendix B to this Supplemental Agreement.

**Interest Accrual Date.** The Term “Interest Accrual Date” with respect to the 2008 Bonds other than ARS means:

- (a) for any Weekly Interest Rate Period, the first day thereof and, thereafter, the first Wednesday of each calendar month during such Weekly Interest Rate Period;
- (b) for any Daily Interest Rate Period, the first day thereof and, thereafter, the first day of each month;
- (c) for any Long-Term Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date during that Long-Term Interest Rate Period, other than the last such Interest Payment Date; and
- (d) for each Bond Interest Term within a Short-Term Interest Rate Period, the first day thereof.

**Interest Payment Date.** The Term “Interest Payment Date” means:

- (a) with respect to the 2008 Bonds other than ARS,
  - (i) for any Weekly Interest Rate Period, the first Wednesday of each calendar month, or, if it is not a Business Day, the first Business Day thereafter;
  - (ii) for any Daily Interest Rate Period, the fifth Business Day of the next succeeding calendar month;
  - (iii) for any Long-Term Interest Rate Period, each January 1 and July 1, whether or not a Business Day;
  - (iv) for any Bond Interest Term, the day next succeeding the last day of that Bond Interest Term;
  - (v) for each Interest Rate Period, the day next succeeding the last day thereof; and
  - (vi) for Bank Bonds, as set forth in the Liquidity Facility or the Credit Facility Agreement then in effect; and

(b) with respect to 2008 Bonds which are ARS, each Interest Payment Date (as defined in Appendix B to this Supplemental Agreement).

**Interest Rate Period.** The Term “Interest Rate Period” means each Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period, Long-Term Interest Rate Period or ARS Rate Period.

**Liquidity Facility.** The Term “Liquidity Facility” means a letter of credit, standby bond purchase agreement, line of credit, loan, guaranty or similar agreement by a Liquidity Facility Provider to provide liquidity support to pay the Tender Price of the 2008 Bonds (other than ARS) tendered for purchase in accordance with the provisions of this Supplemental Agreement and any Alternate Liquidity Facility delivered pursuant to Section 3.03 and with terms that are not inconsistent with the terms of this Supplemental Agreement.

**Liquidity Facility Provider.** The Term “Liquidity Facility Provider” means the provider of a Liquidity Facility. If any Liquidity Facility is issued by more than one bank, financial institution or other Person, notices required to be given to the Liquidity Facility Provider may be given to the bank, financial institution or other Person under such Liquidity Facility appointed to act as agent for all such banks, financial institutions or other Persons.

**Liquidity Facility Purchase Account.** The Term “Liquidity Facility Purchase Account” means each account with that name established within the Bond Purchase Fund pursuant to Section 3.18(b).

**Long-Term Interest Rate.** The Term “Long-Term Interest Rate” means a term, non variable interest rate established in accordance with Section 2.02(f) of this Supplemental Agreement.

**Long-Term Interest Rate Period.** The Term “Long-Term Interest Rate Period” means each period during which a Long-Term Interest Rate is in effect.

**Majority of the Bondholders.** The Term “Majority of the Bondholders” means the Holders of more than 50 percent of the aggregate principal amount of Outstanding Bonds.

**Mandatory Standby Tender.** The Term “Mandatory Standby Tender” means the mandatory tender of the 2008 Bonds pursuant to Section 3.01(e) upon receipt by the Trustee of written notice from the Liquidity Facility Provider that an event with respect to the Liquidity Facility has occurred which requires the Liquidity Facility Provider or gives it the option to terminate such Liquidity Facility upon notice. Mandatory Standby Tender shall not include circumstances where the Liquidity Facility Provider may suspend or terminate its obligations to purchase securities without notice, in which case there will be no mandatory tender.

**Maximum Bank Bond Interest Rate.** The Term “Maximum Bank Bond Interest Rate” means the lesser of (a) the rate per annum set forth in the Credit Facility Agreement and (b) the Maximum Lawful Rate.

**Maximum Bond Interest Rate.** The Term “Maximum Bond Interest Rate” means (a) with respect to 2008 Bonds other than ARS, the lesser of 12% per annum and the Maximum

Lawful Rate and (b) with respect to ARS, “Maximum Rate” as defined in Appendix B to this Supplemental Agreement.

**Maximum Lawful Rate.** The Term “Maximum Lawful Rate” means the maximum rate of interest on the relevant obligation permitted by applicable law.

**Moody’s.** The term “Moody’s” shall mean Moody’s Investors Service, and its legal successors.

**Notice Address.** The Term “Notice Address” means:

- (a) As to the Authority: the address set forth in Section 1303 of the Trust Agreement
- (b) As to the Trustee: the address set forth in Section 1303 of the Trust Agreement
- (c) As to the Tender Agent: the address of the Trustee set forth in Section 1303 of the Trust Agreement

(d) As to each Liquidity Facility Provider, Credit Bank, Remarketing Agent, Auction Agent and Broker-Dealer, and any other Person from time to time required to receive notice hereunder (excluding the Bondholders), such address as such Person shall have provided in writing to the Authority and the Trustee,

or, in each case, such other address or addresses as any such Person shall designate by notice actually received by the addressor.

**Participant.** The Term “Participant” means, with respect to DTC or another Securities Depository, a member of or participant in DTC or such other Securities Depository, respectively.

**Payment Date.** The Term “Payment Date” means each Interest Payment Date or any other date on which any principal of, premium, if any, or interest on any Bond is due and payable for any reason, including without limitation upon any redemption of Bonds pursuant to Section 2.04.

**Principal Office.** The Term “Principal Office” means, with respect to the Trustee or the Tender Agent, the address of such Person identified as its Notice Address in this Supplemental Agreement or pursuant to Section 3.10(b) or otherwise notified in writing by such Person to the Authority, the Trustee (in the case of notice by the Tender Agent), the Tender Agent (in the case of notice by the Trustee), the Credit Bank and the Remarketing Agent.

**Rating Agency.** The Term “Rating Agency” means, as of any date, each of Moody’s, if the 2008 Bonds are then rated by Moody’s, Fitch, if the 2008 Bonds are then rated by Fitch, and S&P, if the 2008 Bonds are then rated by S&P.

**Rating Category.** The Term “Rating Category” means a generic securities rating category of a Rating Agency, without regard, in the case of a long-term rating category, to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

**Redemption Price.** The Term “Redemption Price” has the meaning set forth in Section 2.04(e).

**Redemption/Defeasance Date.** The Term “Redemption/Defeasance Date” has the meaning set forth in Section 2.04(e).

**Regular Record Date.** The Term “Regular Record Date” (a) with respect to 2008 Bonds other than ARS, means (i) with respect to any Interest Payment Date in respect to any Daily Interest Rate Period, the last Business Day of each calendar month and, in the case of the last Interest Payment Date in respect to a Daily Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, (ii) with respect to any Interest Payment Date in respect to any Weekly Interest Rate Period or any Short-Term Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, and (iii) with respect to any Interest Payment Date in respect to any Long-Term Interest Rate Period, the fifteenth day immediately preceding that Interest Payment Date or, in the event that an Interest Payment Date shall occur less than 15 days after the first day of a Long-Term Interest Rate Period, that first day and (b) with respect to ARS, has the meaning given in Appendix B to this Supplemental Agreement.

**Remarketing Account.** The Term “Remarketing Account” means each account with that name established within the Bond Purchase Fund pursuant to Section 3.18(a).

**Remarketing Agent.** The Term “Remarketing Agent” means each Person qualified under Section 3.10(a) to act as Remarketing Agent for the 2008 Bonds other than ARS and appointed by the Authority from time to time, subject to the approval of the Credit Bank.

**Remarketing Agreement.** The Term “Remarketing Agreement” means a Remarketing Agreement between the Authority and the Remarketing Agent whereby the Remarketing Agent undertakes to perform the duties of the Remarketing Agent under this Supplemental Agreement, as amended from time to time.

**Request.** The Term “Request” means a request by the Tender Agent under a Liquidity Facility or an Alternate Liquidity Facility for the payment of the Tender Price of 2008 Bonds in accordance with the terms of this Supplemental Agreement.

**S&P.** The Term “S&P” shall mean Standard & Poor’s Rating Services, a Division of The McGraw-Hill Companies, Inc., and its legal successors.

**Securities Act.** The Term “Securities Act” means the Securities Act of 1933, as amended, and any successor thereto.

**Securities Depository.** The Term “Securities Depository” means DTC or, if applicable, any successor securities depository for the 2008 Bonds appointed by the Authority.

**Securities Exchange Act.** The Term “Securities Exchange Act” means the Securities and Exchange Act of 1934, as amended, and any successor thereto.

**Self Liquidity Arrangement.** The Term “Self Liquidity Arrangement” means as to any rate period during which a Credit Facility or a Liquidity Facility might otherwise be in effect an arrangement is in effect that causes the 2008 Bonds to be rated in the highest short-term Rating Category without the support of a Liquidity Facility or a Credit Facility by at least one of Moody’s, S&P or Fitch and that all of them will maintain short-term ratings on the 2008 Bonds upon the effectiveness of such Self Liquidity Arrangement.

**Short-Term Interest Rate Period.** The Term “Short-Term Interest Rate Period” means each period, consisting of Bond Interest Terms, during which the 2008 Bonds bear interest at one or more Bond Interest Term Rates.

**SIFMA Swap Index.** The Term “SIFMA Swap Index” means, on any date, a rate determined on the basis of the seven-day, high-grade, market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly The Bond Market Association) (“SIFMA”) or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Trustee and effective from such date.

**Tender Agent.** The Term “Tender Agent” means each Person qualified under Section 3.10(b) to act as Tender Agent with respect to the 2008 Bonds other than ARS and so appointed by the Authority and so acting from time to time, and its successors.

**Tender Date.** The Term “Tender Date” means the date on which Bonds are required to be purchased pursuant to Section 3.01 hereof.

**Tender Price.** The Term “Tender Price” means the purchase price to be paid to the Holders of 2008 Bonds purchased pursuant to paragraphs (a), (b), (c), (d), (e) and (f) of Section 3.01 hereof, which shall be equal to the principal amount thereof tendered for purchase, without premium, plus accrued interest from the immediately preceding Interest Accrual Date to, but excluding, the Tender Date (if the Tender Date is not an Interest Accrual Date). In the case of a Conversion or attempted Conversion from a Long-Term Interest Rate Period on a date on which the 2008 Bonds being converted would otherwise be subject to optional redemption pursuant to Section 2.04(a) if such Conversion did not occur, the Tender Price shall also include the optional redemption premium, if any, provided for such date under Section 2.04(a)(ii).

**Trust Indenture Act.** The Term “Trust Indenture Act” means the Trust Indenture Act of 1939, as amended, and any successor thereto.

**2008 Bonds.** The Term “2008 Bonds” has the meaning set forth in Section 2.01(a).

**Undelivered Bond.** The Term “Undelivered Bond” means any 2008 Bond which constitutes an Undelivered Bond under the provisions of Section 3.12(c).

**Underwriter.** The Term “Underwriter” means Citigroup Global Markets Inc.

**Weekly Interest Rate.** The Term “Weekly Interest Rate” means a variable interest rate for the 2008 Bonds established in accordance with Section 2.02(d).

**Weekly Interest Rate Period.** The Term “Weekly Interest Rate Period” means each period during which a Weekly Interest Rate is in effect for the 2008 Bonds.

## ARTICLE II

### THE 2008 BONDS

#### Section 2.01. **Authorization of Revenue Bonds of the Authority.**

(a) **Authorization of 2008 Bonds.** Pursuant to Section 210 of the Trust Agreement, there are hereby authorized and there shall be initially issued at one time, under and secured by the Trust Agreement and this Supplemental Agreement, revenue bonds of the Authority, which bonds shall be Variable Rate Bonds in the aggregate initial principal amount of Thirty Million Dollars (\$30,000,000) designated “Revenue Bonds, Refunding Series 2008” (the “2008 Bonds”), for the purpose of providing funds, together with other available funds, to refund the Refunded Bonds.

(b) **Certain Details of 2008 Bonds.** The 2008 Bonds shall be dated their date of delivery, shall consist of term bonds maturing on January 1 in 2030 and shall bear interest and be subject to redemption prior to maturity and to tender for purchase determined in the manner set forth below.

(c) **Interest.** The provisions of Section 2.02 shall govern the interest rates per annum and payment terms of 2008 Bonds other than ARS. While the 2008 Bonds are ARS and except as otherwise specifically provided herein, the provisions of Appendix B of this Supplemental Agreement shall govern the interest rates per annum and the payment terms of the 2008 Bonds.

The 2008 Bonds shall initially bear interest at the Weekly Interest Rate. The initial interest rate on the 2008 Bonds will be the rate the Underwriter determines is necessary to sell the 2008 Bonds at par on the Closing Date.

(d) **Payment of Interest.** The principal and Tender Price of and premium, if any, and interest on the 2008 Bonds shall be payable in lawful money of the United States of America. Such amounts shall be paid by the Trustee on the applicable Payment Dates (i) in the case of 2008 Bonds other than 2008 Bonds bearing interest at a Long-Term Interest Rate and ARS not maintained in book-entry form by the Securities Depository, by wire transfer of immediately available funds to the respective Holders thereof on the applicable Regular Record Date to an account specified by the Holder thereof in a writing delivered to the Trustee, and (ii) in the case of 2008 Bonds bearing interest at the Long-Term Interest Rate and ARS not maintained in book-entry form by the Securities Depository, by check mailed by the Trustee to the respective Holders thereof on the applicable Regular Record Date at their addresses as they appear as of the



close of business on the applicable Regular Record Date in the books kept by the Bond Registrar, except that in the case of such a Holder of \$1,000,000 or more in aggregate principal amount of such Bonds, upon the written request of such Holder to the Trustee, specifying the account or accounts to which such payment shall be made, such payments shall be made by wire transfer of immediately available funds on the applicable Payment Date following such Regular Record Date. Any request referred to in clause (ii) of the preceding sentence shall remain in effect until revoked or revised by such Holder by an instrument in writing delivered to the Trustee.

**Section 2.02. Interest on 2008 Bonds Other Than ARS.**

(a) **General.** Except as provided in Appendix B with respect to the ARS and except as provided in Section 2.02(i) with respect to Bank Bonds, the interest rate and Interest Rate Period on and for the 2008 Bonds may be adjusted as set forth in this Section 2.02. Except while the 2008 Bonds bear interest at Bond Interest Term Rates, all Bonds shall bear the same interest rate for the same Interest Rate Period.

No 2008 Bond shall, at any time, bear interest in excess of the Maximum Bond Interest Rate, except that, as provided in Section 2.02(i), the interest rate paid by the Authority on Bank Bonds shall not exceed the Maximum Bank Bond Interest Rate.

(b) **Interest Accrual.** Except during a Long-Term Interest Rate Period, interest on the 2008 Bonds shall accrue on the basis of the actual number of days elapsed during the Interest Rate Period and a year of 365 days (366 days in a leap year). Interest on the 2008 Bonds bearing interest at a Long-Term Interest Rate shall accrue on the basis of a 360-day year based on twelve 30-day months. Interest accrual and payment provisions for ARS shall be as set forth in Appendix B of this Supplemental Agreement.

For any Daily Interest Rate Period, interest on the 2008 Bonds shall be payable on each Interest Payment Date for the period commencing on the Interest Accrual Date preceding the prior Interest Payment Date (or, in the case of the first Interest Payment Date during any Daily Interest Rate Period, the Interest Accrual Date preceding such Interest Payment Date) and ending on the last day of the month in which such Interest Accrual Date occurs (or, if sooner, the last day of the Daily Interest Rate Period).

For any Weekly Interest Rate Period, interest on the 2008 Bonds shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date (or, if any Interest Payment Date is not a Wednesday, commencing on and including the second preceding Interest Accrual Date) and ending on and including the Tuesday immediately preceding the Interest Payment Date (or, if sooner, the last day of the Weekly Interest Rate Period).

For any Short-Term Interest Rate Period or Long-Term Interest Rate Period, interest on the 2008 Bonds shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date.

In any event, interest on the 2008 Bonds shall be payable for the final Interest Rate Period to, but excluding, the date on which the 2008 Bonds have been paid in full.

(c) **Interest Rate Periods.** Except when the 2008 Bonds are ARS, the terms of the 2008 Bonds shall be divided into consecutive Interest Rate Periods during each of which the 2008 Bonds shall bear interest at the Daily Interest Rate, Weekly Interest Rate, Bond Interest Term Rates or Long-Term Interest Rate. At any given time, however, all 2008 Bonds other than ARS shall bear interest at a Daily Interest Rate, a Weekly Interest Rate or a Long-Term Interest Rate or at Bond Interest Term Rates.

(d) **Weekly Interest Rate and Weekly Interest Rate Period.**

(i) **Determination of Weekly Interest Rate.** During each Weekly Interest Rate Period, the 2008 Bonds shall bear interest at the Weekly Interest Rate, which shall be determined by the Remarketing Agent by 5:00 p.m. on Tuesday of each week during the Weekly Interest Rate Period, or if such day is not a Business Day, then on the next succeeding Business Day. The first Weekly Interest Rate for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on and including the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on and including Wednesday and ending on and including the next succeeding Tuesday, unless such Weekly Interest Rate Period ends on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on and including the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on and including the last day of such Weekly Interest Rate Period.

Each Weekly Interest Rate with respect to the 2008 Bonds shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the 2008 Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the 2008 Bonds, would enable the Remarketing Agent to sell all of the 2008 Bonds on the effective date of that rate at a price (without regard to accrued interest) equal to the principal amount thereof.

If the Remarketing Agent fails to establish a Weekly Interest Rate for any week with respect to the 2008 Bonds bearing interest at such rate, then the Weekly Interest Rate for such week with respect to such Bonds shall be the same as the immediately preceding Weekly Interest Rate if such Weekly Interest Rate was determined by the Remarketing Agent. If the immediately preceding Weekly Interest Rate was not determined by the Remarketing Agent, or if the Weekly Interest Rate determined by the Remarketing Agent is held to be invalid or unenforceable by a court of law, then the Weekly Interest Rate for such week, as

determined by the Remarketing Agent, shall be equal to 110% of the SIFMA Index, or if such index is no longer available, 85% of the interest rate on 30-day, high-grade, unsecured, financial or non-financial commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day such Weekly Interest Rate would otherwise be determined as provided herein for such Weekly Interest Rate Period (using the higher of such financial or non-financial commercial paper rates).

(ii) **Conversion to Weekly Interest Rate.** Subject to Section 2.03 hereof, the Authority may, from time to time, by written direction to the Trustee, the Tender Agent (if any), the Liquidity Facility Provider (if any), the Credit Bank (if any), the Remarketing Agent (if any), the Auction Agent (if any) and the Broker-Dealer (if any), elect that the 2008 Bonds shall bear interest at a Weekly Interest Rate. The direction shall specify (A) the proposed effective date of the Conversion to a Weekly Interest Rate, which shall be (1) in each case, a Business Day not earlier than the 10th day following the second Business Day after receipt by the Trustee of such direction, (2) in the case of a Conversion from a Long-Term Interest Rate Period, the day immediately following the last day of the then current Long-Term Interest Rate Period or a day on which the 2008 Bonds would otherwise be subject to optional redemption pursuant to Section 2.04(a)(ii) if such Conversion did not occur, (3) in the case of a Conversion from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with Section 2.02(g)(iv) and (4) in the case of a Conversion from an ARS Rate Period, an Interest Payment Date immediately following an Auction Period, and (B) the Tender Date for the 2008 Bonds to be purchased, which Date shall be the proposed effective date of the Conversion to a Weekly Interest Rate. In addition, the direction shall be accompanied by a form of notice to be mailed to the Holders of the 2008 Bonds by the Trustee as provided in Section 2.02(d)(iii). During each Weekly Interest Rate Period for the 2008 Bonds commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the 2008 Bonds shall be a Weekly Interest Rate.

(iii) **Notice of Conversion to Weekly Interest Rate.** The Trustee shall give notice by first class mail of a Conversion to a Weekly Interest Rate Period to the Holders of the 2008 Bonds not less than 10 days prior to the proposed effective date of such Weekly Interest Rate Period. Such notice shall state (A) that the interest rate shall be converted to a Weekly Interest Rate unless the Authority rescinds its election to convert the interest rate to a Weekly Interest Rate as provided in Section 2.03(b); (B) the proposed effective date of the Weekly Interest Rate Period; (C) that the 2008 Bonds are subject to mandatory tender for purchase on the proposed effective date and setting forth the Tender Price and the place of delivery for purchase of the 2008 Bonds; and (D) the information set forth in Section 3.01(g).

(e) **Daily Interest Rate and Daily Interest Rate Period.**

(i) **Determination of Daily Interest Rate.** During each Daily Interest Rate Period, the 2008 Bonds shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent on each Business Day for such Business Day.

The Daily Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the 2008 Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) on or before 9:30 a.m. on a Business Day to be the minimum interest rate which, if borne by such Bonds, would enable the Remarketing Agent to sell all of such Bonds on such Business Day at a price (without regard to accrued interest) equal to the principal amount thereof. The Daily Interest Rate for any day which is not a Business Day shall be the same as the Daily Interest Rate for the immediately preceding Business Day.

If for any reason a Daily Interest Rate for the 2008 Bonds is not so established for any Business Day by the Remarketing Agent, the Daily Interest Rate for such Business Day shall be the same as the Daily Interest Rate for the immediately preceding day and such rate shall continue until the earlier of (A) the date on which the Remarketing Agent determines a new Daily Interest Rate or (B) the seventh day succeeding the first such day on which such Daily Interest Rate is not determined by the Remarketing Agent. In the event that the Daily Interest Rate shall be held to be invalid or unenforceable by a court of law, or the Remarketing Agent fails to determine a new Daily Interest Rate for a period of seven days as described in clause (B) of the immediately preceding sentence, the interest rate applicable to the 2008 Bonds, as determined by the Remarketing Agent, shall be the interest rate per annum equal to 110% of the SIFMA Index, or if such index is no longer available, 85% of the interest rate on 30-day, high-grade, unsecured, financial or non-financial commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* as reported for each Business Day (and for the immediately preceding Business Day for each day which is not a Business Day) (using the higher of such financial or non-financial commercial paper rates) until such Daily Interest Rate is again validly determined by such Remarketing Agent.

(ii) **Conversion to Daily Interest Rate.** Subject to Section 2.03 hereof, the Authority may, from time to time, by written direction to the Trustee, the Tender Agent (if any), the Liquidity Facility Provider (if any), the Credit Bank (if any), the Remarketing Agent (if any), the Auction Agent (if any) and the Broker-Dealer (if any), elect that the 2008 Bonds shall bear interest at a Daily Interest Rate. The direction shall specify (A) the proposed effective date of such Conversion to a Daily Interest Rate, which shall be (1) in each case, a Business Day not earlier than the 10th day following the second Business Day after receipt by the Trustee of such direction, (2) in the case of a Conversion from a Long-

Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the 2008 Bonds would otherwise be subject to optional redemption pursuant to Section 2.04(a)(ii) if such Conversion did not occur, (3) in the case of a Conversion from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with Section 2.02(g)(iv) and (4) in the case of a Conversion from an ARS Rate Period, an Interest Payment Date immediately following an Auction Period, and (B) the Tender Date for the 2008 Bonds to be purchased, which Date shall be the proposed effective date of the Conversion to a Daily Interest Rate. In addition, the direction shall be accompanied by a form of notice to be mailed to the Holders of the 2008 Bonds by the Trustee as provided in Section 2.02(e)(iii). During each Daily Interest Rate Period for the 2008 Bonds commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the 2008 Bonds shall be a Daily Interest Rate.

(iii) **Notice of Conversion to Daily Interest Rate.** The Trustee shall give notice by first class mail of a Conversion to a Daily Interest Rate Period to the Holders of the 2008 Bonds not less than 10 days prior to the proposed effective date of such Daily Interest Rate Period. Such notice shall state (A) that the interest rate shall be converted to a Daily Interest Rate unless the Authority rescinds its election to convert the interest rate to a Daily Interest Rate as provided in Section 2.03(b); (B) the proposed effective date of the Daily Interest Rate Period; (C) that the 2008 Bonds are subject to mandatory tender for purchase on the proposed effective date and setting forth the Tender Price and the place of delivery for purchase of such Bonds and (D) the information set forth in Section 3.01(g).

(f) **Long-Term Interest Rate and Long-Term Interest Rate Period.**

(i) **Determination of Long-Term Interest Rate.** During each Long-Term Interest Rate Period, the 2008 Bonds shall bear interest at a Long-Term Interest Rate. The Long-Term Interest Rate for each Long-Term Interest Period shall be determined by the Remarketing Agent on a Business Day no later than the effective date of such Long-Term Interest Rate Period.

The Long-Term Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the 2008 Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate at which the Remarketing Agent will agree to purchase such Bonds on such effective date for resale at a price (without regard to accrued interest) equal to the principal amount thereof or upon receipt by the Remarketing Agent of a Favorable Opinion of Bond Counsel, at such other price above or below said principal amount as it shall, in accordance with said Opinion, determine.

(ii) **Conversion to Long-Term Interest Rate.**

(A) Subject to Section 2.03 hereof, at any time, the Authority, by written direction to the Trustee, the Tender Agent (if any), the Liquidity Facility Provider (if any), the Credit Bank (if any), the Remarketing Agent (if any), the Auction Agent (if any) and the Broker-Dealer (if any), may elect that the 2008 Bonds shall bear, or continue to bear, interest at a Long-Term Interest Rate. The direction shall specify (1) the duration of the Long-Term Interest Rate Period; (2) the proposed effective date of the Long-Term Interest Rate Period, which date shall be (x) in each case, a Business Day not earlier than the 10th day following the second Business Day after receipt by the Trustee of such direction, (y) in the case of a Conversion from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with Section 2.02(g)(iv) and (z) in the case of a Conversion from an ARS Rate Period, an Interest Payment Date immediately following an Auction Period; (3) the last day of the Long-Term Interest Rate Period (which last day shall be either the day immediately prior to the Maturity Date, or a day which both immediately precedes an Interest Payment Date and is at least 181 days after the effective date thereof); and (4) the Tender Date on which Holders of the 2008 Bonds are required to deliver their Bonds to be purchased.

(B) The direction of the Authority described in Section 2.02(f)(ii)(A) shall be accompanied by a form of the notice to be mailed by Trustee to the Holders of the 2008 Bonds as provided in Section 2.02(f)(iii). During the Long-Term Interest Rate Period, the interest rate on the 2008 Bonds shall be a Long-Term Interest Rate.

(C) If, by the second Business Day preceding the 9th day prior to the last day of any Long-Term Interest Rate Period with respect to the 2008 Bonds, the Trustee has not received notice of the Authority's election that, during the next succeeding Interest Rate Period, such Bonds shall bear interest at a Weekly Interest Rate, a Daily Interest Rate, the Auction Period Rate or another Long-Term Interest Rate or at Bond Interest Term Rates, the next succeeding Interest Rate Period shall be a Weekly Interest Rate Period until such time as the interest rate shall be adjusted to a Daily Interest Rate or Long-Term Interest Rate or Bond Interest Term Rates or the Auction Period Rate as provided in this Section 2.02 or Appendix B, and the 2008 Bonds shall be subject to mandatory purchase as provided in Section 3.01(d) on the first day of such Weekly Interest Rate Period.

