NEW JERSEY TURNPIKE AUTHORITY

TURNPIKE REVENUE BOND RESOLUTION

Adopted August 20, 1991,
as Amended and Restated
September 26, 1991
and as Further Amended and
Restated as of November 22, 1991

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ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 101. Definitions. The following terms shall, for all purposes of the Resolution, have the following meanings:

"Account" means any account authorized to be established by this Resolution.

"Accountant" means an independent certified public accountant or a firm of certified public accountants of recognized national standing, who may be the accountant or firm of accountants who regularly audit the books of the Authority.

"Accreted Value" means, with respect to Capital Appreciation Bonds, the amount to which, as of any specified time, the principal of any such Bond has been increased by accretion, all as may be provided in an applicable Series Resolution.

"Accrued Debt Service" means, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest on the Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, (ii) all amounts due and payable by the Authority and all amounts to accrue to the end of the then calendar month pursuant to a Qualified Swap, and (iii) Principal Installments due and unpaid for such Series and that portion of the Principal Installment for such Series next due which would have accrued to the end of such calendar month if deemed to accrue monthly from a date one year prior to its due date or from the date of issuance of each such Series, whichever is later.

"Act" means the New Jersey Turnpike Authority Act of 1948, constituting Chapter 454 of the Laws of New Jersey of 1948, as amended and supplemented from time to time.

"Additional State Payments" means payments to be made by the Authority to the State but solely from the General Reserve Fund in accordance with Section 510 hereof.

"Aggregate Debt Service" means, for any calendar year and as of any date of calculation, the sum of the amounts of Debt Service for such year with respect to all Series of Bonds then Outstanding and all Qualified Swaps then in effect.

"Annual Budget" means the annual budget, as amended or supplemented, adopted or in effect for a particular calendar year pursuant to Section 710 hereof.

"Authority" means the New Jersey Turnpike Authority, a body corporate and politic organized and existing under the Act.

"Authorized Denomination" means the minimum denomination, or any integral multiple thereof, in which a particular Series of Bonds may be issued pursuant to the applicable Series Resolution. In the case of Capital Appreciation Bonds, the Authorized Denominations may be stated in terms of Accreted Value at maturity or such earlier time as the Bonds are required to commence paying interest.

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

"Authorized Officer" means any member of the Authority or any officer or employee of the Authority authorized to perform specific acts or duties by resolution duly adopted by the Authority.

"Bond" or "Bonds" means any Bond or Bonds, authenticated and delivered under and pursuant to Section 203 or Section 204 of this Resolution and an applicable Series Resolution and any obligations issued after August 20, 1991 under, or pursuant to the authority of, the Turnpike Revenue Bond Resolution adopted August 16, 1984, as amended and supplemented, and which the Authority determines are entitled to the benefits of this Resolution. The term "Bond" shall include Parity Variable Rate Bonds, any short term note or other debt obligation of the Authority but shall not include any Variable Rate Debt, any Commercial Paper or any Subordinated Indebtedness.

"Bondholder" or "Holder" or "Owner" means any person who shall be the registered owner of any Bond or Bonds or if coupon Bonds are authorized by a Series Resolution in accordance with Section 301(c) hereof, the bearer of any coupon Bond or Bonds.

"Capital Appreciation Bonds" means any Bonds subsequently issued pursuant to this Resolution and a Series Resolution which do not pay interest either until maturity or until a specified date prior to maturity, but whose amount increases periodically by accretion to a final principal amount.

"Charges Fund" means the Charges Fund established in the applicable Series Resolution related to a Qualified Swap to provide for the payment of fees and charges of the Standby Purchaser, the Remarketing Agent and the Tender Agent.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor thereto, as the same may be in effect from time to time.

"Commercial Paper" means any note or other obligation of the Authority, subject to renewal at the end of any rate period, other than Variable Rate Debt, the term of which (prior to any renewal thereof) does not exceed 270 days.

"Construction Fund" means the Construction Fund established in Section 502 hereof.