(iii) **Notice of Conversion to or Continuation of Long-Term Interest Rate.** The Trustee shall give notice by first class mail of a Conversion to a (or the establishment of another) Long-Term Interest Rate Period to the Holders of the 2008 Bonds not less than 10 days prior to the effective date of the Long-Term

Interest Rate Period. Such notice shall state (A) that the interest rate shall be converted to, or continue to be, a Long-Term Interest Rate unless (1) the Authority rescinds its election to convert the interest rate to a Long-Term Interest Rate as provided in Section 2.03(b) or (2) all the 2008 Bonds are not remarketed at a Long-Term Interest Rate; (B) the proposed effective date, duration and last day of the Long-Term Interest Rate Period; (C) that the 2008 Bonds are subject to mandatory tender for purchase on such proposed effective date and setting forth the Tender Price and the place of delivery for purchase of the 2008 Bonds; and (D) the information set forth in Section 3.01(g).

(iv) **Conversion from Long-Term Interest Rate Period.** The Authority may elect, by written direction to the Trustee, the Tender Agent (if any), the Liquidity Facility Provider (if any), the Credit Bank (if any), the Remarketing Agent (if any), the Auction Agent (if any) and the Broker-Dealer (if any), subject to Section 2.03 hereof, that, on the day immediately following the last day of a Long-Term Interest Rate Period or a day on which the 2008 Bonds would otherwise be subject to optional redemption pursuant to Section 2.04(a), the 2008 Bonds shall no longer bear interest at the current Long-Term Interest Rate and shall instead bear interest at a Weekly Interest Rate, a Daily Interest Rate, Bond Interest Term Rates, the Auction Period Rate or a new Long-Term Interest Rate, as specified in such election. In the notice of such election, the Authority shall also specify the effective date of the new Interest Rate Period, which date (1) shall be a Business Day no earlier than the 10th day after the second Business Day following the date of receipt by the Trustee of the notice of election from the Authority or, in the case of adjustment to a new Long-Term Interest Rate Period, the 10th day after the second Business Day following the date of receipt by the Trustee of such notice and (2) shall be the day immediately following the last day of the Long-Term Interest Rate Period currently in effect or a day on which the 2008 Bonds would otherwise be subject to optional redemption pursuant to Section 2.04(a) if such Conversion did not occur. Such Bonds shall be subject to mandatory tender for purchase on the effective date of the new Interest Rate Period, in accordance with Section 3.01(d).

(g) **Bond Interest Term Rates and Short-Term Interest Rate Periods.**

(i) **Determination of Bond Interest Terms and Bond Interest Term Rates.** During each Short-Term Interest Rate Period, each 2008 Bond shall bear interest at the Bond Interest Term Rate corresponding to the Bond Interest Term for that Bond. The Bond Interest Term and the Bond Interest Term Rate for each Bond need not be the same for any two Bonds having different CUSIP numbers assigned to them, even if determined on the same date. Each Bond Interest Term and Bond Interest Term Rate shall be determined by the Remarketing Agent no later than the first day of each Bond Interest Term. Except for any 2008 Bond purchased on behalf of the Authority and remaining unsold by the Remarketing Agent at the close of business on the first day of the Bond Interest Term, each Bond Interest Term shall be for a period of days within the range or ranges announced by the Remarketing Agent as possible Bond Interest

Terms no later than 9:00 a.m. on the first day of each Bond Interest Term. Each Bond Interest Term shall be a period of not more than 180 days, determined by the Remarketing Agent in its reasonable judgment to be the period which, together with all other Bond Interest Terms for all 2008 Bonds bearing interest at Bond Interest Term Rates then Outstanding, will result in the lowest overall interest expense on such Bonds. Any 2008 Bond purchased on behalf of the Authority and remaining unsold by the Remarketing Agent as of the close of business on the first day of the Bond Interest Term for such Bond shall have a Bond Interest Term of one day or, if that Bond Interest Term would not end on a day immediately preceding a Business Day, a Bond Interest Term ending on the day immediately preceding the next Business Day. Each Bond Interest Term shall end either on a day which immediately precedes a Business Day or on a day immediately preceding the mandatory sinking fund redemption date or the Maturity Date for the 2008 Bond to which such Term relates. If for any reason a Bond Interest Term for any 2008 Bond bearing interest at Bond Interest Term Rates cannot be determined by the Remarketing Agent, or if the determination of such Bond Interest Term is held by a court of law to be invalid or unenforceable, then such Bond Interest Term shall be 30 days, but if the day so determined to be the last day of such Bond Interest Term is not a day immediately preceding a Business Day, that Bond Interest Term shall end on the first day immediately preceding the Business Day next succeeding such last day, or if such last day would be after the day immediately preceding the mandatory sinking fund redemption date or the Maturity Date for such Bond, the Bond Interest Term shall end on the day immediately preceding such mandatory sinking fund redemption date or Maturity Date. In determining the number of days in each Bond Interest Term, the Remarketing Agent shall take into account the following factors: (1) existing short-term tax-exempt market rates and indices of such short-term rates, (2) the existing market supply and demand for short-term tax-exempt securities, (3) existing yield curves for short-term and long-term tax-exempt securities for obligations of credit quality and other characteristics comparable to the 2008 Bonds bearing interest at Bond Term Interest Rates, (4) general economic conditions, (5) industry, economic and financial conditions that may affect or be relevant to the 2008 Bonds, and (6) such other facts, circumstances and conditions pertaining to financial markets as the Remarketing Agent in its sole discretion shall determine to be relevant. In no event shall the number of days in any 2008 Bond Interest Term exceed the number of days of interest coverage provided under the Liquidity Facility or the Credit Facility then in effect less five days, and no Bond Interest Term shall end after the date which is five Business Days prior to the Expiration Date of the Liquidity Facility or the Credit Facility then in effect.

The Bond Interest Term Rate for each 2008 Bond in a Short-Term Interest Rate Period shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the reasonable judgment of such Remarketing Agent, to the 2008 Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing



market conditions) to be the minimum interest rate which, if borne by such Bond for the Bond Interest Term to which such Rate relates, would enable the Remarketing Agent to sell such Bond on the effective date of such Bond Interest Term at a price equal to the principal amount thereof.

If for any reason a Bond Interest Term Rate for any 2008 Bond in a Short-Term Interest Rate Period (other than a Bank Bond) is not established by the Remarketing Agent for any 2008 Bond Interest Term, or the determination of such Bond Interest Term Rate is held by a court of law to be invalid or unenforceable, then the Bond Interest Term Rate for such Bond Interest Term, as determined by the Remarketing Agent, shall be the rate per annum equal to 85% of the interest rate on high-grade, unsecured, financial or non-financial commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* as reported on the first day of such Bond Interest Term and which maturity most nearly equals the Bond Interest Term for which a Bond Interest Term Rate is being calculated.

(ii) **Conversion to Bond Interest Term Rates.** Subject to Section 2.03 hereof, the Authority may, from time to time, by written direction to the Trustee, the Tender Agent (if any), the Liquidity Facility Provider (if any), the Credit Bank (if any), the Remarketing Agent (if any), the Auction Agent (if any) and the Broker-Dealer (if any), elect that the 2008 Bonds shall bear interest at Bond Interest Term Rates. The direction shall specify (A) the proposed effective date of the Short-Term Interest Rate Period (during which the 2008 Bonds shall bear interest at Bond Interest Term Rates), which shall be (1) in each case, a Business Day not earlier than the 10<sup>th</sup> day following the second Business Day after receipt by the Trustee of such direction, (2) in the case of a Conversion from a Long-Term Interest Rate Period, the day immediately following the last day of such Long-Term Interest Rate Period or a day on which the 2008 Bonds would otherwise be subject to optional redemption pursuant to Section 2.04(a) if such Conversion did not occur and (3) in the case of a Conversion from an ARS Rate Period, an Interest Payment Date immediately following an Auction Period, and (B) the Tender Date for the 2008 Bonds to be purchased, which shall be the proposed effective date of the Short-Term Interest Rate Period. In addition, the direction of the Authority shall be accompanied by a form of the notice to be mailed by the Trustee to the Holders of such Bonds as provided in Section 2.02(g)(iii). During each Short-Term Interest Rate Period commencing on the date specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, each 2008 Bond shall bear interest at a Bond Interest Term Rate during each Bond Interest Term for that Bond.

(iii) **Notice of Conversion to Bond Interest Term Rates.** The Trustee shall give notice by first class mail of a Conversion to a Short-Term Interest Rate Period to the Holders of the 2008 Bonds not less than 10 days prior to the proposed effective date of such Short-Term Interest Rate Period. Such notice shall state (A) that the 2008 Bonds shall bear interest at Bond Interest Term Rates unless the Authority rescinds its election to convert the interest rate to Bond

Interest Term Rates as provided in Section 2.03(b); (B) the proposed effective date of the Short-Term Interest Rate Period; (C) that the 2008 Bonds are subject to mandatory tender for purchase on the proposed effective date of the Short-Term Interest Rate Period and setting forth the applicable Tender Price and the place of delivery for purchase of such Bonds; and (D) the information set forth in Section 3.01(g).

(iv) **Conversion from Short-Term Interest Rate Period.** Subject to Section 2.03 hereof, at any time during a Short-Term Interest Rate Period the Authority may elect, pursuant to Section 2.02(d)(ii), 2.02(e)(ii) or 2.02(f)(ii) or Appendix B that the 2008 Bonds no longer shall bear interest at Bond Interest Term Rates and shall bear interest at a Weekly Interest Rate, a Daily Interest Rate, a Long-Term Interest Rate or the Auction Period Rate, as specified in such election.

The date on which all Bond Interest Terms determined for the 2008 Bonds shall end shall be the last day of the current Short-Term Interest Rate Period with respect thereto and the day next succeeding such date shall be the Maturity Date or the effective date of the Daily Interest Rate Period, Weekly Interest Rate Period, Long-Term Interest Rate Period or ARS Rate Period elected by the Authority for the 2008 Bonds.

(h) **Determinations of Remarketing Agent Binding.** The determination of the Daily Interest Rate, Weekly Interest Rate, Long-Term Interest Rate and each Bond Interest Term and Bond Interest Term Rate by the Remarketing Agent shall be conclusive and binding upon the Authority, the Trustee, the Tender Agent, the Remarketing Agent, the Liquidity Facility Provider (if any), the Credit Bank (if any) and the Bondholders.

(i) **Bank Bonds.** Notwithstanding anything in this Supplemental Agreement to the contrary, Bank Bonds shall bear interest at the Bank Bond Rate and such interest shall accrue and be payable on any Interest Payment Date for Bank Bonds. On each Interest Payment Date for which interest is payable with respect to Bank Bonds, if any 2008 Bonds were not Bank Bonds at any time since the last Interest Payment Date, the Authority shall pay directly to the Liquidity Facility Provider or the Credit Bank the amount by which the interest accrued on such Bank Bonds for such period exceeds the amount of interest that would have accrued on such Bank Bonds during such period if such Bank Bonds had not been Bank Bonds during such period.

(j) **Maximum Bond Interest Rate to Apply Under Certain Circumstances.** Notwithstanding anything in this Supplemental Agreement to the contrary (1) if the 2008 Bonds are bearing interest at a Weekly Interest Rate, a Daily Interest Rate or Bond Interest Term Rates and the Remarketing Agent resigns and no successor has been appointed as of the effective date of such resignation, then the 2008 Bonds shall bear interest at the Maximum Bond Interest Rate until a successor Remarketing Agent has been appointed and begins determining the Weekly Interest Rate, Daily Interest Rate or Bond Interest Term Rates; (2) upon the occurrence of any event specified in Section 3.17 and for its duration, then the 2008 Bonds shall bear interest at

the Maximum Bond Interest Rate; and (3) if a Liquidity Facility is required to be maintained pursuant to Section 3.02 and no Liquidity Facility, Self Liquidity Arrangement or Credit Facility is in effect, then the 2008 Bonds shall bear interest at the Maximum Bond Interest Rate until an Alternate Liquidity Facility is delivered to the Tender Agent and accepted pursuant to Section 3.03, a Self Liquidity Arrangement becomes effective pursuant to Section 3.03, or a Credit Facility is delivered to the Trustee and accepted pursuant to Section 3.06.

**Section 2.03. Conversion of Interest Rate Periods.** At the direction of the Authority, from time to time, the 2008 Bonds may be converted, in whole, from an Interest Rate Period to another Interest Rate Period as provided in Section 2.02(d)(ii), 2.02(e)(ii), 2.02(f)(ii) or 2.02(g)(ii) or Appendix B.

(a) **Notice Upon Converting Interest Rate.** If the Authority elects to convert the interest rate of the 2008 Bonds to a Weekly Interest Rate, a Daily Interest Rate, a Long-Term Interest Rate, Bond Interest Term Rates or the Auction Period Rate as provided in Section 2.02(d)(ii), 2.02(e)(ii), 2.02(f)(ii) or 2.02(g)(ii) or Appendix B, respectively, the written direction furnished to the Trustee, the Tender Agent (if any), the Liquidity Facility Provider (if any), the Credit Bank (if any), the Remarketing Agent (if any), the Auction Agent (if any) and the Broker-Dealer (if any) as required by those Sections shall be made by registered or certified mail, or by Electronic Means confirmed by registered or certified mail. That direction shall specify whether the 2008 Bonds are to bear interest at the Weekly Interest Rate, Daily Interest Rate, Long-Term Interest Rate, Bond Interest Term Rates or Auction Period Rate and shall be accompanied by (i) a copy of the notice required to be given by the Trustee pursuant to Section 2.02(d)(iii), 2.02(e)(iii), 2.02(f)(iii) or 2.02(g)(iii) or Appendix B, as the case may be and (ii) a Favorable Opinion of Bond Counsel.

(b) **Rescission of Election.** Notwithstanding anything in Section 2.02 or Appendix B of this Supplemental Agreement or this Section 2.03 to the contrary, in connection with any Conversion of the Interest Rate Period for the 2008 Bonds, the Authority shall have the right to deliver to the Trustee, the Remarketing Agent (if any), the Tender Agent (if any), the Liquidity Facility Provider (if any), the Credit Bank (if any), the Auction Agent (if any) and the Broker-Dealer (if any) on or prior to 10:00 a.m. on the Business Day preceding the effective date of any such Conversion a notice to the effect that it elects to rescind its election to make such Conversion. If the Authority rescinds its election to make such Conversion, then the 2008 Bonds shall bear interest at a Weekly Interest Rate commencing on the date which would have been the effective date of the Conversion unless the 2008 Bonds were in a Daily Interest Rate Period or were ARS immediately prior to such proposed Conversion. If the 2008 Bonds were in a Daily Interest Rate Period immediately prior to such proposed Conversion, then the 2008 Bonds shall continue to bear interest at the Daily Interest Rate as in effect immediately prior to such proposed Conversion. If the 2008 Bonds were ARS immediately prior to such proposed Conversion, the Auction shall be held on such Auction Date as if no Conversion notice had ever been given. In any event, if a Conversion notice has been mailed to the Holders of such Bond as provided in Section 2.02 or Appendix B and the election to make such Conversion is rescinded, then the 2008 Bonds (except ARS) shall

continue to be subject to mandatory tender for purchase on the date which would have been the effective date of the Conversion as provided in Section 3.01(d).

(c) **Certain Additional Conditions.** No Conversion from one Interest Rate Period to another shall take effect unless each of the following conditions, to the extent applicable, shall have been satisfied.

(i) With respect to the new Interest Rate Period, there shall be in effect a Liquidity Facility, a Self Liquidity Arrangement or a Credit Facility if and as required under Section 3.02, Section 3.03 or Section 3.06.

(ii) The Trustee shall have received a Favorable Opinion of Bond Counsel with respect to such Conversion dated the effective date of such Conversion.

(iii) In the case of any Conversion with respect to which there shall be no Liquidity Facility or Credit Facility in effect to provide funds for the purchase of Bonds on the Conversion Date, the remarketing proceeds available on the Conversion Date shall not be less than the amount required to purchase all of the 2008 Bonds at the Tender Price (not including any premium).

(iv) In the case of any Conversion of the 2008 Bonds from any ARS Rate Period to any other Interest Rate Period, prior to the Conversion Date the Authority shall have appointed a Tender Agent and a Remarketing Agent and there shall have been executed and delivered a Remarketing Agreement and, except in the case of a Conversion to a Long-Term Interest Rate Period (unless the Authority elects otherwise pursuant to Section 3.02, Section 3.03 or Section 3.06), a Liquidity Facility, a Self Liquidity Arrangement or a Credit Facility shall be in effect on the Conversion Date. Any Liquidity Facility to be in effect upon a Conversion shall meet all the requirements of an Alternate Liquidity Facility set forth in Section 3.03 as well as those provided in Section 3.02(a). Any Credit Facility to be in effect upon a Conversion shall meet all the requirements of an Alternate Credit Facility set forth in Section 3.07.

(v) In the case of any Conversion of the 2008 Bonds from any Weekly Interest Rate Period, Daily Interest Rate Period, Long-Term Interest Rate Period or Short-Term Interest Rate Period to an ARS Rate Period, prior to the Conversion Date the Authority shall have appointed an Auction Agent and one or more Broker-Dealers and there shall have been executed and delivered an Auction Agreement and one or more Broker-Dealer Agreements.

(d) **Failure to Meet Conditions.** In the event that any condition to the Conversion of the 2008 Bonds shall not have been satisfied as provided in this Section 2.03 or otherwise under this Supplemental Agreement, then the 2008 Bonds shall bear interest at a Weekly Interest Rate commencing on the date which would have been the effective date of the Conversion unless the 2008 Bonds were in a Daily Interest Rate Period or were ARS immediately prior to such proposed Conversion. If the 2008 Bonds

were in a Daily Interest Rate Period immediately prior to such proposed Conversion, then the 2008 Bonds shall continue to bear interest at the Daily Interest Rate as in effect immediately prior to such proposed Conversion. If the 2008 Bonds were ARS immediately prior to such proposed Conversion, the Trustee shall give notice by Electronic Means as soon as practicable and in any event not later than the next succeeding Business Day to the Holders thereof, the Authority, the Auction Agent and the Broker-Dealer that such Conversion has not occurred, that the 2008 Bonds shall not be purchased on the failed Conversion Date, that the Auction Agent shall continue to implement the Auction Procedures on the Auction Dates with respect to the 2008 Bonds which otherwise would have been converted excluding however, the Auction Date falling on the Business Day next preceding the failed Conversion Date, and that the interest rate shall continue to be the Auction Period Rate; provided, however, that the interest rate borne by the 2008 Bonds which otherwise would have been converted during the Auction Period commencing on such failed Conversion Date shall be the Maximum Bond Interest Rate, and the Auction Period shall be the seven-day Auction Period. The 2008 Bonds (except ARS) shall continue to be subject to mandatory tender for purchase on the date which would have been the effective date of the Conversion as provided in Section 3.01(d).

#### Section 2.04. **Redemption Provisions.**

(a) **Optional Redemption.** If there is no continuing Event of Default, the 2008 Bonds shall be subject to redemption prior to stated maturity at the option of the Authority, in accordance with the provisions of this Section 2.04(a).

(i) **Weekly Interest Rate Period, Daily Interest Rate Period and Short-Term Interest Rate Period.**

(A) 2008 Bonds bearing interest at a Daily Interest Rate or a Weekly Interest Rate shall be subject to optional redemption by the Authority, in whole or in part, at a redemption price of 100% of the principal amount thereof at any time.

(B) 2008 Bonds bearing interest at Bond Interest Term Rates shall be subject to optional redemption by the Authority, in whole or in part, at a redemption price of 100% of the principal amount thereof on the day succeeding the last day of any Bond Interest Term with respect to such Bonds.

(ii) **Long-Term Interest Rate Period.** During a Long-Term Interest Rate Period, the 2008 Bonds shall be subject to optional redemption by the Authority (1) on the first day of such Long-Term Interest Rate Period, in whole or in part, at a redemption price of 100% of the principal amount thereof, and (2) thereafter, during the periods specified below in whole or in part on any Business Day, at the redemption prices (expressed as a percentage of principal amount) specified below plus accrued interest, if any, to the redemption date:

Length of Long-Term Interest Rate Period (expressed in years)	Redemption Prices
greater than 15	after 10 years at 101%, declining by 0.5% every year to 100%
less than or equal to 15 and greater than 10	after 7 years at 101%, declining by 0.5% every year to 100%
less than or equal to 10 and greater than 7	after 5 years at 101%, declining by 0.5% every year to 100%
less than or equal to 7 and greater than 4	after 3 years at 100 ½%, declining by 0.5% after a year to 100%
less than or equal to 4	after 2 years at 100%

In the event that the date on which the 2008 Bonds are adjusted to a Long-Term Interest Rate is a date other than a day which would be an Interest Payment Date during such Long-Term Interest Rate Period, then the date on which such Bonds shall first be subject to redemption pursuant to the foregoing table (after the first day of such Long-Term Interest Rate Period) shall be the first Interest Payment Date next succeeding the date on which such Bonds otherwise would be subject to redemption, and the redemption price shall be adjusted on each anniversary of that Interest Payment Date as provided in such table.

The above table may be amended prior to a conversion to a Long-Term Interest Rate Period upon delivery of a Favorable Opinion of Bond Counsel.

(iii) **Bank Bonds.** Notwithstanding anything to the contrary in this Supplemental Agreement, the Authority may redeem Bank Bonds, at its option, at any time, upon one Business Day's notice of redemption to the Liquidity Facility Provider or the Credit Bank and the Trustee, unless a longer notice period is required by the Liquidity Facility or the Credit Facility Agreement then in effect, at a redemption price of 100% of the principal amount of the Bank Bonds to be redeemed plus accrued interest, if any, to the redemption date.

(iv) **ARS Rate Period.** The ARS are subject to redemption by the Authority on the Interest Payment Date immediately following an Auction Period, as a whole or in part in an Authorized Denomination, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date, without premium; provided, however, that after giving effect to any redemption in part, not less than \$10,000,000 in aggregate principal amount of ARS shall remain Outstanding, unless otherwise consented to by all Broker-Dealers.

(b) **Redemption of Bank Bonds.** Notwithstanding anything to the contrary in this Supplemental Agreement, Bank Bonds shall be redeemed as set forth in the Liquidity Facility or the Credit Facility Agreement then in effect.

(c) **Amortization of 2008 Bonds.** The Amortization Requirement for the 2008 Bonds (other than Bank Bonds), referred to and defined and subject to adjustment as provided in Section 101 of the Trust Agreement, shall be the following amount for the following year:

<u>Year Ending</u> <u>December 31</u>	<u>Amortization</u> <u>Requirement</u>
2028	\$12,300,000

At its option, to be exercised not less than forty-five (45) days prior to January 1, 2029, the Authority may (a) deposit monies with the Trustee to be used to purchase 2008 Bonds, or direct the Trustee to cause monies in the Debt Service Fund to be used for such purchases, at a price not exceeding the principal amount thereof plus accrued interest to the date of any such purchase, or (b) receive a credit against the Amortization Requirements for 2008 Bonds which prior to such date have been purchased by the Authority and presented to the Trustee for cancellation or redeemed (otherwise than in satisfaction of a prior Amortization Requirement) and cancelled by the Trustee and, in either case, not theretofore applied as a credit against any Amortization Requirement. While the 2008 Bonds are in the Daily Interest Rate Period or Weekly Interest Rate Period, in purchasing 2008 Bonds, the Authority shall direct the Trustee to purchase first those 2008 Bonds for which there has been received a notice pursuant to Section 3.01(a) or (b) prior to the purchase of other 2008 Bonds. Each such 2008 Bond so purchased, delivered or previously redeemed will be credited by the Trustee at 100% of the principal amount thereof against the current Amortization Requirement with respect to 2008 Bonds due on the same date as the 2008 Bond so purchased, delivered or previously redeemed and cancelled. Any excess over such current Amortization Requirement will be credited against the future Amortization Requirements of 2008 Bonds with the same maturity date in such manner as the Authority shall determine, and the principal amount of such Bonds with such maturity date to be redeemed by mandatory sinking fund redemption will be reduced accordingly.

The 2008 Bonds shall be redeemed on January 1, 2029 at least to the extent of the Amortization Requirement for the preceding year at a redemption price equal to the principal amount of such Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium. If such January 1 is not an Interest Payment Date for such Bonds, the date so fixed for redemption shall be the Interest Payment Date immediately prior to such January 1.

(d) **Amortization Requirements for Bank Bonds.** The Amortization Requirements for Bank Bonds, referred to and defined and subject to adjustment as provided in Section 101 of the Trust Agreement, shall be in a principal amount sufficient to amortize the principal amount of such Bonds in ten equal consecutive semi-annual installments, at a redemption price equal to the principal amount of such Bank Bonds, plus accrued interest thereon, payable as provided in the Liquidity Facility or the Credit Facility Agreement. Notwithstanding the foregoing, to the extent not sooner paid, all

unpaid principal and accrued interest on Bank Bonds shall be due and payable on the final maturity date for the 2008 Bonds set forth in Section 2.01(b).

In the event that there is an Alternate Liquidity Facility or Alternate Credit Facility with a repayment schedule with respect to the Bank Bonds, a new mandatory redemption schedule may be established to correspond to the repayment provisions of the Alternate Liquidity Facility or Alternate Credit Facility with respect to Bank Bonds upon delivery to the Trustee of a Favorable Opinion of Bond Counsel.

(e) **Notice of Redemption.** When required to redeem 2008 Bonds, or when directed to do so by the Authority, under any provision of this Supplemental Agreement, the Trustee shall cause a notice of redemption to be given not more than 60 and not less than 15 days (30 days if the 2008 Bonds are in a Long-Term Interest Rate Period) prior to the redemption date in accordance with Section 302 of the Trust Agreement and, while the 2008 Bonds benefit from a Credit Facility, shall also cause such notice to be notice to be delivered to the Credit Bank.

In addition, the Trustee shall at all reasonable times and upon prior written notice make available to the Authority, the Credit Bank, if any, and the Remarketing Agent complete information as to the 2008 Bonds which have been redeemed or called for redemption.

(f) **Conditional Redemption Notice Permitted; Other Notice and Redemption Matters.** Any notice of optional redemption of the 2008 Bonds may state that it is conditioned upon there being available on the redemption date an amount of money sufficient to pay the redemption price, consisting of par and the applicable redemption premium, if any, plus interest accrued and unpaid to the redemption date (the "Redemption Price"), and any conditional notice so given may be rescinded at any time to and including the redemption date if such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds being on deposit with the Trustee to pay the Redemption Price, the corresponding notice of redemption shall be deemed to have been revoked *nunc pro tunc*.

If the Authority gives an unconditional notice of redemption, then on the redemption date the 2008 Bonds called for redemption will become due and payable at the Redemption Price. If the Authority gives a conditional notice of redemption and money to pay the Redemption Price of the affected 2008 Bonds shall have been set aside in escrow with the Trustee for the purpose of paying such 2008 Bonds, then on the redemption date the 2008 Bonds so called for redemption shall become due and payable. In either case, if on the redemption date the Trustee holds money to pay the Redemption Price of the 2008 Bonds called for redemption, thereafter, no interest will accrue on those 2008 Bonds, and a Bondholder's right will be to receive payment of the Redemption Price upon surrender of its 2008 Bonds so called for redemption.

If any ARS are to be redeemed or defeased, then the notice of redemption or defeasance also shall comply with the following requirements. The Trustee shall notify the Auction Agent by Electronic Means of any notice of redemption or defeasance on the



date received and prior to sending the notice to the Securities Depository as Holder of the 2008 Bonds. The Trustee shall verify with the Auction Agent by Electronic Means the lottery publication date to be used in the notice. In the case of a partial redemption or defeasance, the Trustee shall then send the notice of redemption or defeasance to the Securities Depository.

If the Trustee and the Auction Agent are unable to verify a lottery publication date prior to sending a notice of partial redemption or defeasance to the Securities Depository, then such notice shall include, under an item entitled "Publication Date for Securities Depository Purposes," the Securities Depository lottery publication date applicable to such Bonds, which date shall be two (2) Business Days after the second Auction Date that immediately precedes the date specified in such notice as the date fixed for the redemption or defeasance of such Bonds (the "Redemption/Defeasance Date") (three (3) Business Days immediately preceding such Redemption/Defeasance Date in the case of 2008 Bonds in the daily Auction Period).

On the lottery publication date prior to the Redemption/Defeasance Date with respect to such Bonds, the Trustee shall request the lottery results from the Securities Depository. Upon receipt, the Trustee shall notify the Auction Agent by Electronic Means of such lottery results, i.e., the identities of the Participants and the respective principal amounts from the accounts of 2008 Bonds which have been called for redemption or defeasance. At least two (2) Business Days prior to the Redemption/Defeasance Date with respect to 2008 Bonds being partially redeemed or defeased, the Auction Agent shall request each eligible Broker-Dealer to disclose to the Auction Agent (upon selection by such Participant of the Existing Owners (as defined in Appendix B) whose 2008 Bonds are to be redeemed or defeased) the aggregate principal amount of such Bonds of each such Existing Owner, if any, to be redeemed or defeased. By the close of business on the day the Auction Agent receives any notice pursuant to this paragraph, the Auction Agent shall forward the contents of such notice to the related Broker-Dealer by Electronic Means.

Notwithstanding anything in this Section to the contrary, if a Credit Facility is in effect, then unless the Credit Bank has failed to honor a proper drawing under the Credit Facility (and such failure remains uncured), no notice of optional redemption shall be given by the Trustee until (i) the Authority has deposited with the Trustee moneys in an amount sufficient to reimburse the Credit Bank in accordance with the terms of the Credit Facility Provider Agreement then in effect for the amount of any draw which is permitted to be made, if any, on the Credit Facility in connection with such redemption, or (ii) the Trustee has received written consent from the Credit Bank to such optional redemption and, if not otherwise permitted under the Credit Facility, to draw on the Credit Facility in connection with such redemption.

(g) **Partial Redemption.** If fewer than all of the 2008 Bonds are to be redeemed, the selection of 2008 Bonds to be redeemed, or portions thereof in Authorized Denominations shall be made by such method as the Trustee deems fair and appropriate. Bank Bonds shall be redeemed first, and so long as no Event of Default has occurred and is continuing, Authority Bonds shall be redeemed second. 2008 Bonds shall be redeemed

only if the remaining unredeemed portion of such Bonds is in an Authorized Denomination. In the case of a partial redemption of 2008 Bonds when 2008 Bonds of denominations greater than the minimum Authorized Denomination are then Outstanding, each minimum Authorized Denomination of principal thereof shall be treated as though it were a separate 2008 Bond. If it is determined that one or more, but not all, of such number of 2008 Bonds are to be called for redemption, then the registered owner of that 2008 Bond shall surrender his Bond to the Bond Registrar in accordance with Section 304 of the Trust Agreement.

(h) **Use of Moneys and Defeasance Obligations to Defeasance or Redeem 2008 Bonds.** For purposes of Section 1201 of the Trust Agreement, moneys and/or Defeasance Obligations shall be deemed to be sufficient to pay or redeem 2008 Bonds on a specified date if the moneys and/or principal and the interest on such Defeasance Obligations, when due and without any reinvestment, will be sufficient to pay on such date the principal or Redemption Price of, and the interest accruing on, such 2008 Bonds on or prior to such date. Such amount on deposit shall be deemed sufficient only if (A) while the 2008 Bonds bear interest at a Daily Rate or Weekly Rate, it provides for payment of interest at the Maximum Bond Interest Rate (to the extent the interest rate on such 2008 Bonds is not known at such specified date), or (B) (1) while the 2008 Bonds bear interest at a Bond Interest Term Rate, if the Liquidity Facility or Credit Facility is to be in effect, it provides for payment of interest at such Rate and the 2008 Bonds have been irrevocably called or designated for redemption on or before the first possible mandatory tender date for such Bonds or (2) while the 2008 Bonds bear interest at a Long-Term Interest Rate, it provides for payment of interest at such Rate and the 2008 Bonds have been irrevocably called or designated for redemption on or before the last date at which such Rate is in effect.

Notwithstanding any other provision of this Supplemental Agreement or the Trust Agreement to the contrary,

(i) if an Outstanding 2008 Bond has been deemed to be paid under Section 1201 of the Trust Agreement and the Holder or Beneficial Owner of such Bond delivers an optional tender notice with respect to such Bond that would result in a purchase of such Bond pursuant to Section 3.01(a) or (b) prior to its maturity or redemption date: (1) the Remarketing Agent shall not remarket such Bond; (2) the Trustee shall transfer to the Tender Agent, not later than 2:30 p.m. on the Tender Date for such Bond, Available Moneys from the deposit made under said Section 1201 sufficient to pay the Tender Price of such Bond; (3) the Tender Agent shall purchase such Bond on the Tender Date applicable to such Bond; and (4) such Bond shall be delivered to the Trustee for cancellation and shall be cancelled;

(ii) if Outstanding 2008 Bonds have been deemed to be paid because a deposit of Available Moneys has been made under said Section 1201, and the 2008 Bonds are rated by S&P at the time such deposit is made, then (1) if such deposit is made with proceeds of one or more drawings under the Credit Facility, any excess funds remaining in the Debt Service Fund or any separate escrow after

payment of all of the 2008 Bonds at their respective maturities or redemption or purchase dates shall be returned to the Credit Bank, or (2) if such deposit is made with Available Moneys as described in clause (iii) of that definition, there shall be delivered a written opinion of counsel experienced in bankruptcy law matters that the portion of such deposit needed to pay principal of and interest on the 2008 Bonds when due will not be subject to the automatic stay under Section 362 of the Bankruptcy Code in the event of an Event of Bankruptcy;

(iii) if Outstanding 2008 Bonds have been deemed to be paid because a deposit of Available Moneys has been made under said Section 1201, the Interest Rate Period may not thereafter be converted to another Interest Rate Period;

(iv) if Outstanding 2008 Bonds have been deemed to be paid because a deposit of Available Moneys has been made under this Section 201 with proceeds of one or more drawings under the Credit Facility, then the surrender by the Trustee of the Credit Facility to the Credit Bank for cancellation prior to the maturity or redemption date of the 2008 Bonds shall not cause the 2008 Bonds to be subject to purchase under Section 3.01(e); and

(v) 2008 Bonds paid by payments made under a Credit Facility shall be deemed to be Outstanding until all amounts due under the Credit Facility Provider Agreement have been paid to the Credit Bank.

(i) **Redemption Information to be Made Available to Credit Bank and Remarketing Agent.** In addition, the Trustee shall at all reasonable times and upon prior written notice make available to the Authority, the Credit Bank and the Remarketing Agent complete information as to 2008 Bonds which have been redeemed or called for redemption.

(j) **Form of 2008 Bonds.** The definitive 2008 Bonds issued under the provisions of this Supplemental Agreement shall be in substantially the form set forth in Appendix A. The 2008 Bonds shall be issued in registered form without coupons in the name of Cede & Co., as nominee of DTC, and which shall be numbered from R-1 upwards.

Section 2.05. **Authentication of 2008 Bonds.** Upon their execution in the form and manner set forth in the Trust Agreement and this Supplemental Agreement, the 2008 Bonds shall be deposited with the Bond Registrar for authentication, and the Bond Registrar is hereby authorized and directed to authenticate and, upon due and valid execution and acceptance of this Supplemental Agreement by the proper parties thereto, the Trustee shall cause the Bond Registrar to deliver the 2008 Bonds for the account of the Underwriter at DTC against payment therefor in accordance with and subject to the provisions of Section 210 of the Trust Agreement. As a condition precedent to the authentication of the 2008 Bonds, the Trustee shall be entitled to receive, in addition to the items required by Section 210 of the Trust Agreement, opinions of Bond Counsel to the effect that this Supplemental Agreement is valid and binding upon the Authority, the 2008 Bonds are exempt securities under the Securities Act, this Supplemental Agreement is not required to be qualified under the Trust Indenture Act and the Refunded Bonds

are no longer Outstanding under the Trust Agreement and an opinion of counsel to the Credit Bank to the effect that the Credit Facility is valid, binding and enforceable upon the Credit Bank.

**Section 2.06. Application of 2008 Bond Proceeds, Redemption of Refunded Bonds.**

(a) The proceeds of the 2008 Bonds shall be deposited by the Bond Registrar to the credit of a special escrow fund held in trust by the Trustee for the payment of the principal amount of the Refunded Bonds on their redemption date, all in accordance with the provisions of Section 210 of the Trust Agreement; and

(b) Pursuant to Section 210 of the Trust Agreement, the Authority hereby directs the Trustee to withdraw \$32,421.00 from the Debt Service Fund, set aside for the payment of interest on the 2000 B Bonds to pay accrued interest on the Refunded Bonds to their redemption date.

**Section 2.07. Deposits to Debt Service and Debt Service Reserve Funds when Interest Payment Dates on 2008 Bonds are Other than Semi-annual.** In accordance with the penultimate paragraph of Section 506 of the Trust Agreement, for purposes of determining the amounts required to be deposited on the 25<sup>th</sup> day of each month to the credit of the Debt Service Fund and the Debt Service Reserve Fund, the Interest Requirement for the 2008 Bonds shall be computed using the methods prescribed therefor in clauses (A) and (B) of Section 210 of the Trust Agreement.

### ARTICLE III

#### TENDER AND PURCHASE OF 2008 BONDS

**Section 3.01. Purchase of Bonds.**

(a) **During Weekly Interest Rate Period.** During any Weekly Interest Rate Period, any 2008 Bond (other than a Bank Bond) bearing interest at a Weekly Interest Rate shall be purchased in an Authorized Denomination (provided that the amount of any such Bond not to be purchased shall also be in an Authorized Denomination) from its Bondholder at the option of the Bondholder on any Business Day at a purchase price equal to the Tender Price, payable in immediately available funds, upon delivery to the Tender Agent at its Principal Office for delivery of 2008 Bonds, to the Trustee at its Principal Office and to the Remarketing Agent of an irrevocable written notice which states the principal amount of such Bond, the principal amount thereof to be purchased and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day after the date of the delivery of such notice to the Tender Agent, the Trustee and the Remarketing Agent. Any notice delivered to the Tender Agent after 4:00 p.m. shall be deemed to have been received on the next succeeding Business Day. Bank Bonds may not be tendered for purchase at the option of the Holder thereof. For payment of the Tender Price on the Tender Date, such Bond must be delivered at or prior to 10:00 a.m. on the Tender Date to the Tender Agent at its Principal Office for delivery of 2008 Bonds accompanied by an instrument of transfer, in form

satisfactory to the Tender Agent executed in blank by the Bondholder or its duly authorized attorney, with such signature guaranteed by a commercial bank, trust company, or member firm of the New York Stock Exchange.

During any Weekly Interest Rate Period for which the book-entry-only system is in effect, any 2008 Bond bearing interest at the Weekly Interest Rate or portion thereof (provided that the principal amount of such Bond to be purchased and the principal amount to be retained shall each be an Authorized Denomination) shall be purchased on the date specified in the notice referred to below at the Tender Price. The irrevocable written notice, executed by the Participant (the form of which is attached hereto as Appendix C), shall be delivered on any Business Day by the Participant for such Bond to the Tender Agent at its Principal Office for the delivery of such 2008 Bonds, to the Trustee at its Principal Office and to the Remarketing Agent. Any notice delivered to the Tender Agent after 4:00 p.m. shall be deemed to have been received on the next succeeding Business Day. That notice shall state the principal amount of such Bond (or interest therein), the portion thereof to be purchased and the date on which the same shall be purchased, which date shall be a Business Day at least seven days after the date of delivery of such notice to the Tender Agent. Payment of the Tender Price of such Bond shall be made by 3:00 p.m., or as soon as practicably possible thereafter, upon the receipt by the Tender Agent of the Tender Price as set forth in Section 3.12(b) on the Business Day specified in the notice upon the transfer on the registration books of the Securities Depository of the beneficial ownership interest in such Bond tendered for purchase to the account of the Tender Agent, or a Participant acting on behalf of such Tender Agent, at or prior to 10:00 a.m., on the date specified in such notice.

**(b) During Daily Interest Rate Period.** During any Daily Interest Rate Period, any 2008 Bond (other than a Bank Bond) bearing interest at a Daily Interest Rate shall be purchased in an Authorized Denomination (provided that the amount of any such Bond not to be purchased shall also be in an Authorized Denomination) from its Bondholder at the option of the Bondholder on any Business Day at a purchase price equal to the Tender Price, payable in immediately available funds, upon delivery to the Tender Agent at its Principal Office for delivery of 2008 Bonds, to the Trustee at its Principal Office and to the Remarketing Agent, by no later than 11:00 a.m. on such Business Day, of an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed by telecopy or other writing, which states the principal amount of such Bonds to be purchased and the date of purchase. Bank Bonds may not be tendered for purchase at the option of the Holder thereof. For payment of such purchase price on the date specified in such notice, such Bonds must be delivered, at or prior to 12:00 noon, on such Business Day, to the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to such Tender Agent, executed in blank by the Bondholder thereof or its duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

During any Daily Interest Rate Period for which the book entry only system is in effect, any 2008 Bond bearing interest at the Daily Interest Rate or portion thereof (provided that the principal amount of such Bond to be purchased and the principal

amount to be retained shall each be an Authorized Denomination) shall be purchased on the date specified in the notice referred to below at the Tender Price. The irrevocable written notice, executed by the Participant, shall be delivered on any Business Day by the Participant for such Bond to the Tender Agent at its Principal Office for the delivery of such Bonds, to the Trustee at its Principal Office and to the Remarketing Agent prior to 11:00 a.m. That notice shall state the principal amount of such Bond (or interest therein), the portion thereof to be purchased and the date on which the same shall be purchased. Payment of the Tender Price of such Bond shall be made by 3:00 p.m., or as soon as practicably possible thereafter, upon the receipt by the Trustee of the Tender Price as set forth in Section 3.12(b) on the Business Day specified in the notice upon the transfer on the registration books of the Securities Depository of the beneficial ownership interest in such Bond tendered for purchase to the account of the Tender Agent, or a Participant acting on behalf of such Tender Agent, at or prior to 1:30 p.m. on the date specified in such notice.

(c) **Mandatory Tender for Purchase on Day Next Succeeding Last Day of Each Bond Interest Term.** On the first day following the last day of each Bond Interest Term for a 2008 Bond unless such day is the first day of a new Interest Rate Period (in which case such Bond shall be subject to mandatory purchase pursuant to Section 3.01(d)), such Bond shall be subject to mandatory tender for purchase at the Tender Price, payable by wire transfer in immediately available funds, if such Bond is delivered to the Tender Agent on or prior to 12:00 noon on the Tender Date, or if delivered after 12:00 noon, on the next succeeding Business Day. Interest shall cease to accrue on such Bond on the last day of the applicable Bond Interest Term. The Tender Price shall be payable only upon surrender of such Bond to the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder or its duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

(d) **Mandatory Tender for Purchase on First Day of Each Interest Rate Period.** The 2008 Bonds shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period (or on the day which would have been the first day of a new Interest Rate Period had one of the events specified in Section 2.03(b) or 2.03(d) not occurred which resulted in the interest rate on such Bonds not being converted) at the Tender Price, payable in immediately available funds; provided, however, that in the case of any failed Conversion of ARS, no mandatory purchase shall apply. Pursuant to Sections 2.02 and 2.03, the 2008 Bonds shall be subject to mandatory tender for purchase pursuant to this Section 3.01(d) on the first day following the last day of each Long-Term Interest Rate Period (because such day will be, or would have been, the first day of a new Interest Rate Period). For payment of the Tender Price on the Tender Date, a 2008 Bond must be delivered at or prior to 10:00 a.m. on the Tender Date. If delivered after that time, the Tender Price shall be paid on the next succeeding Business Day. The Tender Price shall be payable only upon surrender of such Bond to the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder or its duly

authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

**(e) Mandatory Tender for Purchase upon Termination, Replacement or Expiration of Liquidity Facility, Self Liquidity Arrangement or Credit Facility; Mandatory Standby Tender.** If at any time the Trustee gives notice, in accordance with Section 3.05 or Section 3.06 hereof, that Bonds tendered for purchase shall, on the date specified in such notice, cease to be subject to purchase pursuant to the Liquidity Facility or the Credit Facility then in effect as a result of (i) the termination, replacement or expiration of the term, as extended, of that Liquidity Facility or Credit Facility, including but not limited to termination at the option of the Authority in accordance with the terms of such Liquidity Facility or Credit Facility, or (ii) the occurrence of a Mandatory Standby Tender, then the 2008 Bonds shall be purchased or deemed purchased at the Tender Price. If a Self Liquidity Arrangement is replaced with an Alternate Liquidity Facility or a Credit Facility, then the 2008 Bonds shall be purchased or deemed purchased at the Tender Price. Any purchase of the 2008 Bonds pursuant to this subsection (e) shall occur: (1) on the fifth Business Day preceding any such expiration or termination of such Liquidity Facility or Credit Facility without replacement by an Alternate Liquidity Facility, a Self Liquidity Arrangement, a Credit Facility, an Alternate Credit Facility or a Liquidity Facility or upon any termination of a Liquidity Facility as a result of a Mandatory Standby Tender, and (2) on the proposed date of the replacement of a Liquidity Facility, a Self Liquidity Arrangement or a Credit Facility, in any case where an Alternate Liquidity Facility is to be delivered to the Tender Agent pursuant to Section 3.03(a), a Self Liquidity Arrangement is to become effective pursuant to Section 3.03(c) or a Credit Facility or an Alternate Credit Facility is to be delivered to the Trustee pursuant to Section 3.07(a). In the case of any replacement of an existing Liquidity Facility, Self Liquidity Arrangement or Credit Facility, the existing Liquidity Facility, Self Liquidity Arrangement or Credit Facility will be drawn upon to pay the Tender Price, if necessary, rather than the Alternate Liquidity Facility or the Alternate Credit Facility. No mandatory tender pursuant to this subsection (e) will be effected upon the replacement of a Liquidity Facility or a Credit Facility in the case where the Liquidity Facility Provider or the Credit Bank is failing to honor conforming draws. The assignment of any Liquidity Facility or Credit Facility which relieves the Liquidity Facility Provider or Credit Facility Provider of its obligation to purchase 2008 Bonds shall be considered a replacement for the purposes of this Section 3.01(e).

Payment of the Tender Price of any such Bond shall be made in immediately available funds by 3:00 p.m. on the Tender Date upon delivery of such Bond to the Tender Agent at its Principal Office for delivery of Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder with the signature of such Bondholder guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange, at or prior to 12:00 noon on the Tender Date specified in Section 3.05 or Section 3.06(d). If, as a result of any Mandatory Standby Tender or expiration, termination with notice or replacement of a Liquidity Facility or a Credit Facility, any 2008 Bond is no longer subject to purchase pursuant to a Liquidity Facility or a Credit Facility, the Tender Agent (upon receipt from the Holder

thereof in exchange for payment of the Tender Price thereof) shall present such Bond to the Trustee for notation of such fact thereon.

**(f) Mandatory Tender for Purchase at the Direction of the Authority or the Credit Bank.**

(i) During any Daily Interest Rate Period or Weekly Interest Rate Period, the 2008 Bonds are subject to mandatory tender for purchase on any Business Day designated by the Authority, with the consent of the Remarketing Agent and the Liquidity Facility Provider or the Credit Bank, if any, at the Tender Price, payable in immediately available funds. Such purchase date shall be a Business Day not earlier than the 10th day following the second Business Day after receipt by the Trustee of such designation.

(ii) If a Credit Facility is in effect, the 2008 Bonds are subject to mandatory tender for purchase on the fourth Business Day after receipt by the Trustee of a written notice from the Credit Bank that the interest component of such Facility will not be reinstated or an "Event of Default" under the Credit Facility Agreement has occurred and is continuing and a written request from the Credit Bank that all of the 2008 Bonds be required to be tendered for purchase.

(iii) For payment of the Tender Price on the Tender Date, 2008 Bonds must be delivered at or prior to 10:00 a.m. on the Tender Date. If delivered after that time, the Tender Price shall be paid on the next succeeding Business Day. The Tender Price shall be payable only upon surrender of such Bonds to the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder or its duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange

**(g) Notice of Mandatory Tender for Purchase.** In connection with any mandatory tender for purchase of 2008 Bonds in accordance with Section 3.01(d) or 3.01(e), the Trustee shall give the notice required by this Section 3.01(g) as a part of the notice given pursuant to Section 2.02(d)(iii), 2.02(e)(iii), 2.02(f)(iii), 2.02(g)(iii), 3.05, 3.06(d) or Appendix B. In connection with any mandatory tender for purchase of 2008 Bonds in accordance with Section 3.01(f)(i), the Trustee shall give notice of a mandatory tender for purchase by first-class mail to the Holders, with a copy to the Tender Agent, the Remarketing Agent and the Liquidity Facility Provider or the Credit Bank, not less than 10 days prior to the Tender Date. In connection with any mandatory tender for purchase of 2008 Bonds in accordance with Section 3.01(f)(ii), the Trustee shall give notice of a mandatory tender for purchase by first-class mail to the Holders, with a copy to the Authority, the Tender Agent and the Remarketing Agent, not less than three days prior to the Tender Date. Such notice shall state (i) in the case of a mandatory tender for purchase pursuant to Section 3.01(d), the type of Interest Rate Period to commence on such mandatory purchase date; (ii) in the case of a mandatory tender for purchase pursuant to Section 3.01(e), that the Liquidity Facility, Self Liquidity Arrangement or the



Credit Facility will expire, terminate or be replaced and that the Tender Price of the 2008 Bonds will no longer be payable from the Liquidity Facility or the Credit Facility then in effect and that any rating applicable to such Bonds may be reduced or withdrawn; (iii) that the Tender Price of any 2008 Bond subject to mandatory tender for purchase shall be payable only upon surrender of that Bond to the Tender Agent at its Principal Office for delivery of 2008 Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder or its duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange; (iv) that, provided that moneys sufficient to effect such purchase shall have been provided through the remarketing of such Bonds by the Remarketing Agent, through the Liquidity Facility or the Credit Facility or funds provided by the Authority, all 2008 Bonds subject to mandatory tender for purchase shall be purchased on the mandatory Tender Date; and (v) that if any Holder of a 2008 Bond subject to mandatory tender for purchase does not surrender that Bond to the Tender Agent for purchase on the mandatory Tender Date, then that Bond shall be deemed to be an Undelivered Bond, that no interest shall accrue on that Bond on and after the mandatory Tender Date and that the Holder shall have no rights under this Supplemental Agreement other than to receive payment of the Tender Price.

**(h) Irrevocable Notice Deemed to be Tender of 2008 Bond; Refusal to Accept Without Proper Instrument of Transfer.**

(i) The giving of notice by a Holder of 2008 Bonds as provided in Section 3.01(a) or 3.01(b) shall constitute the irrevocable tender for purchase of each 2008 Bond with respect to which such notice is given regardless of whether that Bond is delivered to the Tender Agent for purchase on the relevant Tender Date.

(ii) The Tender Agent may refuse to accept delivery of any 2008 Bond for which a proper instrument of transfer has not been provided. However, such refusal shall not affect the validity of the purchase of such Bond as described in this Supplemental Agreement.

(i) **Payment of Tender Price by Authority.** If all or a portion of the 2008 Bonds tendered for purchase cannot be remarketed and the Liquidity Facility Provider or the Credit Bank, if any, fails to purchase all or any part of the unremarketed portion of such tendered Bonds in accordance with the Liquidity Facility or the Credit Facility then in effect on a Tender Date, the Authority may (but is not obligated to) pay to the Tender Agent as soon as practicable on a Tender Date immediately available funds (together with any remarketing proceeds and any funds provided under the Liquidity Facility or the Credit Facility then in effect) sufficient to pay the Tender Price on the 2008 Bonds tendered for purchase. The Tender Agent shall deposit the amount paid by the Authority in the Authority Purchase Account of the Bond Purchase Fund pending application of the money to the payment of the Tender Price as set forth in Section 3.12(b)(iii).

(j) **2008 Bonds to be Paid at Maturity or Redeemed Instead of Being Purchased.** Notwithstanding the provisions of Sections 3.01(c), 3.01(d), 3.01(e) and

3.01(f), 2008 Bonds that are to be paid at their stated maturity or upon acceleration, or to be redeemed in accordance with Section 2.04, on the same date that such Bonds are to be purchased pursuant to Section 3.01(c), 3.01(d), 3.01(e) or 3.01(f) (and 2008 Bonds issued in exchange for or upon the registration of transfer of such Bonds) shall be paid or redeemed, as applicable, on such date instead of being purchased on such date.

Section 3.02. **Liquidity Facility.** A Liquidity Facility, in an amount equal to the sum of outstanding principal and interest calculated at the Maximum Bond Interest Rate for 190 days, or such other amount as may be approved by each Rating Agency, shall be maintained for 2008 Bonds bearing interest at the Weekly Interest Rate, the Daily Interest Rate or Bond Interest Term Rates and, if and to the extent that the Authority shall elect, for 2008 Bonds bearing interest at the Long-Term Interest Rate. The Authority may maintain a Self Liquidity Arrangement in lieu of a Liquidity Facility.

(a) **Requests to Pay Tender Price.** If by 11:30 a.m. on a Tender Date on which 2008 Bonds are required to be purchased pursuant to Section 3.01 there is not a sufficient amount of money available to pay the Tender Price pursuant to Section 3.12(b)(i), then by 11:45 a.m. on such Tender Date the Tender Agent shall (i) notify the Authority and the Trustee by telephone, promptly confirmed in writing, as to the aggregate Tender Price of 2008 Bonds to be purchased and as to the Funding Amount, and (ii) make a Request or Requests under the Liquidity Facility in accordance with its terms to receive immediately available funds not later than 2:45 p.m. on the Tender Date sufficient to pay the balance of the Tender Price. The Tender Agent agrees to deposit the proceeds of such Request or Requests in the Liquidity Facility Purchase Account pursuant to Section 3.12(b)(ii) pending application of that money to the payment of the Tender Price. As soon as practicable after its receipt of funds from the Liquidity Facility Provider, as described in the preceding sentence, the Tender Agent shall notify the Authority, the Trustee, the Remarketing Agent and the Liquidity Facility Provider by telephone promptly confirmed by a written notice if, after receipt and application of such funds, there is a deficiency in the Funding Amount. In determining the amount of the Tender Price then due, the Tender Agent shall not take into consideration any Bank Bonds or Authority Bonds. No Requests shall be made under a Liquidity Facility to pay the Tender Price of Bank Bonds or Authority Bonds or, to the best knowledge of the Tender Agent, 2008 Bonds registered in the name of any nominees for (or any Person who owns such Bonds for the sole benefit of) any of the foregoing. Bank Bonds and Authority Bonds may not be tendered for purchase at the option of the Liquidity Facility Provider or the Authority, respectively.