"Consulting Engineers" means such engineer or engineering firm or corporation as at the time shall be retained by the Authority pursuant to Section 709 hereof to perform the acts and carry out the duties provided for such Consulting Engineers in this Resolution.

"Cost of Construction" means with respect to any Project, the cost of construction and/or acquisition, and equipping, including without limitation, bridges or crossings over or under rivers, streams or other waters or over highways and railroads, the cost of acquisition of all land, rights-of-way, property, rights, easements and interests acquired or to be acquired by the Authority, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, the cost of relocating or reconstructing highways, highway interchanges, access roads to private property, including the cost of land or easements therefor, the response costs, direct and indirect (including but not limited to the costs of testing, investigation, feasibility studies, remediation, treatment, clean-up, removal, litigation, fines and penalties related thereto), incurred with respect to any environmental hazard or perceived environmental hazard under federal, State or local laws or regulations and any third party claims with respect to such hazard or perceived hazard, the amount of any final award or judgment in, or any settlement or compromise of, any proceeding to acquire lands, rights-of-way, easements or other interests, the payment of damages caused by construction in the manner provided by law, the cost of any indemnity and surety bonds and premiums on insurance during construction, administrative expenses, legal fees, cost of audits, the cost of all machinery and equipment, initial inventories,

financing expenses, fees and expenses of the Fiduciaries and costs of keeping accounts and making reports required by this Resolution, cost of traffic estimates and of engineering, financial and legal services, plans, specifications, surveys, estimates of costs and revenues, and other expenses necessary or incident to determining the feasibility or practicability of constructing or acquiring such Project, amounts, if any, required by this Resolution to be paid into the Debt Service Fund, the Debt Reserve Fund, the Maintenance Reserve Fund, the State Payment Fund or the Special Project Reserve Fund, payments when due (including, without limitation, any early termination date) under a Qualified Swap and payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Authority (other than Bonds), including Variable Rate Debt, Commercial Paper and Subordinated Indebtedness, incurred for such Project, all to the extent applicable to the construction and/or acquisition of such Project and payable by the Authority, and such other expenses payable by the Authority not specified herein as may be necessary or incident to the construction and/or acquisition of such Project and the placing of such Project in operation.

"Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys of recognized standing in the area of law to which the opinion relates, who may be counsel to the Authority.

"Credit Facility" means any letter of credit, standby bond purchase agreement, line of credit, surety bond, insurance policy or other insurance commitment or similar agreement (other than a Qualified Swap or an Exchange Agreement), satisfactory to the Authority, that is provided by a commercial bank, insurance company or other financial institution, with a current long term rating (or whose obligations thereunder are guaranteed by a financial institution with a long term rating) from Moody's and S&P not lower than the credit rating of any Series of Bonds, to provide support for a Series of Bonds or for any issue of Variable Rate Debt, Commercial Paper or Subordinated Indebtedness, and shall include any Substitute Credit Facility.

"Credit Issuer" means the issuer of the Credit Facility or any Substitute Credit Facility.

"Debt Reserve Fund" means the Debt Reserve Fund established in Section 502 hereof.

"Debt Reserve Requirement" means with respect to all Bonds, an amount equal to the lesser of (i) the greatest

amount of interest accruing on the Outstanding Bonds in any one calendar year taking into account the increased Accreted Value of Capital Appreciation Bonds in such calendar year (except that the incremental amount attributable to any Parity Variable Rate Bonds may be based upon the fixed rate of interest as set forth in the Series Resolution for such Bonds), determined as of any particular date or (ii) the maximum amount permitted by Section 148(d)(1) of the Code.