(b) **Surrender of Liquidity Facility.** If an Alternate Liquidity Facility is delivered to the Tender Agent and accepted pursuant to Section 3.03, a Self Liquidity Arrangement becomes effective pursuant to Section 3.03, or a Credit Facility is delivered to the Trustee and accepted pursuant to Section 3.07, then the Tender Agent shall surrender the Liquidity Facility previously held for cancellation, provided that no Liquidity Facility shall be surrendered until after the date on which 2008 Bonds required to be purchased pursuant to Section 3.01(e) have been purchased or deemed purchased in accordance with Section 3.01(e). If a Liquidity Facility automatically terminates or is no longer required to be maintained hereunder, the Tender Agent shall surrender such

Liquidity Facility to the issuer thereof for cancellation in accordance with the terms of the Liquidity Facility. If the 2008 Bonds are deemed paid pursuant to the Trust Agreement and if, at such time, they are no longer subject to tender for purchase, the Tender Agent shall surrender the Liquidity Facility, if any, to the Liquidity Facility Provider for cancellation in accordance with the terms of that Liquidity Facility. The Tender Agent shall comply with the procedures set forth in each Liquidity Facility relating to the termination thereof and shall deliver any certificates reducing the stated amount of the Liquidity Facility in accordance with the provisions thereof.

**Section 3.03. Alternate Liquidity Facility; Self Liquidity Arrangement.**

**(a) Delivery of Alternate Liquidity Facility.**

(i) Prior to the expiration or termination of a Liquidity Facility or a Credit Facility in accordance with the terms of that Liquidity Facility or Credit Facility or if a Self Liquidity Arrangement is in effect, the Authority may provide for the delivery to the Tender Agent of an Alternate Liquidity Facility which has a term of at least 364 days. Any Alternate Liquidity Facility delivered to the Tender Agent pursuant to this Section 3.03(a)(i) shall be delivered and become effective not later than 10 days prior to the date on which the former Liquidity Facility or Credit Facility, if any, terminates or expires and shall contain administrative provisions reasonably acceptable to the Tender Agent and the Remarketing Agent. On or prior to the date of the delivery of the Alternate Liquidity Facility to the Tender Agent, the Authority shall furnish to the Tender Agent (A) a Favorable Opinion of Bond Counsel, (B) written evidence from at least one of Moody's, S&P or Fitch, upon the delivery of the Alternate Liquidity Facility, confirming that the 2008 Bonds will be rated in the highest short-term rating category (without giving effect to any gradations within such category) by such Rating Agency upon the delivery of the Alternative Liquidity Facility and from all of them that they will upon such delivery maintain short-term ratings on the 2008 Bonds, (C) if the Alternate Liquidity Facility is issued by a Liquidity Facility Provider other than a domestic commercial bank, an opinion of Counsel addressed to the Authority, the Trustee, the Tender Agent and the Remarketing Agent and satisfactory to the Trustee and the Remarketing Agent that no registration of any security is required under the Securities Act, and no qualification of any indenture is required under the Trust Indenture Act, or that all applicable registration or qualification requirements thereunder have been fulfilled and (D) an opinion of Counsel addressed to the Authority, the Trustee, the Tender Agent and the Remarketing Agent and satisfactory to the Trustee to the effect that such Alternate Liquidity Facility is a valid, binding and enforceable obligation of the issuer thereof.

(ii) In lieu of the opinion of Counsel required by clause (C) of subparagraph (i) above, there may be delivered an opinion of Counsel addressed to the Authority, the Trustee, the Tender Agent and the Remarketing Agent and satisfactory to the Trustee and the Remarketing Agent to the effect that either (A) at all times during the term of the Alternate Liquidity Facility, the 2008 Bonds

will be offered, sold and held by Holders in transactions not constituting a public offering of the 2008 Bonds or the Alternate Liquidity Facility under the Securities Act, and accordingly no registration of any security under the Securities Act nor qualification of any indenture under the Trust Indenture Act will be required in connection with the issuance and delivery of the Alternate Liquidity Facility or the remarketing of the 2008 Bonds with the benefits thereof, or (B) the offering and sale of the 2008 Bonds, to the extent evidencing the Alternate Liquidity Facility, has been registered under the Securities Act and any indenture required to be qualified with respect thereto under the Trust Indenture Act has been so qualified. If the opinion described in clause (A) of this subparagraph (ii) is given, the 2008 Bonds and any transfer records relating to the 2008 Bonds shall indicate thereon the restrictions on sale and transferability described in clause (A).

(b) **Acceptance by Tender Agent of Alternate Liquidity Facility.** If at any time there is delivered to the Tender Agent (i) an Alternate Liquidity Facility covering all of the 2008 Bonds, (ii) the information, opinions and data required by Section 3.03(a), and (iii) all information required to give the notice of mandatory tender for purchase of the 2008 Bonds, then the Tender Agent shall accept such Alternate Liquidity Facility. If a Liquidity Facility is then in effect, the Tender Agent shall surrender such Liquidity Facility pursuant to Section 3.02. If a Credit Facility is then in effect, the Tender Agent shall surrender the Credit Facility pursuant to Section 3.07.

(c) **Effectiveness of Self Liquidity Arrangement.** A Self Liquidity Arrangement shall become effective upon delivery to the Tender Agent of letters from at least one of Moody's, S&P or Fitch and by all of them that are then rating the 2008 Bonds confirming that the 2008 Bonds are rated in the highest short-term Rating Category. A Self Liquidity Arrangement shall be deemed to be replaced by an Alternate Liquidity Facility or a Credit Facility on the date that such Alternate Liquidity Facility is delivered to the Tender Agent and accepted pursuant to Section 3.03 or a Credit Facility is delivered to the Trustee and accepted pursuant to Section 3.07.

Section 3.04. **Rights and Duties under Liquidity Facility.** The Tender Agent, by accepting its appointment as such, agrees without further direction, to make Requests under the Liquidity Facility then in effect, if any, for the payment or purchase of 2008 Bonds in accordance with the terms and conditions set forth in this Supplemental Agreement and that Liquidity Facility at the times, in the manner and for the purposes set forth herein and therein.

Section 3.05. **Notice of Expiration, Termination, or Proposed Replacement of Liquidity Facility or Self Liquidity Arrangement.** The Trustee shall give notice by first class mail to the Holders of the 2008 Bonds secured by a Liquidity Facility (i) on or before the 10th day preceding the expiration or termination of such Liquidity Facility (except in the case of a termination resulting from an event referred to in the following paragraph) in accordance with its terms or the proposed replacement of such Liquidity Facility, or (ii) in the case of any Mandatory Standby Tender under such Liquidity Facility, as soon as reasonably possible, but no later than the Business Day following the receipt by the Trustee of notice of the Mandatory Standby Tender. The Trustee shall give notice by first class mail to the Holders of the 2008 Bonds on or before the 10th day preceding the proposed replacement of a Self Liquidity Arrangement with an

Alternate Liquidity Facility or a Credit Facility. Such notice shall (A) state the date of such expiration, termination or proposed replacement of such Liquidity Facility or Self Liquidity Arrangement, (B) state that the 2008 Bonds are subject to mandatory tender for purchase as a result of such expiration, termination or proposed replacement, including any termination as a result of a Mandatory Standby Tender, (C) state the date on which such purchase will occur pursuant to Section 3.01(e) and set forth the Tender Price and the place of delivery for purchase of such Bonds, and (D) provide any other information required by Section 3.01(g). The Authority shall provide the Trustee with written notice of any information required to enable the Trustee to give the foregoing notice. The Trustee shall send a copy of the foregoing notice to the Authority, the Tender Agent, the Remarketing Agent and the Liquidity Facility Provider.

If there should occur any event resulting in the immediate termination or suspension of the obligation of the Liquidity Facility Provider to purchase 2008 Bonds under the terms of any Liquidity Facility, then the Trustee shall as soon as practicably possible thereafter notify the Authority, the Tender Agent, the Remarketing Agent and the Holders of all the 2008 Bonds then outstanding that: (i) the Liquidity Facility has been terminated or suspended, as the case may be; (ii) the Tender Agent will no longer be able to purchase 2008 Bonds with moneys available under the Liquidity Facility; and (iii) the Liquidity Facility Provider is under no obligation to purchase 2008 Bonds or to otherwise advance moneys to fund the purchase of 2008 Bonds.

Section 3.06. **Credit Facility.** While the 2008 Bonds bear interest at the Weekly Interest Rate, the Daily Interest Rate or Bond Interest Term Rates and, if and to the extent that the Authority shall elect, the Long-Term Interest Rate, the Authority may maintain a Credit Facility in lieu of a Liquidity Facility as contemplated by Section 3.02.

(a) If a Credit Facility for the 2008 Bonds is in effect, the Trustee is hereby directed, on or before each Payment Date, to make a drawing under such Credit Facility, in accordance with the terms of the Credit Facility, no later than the time provided in such Credit Facility for presentation of a draft in order to receive payment in immediately available funds by 1:00 p.m. on such date, equal to the interest on 2008 Bonds then payable from such Credit Facility due on such date (other than such interest representing a portion of the Tender Price of any 2008 Bonds required to be purchased on such date and other than any interest due on Bank Bonds) and to use such drawing to pay such interest due on the 2008 Bonds on such date. The proceeds of such drawing shall be deposited in the Debt Service Fund in an account or subaccount separate and apart from any moneys not received pursuant to a draw on a Credit Facility and held uninvested pending application to the payment of interest on such Bonds. In determining the amount of any such interest then due, the Trustee shall not take into consideration any interest due on any 2008 Bond for any period when such Bond is a Bank Bond or for any Authority Bonds, and no drawings under such Credit Facility shall be made, or be used, to pay interest on any 2008 Bond for any period when such Bond is a Bank Bond or any Authority Bond.

(b) If a Credit Facility for the 2008 Bonds is in effect, on or before each date on which a payment of principal or redemption premium (if covered by such Credit Facility) is due either at maturity or as a result of any mandatory or optional redemption of such Bonds or any acceleration of the maturity of such Bonds or otherwise (in each

case, other than an amount representing the principal portion of the Tender Price of any such Bonds required to be purchased on such date and other than any principal due on Bank Bonds or Authority Bonds), the Trustee is hereby directed to make a drawing under such Credit Facility, in accordance with the terms of the Credit Facility, no later than the time provided in such Credit Facility for presentation of a draft in order to receive payment in immediately available funds by 1:00 p.m. on the date such principal or redemption premium (if covered by such Credit Facility) is payable, equal to the amount of such principal or redemption premium payment and to use such drawing to make such payment. The proceeds of such drawing shall be deposited in a separate account or subaccount in the Debt Service Fund, shall not be commingled with any other moneys and held uninvested pending application to the payment of the principal of and redemption premium (if covered by such Credit Facility) on such Bonds. In determining the amount of such principal and redemption premium then due, the Trustee shall not take into consideration any principal or redemption premium required on Bank Bonds or Authority Bonds, and no drawings under such Credit Facility shall be made or be used to pay any principal of or redemption premium on Bank Bonds or Authority Bonds.

(c) If a Credit Facility for the 2008 Bonds is in effect, and if by 11:30 a.m., New York, New York time, on a Tender Date on which 2008 Bonds are required to be purchased pursuant to Section 3.01 there is not a sufficient amount of money available to pay the Tender Price pursuant 3.12(b)(i) hereof, then by 11:45 a.m., New York, New York time on such Tender Date (i) the Tender Agent shall notify the Authority and the Trustee by telephone, promptly confirmed in writing, as to the aggregate Tender Price of 2008 Bonds to be purchased and as to the Funding Amount, and (ii) the Trustee is hereby directed to make a drawing under such Credit Facility, in accordance with the terms of the Credit Facility, no later than the time provided in such Credit Facility for presentation of a draft in order to receive payment in immediately available funds by 2:45 p.m. on the Tender Date sufficient to pay the balance of the Tender Price. The proceeds of such drawing may be paid directly to the Tender Agent or, if such proceeds are received by the Trustee, shall be transferred immediately by the Trustee to the Tender Agent, for deposit in the Credit Facility Purchase Account, and held uninvested pending application to the payment of the Tender Price of such Bonds. In determining the amount of the Tender Price then due, the Tender Agent shall not take into consideration any Bank Bonds or Authority Bonds, and no drawings under such Credit Facility shall be made or be used to pay the Tender Price of any Bank Bonds or Authority Bonds.

(d) The Trustee shall give notice by first-class mail to the Holders of the 2008 Bonds on or before the 10th day preceding the expiration or termination of a Credit Facility in accordance with its terms or the proposed replacement of such Credit Facility. Such notice shall, to the extent applicable, (1) state the date of such expiration, termination or proposed replacement of such Credit Facility, (2) state that the 2008 Bonds are subject to mandatory tender for purchase as a result of such expiration, termination or proposed replacement, (3) state the date on which such purchase will occur pursuant to Section 3.01(e) and set forth the Tender Price and the place of delivery for purchase of such Bonds, and (4) provide any other information required by Section 3.01(g). The Authority shall provide the Trustee with written notice of any information required to enable the Trustee to give the foregoing notice. The Trustee shall send a copy of the

foregoing notice to the Authority, the Tender Agent, the Remarketing Agent and the Credit Bank.

(e) If on any Payment Date the Credit Bank shall not have paid, or shall have paid less than the full amount due or shall have repudiated a properly presented draft submitted to the Credit Bank for payment under the Credit Facility, then the Trustee shall immediately contact the Authority and request payment in order to have funds sufficient to pay on such Payment Date the principal of and interest on the 2008 Bonds.

**Section 3.07. Alternate Credit Facility; Delivery of Credit Facility to Replace Liquidity Facility or Self Liquidity Arrangement; Surrender of Credit Facility.**

(a) If there is delivered to the Trustee (i) an Alternate Credit Facility covering the 2008 Bonds, (ii) a Favorable Opinion of Bond Counsel, (iii) either (A) written evidence from each Rating Agency then rating the 2008 Bonds, in each case to the effect that such Rating Agency has reviewed the proposed Alternate Credit Facility and the ratings of the 2008 Bonds after substitution of such Alternate Credit Facility will not result in a long-term rating of below "A" and a short-term rating below the highest short-term Rating Category (without giving effect to any gradations within such categories) from such Rating Agency or (B) written evidence that the long-term debt and short-term debt of the provider of the proposed Alternate Credit Facility is rated "A" or better and in the highest short-term Rating Categories (without giving effect to any gradations within such categories), respectively, by Moody's, S&P or Fitch, (iv) if such Alternate Credit Facility is other than a letter of credit issued by a domestic commercial bank, an opinion of Counsel addressed to the Authority, the Trustee, the Tender Agent and the Remarketing Agent and satisfactory to the Trustee and the Remarketing Agent that no registration of any security is required under the Securities Act and no qualification of any indenture is required under the Trust Indenture Act or that all applicable registration and qualification requirements thereunder have been satisfied, (v) an opinion of Counsel addressed to the Authority, the Trustee, the Tender Agent and the Remarketing Agent and satisfactory to the Trustee to the effect that such Alternate Credit Facility is a valid, binding and enforceable obligation of the issuer or provider thereof, and (vi) if the Credit Facility then in effect with respect to the 2008 Bonds does not cover premiums due on the 2008 Bonds, and the 2008 Bonds would be subject to mandatory tender for purchase at a Tender Price in excess of the principal amount thereof plus accrued and unpaid interest thereon to but not including the date of purchase under Section 3.01, Available Moneys in an amount sufficient to pay the premium due on the 2008 Bonds under Section 3.01, then the Trustee shall accept such Alternate Credit Facility.

(b) In lieu of the opinion of Counsel required by clause (ii) of subparagraph (a) above, there may be delivered an opinion of Counsel addressed to the Authority, the Trustee, the Tender Agent and the Remarketing Agent and satisfactory to the Trustee and the Remarketing Agent to the effect that either (A) at all times during the term of the Alternate Credit Facility, the 2008 Bonds will be offered, sold and held by Holders in transactions not constituting a public offering of the 2008 Bonds or the Alternate Credit Facility under the Securities Act, and accordingly no registration of any security under the Securities Act nor qualification of any indenture under the Trust Indenture Act will be

required in connection with the issuance and delivery of the Alternate Credit Facility or the remarketing of the 2008 Bonds with the benefits thereof, or (B) the offering and sale of the 2008 Bonds, to the extent evidencing the Alternate Credit Facility, has been registered under the Securities Act and any indenture required to be qualified with respect thereto under the Trust Indenture Act has been so qualified. If the opinion described in clause (A) of this subparagraph (ii) is given, the 2008 Bonds and any transfer records relating to the 2008 Bonds shall indicate thereon the restrictions on sale and transferability described in clause (A).

(c) If a Liquidity Facility or a Self Liquidity Arrangement is in effect with respect to the 2008 Bonds, a Credit Facility covering the 2008 Bonds may be delivered to the Trustee if all of the conditions set forth in the immediately preceding paragraph regarding the delivery of an Alternate Credit Facility for the 2008 Bonds are satisfied.

(d) If an Alternate Credit Facility is delivered to the Trustee and accepted pursuant to this Section 3.07, an Alternate Liquidity Facility is delivered to the Tender Agent and accepted pursuant to Section 3.03 or a Self Liquidity Arrangement becomes effective pursuant to Section 3.03, then the Trustee shall surrender the existing Credit Facility for cancellation, but such Credit Facility shall not be surrendered until after the date on which 2008 Bonds required to be purchased pursuant to Section 3.01(e) have been purchased or deemed purchased in accordance with Section 3.01(e). If a Credit Facility terminates or is no longer required to be maintained hereunder, the Trustee shall surrender such Credit Facility to the Credit Bank for cancellation in accordance with the terms of the Credit Facility. Upon the deemed payment of the 2008 Bonds pursuant to the Trust Agreement and if, at such time, the 2008 Bonds are no longer subject to tender for purchase, the Trustee shall surrender the Credit Facility, if any, to the Credit Bank for cancellation in accordance with its terms. The Trustee shall comply with the procedures set forth in each Credit Facility relating to the termination thereof and shall deliver any certificates reducing the stated amount of the Credit Facility in accordance with the provisions thereof.

#### **Section 3.08. Rights and Duties Under Credit Facility.**

(a) If a Credit Facility is in effect, the Trustee is hereby instructed, without further direction, to draw amounts under the Credit Facility in accordance with the terms and conditions set forth herein at the times, in the manner and for the purposes set forth in this Supplemental Agreement. If the Trustee makes a drawing under the Credit Facility relating to the 2008 Bonds after the principal of the 2008 Bonds has been declared immediately due and payable following the occurrence of an event of default under the Trust Agreement, the proceeds of such drawing shall be applied by the Trustee immediately to the payment of the 2008 Bonds entitled to be paid therefrom. So long as the Credit Facility remains in effect with respect to any 2008 Bonds, the Trustee may not waive an event of default as it relates to the 2008 Bonds if a drawing has been made under the Credit Facility, all or any portion of which is subject to reinstatement as provided in the Credit Facility relating thereto, and such reinstatement has not yet occurred or the Credit Bank has not rescinded or revoked the event of default. The Authority agrees that the Trustee in its name or in the name of the Authority may enforce



all rights of the Trustee and of the Authority and all obligations of the Credit Bank (including the obligation of the Credit Bank to honor drafts duly presented in accordance with the terms and conditions of the Credit Facility) under and pursuant to the Credit Facility, for the benefit of the Holders of the 2008 Bonds. The Trustee agrees to assume and perform the duties and obligations contemplated under the Credit Facility to be assumed and performed by the Trustee.

(b) If the 2008 Bonds are redeemed in whole or in part, the Trustee shall give notice to the Credit Bank in the manner required by the Credit Facility to reflect such reduction in the principal amount of the 2008 Bonds as a result of such redemption.

**Section 3.09. Notices from Authority and Trustee.**

(a) **Notices from Authority.** The Authority shall give notice to the Trustee, the Remarketing Agent, the Tender Agent, the Liquidity Facility Provider (if any) and the Credit Bank (if any) promptly upon the occurrence of any of the following events:

(i) the extension of the Expiration Date; and

(ii) the proposed delivery of a Liquidity Facility, an Alternate Liquidity Facility, a Credit Facility or an Alternate Credit Facility or the proposed effectiveness of a Self Liquidity Arrangement.

(b) **Notices from Trustee.** Promptly upon receipt of notice from the Authority of the extension of the Expiration Date, the Trustee shall give notice by first-class mail to the Holders of the 2008 Bonds and each Rating Agency of such extension.

**Section 3.10. Remarketing Agent; Tender Agent.**

(a) **Remarketing Agent.** The initial Remarketing Agent for the 2008 Bonds shall be Citigroup Global Markets Inc. The Authority shall appoint any successor Remarketing Agent for the 2008 Bonds, subject to the conditions set forth in Section 3.11(a) and the approval of the Liquidity Facility Provider or the Credit Bank. Each Remarketing Agent shall designate its Principal Office in the Remarketing Agreement. The Remarketing Agent shall signify its acceptance of the duties and obligations imposed upon it by a written instrument of acceptance (which may be the Remarketing Agreement) delivered to the Authority, the Trustee, the Tender Agent and the Liquidity Facility Provider or the Credit Bank, under which the Remarketing Agent shall agree, particularly, to keep such books and records related to the remarketing of the 2008 Bonds as shall be consistent with prudent industry practice and to make such books and records related to the remarketing of the 2008 Bonds available for inspection by the Authority, the Trustee, the Tender Agent and the Liquidity Facility Provider or the Credit Bank at all reasonable times. Promptly upon receipt of such acceptance by a Remarketing Agent, the Trustee shall give notice by first-class mail to the Holders of the 2008 Bonds of the appointment of such Remarketing Agent, except the initial Remarketing Agent.

(b) **Tender Agent.** The Tender Agent for the 2008 Bonds shall be the Trustee. The Authority shall appoint any successor Tender Agent for the 2008 Bonds, subject to the conditions set forth in Section 3.11(b). Each Tender Agent shall designate its Principal Office for delivery of notices and delivery of 2008 Bonds and signify its acceptance of the duties and obligations imposed upon it by a written instrument of acceptance delivered to the Authority, the Trustee, the Remarketing Agent and the Liquidity Facility Provider or the Credit Bank. Promptly upon receipt of such acceptance by a Tender Agent, the Trustee shall give notice by first-class mail to the Holders of the 2008 Bonds of the appointment of such Tender Agent, except the initial Tender Agent. By acceptance of its appointment, the Tender Agent agrees:

(i) to hold all 2008 Bonds delivered to it pursuant to Section 3.01 as agent and bailee of, and in escrow for the benefit of, the respective Holders which have delivered such Bonds until money representing the Tender Price of such Bonds shall have been delivered to or for the account of or to the order of such Holders;

(ii) to hold all 2008 Bonds registered in the name of the new Holders thereof which have been delivered to it by the Trustee for delivery to the Remarketing Agent in accordance with Section 3.14(a);

(iii) to hold 2008 Bonds for the account of the Authority as stated in Section 3.14(c) and Bank Bonds for the account of the Liquidity Facility Provider or the Credit Bank as stated in Section 3.14(b) (it being understood that Bank Bonds may be held at a Securities Depository and if purchased 2008 Bonds are Bank bonds, they shall bear CUSIP number 246317 DZ 1); and

(iv) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Authority, the Authority, the Trustee, the Remarketing Agent and the Liquidity Facility Provider or the Credit Bank at all reasonable times.

The Authority shall pay to the Tender Agent its fees for performing its duties as Tender Agent and shall reimburse the Tender Agent for any out-of-pocket expenses (including reasonable legal expenses) incurred by the Tender Agent in connection with such performance. The Tender Agent waives all rights of set-off or banker's lien which it may have under applicable law against any money from time to time held by it, as Tender Agent, for the purchase of Bonds pursuant to this Supplemental Agreement, with respect to the payment of its fees or expenses or any indebtedness due to the Tender Agent by the Authority.

**Section 3.11. Qualifications of Remarketing Agent and Tender Agent; Resignation and Removal of Remarketing Agent and Tender Agent.**

(a) **Remarketing Agent.** Each Remarketing Agent shall be a member of the National Association of Securities Dealers, having a combined capital stock, surplus and undivided profits of at least \$50,000,000 and authorized by law to perform all the duties imposed upon it by this Supplemental Agreement and the Remarketing Agreement. A

Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Supplemental Agreement by giving notice to the Authority, the Trustee, the Tender Agent and the Liquidity Facility Provider or the Credit Bank. Such resignation shall take effect on the 30th day after the receipt by the Authority of the notice of resignation. A Remarketing Agent may be removed at any time on 15 days prior written notice, by an instrument signed by the Authority, approved by the Liquidity Facility Provider or the Credit Bank and delivered to such Remarketing Agent, the Trustee and the Tender Agent. Notwithstanding the provisions of this paragraph, such removal shall not take effect prior to the date that a successor Remarketing Agent has been appointed by the Authority and has accepted such appointment. Notwithstanding the provisions of this paragraph, the Remarketing Agent may not be removed unless it consents to such removal or the successor Remarketing Agent agrees to purchase any 2008 Bonds owned by the Remarketing Agent as of the effective date of such removal at a purchase price equal to the principal amount thereof plus accrued interest from the immediately preceding Interest Accrual Date to the effective date of such removal.

(b) **Tender Agent.** Each Tender Agent shall be a commercial bank or banking association with trust powers or a trust company duly organized under the laws of the United States of America or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$15,000,000 (or whose obligations hereunder are guaranteed by a bank, banking association or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having at the time of the appointment of such Tender Agent, a combined capital and surplus of at least such amount) and authorized by law to perform all the duties imposed upon it by this Supplemental Agreement. A Tender Agent may at any time resign and be discharged of the duties and obligations created by this Supplemental Agreement by giving at least 60 days' notice to the Authority, the Trustee, the Remarketing Agent and the Liquidity Facility Provider or the Credit Bank. A Tender Agent may be removed at any time by an instrument signed by the Authority, and delivered to such Tender Agent, the Trustee, the Remarketing Agent and the Liquidity Facility Provider or the Credit Bank. Notwithstanding the provisions of this paragraph, such resignation or removal shall not take effect prior to the date that a successor Tender Agent has been appointed by the Authority and has accepted such appointment, and the Liquidity Facility, if any, has been transferred, in accordance with its terms, to that successor.

Upon the effective date of resignation or removal of a Tender Agent, such Tender Agent shall deliver any 2008 Bonds and money held by it in such capacity to its successor and shall assign all of its rights under the Liquidity Facility, if any, then in effect to its successor.

**Section 3.12. Notice of Bonds Delivered for Purchase; Purchase of Bonds; Deposit of Tender Price.**

(a) **Determination by Tender Agent; Notice of Tender.** For purposes of Section 3.01 hereof, the Tender Agent shall determine timely and proper delivery of 2008 Bonds pursuant to this Supplemental Agreement and the proper endorsement of 2008 Bonds delivered. That determination shall be binding on the Holders of those Bonds, the

Authority, the Liquidity Facility Provider, the Credit Bank and the Remarketing Agent, absent manifest error.

In the case of a 2008 Bond bearing interest at a Weekly Interest Rate, as soon as practicable upon receipt from a Bondholder or Participant of a notice pursuant to Section 3.01(a), but not later than 12:00 Noon on the day following receipt of such notice, the Tender Agent shall notify the Remarketing Agent, the Liquidity Facility Provider or the Credit Bank, the Trustee and the Authority by telephone or Electronic Means, promptly confirmed in writing, or by telecopy, of receipt of such notice, the name of such Bondholder or Participant, the principal amount of 2008 Bonds to be purchased and the date on which such Bonds are to be purchased in accordance therewith.

In the case of a 2008 Bond bearing interest at a Daily Interest Rate, as soon as practicable upon receipt from a Bondholder or Participant of a notice pursuant to Section 3.01(b), but not later than 11:15 a.m. on the day of receipt of such notice, the Tender Agent shall notify the Remarketing Agent, the Liquidity Facility Provider or the Credit Bank, the Trustee and the Authority by telephone or Electronic Means, promptly confirmed in writing, or by telecopy, of receipt of such notice, the name of such Bondholder or Participant, the principal amount of Bonds to be purchased and the date on which such Bonds are to be purchased in accordance therewith.

The Tender Agent shall notify the Remarketing Agent of a mandatory tender for purchase pursuant to Section 3.01(c) not later than 3:00 p.m. on the last Business Day prior to the Tender Date, and of a mandatory tender for purchase pursuant to Sections 3.01(d), (e) or (f) not later than 11:00 a.m. on the last Business Day prior to the Tender Date.

**(b) Purchase of 2008 Bonds; Sources and Deposits of Tender Price.** 2008 Bonds required to be purchased in accordance with Section 3.01 hereof shall be purchased from the Holders thereof on the Tender Date and at the Tender Price. Funds for the payment of the Tender Price shall be received by the Tender Agent from the following sources and used in the order of priority indicated:

(i) proceeds of the sale of 2008 Bonds remarketed pursuant to Section 3.13 and the Remarketing Agreement and furnished to the Tender Agent by the Remarketing Agent for deposit into the Remarketing Account of the Bond Purchase Fund;

(ii) money furnished by the Liquidity Facility Provider or the Credit Bank to the Tender Agent for deposit into the Liquidity Facility Purchase Account of the Bond Purchase Fund from Requests on the Liquidity Facility, if any, or the Credit Facility Purchase Account of the Bond Purchase Fund from a draw on the Credit Facility, if any (provided that moneys from Requests on the Liquidity Facility or draws on the Credit Facility shall not be used to purchase Bank Bonds or Authority Bonds); and

(iii) money, if any, furnished by the Authority to the Tender Agent for deposit into the Authority Purchase Account of the Bond Purchase Fund for the purchase of 2008 Bonds by the Authority.

Money held in the Bond Purchase Fund shall be held uninvested by the Tender Agent.

(c) **Undelivered Bonds; Tender Price.** If any Holder of a 2008 Bond who has given notice of tender of purchase pursuant to Section 3.01(a) or 3.01(b) or any Holder of a 2008 Bond subject to mandatory tender for purchase pursuant to Section 3.01(c), 3.01(d), 3.01(e) or 3.01(f), shall fail to deliver that Bond to the Tender Agent at the place and on the Tender Date and at the time specified, or shall fail to deliver that Bond properly endorsed, that Bond shall constitute an Undelivered Bond. If funds in the amount of the Tender Price of the Undelivered Bond are available for payment to the Holder thereof on the Tender Date and at the time specified, then from and after the Tender Date (A) the Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be Outstanding under the Trust Agreement; (B) interest shall no longer accrue on the Undelivered Bond; and (C) funds in the amount of the Tender Price of the Undelivered Bond shall be held uninvested by the Tender Agent for the benefit of the Holder thereof (provided that such Holder shall have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of the Undelivered Bond to the Tender Agent at its Principal Office for delivery of 2008 Bonds. Any money which the Tender Agent segregates and holds in trust for the payment of the Tender Price of any 2008 Bond which remains unclaimed for two (2) years after the date of purchase shall be paid to the Authority. After the payment of such unclaimed money to the Authority, the former Holder of such Bond shall look only to the Authority for the payment thereof. The Authority shall not be liable for any interest on unclaimed money and shall not be regarded as a trustee of such money.

### Section 3.13. **Remarketing of Bonds; Notice of Interest Rates.**

(a) **Remarketing.** Upon receipt of a notice of tender from the Tender Agent pursuant to Section 3.12(a) (other than a Mandatory Standby Tender), the Remarketing Agent shall offer for sale and use its best efforts to sell 2008 Bonds to which such notice relates (including Bank Bonds) on the same date designated for purchase thereof in accordance with Section 3.01 hereof and, if not remarketed on such date, thereafter until sold, at a price equal to par plus accrued interest, with such interest component of the sales price being determined by the Remarketing Agent, with consent of the Tender Agent and the Authority, in order to best facilitate remarketing. Bonds subject to a Mandatory Standby Tender shall not be remarketed if such Bonds are converted to a rate period other than a Long-Term Interest Rate Period to their Maturity Date or to an ARS Rate Period, unless (i) an Alternate Liquidity Facility is in full force and effect, (ii) the Liquidity Facility Provider has reinstated the Liquidity Facility with respect to which such Mandatory Standby Tender was declared and such Liquidity Facility is in full force and effect, or (iii) the Remarketing Agent agrees, in its sole discretion, but with the consent of the Authority, to remarket the 2008 Bonds. Notwithstanding anything to the contrary herein provided, the 2008 Bonds shall not be remarketed following a Mandatory

Purchase Date occurring at the Credit Bank's direction pursuant to Section 3.01(f)(ii) unless and until the Remarketing Agent has received the consent of the Credit Bank to such remarketing.

As soon as practicable, but in any event by no later than 10:00 A.M. on the date any Bank Bond or Authority Bond is to be remarketed, the Remarketing Agent shall notify the Trustee, the Tender Agent and the Liquidity Facility Provider or the Credit Bank by telephone of the principal amount of the Bank Bond or Authority Bond to be remarketed and the amount of accrued interest that will be included in the sales price therefor. Upon receipt of such notice from the Remarketing Agent, the Liquidity Facility Provider or the Credit Bank shall promptly, but not later than 11:00 A.M. on such remarketing date, notify the Trustee, the Tender Agent and the Authority by telephone of the Bank Bond Interest Differential Amount. Upon receipt of such notice from the Liquidity Facility Provider or the Credit Bank, the Authority shall immediately, and in no event later than 3:00 P.M. on such remarketing date, pay the Bank Bond Interest Differential Amount to the Liquidity Facility Provider or the Credit Bank, as applicable.

(b) **Notice of Rates and Terms.** The Remarketing Agent shall determine the rate of interest for 2008 Bonds during each Interest Rate Period and each Bond Interest Term relating thereto and the Bond Interest Terms for 2008 Bonds during each Short-Term Interest Rate Period relating thereto as provided in Section 2.02 hereof and shall furnish to the Trustee and the Authority no later than the Business Day next succeeding the date of determination each rate of interest and Bond Interest Term so determined by Electronic Means; provided that during a Daily Interest Rate Period such information need be provided only once a week. In lieu of the notification provided in the preceding sentence, the Remarketing Agent may make such information available by readily accessible electronic means.

(c) **Notice of Purchase and Remarketing.** As soon as practicable, but in any event by no later than 11:15 a.m. on the Tender Date in the case of 2008 Bonds to be purchased pursuant to subsections (b) and (c) of Section 3.01 hereof and by no later than 4:00 p.m. on the last Business Day prior to the Tender Date in the case of 2008 Bonds to be purchased pursuant to subsections (a), (d), (e) and (f) of Section 3.01 hereof, the Remarketing Agent shall give notice by Electronic Means to the Trustee and the Tender Agent of the aggregate principal amount of 2008 Bonds tendered for purchase which have or have not been remarketed. By 11:30 a.m. on the Tender Date, the Remarketing Agent shall cause the Tender Price of the 2008 Bonds to be delivered to the Tender Agent for deposit into the Remarketing Account of the Bond Purchase Fund and shall give notice by Electronic Means to the Trustee and the Tender Agent on each date on which 2008 Bonds have been purchased pursuant to Section 3.12(b)(i) specifying the principal amount of such Bonds, if any, sold by it pursuant to Section 3.13(a), and if such Bonds are not held by the Securities Depository, accompanied by a list of the purchasers showing the names and denominations in which such Bonds shall be registered, and the addresses and social security or taxpayer identification numbers of such purchasers. Upon receipt from the Remarketing Agent of such information, the Trustee shall prepare 2008 Bonds in accordance with such information received from the Remarketing Agent for registration of transfer and redelivery to the Remarketing Agent. Promptly upon

receipt of such latter notice from the Remarketing Agent, the Tender Agent shall notify the Liquidity Facility Provider or the Credit Bank and the Authority as to the projected Funding Amount, if any.

**Section 3.14. Delivery of 2008 Bonds.**

(a) 2008 Bonds purchased with money described in Section 3.12(b)(i) shall be made available by the Tender Agent to the Remarketing Agent for delivery to the purchasers thereof against payment therefor.

(b) 2008 Bonds purchased with money described in Section 3.12(b)(ii) shall be registered in the name of the Liquidity Facility Provider or the Credit Bank, as applicable, and delivered in certificated form to the Liquidity Facility Provider or the Credit Bank as soon as practical following their purchase or held by the Tender Agent as agent for the Liquidity Facility Provider or the Credit Bank, as directed by the Liquidity Facility Provider or the Credit Bank.

(c) 2008 Bonds purchased with money described in Section 3.12(b)(iii) shall be held in escrow by the Tender Agent for the account of the Authority until the Tender Agent receives further instructions from the Authority regarding disposition of those Authority Bonds.

(d) 2008 Bonds delivered as provided in this Section 3.14 shall be registered in the manner directed by the recipient thereof.

(e) When any Bank Bonds are remarketed, the Tender Agent shall not release Bonds so remarketed to the Remarketing Agent until the Tender Agent has received and forwarded to the Liquidity Facility Provider or the Credit Bank the proceeds of such remarketing and (unless the Liquidity Facility or the Credit Facility is no longer to remain in effect) the Liquidity Facility or the Credit Facility has been reinstated in an amount equal to the principal and corresponding interest coverage of the Bank Bonds so remarketed and the Tender Agent has received written notice of such reinstatement.

**Section 3.15. Delivery of Proceeds of Remarketing.** The proceeds of the sale by the Remarketing Agent of any 2008 Bonds (including Bank Bonds) shall be delivered to the Tender Agent for deposit into the Remarketing Account of the Bond Purchase Fund.

**Section 3.16. Election Not to Sell Bank Bonds.** The Liquidity Facility Provider or the Credit Bank (or any subsequent owner of a Bank Bond) shall have the right, by written notice or by telephonic notice, promptly confirmed in writing to the Remarketing Agent, the Trustee and the Tender Agent, to elect not to sell the Bank Bonds or any portion thereof to a purchaser identified by the Remarketing Agent. From and after any such election not to sell the Bank Bonds, such Bonds shall cease to be Bank Bonds and shall bear interest as provided herein for Bonds other than Bank Bonds.

**Section 3.17. Inadequate Funds for Tenders.** If sufficient funds are not available for the purchase of all 2008 Bonds tendered or deemed tendered and required to be purchased on any

Tender Date, all tendered 2008 Bonds shall be returned to their respective Holders and shall bear interest at the Maximum Bond Interest Rate from the date of such failed purchase until all such Bonds are purchased as required in accordance with this Supplemental Agreement. Thereafter, the Trustee shall continue to take reasonable efforts to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Liquidity Facility Provider, the Credit Bank or the Authority.

Section 3.18. **Bond Purchase Fund.** There is hereby created and established with the Tender Agent a trust fund to be designated “The Delaware River and Bay Authority Refunding Series 2008 Bond Purchase Fund.” The Tender Agent shall establish within the Bond Purchase Fund four separate accounts to be referred to herein as: (1) the “Remarketing Account”, (2) the “Liquidity Facility Purchase Account,” (3) the “Credit Facility Purchase Account” and (4) the “Authority Purchase Account”. The Tender Agent shall have no lien upon or other security interest in the moneys held to the credit of the Bond Purchase Fund, and such moneys shall be held in trust for the benefit of the holders or beneficial owners of the 2008 Bonds to which the payment of the Tender Price relates.

(a) **Remarketing Account.** Upon receipt of the proceeds of a remarketing of 2008 Bonds on a Tender Date pursuant to Section 3.15, the Tender Agent shall deposit such proceeds in the Remarketing Account of the Bond Purchase Fund for application to the Tender Price of such Bonds in accordance with Section 3.12(b)(i) and, if the Tender Agent is not a paying agent with respect to such Bonds, shall transmit such proceeds to the Trustee for such application. Only proceeds derived from the remarketing of Bonds shall be deposited into the Remarketing Account, and such moneys shall not be commingled with moneys derived from any other sources. Notwithstanding the foregoing, upon receipt of the proceeds of a remarketing of Bank Bonds, the Tender Agent shall immediately pay such proceeds to the Liquidity Facility Provider.

(b) **Liquidity Facility Purchase Account.** Upon receipt from the Liquidity Facility Provider of the immediately available funds transferred to the Tender Agent pursuant to Section 3.02 hereof, the Tender Agent shall deposit such money in the Liquidity Facility Purchase Account of the Bond Purchase Fund for application to the Tender Price of the 2008 Bonds required to be purchased on a Tender Date in accordance with Section 3.12(b)(ii) to the extent that the money on deposit in the Remarketing Account of the Bond Purchase Fund shall not be sufficient. Only moneys received from the Liquidity Facility Provider pursuant to the Liquidity Facility shall be deposited into the Liquidity Facility Purchase Account, and such moneys shall not be commingled with moneys derived from any other sources. Any amounts deposited in the Liquidity Facility Purchase Account and not needed with respect to any Tender Date for the payment of the Tender Price for any 2008 Bonds shall be immediately returned to the Liquidity Facility Provider.

(c) **Credit Facility Purchase Account.** Upon receipt from the Credit Facility Provider of the immediately available funds transferred to the Tender Agent pursuant to Section 3.06 hereof, the Tender Agent shall deposit such money in the Credit Facility Purchase Account of the Bond Purchase Fund for application to the Tender Price of the 2008 Bonds required to be purchased on a Tender Date in accordance with Section



3.12(b)(ii) to the extent that the money on deposit in the Remarketing Account of the Bond Purchase Fund shall not be sufficient. Only moneys received from the Credit Bank pursuant to the Credit Facility shall be deposited into the Credit Facility Purchase Account, and such moneys shall not be commingled with moneys derived from any other sources. Any amounts deposited in the Credit Facility Purchase Account and not needed with respect to any Tender Date for the payment of the Tender Price for any 2008 Bonds shall be immediately returned to the Credit Bank.

(d) **Authority Purchase Account.** Upon receipt from the Authority under Section 3.01(i) of any funds for the purchase of tendered 2008 Bonds, the Tender Agent shall deposit such money, if any, in the Authority Purchase Account of the Bond Purchase Fund for application to the Tender Price of the 2008 Bonds required to be purchased on a Tender Date in accordance with Section 3.12(b)(iii) to the extent that the money on deposit in the Remarketing Account and the Liquidity Facility Purchase Account or the Credit Facility Purchase Account of the Bond Purchase Fund shall not be sufficient. Only moneys received from the Authority shall be deposited into the Authority Purchase Account, and such moneys shall not be commingled with moneys derived from any other sources. Any amounts deposited in the Authority Purchase Account and not needed with respect to any Tender Date for the payment of the Tender Price for any 2008 Bonds shall be immediately returned to the Authority.

#### ARTICLE IV

#### CONCERNING THE CREDIT BANK

Section 4.01. **Third-Party Beneficiary.** The Credit Bank shall be a third-party beneficiary of the Agreement, and no provision of the Trust Agreement relating to or conferring any rights, privileges or benefits to the Credit Bank shall be amended or modified without the written consent of the Credit Bank (which consent shall not be unreasonably withheld).

Section 4.02. **Reference to Credit Bank and to Liquidity Facility Provider.** (a) Notwithstanding any provisions contained herein to the contrary, after the expiration or termination of the Credit Facility and after all obligations owed to the Credit Bank pursuant to the Credit Facility Agreement have been paid in full or discharged, and all Bank Bonds owned by the Credit Bank have been paid in full, all references to the Credit Bank contained herein shall be null and void and of no further force and effect. (b) Notwithstanding any provisions contained herein to the contrary, after the expiration or termination of the Liquidity Facility and after all obligations owed to the Liquidity Facility Provider pursuant to the Liquidity Facility have been paid in full or discharged, and all Bank Bonds owned by the Liquidity Facility Provider have been paid in full, all references to the Liquidity Facility contained herein shall be null and void and of no further force and effect.

#### Section 4.03. **Subordinate Obligations.**

(a) **Creation.** The Authority's obligation to the Credit Bank under the Credit Facility Agreement to pay interest on Bank Bonds or interest on drawings under the Credit Facility above the Maximum Bond Interest Rate shall constitute a Subordinate Obligation (the "Credit Bank Subordinate Obligation") and shall not comprise a portion of the Interest Requirement. The Credit Bank Subordinate Obligation shall be secured by a pledge of and payable from amounts in the Subordinate Obligations Fund, which pledge of and payment from the Subordinate Obligations Fund shall be subordinate and junior in all respects to the lien and pledge created under the Agreement as security for 2008 Bonds. The Credit Bank Subordinate Obligation shall be payable at the times and in the amounts as provided in the Credit Facility Agreement.

(b) **Section 714(b) Provisions.** In accordance with the requirements of Section 714(b) of the Agreement:

(i) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to the Authority or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Authority, whether or not involving insolvency or bankruptcy, the owners of all bonds then outstanding shall be entitled to receive payment in full of all principal and interest due on all such bonds in accordance with the provisions of the Agreement before the holders of the Credit Bank Subordinate Obligation are entitled to receive any payment from the funds pledged to the bonds on account of principal of and premium, if any, and interest on the Credit Bank Subordinate Obligation.

(ii) In the event that any Credit Bank Subordinate Obligation is declared due and payable before its expressed maturity because of the occurrence of an event of default (under circumstances when the provisions of (b)(i) above shall not be applicable), the owners of all bonds outstanding at the time such Subordinate Obligation becomes due and payable because of the occurrence of such an event of default shall be entitled to receive payment in full of all principal and interest on all such bonds then due and payable before the holders of the Credit Bank Subordinate Obligation are entitled to receive any accelerated payment from the Revenues and other moneys pledged to the bonds under the Agreement of principal (and premium, if any) or interest upon such Subordinate Obligation.

(iii) If any Event of Default with respect to the bonds shall have occurred and be continuing (under circumstances when the provisions of (b)(i) above shall not be applicable), the owners of all bonds then outstanding shall be entitled to receive payment in full of all principal and interest on all such bonds as the same become due and payable before the holders of the Credit Bank Subordinate Obligation are entitled to receive, subject to the provisions of (b)(v) below, any payment from the funds pledged to the bonds under the Agreement of principal (and premium, if any) or interest upon such Subordinate Obligation.

(iv) No owner of a bond shall be prejudiced in his right to enforce subordination of the Credit Bank Subordinate Obligation by any act or failure to act on the part of the Authority.

(v) the provisions of (b)(i), (ii), (iii) and (iv) above are solely for the purpose of defining the relative rights of the owners of the bonds on the one hand, and the holders of Credit Bank Subordinate Obligation on the other hand, and nothing herein shall impair, as between the Authority and the holders of the Credit Bank Subordinate Obligation, the obligation of the Authority, which is unconditional and absolute, to pay to the holders thereof the principal thereof and premium, if any, and interest thereon in accordance with their terms, nor shall anything herein prevent the holders of such Subordinate Obligation from exercising all remedies otherwise permitted by applicable law or thereunder upon default thereunder, subject to the rights under (b)(i), (ii), (iii) and (iv) above of the owners of bonds to receive cash, property or securities from the funds pledged to the bonds under the Agreement otherwise payable or deliverable to the holders of such Subordinate Obligation; the foregoing provisions shall not prevent the application by a trustee or paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal (and premium, if any) and interest on such Subordinate Obligation if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

(vi) So long as the Authority has any outstanding obligations under the Credit Facility Agreement and the Bank Bonds, including the Credit Bank Subordinate Obligation and the Credit Bank is not in default thereunder, the Authority covenants that any Subordinate Obligations issued by it after the date hereof shall be junior, as to right of payment, to the Credit Bank Subordinate Obligation.

## ARTICLE V

### MISCELLANEOUS

Section 5.01. **Multiple Counterparts.** This Supplemental Agreement 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 5.02. **Headings etc.; Not Part of Agreement.** Any headings preceding the texts of the several articles or sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Supplemental Agreement, nor shall they affect its meaning, construction or effect.

Section 5.03. **Consent of Auction Agent, Remarketing Agent and Broker-Dealers.** Anything herein to the contrary notwithstanding, no provision of a supplemental agreement to the Trust Agreement which adversely affects the rights, duties, privileges, immunities and liabilities of the Auction Agent, the Remarketing Agent or the Broker-Dealers shall become effective unless and until the Auction Agent, the Remarketing Agent or the Broker-Dealers, as

the case may be, shall have consented to the execution and delivery of such supplemental agreement. The Trustee shall cause notice of the proposed execution of any such supplemental agreement together with a copy thereof to be mailed to the Auction Agent and the Broker-Dealers at least 15 Business Days prior to the proposed date of execution and delivery of any such supplemental agreement.

**Section 5.04. Certain Notices to Rating Agencies and Bondholders.** The Trustee or the Authority shall give or cause to be given to each Rating Agency then rating the 2008 Bonds notice of (i) any change in the identity of any Auction Agent, any Tender Agent, the Remarketing Agent or the Trustee, (ii) any amendment to any Credit Facility, any Credit Facility Provider Agreement, any Liquidity Facility, any Auction Agreement, any Remarketing Agreement or this Supplemental Agreement, (iii) any extension of the Expiration Date of the Credit Facility or any Alternate Liquidity Facility, (iv) the termination of any Credit Facility, any Liquidity Facility, or any Alternate Liquidity Facility, whether or not prior to its stated termination date, (v) any optional redemption, mandatory redemption (except mandatory sinking fund redemption) or tender, defeasance or acceleration of 2008 Bonds, (vi) the occurrence of any Event of Default under the Trust Agreement, (vii) the conversion of 2008 Bonds to bear interest at a Daily Interest Rate, Weekly Interest Rate or Long-Term Interest Rate, at Bond Term Interest Rates or at the Auction Period Rate and (viii) such information reasonably necessary in order to maintain the rating by such Agency on the 2008 Bonds. In addition, no Credit Facility shall be replaced or substituted for by an Alternate Credit Facility issued by any Person other than the then-current Credit Bank and no Liquidity Facility shall be replaced or substituted for by an Alternate Liquidity Facility issued by any Person other than the then-current Liquidity Facility Provider unless, in each case, prior notice thereof shall have been given by the Trustee or the Authority to DTC and each other Holder of 2008 Bonds and to each Rating Agency then rating the 2008 Bonds. For the purpose of this paragraph, the addresses of the Rating Agencies shall be the following (or in each case such other address as the Rating Agency has specified to the parties hereto):

Moody's Investors Service  
7 World Trade Center  
New York, New York 10007  
Attention: Municipal Structured Products Group

Standard & Poor's Rating Services  
55 Water Street, 38th Floor  
New York, New York 10041  
Attention: Public Finance Department  
Structured Finance Group  
[pubfin\\_structured@standardandpoors.com](mailto:pubfin_structured@standardandpoors.com)

Fitch Ratings  
One State Street Plaza  
New York, New York 10004  
Attention: Municipal Structured Finance

Section 5.05. **Controlling Laws and Times; Bond Registrar is Trustee.** (a) This Supplemental Agreement is made and entered into under and pursuant to the Constitution and Laws of the State of Delaware and of the State of New Jersey, particularly the Enabling Legislation and the Compact, and references to all times in this Supplemental Agreement shall be understood to mean Eastern United States time.

(b) For so long as the 2008 Bonds bear interest at other than a Long-Term Interest Rate, the Bond Registrar and the Trustee under this Supplemental Trust Agreement shall be one and the same. To that end, Wilmington Trust Company is hereby appointed Bond Registrar for the 2008 Bonds for so long as they bear interest as set forth in the preceding sentence, and references in this Supplemental Trust Agreement to the Trustee shall include the Bond Registrar as appropriate.

Section 5.06. **Trustee to Reimburse Credit Bank from Debt Service Fund for Drawings; Trustee to Make Drawings under Credit and Liquidity Facilities by Applicable Deadlines; No Reimbursement of Trustee Expenses or Trustee Indemnity from Proceeds Thereof.** The Trustee is hereby authorized and directed pursuant to Section 507(c) of the Trust Agreement to reimburse the Credit Bank immediately for all drawings under the Credit Facility made to pay principal of and interest on the 2008 Bonds as the same become due on such Date and agrees that it (1) will make all drawings under the Liquidity Facility and the Credit Facility on or before the times and on the dates required by the provisions of either such Facility, (2) shall not look to the proceeds of any such drawings for reimbursement of its expenses or other obligations owing to it by the Authority or to satisfy any claim for indemnity against the Authority notwithstanding any provision of Sections 902 through 905 of the Trust Agreement to the contrary and (3) shall not look to the proceeds of any such drawing to satisfy any claim for indemnity against the Authority related to non-discretionary actions required by the Trust Agreement to be undertaken by the Trustee relating to such drawings and the payment of principal of and premium, if any, and interest on the 2008 Bonds (including the making of any declaration that said principal and interest shall be immediately due and payable by virtue of the provisions of Article VIII of the Trust Agreement).

**IN WITNESS WHEREOF**, The Delaware River and Bay Authority, by its Board of Commissioners as the governing body thereof, has caused this Supplemental Agreement to be executed by the Chairperson, the Vice Chairperson and the Secretary of the Authority under the official and corporate seal of The Delaware River and Bay Authority, and Wilmington Trust Company, as Trustee, has caused this Supplemental Agreement to be executed in its behalf by a duly authorized officer and its corporate seal to be impressed hereon, all as of the day and year first above written.

**THE DELAWARE RIVER AND BAY AUTHORITY**

By: F. Michael Parkowski  
F. Michael Parkowski  
Chairperson

James N. Hogan  
James N. Hogan  
Vice Chairperson

Thomas A. Pankok  
Thomas A. Pankok  
Secretary

[Seal]

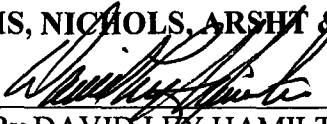
**WILMINGTON TRUST COMPANY,**  
as Trustee

By: Christopher Slaybaugh  
Christopher Slaybaugh  
Senior Financial Services Officer

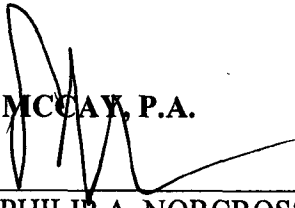
**Christopher J. Slaybaugh**  
**Assistant Vice President**

Approved as to legality and form:

**MORRIS, NICHOLS, ARSHI & TUNNELL**

  
\_\_\_\_\_  
By DAVID LEY HAMILTON, ESQ.  
Delaware Counsel for the Authority

**PARKER MCCAY, P.A.**

  
\_\_\_\_\_  
By PHILIP A. NORCROSS, ESQ.  
New Jersey Counsel for the Authority

APPENDIX A

R-

\$ \_\_\_\_\_

United States of America

THE DELAWARE RIVER AND BAY AUTHORITY

REVENUE BOND, REFUNDING SERIES 2008

<u>Interest Rate Period</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP No.</u>
[Weekly] [Daily]	January 1, 20__	_____, 2008	246317__

Registered Owner: **CEDE & CO.**

Principal Amount: \_\_\_\_\_ Dollars

The Delaware River and Bay Authority (herein sometimes called the "Authority"), a body politic and an agency of government of the State of Delaware and the State of New Jersey, for value received, hereby promises to pay, but solely from the funds provided therefor as hereinafter set forth and in the manner hereinafter provided, to the Registered Owner hereof named above, or registered assigns on the Maturity Date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the principal corporate trust office of Wilmington Trust Company in the City of Wilmington, Delaware (the "Bond Registrar"), in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, the Principal Amount set forth above and interest on such Principal Amount from the Dated Date set forth above at the interest rate per annum during the Interest Rate Period specified above, until converted to another Interest Rate Period determined in accordance with the Agreement (hereinafter mentioned; unless otherwise defined herein, all terms in this bond shall have the same meanings given them in the Agreement) until said Principal Amount is paid (except that during the period that this bond is owned by the Credit Bank, this bond shall bear interest at the lesser of the Bank Bond Rate and the Maximum Bank Bond Interest Rate), such interest to the maturity hereof being payable at the times and in the amounts set forth in the Agreement, solely from such sources, from the date hereof or the interest payment date next preceding the date on which this bond is authenticated, unless it is authenticated on an interest payment date, in which event from such date, at such rate referred to above. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in the Agreement, be paid by wire transfer or by check mailed to the person in whose name this bond (or one or more predecessor bonds) is registered at the close of business on the Regular Record Date for such interest and shall also be made in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Registered Owner on such Regular Record Date, and may be paid to the person in whose name this bond (or any predecessor bond) is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee hereinafter referred to, notice whereof being given by the Trustee by mail to the Registered Owners not less than 10 days prior to such special record date, or may be paid at any time in any



other lawful manner not inconsistent with the requirements of any securities exchange on which the bonds of this series may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Agreement. Such payment of interest shall be by check mailed to the Registered Owner at such Owner's address as it appears on the bond registration books of the Authority maintained by the Bond Registrar and shall be made in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts.