"Debt Service" means, for any period, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from Bond proceeds deposited in the Debt Service Fund, (ii) all net amounts, if any, due and payable by the Authority under a Qualified Swap during such period and (iii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue monthly from a date one year prior to its due date or from the date of issuance of such Series, whichever is later, such amounts in clauses (i) and (iii) to be calculated on the assumption that Bonds Outstanding at the date of calculation will cease to be Outstanding by reason, but only by reason, of the payment of each Principal Installment on its due date; provided, however, that in calculating Aggregate Debt Service for purposes of Section 204(b)(3)(i) hereof and in calculating the Net Revenue Requirement for purposes of Sections 203, 204 and 713 hereof, Debt Service on Bonds for which the Authority has entered into a Qualified Swap shall be calculated assuming that the interest rate on such Bonds shall equal the stated fixed rate on the Qualified Swap or, if applicable and if greater than such stated fixed rate, the composite rate for the Authority's Parity Variable Rate Bonds for the twelve (12) month period preceding such calculation or such lesser period, if any, of at least three (3) months during which such Parity Variable Rate Bonds were Outstanding, in either case resulting in no assumed payment for purposes of clause (ii) above.

"Debt Service Fund" means the Debt Service Fund established in Section 502 hereof.

"Depository" means any bank, national banking association, savings or savings and loan institution or trust company selected by the Authority and authorized by law to act as a depositary of moneys and securities held under the provisions of this Resolution, and may include the Trustee and may include the New Jersey Cash Management Fund.

"Event of Default" means any event so designated and specified in Section 801 hereof.

"Exchange Agreement" means, to the extent from time to time permitted by applicable law, any interest exchange agreement, interest rate swap agreement, currency swap agreement or other contract or agreement, other than a Qualified Swap, authorized, recognized and approved by the Authority as an Exchange Agreement and providing for (i) certain payments by the Authority from the General Reserve Fund and (ii) payments by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, or whose obligations under an Exchange Agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability are rated not less than A3 by Moody's and A- by S&P, or the equivalent thereof by any successor thereto; which payments by the Authority and counterparty are calculated by reference to fixed or variable rates and constituting a financial accommodation between the Authority and such counterparty.

"Federal Securities" means (i) any direct and general obligations of, or any obligations guaranteed by, the United States of America, including but not limited to interest obligations of the Resolution Funding Corporation or any successor thereto, (ii) any obligations of any state or political subdivision of a state (collectively "Municipal Bonds") which Municipal Bonds are fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holders of the Municipal Bonds, and (iii) certificates of ownership of the principal or interest of direct and general obligations of, or obligations guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System.

"Feeder Road" means any road which in the opinion of the Authority creates or facilitates access to the Turnpike System and the acquisition, construction or repair of which by the Authority will increase or maintain Net Revenues after giving effect to the costs to the Authority of acquiring, constructing, repairing, maintaining and operating such road.

"Fiduciary" or "Fiduciaries" means the Trustee, the Registrar, the Tender Agent and the Paying Agents, or any or all of them, as may be appropriate.

"Fitch" means Fitch Investors Service and any successor thereto.

"Fund" means any fund established or authorized to be established by Section 502 hereof.

"General Project" means a project, other than a Turnpike Project, which the Authority is authorized by law to undertake and all or a portion of the costs of which will be paid from the General Reserve Fund pursuant to Section 510(b)(v) or from the proceeds of Subordinated Indebtedness pursuant to Section 512 hereof.

"General Reserve Fund" means the General Reserve Fund established in Section 502 hereof.

"Interest Payment Date" means the interest payment date or dates for a particular Series of Bonds as specified in the Series Resolution authorizing such Series, in accordance with Section 202(a)(3)(iv) hereof.

"Interest Rate Period" with respect to a Series of Bonds shall have the meaning set forth therefor in the applicable Series Resolution.

"Investment Securities" means any of the following securities legal for the investment of Authority funds at the time of purchase thereof:

(i) Federal Securities;

(ii) Bonds, debentures, notes or other evidences of indebtedness issued by any agency or instrumentality of the United States to the extent such obligations are guaranteed by the United States or by another such agency the obligations (including guarantees) of which are guaranteed by the United States;

(iii) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Export-Import Bank, Federal Financing Bank and Student Loan Marketing Association;

(iv) Negotiable or non-negotiable certificates of deposit issued by any bank, trust company or national banking association, which certificates of deposit shall be continuously secured or collateralized by obligations described in subparagraphs (i) or (ii) of

this definition, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit;