This bond shall not be deemed to pledge the credit of the State of Delaware or the State of New Jersey or of any agency or political subdivision thereof or to create a debt or liability of the State of Delaware or the State of New Jersey or of any agency or political subdivision thereof. Neither the State of Delaware or the State of New Jersey nor the Authority shall be obligated to pay this bond or the interest or the redemption premium, if any, hereon except from tolls and other revenues and from the funds created under the Agreement, and neither the faith and credit nor the taxing power of the State of Delaware or the State of New Jersey or of any of their political subdivisions is pledged to the payment of the principal of or the interest or the redemption premium, if any, on this bond, and the Authority has no power to pledge hereafter the credit or to create any debt or liability of the State of Delaware, of the State of New Jersey or of any other agency or of any political subdivision of said States.

This bond is one of a duly authorized series of revenue bonds of the Authority in an aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_,\_\_\_\_,000), designated as "The Delaware River and Bay Authority Revenue Bonds, Refunding Series 2008" (the "2008 Bonds"), dated as of the Dated Date set forth above, consisting of bonds maturing in annual installments on the 1st day of January in the years 20\_\_ and 20\_\_, for the purpose of providing funds for refunding certain outstanding bonds of the Authority. The refunded bonds were issued to finance or refinance the cost of capital projects relating to the improvement, rehabilitation and expansion of the twin spans of the Delaware Memorial Bridge and the Cape May-Lewes ferry system and related facilities and appurtenances (the "Project").

All of the bonds are issued under and pursuant to a Trust Agreement, dated as of the 1st day of October, 1993, by and between the Authority and Wilmington Trust Company, in the City of Wilmington, Delaware, as trustee (said Wilmington Trust Company and any bank or trust company becoming successor trustee under said Trust Agreement being herein called the "Trustee"), as supplemented by Supplemental Trust Agreement Numbers 1, 2, 3, 4, 5, 6 and 7 and as further supplemented by Supplemental Trust Agreement Number 8, dated as of \_\_\_\_\_ 1, 2008, by and between the Authority and the Trustee (said Trust Agreement, together with all such Supplemental Agreements and all other agreements supplemental to said Trust Agreement as therein permitted, being herein called the "Agreement"), an executed counterpart of which Agreement is on file at the principal office of the Trustee. Reference is hereby made to the Agreement for the provisions, among others, with respect to the custody and application of the proceeds of bonds issued under the Agreement, the collection and disposition of revenues, the funds charged with and pledged to the payment of the interest on and the principal and premium, if any, of the bonds, the nature and extent of the security, the terms and conditions on which the bonds of each series are or may be issued, the rights, duties and obligations of the Authority and of the Trustee, Paying Agent, Depositories and Bond Registrar for the bonds and the rights of the registered holders of the bonds, and, by the acceptance of this bond, the registered holder hereof

assents to all of the provisions of the Agreement. The 2008 Bonds are issuable as registered bonds without coupons in Authorized Denominations.

Under the Agreement, the Authority has previously issued seven series of its Revenue Bonds, which are payable from the Debt Service Fund (hereinafter mentioned) on a parity with the bonds and any additional series of bonds issued, from time to time, under the conditions, limitations and restrictions set forth in the Agreement, for the purpose of (a) paying all or any part of the cost of or completing payment of the cost of (i) any structure or facility adapted for public use in crossing the Delaware River or the Delaware Bay between the State of Delaware and the State of New Jersey, whether by bridge, tunnel, ferry or other device, and by any vehicle or means of transportation of persons and property, including all approaches and connecting and service routes and appurtenances and equipment relating thereto, or any addition or improvement to, capital program associated with, or any enlargement or replacement of, any part of the Project, the Authority's existing Delaware Memorial Bridge, its Cape May-Lewes ferry system, or any additional crossing (collectively, the Authority's "Crossing Facilities"), or any other structure, facility or other enterprise that may be included in, or permitted by, the definition of the term "Crossing" contained in the Compact (hereinafter mentioned) from time to time or (ii) any Additional Facilities for the purpose of preventing a loss of Net Revenues derived from such Crossing Facilities, provided that such loss of Net Revenues would be the result of an emergency or some unusual or extraordinary occurrence and that the proceeds of such additional series of bonds would not be used for such purpose to the extent that insurance proceeds relating to such an occurrence were then available, and (b) refunding bonds issued under the provisions of the Agreement and other indebtedness of the Authority. In addition, the Agreement provides for the issuance of parity indebtedness as well as subordinate obligations.

This bond is issued and the Agreement was made and entered into under and pursuant to the Constitution and laws of the State of Delaware, particularly Chapters 145 and 146, Volume 53, Laws of Delaware, approved by the Governor of the State of Delaware July 21, 1961 and Chapter 252, Volume 67, Laws of Delaware, approved by the Governor of Delaware June 28, 1990, and the Constitution and laws of the State of New Jersey, particularly Chapter 66 of the Pamphlet Laws of 1961 of the State of New Jersey, approved by the Governor of the State of New Jersey June 3, 1961 and Chapter 192 of the Pamphlet Laws of 1989 of the State of New Jersey, approved by the Governor of the State of New Jersey October 18, 1989, and a compact contained in said Delaware and New Jersey laws and consented to by a Joint Resolution of the Congress of the United States of America, approved September 20, 1962, as amended and consented to by a Joint Resolution of the Congress of the United States of America, approved November 15, 1990 as the same may be further amended from time to time (collectively referred to herein as the "Compact"), and under and pursuant to a resolution duly adopted by the Authority.

This bond will initially bear interest at the [Daily] [Weekly] Interest Rate for a [Daily] [Weekly] Interest Period as provided in the Agreement. As provided in and subject to the terms of the Agreement, the 2008 Bonds from time to time may be converted to pay interest at a [Daily Interest Rate,] [Weekly Interest Rate,] Long-Term Interest Rate, Bond Interest Term Rate or Auction Period Rate. Determinations of interest rates, adjustments between interest rates, and conversions of Interest Rate Periods and ARS modes shall be all as provided in the Agreement.

The payment of principal and premium, if any, with respect to this bond shall be payable at the principal office of the Bond Registrar, upon surrender of this bond, and other payments shall be payable (i) in the case of 2008 Bonds other than 2008 Bonds bearing interest at a Long-Term Interest Rate, by wire transfer of immediately available funds to the respective Holders thereof as of the applicable Regular Record Date to an account specified by the Holder thereof in a writing delivered to the Bond Registrar, and (ii) in the case of 2008 Bonds bearing interest at the Long-Term Interest Rate, by check mailed by the Bond Registrar to the respective Holders thereof as of the applicable Regular Record Date at their addresses as they appear as of the close of business on the applicable Regular Record Date in the books kept by the Bond Registrar, except that in the case of such a Holder of \$1,000,000 or more in aggregate principal amount of 2008 Bonds, upon the written request of such Holder to the Bond Registrar, specifying the account or accounts to which such payment shall be made, such payments shall be made by wire transfer of immediately available funds on the applicable Payment Date following such Regular Record Date.

The 2008 Bonds are also payable from moneys drawn under an irrevocable, transferable Letter of Credit expiring December 16, 2011 (subject to extension and earlier termination as therein described) and issued by TD Bank, N.A. (together with any successor thereto as permitted by the Agreement, the "Credit Bank"), in favor of the Bond Registrar, Trustee and Tender Agent in an amount equal to the principal amount of the 2008 Bonds and 57 days' interest accruing thereon at the Maximum Bond Interest Rate (together with any successor credit support obtained in accordance with the terms of the Agreement, the "Credit Facility").

Except for the period during which this bond bears interest at a Long-Term Interest Rate or Auction Period Rate, interest on this bond shall accrue on the basis of the actual number of days elapsed during each Interest Rate Period and a year of 365 days (366 days in a leap year). Interest on this bond bearing interest at a Long-Term Interest Rate shall accrue on the basis of a 360-day year based on twelve 30-day months. Interest on this bond bearing interest at the Auction Period Rate shall be computed on the basis of actual days over 365 days (366 days in a leap year) if the ARS are in an Auction Period of 180 days or less and otherwise on the basis of a 360-day year of twelve 30-day months.

The Agreement, in accordance with and as required by the Compact, provides for the fixing, revising, charging and collecting by the Authority of tolls for the use of the Crossing Facilities and for revising such tolls from time to time in order that such tolls and other revenues of the Crossing Facilities will be sufficient to provide funds to pay the cost of maintaining, repairing and operating the Crossing Facilities to the extent provided in the Agreement and to pay the principal of and the interest on all bonds issued under the Agreement as the same shall become due and payable. The Agreement also provides for the deposit of a sufficient amount of such tolls and other revenues, over and above such cost of maintenance, repair and operation, to the credit of a special fund designated "The Delaware River and Bay Authority Revenue Bonds Debt Service Fund" (herein called the "Debt Service Fund"), which fund is pledged to and charged with the payment of the principal of and the interest on all bonds issued under the Agreement.

At the principal office of the Bond Registrar, in the manner and subject to the limitations and conditions provided in the Agreement, bonds may be exchanged for an equal aggregate principal amount of bonds of the same series and maturity, of authorized denominations and bearing interest at the same rate.

The transfer of this bond is registrable by the Registered Owner hereof in person or by his attorney or legal representative at the principal corporate trust office of the Bond Registrar but only in the manner and subject to the limitations and conditions provided in the Agreement and upon surrender and cancellation of this bond. Upon any such registration of transfer the Authority shall execute and the Bond Registrar shall authenticate and deliver in exchange for this bond a new bond or bonds registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the Principal Amount of this bond, of the same series and maturity and bearing interest at the same rate. Neither the Authority nor the Bond Registrar shall be required to make any exchange or to register the transfer of any bond during the fifteen (15) days immediately preceding the date of the Authority's giving notice of redemption or after such bond has been selected for redemption.

The bonds of this series at the time outstanding may be redeemed prior to their respective maturities, as described below:

The outstanding bonds of this series shall be redeemed, to the extent provided in the Agreement, on January 1, 2029 in the principal amount equal to the Amortization Requirement for such bonds, as defined in the Agreement, plus accrued interest, without premium.

Notwithstanding the foregoing, if January 1 is not an Interest Payment Date, the applicable bonds shall be redeemed on the Interest Payment Date immediately preceding such January 1.

The outstanding bonds of this series while in the Daily Interest Rate or Weekly Interest Rate Periods may be redeemed prior to their maturity, at the option of the Authority, from any moneys that may be available for that purpose (other than moneys set aside in respect of an Amortization Requirement), on any date either in whole or in part at a redemption price of 100% of the principal amount of the bonds to be redeemed, together with the interest thereon to the date fixed for redemption, without premium.

The outstanding bonds of this series while bearing interest at the Bond Interest Term Rate may be redeemed prior to their maturity, at the option of the Authority, from any moneys that may be available for that purpose (other than moneys set aside in respect of an Amortization Requirement), on the day succeeding the last day of any Bond Interest Term either in whole or in part at a redemption price of 100% of the principal amount of the bonds to be redeemed, together with the interest thereon to the date fixed for redemption, without premium.

During a Long-Term Interest Rate Period, the outstanding bonds of this series shall be subject to redemption prior to their maturity, at the option of the Authority, (1) on the first day of such Long-Term Interest Rate Period, in whole or in part, at a redemption price of 100% of the principal amount thereof, without premium, and (2) thereafter, during the periods specified below in whole or in part on any date, at the redemption prices (expressed as a percentage of principal amount) specified below plus accrued interest, if any, to the redemption date:

**Length of Long-Term  
Interest Rate Period  
(expressed in years)**

**Redemption Prices**

greater than 15	after 10 years at 101%, declining by 0.5% every year to 100%
less than or equal to 15 and greater than 10	after 7 years at 101%, declining by 0.5% every year to 100%
less than or equal to 10 and greater than 7	after 5 years at 101%, declining by 0.5% every year to 100%
less than or equal to 7 and greater than 4	after 3 years at 100 ½%, declining by 0.5% after a year to 100%
less than or equal to 4	after 2 years at 100%

In the event that the date on which the bonds of this series are adjusted to a Long-Term Interest Rate is a date other than a day which would be an Interest Payment Date during such Long-Term Interest Rate Period, then the date on which such bonds shall first be subject to redemption pursuant to the foregoing table (after the first day of such Long-Term Interest Rate Period) shall be the first Interest Payment Date next succeeding the date on which such bonds otherwise would be subject to redemption, and the redemption price shall be adjusted on each anniversary of that Interest Payment Date as provided in such table.

The Authority may, at its option, redeem Bank Bonds at any time upon one Business Day's notice of redemption to the Credit Bank and the Trustee, unless a longer notice period is required by the applicable Facility, at a redemption price of 100% of the principal amount of the Bank Bonds to be redeemed plus accrued interest, if any, to the date fixed for redemption, without premium.

If less than all of the 2008 Bonds shall be called for redemption, the particular 2008 Bonds or portions of registered 2008 Bonds to be redeemed from such maturity shall be selected by lot in such manner as the Trustee deems fair and appropriate as provided in the Agreement.

At least 15 days but no more than 60 days before the redemption date of any 2008 Bonds, a notice of any such redemption will be mailed, first class, postage prepaid, to all Registered Owners of 2008 Bonds to be redeemed as a whole or in part, but any defect in such notice or the failure so to mail any such notice to the Registered Owner of any 2008 Bond shall not affect the validity of the proceedings for the redemption of any other 2008 Bonds. Each such notice will set forth the bonds or portions thereof to be redeemed, the date fixed for redemption, the Redemption Price (hereinafter mentioned) to be paid, and if less than all the 2008 Bonds will be called for redemption, the maturities of the 2008 Bonds to be redeemed and shall otherwise comply with Securities Exchange Act of 1934 Release No. 34-23856, dated December 3, 1986, including the requirement that notice be given to all organizations registered with the Securities and Exchange Commission as securities depositories, and to at least two information services of national recognition which disseminate redemption information with respect to tax-exempt securities. On the date fixed for redemption, notice having been mailed in the manner provided in the Agreement, the 2008 Bonds or portions thereof called for redemption shall be due and payable at its applicable Redemption Price, plus accrued interest to such date. If a portion of this bond shall be called for redemption, a new 2008 Bond or Bonds in principal amount equal to the unredeemed portion hereof, of the same maturity and bearing interest at the same rate will be issued to the registered owner upon the surrender hereof.

Any notice of optional redemption of the 2008 Bonds may state that it is conditioned upon there being available on the redemption date an amount of money sufficient to pay the redemption price, consisting of par and the applicable redemption premium, if any, plus interest accrued and unpaid to the redemption date (the "Redemption Price"), and any conditional notice so given may be rescinded at any time to and including the redemption date if such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds on deposit with the Trustee to pay the Redemption Price, the corresponding notice of redemption shall be deemed to have been revoked *nunc pro tunc*.

If the Authority gives an unconditional notice of redemption, then on the redemption date the 2008 Bonds called for redemption will become due and payable at the Redemption Price. If the Authority gives a conditional notice of redemption and money to pay the Redemption Price of the affected 2008 Bonds shall have been set aside in escrow with the Trustee for the purpose of paying such 2008 Bonds, then on the redemption date the 2008 Bonds so called for redemption shall become due and payable. In either case, if on the redemption date the Trustee holds money to pay the Redemption Price of the 2008 Bonds called for redemption, thereafter, no interest will accrue on those 2008 Bonds, and a Bondholder's right will be to receive payment of the Redemption Price upon surrender of its 2008 Bonds so called for redemption.

The bonds of this series are subject to tender for purchase at the option of the Bondholder (clauses (a) and (b)) or the Authority (clause (c)) at a purchase price equal to the Tender Price as follows:

(a) during any Weekly Interest Rate Period, on any Business Day upon delivery seven days in advance by the Participant to the Tender Agent, the Trustee and the Remarketing Agent of an irrevocable notice by Electronic Means, executed by the Participant at the direction of the applicable Bondholder, which states the principal amount of such bonds (or interest therein), the principal amount to be purchased and the date on which the same shall be purchased;

(b) during any Daily Interest Rate Period, on any Business Day upon delivery by the Participant to the Tender Agent, the Trustee and the Remarketing Agent of an irrevocable notice by Electronic Means, executed by the Participant at the direction of the applicable Bondholder, which states the principal amount of such bonds (or interest therein), the principal amount to be purchased and the date on which the same shall be purchased; and

(c) during any Daily Interest Rate Period or Weekly Interest Rate Period, on any Business Day designated by the Authority, not earlier than the 10th day following the second Business Day after receipt by the Trustee of such designation, with the consent of the Remarketing Agent and the Liquidity Facility Provider or the Credit Bank, if any.

The bonds of this series are subject to mandatory tender for purchase at a purchase price equal to the Tender Price as follows:

(a) on the first day after the end of each Bond Interest Term unless such day is the first day of a new Interest Rate Period (in which case paragraph (b) below shall apply),

upon surrender of such bonds to the Tender Agent accompanied by an instrument of transfer satisfactory to the Tender Agent;

(b) on the first day of each new Interest Rate Period (or on the day which would have been the first day of a new Interest Rate Period had one of the events not occurred which resulted in the interest rate on 2008 Bonds not being converted) upon delivery to the Tender Agent; provided, however, that in the case of a failed Conversion of ARS, no mandatory purchase shall occur;

(c) if at any time the Trustee gives notice that the Tender Price on 2008 Bonds tendered for purchase shall cease to be subject to purchase pursuant to the Liquidity Facility or Credit Facility then in effect as a result of (i) the termination, replacement or expiration of the term, as extended, of that Liquidity Facility or Credit Facility, or (ii) the occurrence of a Mandatory Standby Tender, then such bonds shall be purchased (1) on the fifth Business Day preceding any such termination, replacement or expiration of such Liquidity Facility without replacement by an Alternate Liquidity Facility or upon any termination thereof as a result of a Mandatory Standby Tender and (2) on the date of the replacement of a Liquidity Facility, in any case where an Alternate Liquidity Facility has been delivered to the Tender Agent pursuant to the Agreement, in either case upon delivery to the Tender Agent; and

(d) if at any time the Trustee receives notice that an Event of Default (as defined in the Credit Facility Agreement) has occurred and is continuing, any purchase of such bonds pursuant to this paragraph (d) shall occur on the fourth Business Day following receipt by the Trustee of such notice from the Credit Bank upon delivery to the Tender Agent.

All 2008 Bonds not tendered to the Tender Agent on the date so designated will be deemed to have been so tendered for purchase on such date, and if sufficient moneys are held in trust as provided in the Agreement, the former owners thereof shall have no further rights under the Agreement except to receive payment of the Tender Price.

In connection with any mandatory tender for purchase of 2008 Bonds, the Trustee shall give notice by first-class mail to the Holders by the respective dates prior to the applicable Tender Date as set forth in the Agreement.

The registered holder of this bond shall have no right to enforce the provisions of the Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Agreement.

In certain events, on the conditions, in the manner and with the effect set forth in the Agreement, the principal of all the bonds then outstanding under the Agreement may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

Modifications or alterations of the Agreement or of any agreement supplemental thereto may be made by the Authority and the Trustee only to the extent and in the circumstances permitted by the Agreement.

All acts, conditions and things required by the constitutions and laws of the State of Delaware and the State of New Jersey and the Compact to happen, exist and be performed precedent to and in the issuance of this bond and the execution of the Agreement have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Agreement until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.



IN WITNESS WHEREOF, The Delaware River and Bay Authority, by its Board of Commissioners as the governing body thereof, has caused this bond to bear the facsimile signatures of the Chairperson, the Vice Chairperson and the Secretary of the Authority, and a facsimile of the official and corporate seal of said Authority to be imprinted hereon, all as of the \_\_\_\_ day of \_\_\_\_\_, 2008.

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F. Michael Parkowski  
Chairperson of The Delaware  
River and Bay Authority

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James N. Hogan  
Vice Chairperson of The Delaware  
River and Bay Authority

(Seal)

---

Thomas A. Pankok  
Secretary of The Delaware  
River and Bay Authority

(To be endorsed on all bonds)

**CERTIFICATE OF AUTHENTICATION**

This is one of the bonds of the series designated therein and issued under the provisions of the within-mentioned Agreement.

**WILMINGTON TRUST COMPANY,**  
As Bond Registrar

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

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Please insert social security or  
other identifying number of assignee

\_\_\_\_\_  
\_\_\_\_\_

(Please Print or Typewrite Name and Address of Transferee)

the within bond, and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to register the transfer of the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed\* by: \_\_\_\_\_

\*Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar which requirements will include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Bond Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

**APPENDIX B**  
**AUCTION PROCEDURES**  
**AND OTHER PROVISIONS RELATING TO AUCTION RATE SECURITIES**

## ARTICLE I

### Definitions

The following words and terms as used in this Appendix B (hereinafter “this Appendix”) and elsewhere in the Supplemental Agreement to which this Appendix B is attached have the following meanings with respect to the 2008 Bonds in an ARS Rate Period unless the context or use indicates another or different meaning or intent:

“**Agent Member**” means a member of, or participant in, the Securities Depository who shall act on behalf of a Bidder.

“**All Hold Rate**” means, as of any Auction Date, the interest rate per annum equal to 55% of the Index in effect on such Auction Date.

“**ARS Conversion Date**” means the date on which the 2008 Bonds convert from an Interest Rate Period other than an ARS Rate Period and begin to bear interest at the Auction Period Rate.

“**ARS Rate Period**” means any period of time commencing on the day following the Initial Period and ending on the earlier of the Conversion Date or the day preceding the final maturity date of the 2008 Bonds.

“**Auction**” means each periodic implementation of the Auction Procedures.

“**Auction Agent**” means the Person appointed as Auction Agent in accordance with the Auction Agreement.

“**Auction Agreement**” means an agreement between the Auction Agent and the Trustee pursuant to which the Auction Agent agrees to follow the procedures specified in this Appendix with respect to the 2008 Bonds while the 2008 Bonds bear interest at the Auction Period Rate, as such agreement may from time to time be amended or supplemented.

“**Auction Date**” means with respect to the 2008 Bonds:

(a) Daily Auction Period. If the 2008 Bonds are in a daily Auction Period, each Business Day unless such day is the Business Day prior to the conversion from a daily Auction Period to another Auction Period,

(b) Flexible Auction Period. If the 2008 Bonds are in a Flexible Auction Period, the last Business Day of the Flexible Auction Period, and

(c) Other Auction Periods. If the 2008 Bonds are in any other Auction Period, the Business Day next preceding each Interest Payment Date for such Bonds (whether or not an Auction shall be conducted on such date);

provided, however, that the last Auction Date with respect to the 2008 Bonds in an Auction Period other than a daily Auction Period or Flexible Auction Period shall be the earlier of (i) the Business

Day next preceding the Interest Payment Date next preceding the Conversion Date for the 2008 Bonds and (ii) the Business Day next preceding the Interest Payment Date next preceding the final maturity date for the 2008 Bonds; and

provided, further, that if the 2008 Bonds are in a daily Auction Period, the last Auction Date shall be the earlier of (x) the second Business Day next preceding the Conversion Date for the 2008 Bonds and (y) the Business Day next preceding the final maturity date for the 2008 Bonds. The last Business Day of a Flexible Auction Period shall be the Auction Date for the Auction Period which begins on the next succeeding Business Day, if any. On the second Business Day preceding the conversion from a daily Auction Period to another Auction Period, there shall be an Auction for the last daily Auction Period. On the Business Day preceding the conversion from a daily Auction Period to another Auction Period, there shall be one Auction for the first Auction Period following the conversion.

“**Auction Desk**” means the business unit of a Broker-Dealer that fulfills the responsibilities of the Broker-Dealer under a Broker-Dealer Agreement, including soliciting Bids for the 2008 Bonds, and units of the Broker-Dealer which are not separated from such business unit by information controls appropriate to control, limit and monitor the inappropriate dissemination and use of information about Bids.

“**Auction Period**” means with respect to the 2008 Bonds:

- (a) *Flexible Auction Period.* A Flexible Auction Period;
- (b) *Daily Auction Period.* With respect to the 2008 Bonds in a daily Auction Period, a period beginning on each Business Day and extending to but not including the next succeeding Business Day unless such Business Day is the second Business Day preceding the conversion from a daily Auction Period to another Auction Period, in which case the daily Auction Period shall extend to, but not include, the next Interest Payment Date;
- (c) *Seven day Auction Period.* With respect to the 2008 Bonds in a seven-day Auction Period, if Auctions generally are conducted on the day of the week specified in column A of the table below, a period of generally seven days beginning on the day of the week specified in column B of the table below (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on the day of the week specified in column C of the table below) and ending on the day of the week specified in column C of the table below in the next succeeding week (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day):

(A)	(B)	(C)
When Auctions Occur on this day	Auction Period Generally Begins this day	Auction Period Generally Ends this day
Friday	Monday	Sunday
Monday	Tuesday	Monday
Tuesday	Wednesday	Tuesday
Wednesday	Thursday	Wednesday
Thursday	Friday	Thursday

(d) *28-day Auction Period.* With respect to the 2008 Bonds in a 28-day Auction Period, if Auctions generally are conducted on the day of the week specified in column A of the table above, a period of generally 28 days beginning on the day of the week specified in column B of the table above (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on the day of the week specified in column C of the table above) and ending on the same day of the week specified in column C of the table above four weeks later (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day).

(e) *35-day Auction Period.* With respect to the 2008 Bonds in a 35-day Auction Period, if Auctions generally are conducted on the day of the week specified in column A of the table above, a period of generally 35 days beginning on the day of the week specified in column B of the table above (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on the day of the week specified in column C of the table above) and ending on the day of the week specified in column C of the table above five weeks later (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day).

(f) *Three-month Auction Period.* With respect to the 2008 Bonds in a three-month Auction Period, a period of generally three months (or shorter period upon a conversion from another Auction Period or following an ARS Conversion Date) beginning on the day following the last day of the prior Auction Period or the ARS Conversion Date and ending on the calendar day immediately preceding the first Business Day of the month that is the third calendar month following the beginning date of such Auction Period; and

(g) *Six-month Auction Period.* With respect to the 2008 Bonds in a six-month Auction Period, a period of generally six months (or shorter period upon a conversion from another Auction Period or following an ARS Conversion Date) beginning on the day following the last day of the prior Auction Period or the ARS Conversion Date and ending on the next succeeding June 30 and December 31.

Provided, however, that if there is a conversion of the 2008 Bonds with Auctions generally conducted on the day of the week specified in column A of the table above, (i) from a daily Auction Period to a seven-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding day of the week specified in column C of the table above (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 28-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and shall end of the day of the week specified in column C of the table above (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the day of the week specified in column C of the table above (unless such day is not followed by a Business Day, in which case on the next succeeding

day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion.

Notwithstanding the foregoing, if an Auction is for an Auction Period of more than seven days and the Auction Rate on such Auction Date is the Maximum Rate as the result of a lack of Sufficient Clearing Bids, the Auction Period shall automatically convert to a seven-day Auction Period. On the following Auction Date, the Auction shall be conducted for an Auction Period of the same length as the Auction Period prior to such automatic conversion. If such Auction is successful, the Auction Period shall revert to the length prior to the automatic conversion, and, if such Auction is not successful, the Auction Period shall be another seven-day period.

**“Auction Period Rate”** means the Auction Rate or any other rate of interest to be borne by the 2008 Bonds during each Auction Period determined in accordance with Section 2.04 of this Appendix; provided, however, in no event may the Auction Period Rate exceed the Maximum Rate.

**“Auction Procedures”** means the procedures for conducting auctions for the 2008 Bonds during an ARS Rate Period set forth in this Appendix.

**“Auction Rate”** means for the 2008 Bonds for each Auction Period, (i) if Sufficient Clearing Bids exist, the Winning Bid Rate, provided, however, if all of the 2008 Bonds are the subject of Submitted Hold Orders, the All Hold Rate for the 2008 Bonds, and (ii) if Sufficient Clearing Bids do not exist, the Maximum Rate for the 2008 Bonds.

**“Authorized Denomination”** means \$25,000 and integral multiples thereof so long as the 2008 Bonds bear interest at the Auction Period Rate, notwithstanding anything else in the Supplemental Agreement to which this Appendix B is attached to the contrary.

**“Available Bonds”** means, on each Auction Date, the number of Units of Bonds that are not the subject of Submitted Hold Orders.

**“Bid”** has the meaning specified in subsection (a) of Section 2.01 of this Appendix.

**“Bidder”** means each Existing Owner and Potential Owner who places an Order.

**“Broker-Dealer”** means any entity that is permitted by law to perform the function required of a Broker-Dealer described in this Appendix, that is a member of, or a direct participant in, the Securities Depository, that has been selected by the Authority and that is a party to a Broker-Dealer Agreement with the Auction Agent and the Authority. The “Broker-Dealer of record” with respect to any 2008 Bond is the Broker-Dealer which placed the Order for such Bond or whom the Existing Owner of such Bond has designated as its Broker-Dealer with respect to such Bond, in each case as reflected in the records of the Auction Agent.

**“Broker-Dealer Agreement”** means an agreement among the Auction Agent, the Authority and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures described in this Appendix, as such agreement may from time to time be amended or supplemented.



**“Broker-Dealer Deadline”** means, with respect to an Order, the internal deadline established by the Broker-Dealer through which the Order was placed after which it will not accept Orders or any change in any Order previously placed with such Broker-Dealer; provided, however, that nothing shall prevent the Broker-Dealer from correcting Clerical Errors by the Broker-Dealer with respect to Orders from Bidders after the Broker-Dealer Deadline pursuant to the provisions herein. Any Broker-Dealer may change the time or times of its Broker-Dealer Deadline as it relates to such Broker-Dealer by giving notice not less than two Business Days prior to the date such change is to take effect to Bidders who place Orders through such Broker-Dealer.

**“Business Day”** in addition to any other definition of “Business Day” included in the Trust Agreement, while the 2008 Bonds bear interest at the Auction Period Rate, the term Business Day shall not include Saturdays, Sundays, days on which the New York Stock Exchange or its successor is not open for business, days on which the Federal Reserve Bank of New York is not open for business, days on which banking institutions or trust companies located in the state in which the operations of the Auction Agent are conducted are authorized or required to be closed by law, regulation or executive order of the state in which the Auction Agent conducts operations with respect to the 2008 Bonds.

**“Clerical Error”** means a clerical error in the processing of an Order, and includes, but is not limited to, the following: (i) a transmission error, including but not limited to, an Order sent to the wrong address or number, failure to transmit certain pages or illegible transmission, (ii) failure to transmit an Order received from one or more Existing Owners or Potential Owners (including Orders from the Broker-Dealer which were not originated by the Auction Desk) prior to the Broker-Dealer Deadline or generated by the Broker-Dealer’s Auction Desk for its own account prior to the Submission Deadline or (iii) a typographical error. Determining whether an error is a “Clerical Error” is within the reasonable judgment of the Broker-Dealer, provided that the Broker-Dealer has a record of the correct Order that shows it was so received or so generated prior to the Broker-Dealer Deadline or the Submission Deadline, as applicable.

**“Conversion Date”** means the date on which the 2008 Bonds begin to bear interest at a rate which is determined other than by means of the Auction Procedures.

**“Electronic Means”** means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

**“Error Correction Deadline”** means one hour after the Auction Agent completes the dissemination of the results of the Auction to Broker-Dealers without regard to the time of receipt of such results by any Broker-Dealer; provided, however, in no event shall the Error Correction Deadline extend past 4:00 p.m., New York City time, unless the Auction Agent experiences technological failure or force majeure in disseminating the Auction results which causes a delay in dissemination past 3:00 p.m., New York City time.

**“Existing Owner”** means a Person who is the beneficial owner of Bonds; provided, however, that for purposes of conducting an Auction, the Auction Agent may consider a Broker-Dealer acting on behalf of its customer as an Existing Owner.

**“Flexible Auction Period”** means with respect to the 2008 Bonds,

(a) any period of 182 days or less which is divisible by seven and which begins on an Interest Payment Date and ends (i) in the case of Auctions generally conducted on Fridays, on a Sunday unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (ii) in the case of Auctions generally conducted on Mondays, on a Monday unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (iii) in the case of Auctions generally conducted on Tuesdays, on a Tuesday unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (iv) in the case of Auctions generally conducted on Wednesdays, on a Wednesday unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, and (v) in the case of Auctions generally conducted on Thursdays, on a Thursday unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day or

(b) any period which is longer than 182 days which begins on an Interest Payment Date and ends not later than the final scheduled maturity date of the 2008 Bonds.

**“Hold Order”** means an Order to hold the 2008 Bonds as provided in Section 2.01(a) of this Appendix or such an Order deemed to have been submitted as provided in Section 2.01(c) of this Appendix.

**“Index”** means, on any Auction Date with respect to Bonds in any Auction Period of 35 days or less, the One Month LIBOR Rate on such date and, with respect to Bonds in any Auction Period of more than 35 days, the rate on United States Treasury Securities having a maturity which most closely approximates the length of the Auction Period as last published in The Wall Street Journal or such other source as may be mutually agreed upon by the Authority and the Broker-Dealers. If either rate is unavailable, the Index shall be an index or rate agreed to by all Broker-Dealers and consented to by the Authority. For the purpose of this definition an Auction Period of 35 days or less means a 35-day Auction Period or shorter Auction Period, i.e. a 35-day Auction Period which is extended because of a holiday would still be considered an Auction Period of 35 days or less.

**“Initial Period”** means each period specified to be an “Initial Period” in a direction of the Authority to convert to the Auction Period Rate.

**“Initial Period Rate”** means, for each Initial Period, the interest rate per annum determined by [If initially ARS: the Underwriter or] the Broker-Dealer.

**“Interest Payment Date”** with respect to the 2008 Bonds while bearing interest at Auction Period Rates, means, notwithstanding anything else in the Trust Agreement to the contrary, (a) when used with respect to any Auction Period other than a daily Auction Period or a Flexible Auction Period, the Business Day immediately following such Auction Period, (b) when used with respect to a daily Auction Period, the first Business Day of the month immediately succeeding the first day of such Auction Period, (c) when used with respect to a Flexible Auction Period of (i) seven or more but fewer than 183 days, the Business Day immediately following such Flexible

Auction Period, or (ii) 183 or more days, each January 1 and July 1 and on the Business Day immediately following such Flexible Auction Period, and (d) the date when the final payment of principal of the 2008 Bonds becomes due and payable (whether at stated maturity, upon redemption or acceleration, or otherwise). The first Interest Payment Date after each ARS Conversion Date shall be the date specified in a direction of the Authority to convert to the Auction Period Rate.

**“Maximum Rate”** means the lesser of 15% per annum and the Maximum Lawful Rate, in each case calculated in the same manner as interest is calculated for the particular interest rate on the 2008 Bonds.

**“One Month LIBOR Rate”** means, as of any date of determination, the offered rate (rounded up to the next highest 0.001%) for deposits in U.S. dollars for a one-month period which appears on the Reuters Screen LIBOR01 Page at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

**“Order”** means a Hold Order, Bid or Sell Order.

**“Person”** has the meaning given to such term in the Trust Agreement.

**“Potential Owner”** means any Person, including any Existing Owner, who may be interested in acquiring a beneficial interest in the 2008 Bonds in addition to the 2008 Bonds currently owned by such Person, if any; provided, however, that for purposes of conducting an Auction, the Auction Agent may consider a Broker-Dealer acting on behalf of its customer as a Potential Owner.

**“Regular Record Date”** means, notwithstanding anything else in the Trust Agreement, while the 2008 Bonds bear interest at the Auction Period Rate, the Business Day immediately preceding an Interest Payment Date.

**“Securities Depository”** means, notwithstanding anything else in the Trust Agreement to the contrary, The Depository Trust Company and its successors and assigns or any other securities depository selected by the Authority.

**“Sell Order”** has the meaning specified in subsection (a) of Section 2.01 of this Appendix.

**“Submission Deadline”** means 1:00 p.m., New York City time, on each Auction Date not in a daily Auction Period and 11:00 a.m., New York City time, on each Auction Date in a daily Auction Period, or such other time on such date as shall be specified from time to time by the Auction Agent if directed in writing by the Trustee or the Authority pursuant to the Auction Agreement as the time by which Broker-Dealers are required to submit Orders to the Auction Agent. Notwithstanding the foregoing, the Auction Agent will follow the Securities Industry and Financial Markets Association’s Early Market Close Recommendations for shortened trading days for the bond markets (the “SIFMA Recommendation”) unless the Auction Agent is instructed otherwise in writing by the Trustee or the Authority. In the event of a SIFMA Recommendation

with respect to an Auction Date, the Submission Deadline will be 11:30 a.m., instead of 1:00 p.m., New York City time.

“**Submitted Bid**” has the meaning specified in subsection (b) of Section 2.04 of this Appendix.

“**Submitted Hold Order**” has the meaning specified in subsection (b) of Section 2.04 of this Appendix.

“**Submitted Order**” has the meaning specified in subsection (b) of Section 2.04 of this Appendix.

“**Submitted Sell Order**” has the meaning specified in subsection (b) of Section 2.04 of this Appendix.

“**Sufficient Clearing Bids**” means for the 2008 Bonds, an Auction for which the number of Units of the 2008 Bonds that are the subject of Submitted Bids by Potential Owners specifying one or more rates not higher than the Maximum Rate is not less than the number of Units of the 2008 Bonds that are the subject of Submitted Sell Orders and of Submitted Bids by Existing Owners specifying rates higher than the Maximum Rate.

“**Units**” has the meaning set forth in Section 2.02(a)(iii) of this Appendix.

“**Winning Bid Rate**” means for the 2008 Bonds, the lowest rate specified in any Submitted Bid of the 2008 Bonds which if calculated by the Auction Agent as the Auction Rate would cause the number of Units of the 2008 Bonds that are the subject of Submitted Bids specifying a rate not greater than such rate to be not less than the number of Units of Available Bonds of the 2008 Bonds.

## ARTICLE II

### Auction Procedures

*Section 2.01 Orders by Existing Owners and Potential Owners.* (a) Prior to the Broker-Dealer Deadline for the 2008 Bonds on each Auction Date:

(i) each Existing Owner may submit to a Broker-Dealer, in writing or by such other method as shall be reasonably acceptable to such Broker-Dealer, one or more Orders as to:

(A) the principal amount of Bonds, if any, held by such Existing Owner which such Existing Owner commits to continue to hold for the next succeeding Auction Period without regard to the Auction Rate for such Auction Period,

(B) the principal amount of Bonds, if any, held by such Existing Owner which such Existing Owner commits to continue to hold for the next succeeding Auction Period if the Auction Rate for the next succeeding Auction Period is not less than the rate

per annum specified in such Order (and if the Auction Rate is less than such specified rate, the effect of the Order shall be as set forth in paragraph (b)(i)(A) of this Section), and/or

(C) the principal amount of Bonds, if any, held by such Existing Owner which such Existing Owner offers to sell on the first Business Day of the next succeeding Auction Period (or on the same day in the case of a daily Auction Period) without regard to the Auction Rate for the next succeeding Auction Period; and

(ii) each Potential Owner may submit to a Broker-Dealer, in writing or by such other method as shall be reasonably acceptable to such Broker-Dealer, an Order as to the principal amount of Bonds, which each such Potential Owner offers to purchase if the Auction Rate for the next succeeding Auction Period is not less than the rate per annum then specified by such Potential Owner.

For the purposes of the Auction Procedures an Order containing the information referred to in clause (i)(A) above is referred to as a “Hold Order,” an Order containing the information referred to in clause (i)(B) or (ii) above is referred to as a “Bid,” and an Order containing the information referred to in clause (i)(C) above is referred to as a “Sell Order.”

No Auction Desk of a Broker-Dealer shall accept as an Order a submission (whether received from an Existing Owner or a Potential Owner or generated by the Broker-Dealer for its own account) which does not conform to the requirements of the Auction Procedures, including, but not limited to, submissions which are not in Authorized Denominations, specify a rate which contains more than three figures to the right of the decimal point or specify an amount greater than the amount of Outstanding Bonds. No Auction Desk of a Broker-Dealer shall accept a Bid or Sell Order which is conditioned on being filled in whole or a Bid which does not specify a specific interest rate.

(b) (i) A Bid by an Existing Owner shall constitute an offer to sell on the first Business Day of the next succeeding Auction Period (or the same day in the case of a daily Auction Period):

(A) the principal amount of Bonds specified in such Bid if the Auction Rate for the next succeeding Auction Period shall be less than the rate specified in such Bid; or

(B) such principal amount or a lesser principal amount of Bonds to be determined as described in subsection (a)(v) of Section 2.05 hereof if the Auction Rate for the next succeeding Auction Period shall be equal to such specified rate; or

(C) a lesser principal amount of Bonds to be determined as described in subsection (b)(iv) of Section 2.05 hereof if such specified rate shall be higher than the Maximum Rate and Sufficient Clearing Bids do not exist.

(ii) A Sell Order by an Existing Owner shall constitute an offer to sell:

(A) the principal amount of Bonds specified in such Sell Order; or

(B) such principal amount or a lesser principal amount of Bonds as described in subsection (b)(iv) of Section 2.05 hereof if Sufficient Clearing Bids do not exist.

(iii) A Bid by a Potential Owner shall constitute an offer to purchase:

(A) the principal amount of Bonds specified in such Bid if the Auction Rate for the next succeeding Auction Period shall be higher than the rate specified therein; or

(B) such principal amount or a lesser principal amount of Bonds as described in subsection (a)(vi) of Section 2.05 hereof if the Auction Rate for the next succeeding Auction Period shall be equal to such specified rate.

(c) Anything herein to the contrary notwithstanding:

(i) If an Order or Orders covering all of the 2008 Bonds held by an Existing Owner is not submitted to the Broker-Dealer of record for such Existing Owner prior to the Broker-Dealer Deadline, such Broker-Dealer shall deem a Hold Order to have been submitted on behalf of such Existing Owner covering the principal amount of Bonds held by such Existing Owner and not subject to Orders submitted to such Broker-Dealer; provided, however, that if there is a conversion from one Auction Period to a longer Auction Period and Orders have not been submitted to such Broker-Dealer prior to the Broker-Dealer Deadline covering the aggregate principal amount of Bonds to be converted held by such Existing Owner, such Broker-Dealer shall deem a Sell Order to have been submitted on behalf of such Existing Owner covering the principal amount of Bonds to be converted held by such Existing Owner not subject to Orders submitted to such Broker-Dealer.

(ii) for purposes of any Auction, any Order by any Existing Owner or Potential Owner shall be revocable until the Broker-Dealer Deadline, and after the Broker-Dealer Deadline, all such Orders shall be irrevocable, except as provided in Sections 2.02(d)(ii) and 2.02(e); and

(iii) for purposes of any Auction other than during a daily Auction Period, any 2008 Bonds sold or purchased pursuant to subsection (b)(i), (ii) or (iii) above shall be sold or purchased at a price equal to 100% of the principal amount thereof; provided that, for purposes of any Auction during a daily Auction Period, such sale or purchase price shall be 100% of the principal amount thereof plus accrued interest to the date of sale or purchase.

*Section 2.02 Submission of Orders by Broker-Dealers to Auction Agent.*

(a) Each Broker-Dealer shall submit to the Auction Agent in writing, or by such Electronic Means as shall be reasonably acceptable to the Auction Agent, prior to the Submission Deadline on each Auction Date for the 2008 Bonds, all Orders with respect to the 2008 Bonds accepted by such Broker-Dealer in accordance with Section 2.01 above and specifying with respect to each Order or aggregation of Orders pursuant to Section 2.02(b) below:

- (i) the name of the Broker-Dealer;
- (ii) the number of Bidders placing Orders, if requested by the Auction Agent;
- (iii) the aggregate number of Units of Bonds, if any, that are the subject of such Order, where each Unit is equal to the principal amount of the minimum Authorized Denomination of the 2008 Bonds;
- (iv) to the extent that such Bidder is an Existing Owner:
  - (A) the number of Units of Bonds, if any, subject to any Hold Order placed by such Existing Owner;
  - (B) the number of Units of Bonds, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and
  - (C) the number of Units of Bonds, if any, subject to any Sell Order placed by such Existing Owner; and
- (v) to the extent such Bidder is a Potential Owner, the rate specified in such Bid.

(b) If more than one Bid is submitted to a Broker-Dealer on behalf of any single Potential Owner, the Broker-Dealer shall aggregate each Bid on behalf of such Potential Owner submitted with the same rate and consider such Bids as a single Bid and shall consider each Bid submitted with a different rate a separate Bid with the rate and the number of Units of Bonds specified therein.

A Broker-Dealer may aggregate the Orders of different Potential Owners with those of other Potential Owners on whose behalf the Broker-Dealer is submitting Orders and may aggregate the Orders of different Existing Owners with other Existing Owners on whose behalf the Broker-Dealer is submitting Orders; provided, however, Bids may only be aggregated if the interest rates on the Bids are the same.

(c) None of the Authority, the Trustee or the Auction Agent shall be responsible for the failure of any Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner or Potential Owner.

(d) Nothing contained herein shall preclude a Broker-Dealer from placing an Order for some or all of the 2008 Bonds for its own account.

(e) Until the Submission Deadline, a Broker-Dealer may withdraw or modify any Order previously submitted to the Auction Agent (i) for any reason if the Order was generated by the Auction Desk of the Broker-Dealer for the account of the Broker-Dealer or (ii) to correct a Clerical Error on the part of the Broker-Dealer in the case of any other Order, including Orders from the Broker-Dealer which were not originated by the Auction Desk.

(f) After the Submission Deadline and prior to the Error Correction Deadline, a Broker-Dealer may:

(i) submit to the Auction Agent an Order received from an Existing Owner, Potential Owner or a Broker-Dealer which is not an Order originated by the Auction Desk, in each case prior to the Broker-Dealer Deadline, or an Order generated by the Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline (provided that in each case the Broker-Dealer has a record of such Order and the time when such Order was received or generated) and not submitted to the Auction Agent prior to the Submission Deadline as a result of (A) an event of force majeure or a technological failure which made delivery prior to the Submission Deadline impossible or, under the conditions then prevailing, impracticable or (B) a Clerical Error on the part of the Broker-Dealer; or

(ii) modify or withdraw an Order received from an Existing Owner or Potential Owner or generated by the Broker-Dealer (whether generated by the Broker-Dealer's Auction Desk or elsewhere within the Broker-Dealer) for its own account and submitted to the Auction Agent prior to the Submission Deadline or pursuant to clause (i) above, if the Broker-Dealer determines that such Order contained a Clerical Error on the part of the Broker-Dealer.

In the event a Broker-Dealer makes a submission, modification or withdrawal pursuant to this Section 2.02(e) and the Auction Agent has already run the Auction, the Auction Agent shall rerun the Auction, taking into account such submission, modification or withdrawal. Each submission, modification or withdrawal of an Order submitted pursuant to this Section 2.02(e) by a Broker-Dealer after the Submission Deadline and prior to the Error Correction Deadline shall constitute a representation by the Broker-Dealer that (A) in the case of a newly submitted Order or portion thereof or revised Order, the failure to submit such Order prior to the Submission Deadline resulted from an event described in clause (i) above and such Order was received from an Existing Owner or Potential Owner or is an Order received from the Broker-Dealer that was not originated by the Auction Desk, in each case, prior to the Broker-Dealer Deadline, or generated internally by such Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline or (B) in the case of a modified or withdrawn Order, such Order was received from an Existing Owner, a Potential Owner or the Broker-Dealer which was not originated by the Auction Desk prior to the Broker-Dealer Deadline, or generated internally by such Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline and such Order as submitted to the Auction Agent contained a Clerical Error on the part of the Broker-Dealer and that such Order has been modified or withdrawn solely to effect a correction of such Clerical Error, and in the case of either (A) or (B), as applicable, the Broker-Dealer has a record of such Order and the time when such Order was received or generated. The Auction Agent shall be entitled to rely conclusively (and shall have no liability for relying) on such representation for any and all purposes of the Auction Procedures.

(g) If after the Auction Agent announces the results of an Auction, a Broker-Dealer becomes aware that an error was made by the Auction Agent, the Broker-Dealer shall communicate such awareness to the Auction Agent prior to 5:00 p.m. New York City time on the Auction Date (or 2:00 pm. New York City time in the case of Bonds in a daily Auction Period). If the Auction Agent determines there has been such an error (as a result of either a communication



from a Broker-Dealer or its own discovery) prior to 3:00 p.m. New York City time on the first day of the Auction Period with respect to which such Auction was conducted, the Auction Agent shall correct the error and notify each Broker-Dealer that submitted Bids or held a position in Bonds in such Auction of the corrected results.

(h) Nothing contained herein shall preclude the Auction Agent from:

(i) advising a Broker-Dealer prior to the Submission Deadline that it has not received Sufficient Clearing Bids for the 2008 Bonds; provided, however, that if the Auction Agent so advises any Broker-Dealer, it shall so advise all Broker-Dealers; or

(ii) verifying the Orders of a Broker-Dealer prior to or after the Submission Deadline; provided, however, that if the Auction Agent verifies the Orders of any Broker-Dealer, it shall verify the Orders of all Broker-Dealers requesting such verification.

*Section 2.03 Treatment of Orders by the Auction Agent.* Anything herein to the contrary notwithstanding:

(a) If the Auction Agent receives an Order which does not conform to the requirements of the Auction Procedures, the Auction Agent may contact the Broker-Dealer submitting such Order until one hour after the Submission Deadline and inform such Broker-Dealer that it may resubmit such Order so that it conforms to the requirements of the Auction Procedures. Upon being so informed, such Broker-Dealer may correct and resubmit to the Auction Agent any such Order that, solely as a result of a Clerical Error on the part of such Broker-Dealer, did not conform to the requirements of the Auction Procedures when previously submitted to the Auction Agent. Any such resubmission by a Broker-Dealer shall constitute a representation by such Broker-Dealer that the failure of such Order to have so conformed was solely as a result of a Clerical Error on the part of such Broker-Dealer. If the Auction Agent has not received a corrected conforming Order within one hour and fifteen minutes of the Submission Deadline, the Auction Agent shall, if and to the extent applicable, adjust or apply such Order, as the case may be, in conformity with the provisions of subsections (b), (c) or (d) of this Section 2.03 and, if the Auction Agent is unable to so adjust or apply such Order, the Auction Agent shall reject such Order.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth of one percent (0.001%).

(c) If one or more Orders covering in the aggregate more than the number of Units of Outstanding Bonds are submitted by a Broker-Dealer to the Auction Agent, such Orders shall be considered valid in the following order of priority:

(i) all Hold Orders shall be considered Hold Orders, but only up to and including in the aggregate the number of Units of Bonds for which such Broker-Dealer is the Broker-Dealer of record;

(ii) (A) any Bid of a Broker-Dealer shall be considered valid as a Bid of an Existing Owner up to and including the excess of the number of Units of Bonds for which

such Broker-Dealer is the Broker-Dealer of record over the number of Units of Bonds subject to Hold Orders referred to in clause (i) above;

(B) subject to clause (A) above, all Bids of a Broker-Dealer with the same rate shall be aggregated and considered a single Bid of an Existing Owner up to and including the excess of the number of Units of Bonds for which such Broker-Dealer is the Broker-Dealer of record over the number of Units of Bonds for which such Broker-Dealer is the Broker-Dealer of record subject to Hold Orders referred to in clause (i) above;

(C) subject to clause (A) above, if more than one Bid with different rates is submitted by a Broker-Dealer, such Bids shall be considered Bids of an Existing Owner in the ascending order of their respective rates up to the amount of the excess of the number of Units of Bonds for which such Broker-Dealer is the Broker-Dealer of record over the number of Units of Bonds for which such Broker-Dealer is the Broker-Dealer of record subject to Hold Orders referred to in clause (i) above; and

(D) the number of Units, if any, of Bonds subject to Bids not considered to be Bids for which such Broker-Dealer is the Broker-Dealer of record under this clause (ii) shall be treated as the subject of a Bid by a Potential Owner;

(iii) all Sell Orders shall be considered Sell Orders, but only up to and including the number of Units of Bonds equal to the excess of the number of Units of Bonds for which such Broker-Dealer is the Broker-Dealer of record over the sum of the number of Units of Bonds considered to be subject to Hold Orders pursuant to clause (i) above and the number of Units of Bonds considered to be subject to Bids for which such Broker-Dealer is the Broker-Dealer of record pursuant to clause (ii) above.

(d) If any Order is for other than an integral number of Units, then the Auction Agent shall round the amount down to the nearest number of whole Units, and the Auction Agent shall conduct the Auction Procedures as if such Order had been submitted in such number of Units.

(e) For purposes of any Auction other than during a daily Auction Period, if an Auction Agent has been notified by the Trustee of the Authority that any portion of an Order by a Broker-Dealer relates to a Bond which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction, the Order shall be invalid with respect to such portion and the Auction Agent shall conduct the Auction Procedures as if such portion of such Order had not been submitted.

(f) For purposes of any Auction other than during a daily Auction Period, no portion of a Bond which the Auction Agent has been notified by the Trustee or the Authority has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be included in the calculation of Available Bonds for such Auction.