(v) Uncollateralized negotiable or non-negotiable certificates of deposit issued by any bank, trust company or national banking association, the unsecured obligations of which are rated in one of the two highest rating categories, without regard to rating sub-categories, by Moody's and S&P;

(vi) Repurchase agreements collateralized by obligations described in subparagraphs (i), (ii) or (iii) of this definition with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, which has an uninsured, unsecured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P, or any commercial bank with the above ratings, provided:

(a) a master repurchase agreement or specific written repurchase agreement governs the transaction, which characterizes the transaction as a purchase and sale of securities,

(b) the securities are held free and clear of any lien, by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus, and undivided profits of not less than $75,000,000, or (iii) a bank approved in writing for such purpose by each Credit Issuer, if any, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee,

(c) a perfected first security interest under the Uniform Commerce Code, or book entry procedures prescribed at 31 CFR 306.1 _et seq_. or 31 CFR 350.0 _et seq_. or a successor provision in such securities is created for the benefit of the Trustee,

(d) the repurchase agreement has a term of six months or less, or the Authority will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation,

(e) the repurchase agreement matures on or before a debt service payment date (or other appropriate liquidation period), and

(f) the fair market value of the securities in relation to the amount of the repurchase obligation is equal to at least 100%.

(vii) Banker's acceptances, eurodollar deposits and certificates of deposit (in addition to the certificates of deposit provided for by subparagraphs (iv) and (v) above) of the domestic branches of foreign banks having a capital and surplus of $1,000,000,000 or more, or any bank or trust company organized under the laws of the United States of America or Canada, or any state or province thereof, having capital and surplus, in the amount of $1,000,000,000; provided that the aggregate maturity value of all such banker's acceptances and certificates of deposit held at any time as investments of funds under this Resolution with respect to any particular bank, trust company, or national association shall not exceed 5% of its capital and surplus; and provided further that any such bank, trust company, or national association shall be rated in one of the two highest rating categories, without regard to rating sub-categories, by both Moody's and S&P;

(viii) Other obligations of the United States of America or any agency thereof which may then be purchased with funds belonging to the State of New Jersey or which are legal investments for savings banks in the State of New Jersey;

(ix) Deposits in the New Jersey Cash Management Fund;

(x) Obligations of any state, commonwealth or possession of the United States or a political subdivision thereof or any agency or instrumentality of such a state, commonwealth, possession or political subdivision, provided that at the time of their purchase such obligations are rated in either of the

two highest rating categories by both Moody's and S&P; and

(xi) Commercial paper with a maturity date not in excess of 270 days rated A-1+ by S&P and P-1 by Moody's at the time of such investment, issued by an entity incorporated under the laws of the United States or any state thereof.

"Liquidity Facility" means any letter of credit, line of credit or standby loan commitment made available to fund purchases of Variable Rate Debt, Commercial Paper or Subordinated Indebtedness upon maturity or mandatory or optional tender of such obligations; such Liquidity Facility may be part of, or separate from, any Credit Facility or Substitute Credit Facility supporting such obligations.

"Maintenance Reserve Fund" means the Maintenance Reserve Fund established in Section 502 hereof.

"Maintenance Reserve Payment" means any amount provided in the Annual Budget for any calendar year to be deposited in the Maintenance Reserve Fund during such year.

"Moody's" means Moody's Investors Service and any successor thereto.

"Net Revenue Requirement" means, with respect to any period of time, an amount equal to the greater of (i) the sum of Aggregate Debt Service, Maintenance Reserve Payments, Required State Payments, Special Project Reserve Payments and payments, if any, to the Charges Fund for such period or (ii) 1.20 times the Aggregate Debt Service for such period (excluding, for purposes of clause (ii) only, any payment due and payable by the Authority under a Qualified Swap upon an early termination thereof).

"Net Revenues" means, for any calendar year or other period of time, the Pledged Revenues during such year or period less the amounts of the Operating Expenses for such year or period.

"1991 Series A Bond Resolution" means the Third Supplemental Turnpike Revenue Bond Resolution adopted by the Authority on August 20, 1991.