(g) If an Order or Orders covering all of the 2008 Bonds is not submitted by a Broker-Dealer of record prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Broker-Dealer covering the number of Units of Bonds for which such Broker-Dealer is the Broker-Dealer of record and not subject to Orders

submitted to the Auction Agent; provided, however, that if there is a conversion from one Auction Period to a longer Auction Period and Orders have not been submitted by such Broker-Dealer prior to the Submission Deadline covering the number of Units of Bonds to be converted for which such Broker-Dealer is the Broker-Dealer of record, the Auction Agent shall deem a Sell Order to have been submitted on behalf of such Broker-Dealer covering the number of Units of Bonds to be converted for which such Broker-Dealer is the Broker-Dealer of record not subject to Orders submitted by such Broker-Dealer.

(h) Any Bid specifying a rate higher than the Maximum Rate will (i) be treated as a Sell Order if submitted by an Existing Owner and (ii) not be accepted if submitted by a Potential Owner.

*Section 2.04 Determination of Auction Period Rate.* (a) If requested by the Trustee or a Broker-Dealer, not later than 10:30 a.m., New York City time (or such other time as may be agreed to by the Auction Agent and all Broker-Dealers), on each Auction Date for each Series of Bonds, the Auction Agent shall advise such Broker-Dealer (and thereafter confirm to the Trustee, if requested) of the All Hold Rate, the Index and, if the Maximum Rate is not a fixed interest rate, the Maximum Rate. Such advice, and confirmation, shall be made by telephone or other Electronic Means acceptable to the Auction Agent.

(b) Promptly after the Submission Deadline for the 2008 Bonds on each Auction Date, the Auction Agent shall assemble all Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, and collectively as a "Submitted Order") and shall determine (i) the Available Bonds, (ii) whether there are Sufficient Clearing Bids, and (iii) the Auction Rate.

(c) In the event the Auction Agent shall fail to calculate or, for any reason, fails to provide the Auction Rate on the Auction Date, for any Auction Period (i) if the preceding Auction Period was a period of 35 days or less, (A) a new Auction Period shall be established for the same length of time as the preceding Auction Period, if the failure to make such calculation was because there was not at the time a duly appointed and acting Auction Agent or Broker-Dealer, and the Auction Period Rate for the new Auction Period shall be 85% of the Index if the Index is ascertainable on such date (by the Auction Agent, if there is at the time an Auction Agent, or the Trustee, if at the time there is no Auction Agent) or, (B) if the failure to make such calculation was for any other reason or if the Index is not ascertainable on such date, the prior Auction Period shall be extended to the seventh day following the day that would have been the last day of the preceding Auction Period (or if such seventh day is not followed by a Business Day then to the next succeeding day that is followed by a Business Day) and the Auction Period Rate for the period as so extended shall be the same as the Auction Period Rate for the Auction Period prior to the extension, and (ii) if the preceding Auction Period was a period of greater than 35 days, (A) a new Auction Period shall be established for a period that ends on the seventh day following the day that was the last day of the preceding Auction Period, (or if such seventh day is not followed by a Business Day then to the next succeeding day which is followed by a Business Day) if the failure to make such calculation was because there was not at the time a duly appointed and acting Auction Agent or Broker-Dealer, and the Auction Period Rate for the new Auction Period shall be 85% of the Index if the Index is ascertainable on such date (by the Auction Agent,

if there is at the time an Auction Agent, or the Trustee, if at the time there is no Auction Agent) or, (B) if the failure to make such calculation was for any other reason or if the Index is not ascertainable on such date, the prior Auction Period shall be extended to the seventh day following the day that would have been the last day of the preceding Auction Period (or if such seventh day is not followed by a Business Day then to the next succeeding day that is followed by a Business Day) and the Auction Period Rate for the period as so extended shall be the same as the Auction Period Rate for the Auction Period prior to the extension. In the event a new Auction Period is established as set forth in clause (ii) (A) above, an Auction shall be held on the last Business Day of the new Auction Period to determine an Auction Rate for an Auction Period beginning on the Business Day immediately following the last day of the new Auction Period and ending on the date on which the Auction Period otherwise would have ended had there been no new Auction Period or Auction Periods subsequent to the last Auction Period for which a Winning Bid Rate or an All Hold Rate had been determined. In the event an Auction Period is extended as set forth in clause (i) (B) or (ii) (B) above, an Auction shall be held on the last Business Day of the Auction Period as so extended to determine an Auction Rate for an Auction Period beginning on the Business Day immediately following the last day of the extended Auction Period and ending on the date on which the Auction Period otherwise would have ended had there been no extension of the prior Auction Period.

Notwithstanding the foregoing, neither new nor extended Auction Periods shall total more than 35 days in the aggregate. If at the end of the 35 days the Auction Agent fails to calculate or provide the Auction Rate, or there is not at the time a duly appointed and acting Auction Agent or Broker-Dealer, the Auction Period Rate shall be the Maximum Rate.

(d) In the event of a failed conversion from an Auction Period to any other period or in the event of a failure to change the length of the current Auction Period due to the lack of Sufficient Clearing Bids at the Auction on the Auction Date for the first new Auction Period, the Auction Period Rate for the next Auction Period shall be the Maximum Rate and the Auction Period shall be a seven-day Auction Period.

(e) If the 2008 Bonds are no longer maintained in book-entry-only form by the Securities Depository, then the Auctions shall cease and the Auction Period Rate shall be the Maximum Rate.

#### *Section 2.05 Allocation of Bonds.*

(a) In the event of Sufficient Clearing Bids for the 2008 Bonds, subject to the further provisions of subsections (c) and (d) below, Submitted Orders for the 2008 Bonds shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold the 2008 Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Sell Order of each Existing Owner shall be accepted and the Submitted Bid of each Existing Owner specifying any rate that is higher than the Winning

Bid Rate shall be rejected, thus requiring each such Existing Owner to sell the 2008 Bonds that are the subject of such Submitted Sell Order or Submitted Bid;

(iii) the Submitted Bid of each Existing Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the 2008 Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Bid of each Potential Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the 2008 Bonds that are the subject of such Submitted Bid;

(v) the Submitted Bid of each Existing Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the 2008 Bonds that are the subject of such Submitted Bid, but only up to and including the number of Units of Bonds obtained by multiplying (A) the aggregate number of Units of Outstanding Bonds which are not the subject of Submitted Hold Orders described in clause (i) above or of Submitted Bids described in clauses (iii) or (iv) above by (B) a fraction the numerator of which shall be the number of Units of Outstanding Bonds held by such Existing Owner subject to such Submitted Bid and the denominator of which shall be the aggregate number of Units of Outstanding Bonds subject to such Submitted Bids made by all such Existing Owners that specified a rate equal to the Winning Bid Rate, and the remainder, if any, of such Submitted Bid shall be rejected, thus requiring each such Existing Owner to sell any excess amount of Bonds;

(vi) the Submitted Bid of each Potential Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the 2008 Bonds that are the subject of such Submitted Bid, but only in an amount equal to the number of Units of Bonds obtained by multiplying (A) the aggregate number of Units of Outstanding Bonds which are not the subject of Submitted Hold Orders described in clause (i) above or of Submitted Bids described in clauses (iii), (iv) or (v) above by (B) a fraction the numerator of which shall be the number of Units of Outstanding Bonds subject to such Submitted Bid and the denominator of which shall be the sum of the aggregate number of Units of Outstanding Bonds subject to such Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate, and the remainder of such Submitted Bid shall be rejected; and

(vii) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected.

(b) In the event there are not Sufficient Clearing Bids for the 2008 Bonds, Submitted Orders for the 2008 Bonds shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold the 2008 Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Bid of each Existing Owner specifying any rate that is not higher than the Maximum Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the 2008 Bonds that are the subject of such Submitted Bid;

(iii) the Submitted Bid of each Potential Owner specifying any rate that is not higher than the Maximum Rate shall be accepted, thus requiring each such Potential Owner to purchase the 2008 Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Sell Orders of each Existing Owner shall be accepted as Submitted Sell Orders and the Submitted Bids of each Existing Owner specifying any rate that is higher than the Maximum Rate shall be deemed to be and shall be accepted as Submitted Sell Orders, in both cases only up to and including the number of Units of Bonds obtained by multiplying (A) the aggregate number of Units of Bonds subject to Submitted Bids described in clause (iii) of this subsection (b) by (B) a fraction the numerator of which shall be the number of Units of Outstanding Bonds held by such Existing Owner subject to such Submitted Sell Order or such Submitted Bid deemed to be a Submitted Sell Order and the denominator of which shall be the number of Units of Outstanding Bonds subject to all such Submitted Sell Orders and such Submitted Bids deemed to be Submitted Sell Orders, and the remainder of each such Submitted Sell Order or Submitted Bid shall be deemed to be and shall be accepted as a Hold Order and each such Existing Owner shall be required to continue to hold such excess amount of Bonds; and

(v) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Maximum Rate shall be rejected.

(c) If, as a result of the undertakings described in Section 2.05(a) or (b) above, any Existing Owner or Potential Owner would be required to purchase or sell an aggregate principal amount of the 2008 Bonds that is not an integral multiple of an Authorized Denomination on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, round up or down the principal amount of the 2008 Bonds to be purchased or sold by any Existing Owner or Potential Owner on such Auction Date so that the aggregate principal amount of the 2008 Bonds purchased or sold by each Existing Owner or Potential Owner on such Auction Date shall be an integral multiple of such Authorized Denomination, even if such allocation results in one or more of such Existing Owners or Potential Owners not purchasing or selling any 2008 Bonds on such Auction Date.

(d) If, as a result of the undertakings described in Section 2.05(a) above, any Potential Owner would be required to purchase less than an Authorized Denomination in principal amount of the 2008 Bonds on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, allocate the 2008 Bonds for purchase among Potential Owners so that the principal amount of the 2008 Bonds purchased on such Auction Date by any Potential Owner shall be an integral multiple of such Authorized Denomination, even if such allocation results in one or more of such Potential Owners not purchasing the 2008 Bonds on such Auction Date.

*Section 2.06 Notice of Auction Period Rate.* (a) On each Auction Date, the Auction Agent shall notify each Broker-Dealer that participated in the Auction held on such Auction Date by Electronic Means acceptable to the Auction Agent and the applicable Broker-Dealer of the following:

(i) the Auction Period Rate determined on such Auction Date for the succeeding Auction Period;

(ii) whether Sufficient Clearing Bids existed for the determination of the Winning Bid Rate;

(iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected and the number of Units of Bonds, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected and the number of Units of Bonds, if any, to be purchased by such Potential Owner;

(v) if the aggregate number of Units of the 2008 Bonds to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate number of Units of Bonds to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Broker-Dealers (and the Agent Member, if any, of each such other Broker-Dealer) and the number of Units of Bonds to be (A) purchased from one or more Existing Owners on whose behalf such other Broker-Dealers submitted Bids or Sell Orders or (B) sold to one or more Potential Owners on whose behalf such Broker-Dealer submitted Bids;

(vi) the amount of dividend or interest payable per Unit on each Interest Payment Date with respect to such Auction Period; and

(vii) the immediately succeeding Auction Date.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall: (i) if requested by an Existing Owner or a Potential Owner, advise such Existing Owner or Potential Owner on whose behalf such Broker-Dealer submitted an Order as to (A) the Auction Period Rate determined on such Auction Date, (B) whether any Bid or Sell Order submitted on behalf of such Owner was accepted or rejected and (C) the immediately succeeding Auction Date; (ii) instruct each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Owner's Agent Member to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the number of Units of Bonds to be purchased pursuant to such Bid (including, with respect to the 2008 Bonds in a daily Auction Period, accrued interest if the purchase date is not an Interest Payment Date for such Bond) against receipt of such Bonds; and (iii) instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted or a Bid that was rejected in whole or in part, to instruct such Existing Owner's Agent Member to deliver to such Broker-Dealer (or its Agent Member)

through the Securities Depository the number of Units of Bonds to be sold pursuant to such Bid or Sell Order against payment therefor.

(c) The Auction Agent shall give notice of the Auction Rate to the Authority and the Trustee by mutually acceptable Electronic Means and the Trustee shall promptly give notice of such Auction Rate to the Securities Depository.

*Section 2.07 Index.*

(a) If for any reason on any Auction Date the Index shall not be determined, the Index shall be the Index for the prior Business Day.

(b) The determination of the Index as provided herein shall be conclusive and binding upon the Authority, the Trustee, the Broker-Dealers, the Auction Agent and the Owners of the 2008 Bonds.

*Section 2.08 Miscellaneous Provisions Regarding Auctions.*

(a) In this Appendix, each reference to the purchase, sale or holding of Bonds shall refer to beneficial interests in Bonds, unless the context clearly requires otherwise.

(b) During an ARS Rate Period with respect to the 2008 Bonds, the provisions of the Trust Agreement and the definitions contained herein and described in this Appendix, including without limitation the definitions of All Hold Rate, Index, Interest Payment Date, Maximum Rate, Auction Period Rate and Auction Rate, may be amended pursuant to the Trust Agreement by obtaining the consent of the owners of all affected Outstanding Bonds bearing interest at the Auction Period Rate as follows. If on the first Auction Date occurring at least 20 days after the date on which the Trustee mailed notice of such proposed amendment to the registered owners of the affected Outstanding Bonds as required by the Trust Agreement, (i) the Auction Period Rate which is determined on such date is the Winning Bid Rate or the All Hold Rate and (ii) there is delivered to the Authority and the Trustee an opinion of Bond Counsel to the effect that such amendment shall not adversely affect the validity of the 2008 Bonds or any exemption from federal income taxation to which the interest on the 2008 Bonds would otherwise be entitled, the proposed amendment shall be deemed to have been consented to by the registered owners of all affected Outstanding Bonds bearing interest at an Auction Period Rate.

(c) If the Securities Depository notifies the Authority that it is unwilling or unable to continue as registered owner of the 2008 Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor to the Securities Depository is not appointed by the Authority within 90 days after the Authority receives notice or becomes aware of such condition, as the case may be, the Auctions shall cease and the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2008 Bonds. Such Bonds shall be registered in such names and Authorized Denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the Authority and the Trustee.



During an ARS Rate Period, so long as the ownership of the 2008 Bonds is maintained in book-entry form by the Securities Depository, an Existing Owner or a beneficial owner may sell, transfer or otherwise dispose of a Bond only pursuant to a Bid or Sell Order in accordance with the Auction Procedures or to or through a Broker-Dealer, provided that (i) in the case of all transfers other than pursuant to Auctions, such Existing Owner or its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer and (ii) a sale, transfer or other disposition of Bonds from a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer as the holder of such Bonds to that Broker-Dealer or another customer of that Broker-Dealer shall not be deemed to be a sale, transfer or other disposition for purposes of this paragraph if such Broker-Dealer remains the Existing Owner of the 2008 Bonds so sold, transferred or disposed of immediately after such sale, transfer or disposition.

(d) The Auction Agent shall continue to implement the Auction Procedures notwithstanding the occurrence of an Event of Default under the Trust Agreement.

*Section 2.09 Changes in Auction Period or Auction Date.*

(a) Changes in Auction Period.

(i) During any ARS Rate Period, the Authority, may, from time to time on the Interest Payment Date immediately following the end of any Auction Period, change the length of the Auction Period with respect to all of the 2008 Bonds among daily, seven-days, 28-days, 35-days, three months, six months or a Flexible Auction Period in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by the 2008 Bonds. The Authority shall initiate the change in the length of the Auction Period by giving written notice to the Authority, the Trustee, the Auction Agent, the Broker-Dealers and the Securities Depository that the Auction Period shall change if the conditions described herein are satisfied and the proposed effective date of the change, at least 10 Business Days prior to the Auction Date for such Auction Period.

(ii) Any such changed Auction Period shall be for a period of one day, seven-days, 28-days, 35-days, three months, six months or a Flexible Auction Period and shall be for all of the 2008 Bonds.

(iii) The change in length of the Auction Period shall take effect only if Sufficient Clearing Bids exist at the Auction on the Auction Date for such new Auction Period. For purposes of the Auction for such new Auction Period only, except to the extent any Existing Owner submits an Order with respect to any 2008 Bonds, each Existing Owner shall be deemed to have submitted Sell Orders with respect to all of its Bonds if the change is to a longer Auction Period and a Hold Order if the change is to a shorter Auction Period. If there are not Sufficient Clearing Bids for the first Auction Period, the Auction Rate for the new Auction Period shall be the Maximum Rate, and the Auction Period shall be a seven-day Auction Period.

(b) Changes in Auction Date. During any ARS Rate Period, the Auction Agent, at the direction of the Authority, may specify an earlier or later Auction Date (but in no

event more than five Business Days earlier or later) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne by the 2008 Bonds. The Auction Agent shall provide notice of the Authority's direction to specify an earlier Auction Date for an Auction Period by means of a written notice delivered at least 45 days prior to the proposed changed Auction Date to the Trustee, the Authority and the Broker-Dealers with a copy to the Securities Depository. In the event the Auction Agent is instructed to specify an earlier or later Auction Date, the days of the week on which an Auction Period begins and ends, the day of the week on which a Flexible Auction Period begins and ends and the Interest Payment Dates relating to any Auction Period shall be adjusted accordingly.

(c) Changes Resulting from Unscheduled Holidays. If, in the opinion of the Auction Agent and the Broker-Dealers, there is insufficient notice of an unscheduled holiday to allow the efficient implementation of the Auction Procedures set forth herein, the Auction Agent and the Broker-Dealers may, as they deem appropriate, set a different Auction Date and adjust any Interest Payment Dates and Auction Periods affected by such unscheduled holiday. In the event there is not agreement among the Broker-Dealers, the Auction Agent shall set the different Auction Date and make such adjustments as directed by the Broker-Dealers for a majority of the outstanding Units (based on the number of Units for which a Broker-Dealer is listed as the Broker-Dealer in the Existing Owner Registry maintained by the Auction Agent pursuant to Section 2.2(a) of the Auction Agreement), and, if there is not a majority so directing, the Auction Date shall be moved to the next succeeding Business Day following the scheduled Auction Date, and the Interest Payment Date and the Auction Period shall be adjusted accordingly.

### ARTICLE III

#### Other Provisions Relating To Auction Rate Securities

##### *Section 3.01 ARS Interest Accrual and Payments.*

(a) Interest with respect to ARS shall accrue from and including, as applicable, the ARS Conversion Date or an Interest Payment Date to but not including the next Interest Payment Date.

(b) The Trustee shall compute the amount of interest payable with respect to ARS on each Interest Payment Date.

Interest due on the first Interest Payment Date after each ARS Conversion Date with respect to each \$25,000 in principal amount of ARS shall equal (i) the Initial Period Rate multiplied by (ii) the principal amount of \$25,000 multiplied by (iii) if the number of days in the Initial Period is less than 180, the number of days in the Initial Period, and, if the number of days in the Initial Period is 180 or greater, the number of days in the Initial Period, or part thereof, assuming twelve 30-day months, divided by (iv) 360, and rounding the resultant figure to the nearest cent (a half cent being rounded upward).

Interest due on each subsequent Interest Payment Date with respect to each \$25,000 in principal amount of ARS shall equal (i) the Auction Period Rate multiplied by (ii) the principal amount of \$25,000 multiplied by (iii) if the number of days in the Auction Period is less than 180, the number of days in the Auction Period, and, if the number of days in the Auction Period is 180 or greater, the number of days in the Auction Period, or part thereof, assuming twelve 30-day months, divided by (iv) 360, and rounding the resultant figure to the nearest cent (a half cent being rounded upward).

The Trustee shall notify the Securities Depository of its calculations, as provided in Section 3.02(b) of this Appendix.

*Section 3.02 Notification of Rates, Amounts and Payment Dates.*

(a) So long as the ownership of the ARS is maintained in book-entry form by the Securities Depository, the Trustee shall advise the Securities Depository (i) of each Regular Record Date for the ARS at least two Business Days prior thereto and (ii) of each succeeding Interest Payment Date on each Interest Payment Date.

(b) On each ARS Conversion Date, or as soon as practicable thereafter, and on the Business Day preceding each Interest Payment Date with respect to the ARS, the Trustee shall advise the Securities Depository, so long as the ownership of the ARS is maintained in book-entry form by the Securities Depository, of the amount of interest distributable in respect of each \$25,000 in principal amount of ARS for any ARS Rate Period or part thereof, calculated in accordance with Section 3.01(b) of this Appendix.

If any day scheduled to be an Interest Payment Date shall be changed after the Trustee shall have given notice, the Trustee shall, not later than 9:15 a.m., New York City time, on the Business Day next preceding the earlier of the new Interest Payment Date or the old Interest Payment Date, by such means as the Trustee deems practicable, give notice of such change to the Auction Agent, so long as no ARS Payment Default has occurred and is continuing and the ownership of the ARS is maintained in book-entry form by the Securities Depository.

*Section 3.03 Conversions to and from Auction Period Rate.*

(a) Conversion to Auction Period Rate. Subject to Section 2.03 of the Supplemental Trust Agreement to which this Appendix B is attached, the Authority may, from time to time, by written direction to the Trustee, the Tender Agent (if any), the Liquidity Facility Provider (if any), the Credit Bank (if any), the Remarketing Agent (if any), the Auction Agent (if any) and each Broker-Dealer (if any), elect that the 2008 Bonds shall bear interest at the Auction Period Rate. The direction shall specify (A) the proposed effective date of the Conversion to the Auction Period Rate, which shall be (1) in each case, a Business Day not earlier than the 10th day following the second Business Day after receipt by the Trustee of such direction, (2) in the case of a Conversion from a Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the 2008 Bonds would otherwise be subject to optional redemption pursuant to Section 2.04(a)(ii) if such Conversion did not occur, and (3) in the case of a Conversion from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period, (B) the Tender Date for the 2008

Bonds to be purchased, which shall be the proposed effective date of the adjustment to the Auction Period Rate and (C) the Initial Period, the initial Auction Period, the first Auction Date and the first Interest Payment Date after the Conversion. In addition, the direction shall be accompanied by a form of notice to be mailed to the Holders of the 2008 Bonds by the Trustee as provided in subsection (b). During each ARS Rate Period for the 2008 Bonds commencing on the day following the Initial Period specified in the direction of the Authority and ending on the day immediately preceding the Conversion Date to the next succeeding Interest Rate Period, the interest rate borne by the 2008 Bonds shall be the Auction Period Rate.

(b) Notice of Conversion to Auction Period Rate. The Trustee shall give notice by first-class mail of a Conversion to an ARS Rate Period to the Holders of the 2008 Bonds not less than 10 days prior to the proposed effective date of such ARS Rate Period. Such notice shall state (A) that the interest rate shall be adjusted to the Auction Period Rate unless the Authority rescinds its election to adjust the interest rate to the Auction Period Rate as provided in Section 2.03 of the Supplemental Agreement to which this Appendix B is attached; (B) the proposed effective date of the ARS Rate Period; (C) that the 2008 Bonds are subject to mandatory tender for purchase on the proposed effective date and setting forth the Tender Price and the place of delivery for purchase of the 2008 Bonds; and (D) the information set forth in Section 3.01(g) of the Supplemental Agreement to which this Appendix B is attached.

(c) Initial Period Rate. The Initial Period Rate for an Initial Period commencing on an ARS Conversion Date shall be the lowest rate which, in the judgment of the Broker-Dealer, is necessary to enable the 2008 Bonds to be remarketed at a price equal to the principal amount thereof on the ARS Conversion Date. Such determination shall be conclusive and binding upon the Authority, the Trustee, the Auction Agent and the Bondholders. Not later than 5:00 p.m., New York City time, on the date of determination of the Initial Period Rate, the Broker-Dealer shall notify the Trustee, the Authority and the Auction Agent of the Initial Period Rate by Electronic Means.

(d) Conversion from Auction Period Rate. Subject to Section 2.03 of the Supplemental Agreement to which this Appendix B is attached, at any time during an ARS Rate Period, the Authority may elect, pursuant to Section 2.02(d)(ii), 2.02(e)(ii), 2.02(f)(ii) or 2.02(g)(ii) that the 2008 Bonds no longer shall bear interest at Auction Period Rates and shall bear interest at a Weekly Interest Rate, a Daily Interest Rate, a Long-Term Interest Rate or Bond Interest Term Rates, as specified in such election. The proposed effective date of the new Interest Rate Period shall be an Interest Payment Date immediately following an Auction Period.

#### *Section 3.04 Auction Agent.*

(a) The Auction Agent shall be appointed by the Trustee at the written direction of the Authority, to perform the functions specified in the Supplemental Agreement to which this Appendix B is attached (including this Appendix). The Auction Agent shall signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument, delivered to the Trustee, the Authority and each Broker-Dealer which shall set forth such procedural and other matters relating to the implementation of the Auction Procedures as shall be satisfactory to the Trustee and the Authority.

(b) Subject to any applicable governmental restrictions, the Auction Agent may be or become the owner of or trade in the 2008 Bonds with the same rights as if such entity were not the Auction Agent.

*Section 3.05 Qualifications of Auction Agent; Resignation; Removal.*

The Auction Agent shall be (a) a bank or trust company organized under the laws of the United States or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$30,000,000, or (b) a member of NASD having a capitalization of at least \$30,000,000 and, in either case, authorized by law to perform all the duties imposed upon it by the Supplemental Agreement to which this Appendix B is attached and a member of or a participant in, the Securities Depository. The Auction Agent may resign upon written notice to the Trustee and the Authority on the date specified in such notice, which date shall be no earlier than 60 days after the date of delivery of such notice. Notwithstanding the foregoing, the Auction Agent may resign upon 30 days' prior written notice to the Trustee and the Authority if it has not received payment of any fee due in accordance with the Auction Agreement for more than 30 days. The Auction Agent may be removed at any time by the Trustee if the Auction Agent is an entity other than the Trustee, acting at the written direction of the (i) Authority or (ii) the Holders of a majority of the aggregate principal amount of the 2008 Bonds by an instrument signed by the Trustee and filed with the Auction Agent and the Authority upon at least 90 days notice; provided that an agreement in substantially the form of the Auction Agreement shall be entered into with a successor Auction Agent. If the Auction Agent and the Trustee are the same entity, the Auction Agent may be removed as described above, with the Authority acting in lieu of the Trustee.

*Section 3.06 Broker-Dealers.*

(a) The Authority may, from time to time, appoint one or more Persons to serve as Broker-Dealers under Broker-Dealer Agreements and shall be responsible for providing such Broker-Dealer Agreements to the Trustee and the Auction Agent. No such party shall constitute a Broker Dealer until a fully-executed Broker Dealer Agreement is delivered to the Trustee and the Auction Agent.

(b) Any Broker-Dealer may be removed at any time by the Authority by written notice, delivered to such Broker-Dealer, the Auction Agent, the Trustee and the Authority.

**APPENDIX C**

**BONDHOLDER TENDER NOTICE**

**The Delaware River and Bay Authority**

**Revenue Bond, Refunding Series 2008**

**CUSIP \_\_\_\_\_**

In accordance with Section 3.1 of Supplemental Trust Agreement No. 8 (“Agreement”), dated as of December 1, 2008 by and between The Delaware River and Bay Authority, as Issuer, and Wilmington Trust Company, as Trustee (the “Trustee”), the undersigned hereby delivers this Bondholder Tender Notice to the Trustee and the Remarketing Agent:

Principal Amount of 2008 Bond owned:

Principal Amount of 2008 Bond to be tendered: \_\_\_\_\_

Purchase (Tender) Date: \_\_\_\_\_

Under the Agreement, the undersigned hereby represents that it is the beneficial owner of the 2008 Bond to be tendered.

Today’s Date: \_\_\_\_\_

Signature of Beneficial Owner: \_\_\_\_\_

Name of DTC Participant coordinating Tender on books of DTC:

\_\_\_\_\_ (DTC Participant Number \_\_\_\_\_)