"1991 Series A Bonds" means the Turnpike Revenue Bonds, 1991 Series A authorized by the 1991 Series A Bond Resolution.

"Non-Refunding Bonds" means all Bonds issued pursuant to Section 203 hereof.

"Operating Expenses" means the Authority's expenses for operation, maintenance, repairs, ordinary replacement and ordinary reconstruction of the Turnpike System and ordinary acquisition of equipment for the Turnpike System; including, without limiting the generality of the foregoing, all policing, administrative and engineering expenses, legal and financial advisory expenses, fees and expenses of the Fiduciaries, required payments to pension, retirement, health and hospitalization funds, insurance premiums, Credit Facility fees (except Credit Facility fees, charges and premiums to the extent such fees, charges and premiums are treated as interest under the Code) and any provision or reserves for self-insurance, all arbitrage rebate payments required by Section 148 of the Code to be made from time to time to the United States Government, and any other current expenses or obligations required to be paid by the Authority under the provisions of this Resolution or by law, all to the extent properly and directly attributable to the operation of the Turnpike System, but excluding any costs or expenses for new construction or any allowance for depreciation and any costs and expenses paid or required to be paid by any party other than the Authority.

"Outstanding", when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under this Resolution (but not Variable Rate Debt, Commercial Paper and Subordinated Indebtedness), except:

(i) Any Bonds canceled by the Trustee at or prior to such date;

(ii) Bonds (or portion of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III or Sections 406 or 1106; and

(iv) Bonds deemed to have been paid as provided in Section 1201(b).

"Parity Variable Rate Bonds" means Bonds issued pursuant to the 1991 Resolution and a Series Resolution bearing interest at a variable rate and specifying a maximum rate of interest permitted by law provided that at least one of the following conditions is met: (i) at the time of issuance, the Authority has entered into a Qualified Swap with respect to such Bonds or (ii) the Bonds bear interest at a variable rate, but are issued concurrently in equal par amounts with other Bonds bearing interest at a variable rate and which are required to remain Outstanding in equal amounts at all times, if the net effect of such equal par amounts and variable rates at all times is a fixed rate of interest to the Authority.

"Paying Agent" means any bank, national banking association or trust company designated as paying agent for the Bonds of any Series, and any successor or successors appointed under this Resolution.

"Pledged Revenues" means (i) all Turnpike Revenues, (ii) other revenues of the Authority, including but not limited to payments to the Authority under any Qualified Swap, but in all cases only to the extent specifically pledged pursuant to one or more Series Resolutions to secure Bonds issued under this Resolution and (iii) investment income from any moneys or securities held under this Resolution and paid into the Revenue Fund.

"Principal Installment" means, as of any particular date of calculation and with respect to any particular future date and with respect to Bonds of a particular Series (i) the principal amount of Outstanding Bonds of said Series which mature on such future date, taking into account the Accreted Value of any Capital Appreciation Bonds but reduced by the aggregate principal amount of any Outstanding Bonds which would at or before said future date cease to be Outstanding by reason, but only by reason, of the payment when due and application in accordance with this Resolution of Sinking Fund Installments payable on or before said future date toward the retirement of such Outstanding Bonds, and (ii) the amount of any Sinking Fund Installment payable on said future date toward the retirement of any Outstanding Bonds of said Series.

"Purchase and Remarketing Fund" means, with respect to each Series of Bonds subject to tender for purchase pursuant to an applicable Series Resolution, the Fund so designated in such Series Resolution.

"Qualified Swap" or "Swap Agreement" means, with respect to a Series of Bonds, any financial arrangement (i) that is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which provides that the Authority shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to the principal amount of the Outstanding Bonds of such Series, and that such entity shall pay to the Authority an amount based on the interest accruing on a principal amount initially equal to the same principal amount as such Bonds, at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Bonds) or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Swap with respect to the Bonds; provided, however, that if the Bonds corresponding to such Qualified Swap are retired in whole, unless the Qualified Swap is also terminated, the Qualified Swap Provider shall then be entitled to receive a Counsel's Opinion from the law firm or firms rendering an opinion as to the Authority's obligations under the Swap Agreement on its date of issue, as to whether or not the Swap Agreement is a valid and binding obligation of the Authority after such retirement of the Bonds under then existing law.

"Qualified Swap Provider" means, with respect to a Series of Bonds, an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability are rated (at the time the subject Qualified Swap is entered into) at least as high as A3 by Moody's, and A- by S&P, or the equivalent thereof by any successor thereto.

"Rating Agencies" means (i) each of Fitch, Moody's and S&P so long as each such agency shall have assigned a rating to any Series of Bonds and (ii) any other nationally recognized securities rating agency which shall have assigned a rating to any Series of Bonds.

"Record Date" means in respect of a particular Series of Bonds the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding each Interest

Payment Date or such other day as may be determined in a Series Resolution.

"Redemption Price" means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

"Refunding Bonds" means all Refunding Bonds issued pursuant to Section 204 hereof. Notwithstanding the fact that the Series 1991 A Bonds, the Series 1991 B Bonds, the Series 1991 C Bonds and the Series 1991 D Bonds were originally issued under resolutions other than this Resolution, such Bonds are now secured by this Resolution and shall be deemed Refunding Bonds and Bonds under this Resolution for all purposes as if originally issued under this Resolution.

"Registrar" means any bank, national banking association or trust company designated as registrar for the Bonds of any Series, and its successor or successors appointed under this Resolution.

"Remarketing Agent" means a Remarketing Agent appointed in the manner provided in the applicable Series Resolution authorizing the issuance of Parity Variable Rate Bonds.

"Remarketing Agreement" means an agreement providing for the remarketing of tendered Parity Variable Rate Bonds by a Remarketing Agent, as more fully set forth and defined in the Series Resolution authorizing any Series of Parity Variable Rate Bonds.

"Required State Payments" means the payments required to be made by the Authority to the State pursuant to the State Agreement.

"Resolution" or "this Resolution" means this Turnpike Revenue Bond Resolution as from time to time amended and supplemented in accordance with Articles X and XI hereof, including but not limited to the amendments contained in Supplemental Resolution I.

"Revenue Fund" means the Revenue Fund established in Section 502 hereof.

"Series" means all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Sections 406 or 1107 hereof.

"Series Resolution" means any resolution of the Authority adopted pursuant to Article X hereof to authorize the issuance of a Series of particular Bonds.

"Sinking Fund Installment" means with respect to each Series of Bonds, each amount so designated which is established pursuant to Section 202(a)(3)(viii) hereof.

"Sinking Fund Redemption Price" means the Redemption Price for Bonds subject to redemption by Sinking Fund Installment.

"Special Project" means any (i) major resurfacing of the Turnpike System, replacement or reconstruction of the Turnpike System or any part thereof, or any other major or extraordinary repairs, renewals or replacements of the Turnpike System, (ii) studies, surveys, estimates and investigations in connection with any of the foregoing purposes, and (iii) advance or contribution authorized by the Act for the State of New Jersey's share or any portion thereof under the Federal aid highway laws of the cost of construction of any highway improvement determined by the Authority to be a major improvement necessary to restore or prevent physical damage to the Turnpike System, for the safe or efficient operation of such System, or to prevent loss of Pledged Revenues.

"Special Project Reserve Fund" means the Special Project Reserve Fund established in Section 502 hereof.

"Special Project Reserve Payment" means any amount provided or required to be provided in the Annual Budget for any calendar year to be deposited in the Special Project Reserve Fund during such year.

"Special Project Reserve Requirement" means, as of any date of calculation, (i) at any time during the period commencing January 1, 1992 and ending December 31, 1995, an amount equal to $25,000,000, (ii) for calendar year 1996, an amount equal to $30,000,000, (iii) for calendar year 1997, an amount equal to $35,000,000, (iv) for calendar year 1998, an amount equal to $40,000,000, (v) for calendar year 1999, an amount equal to $45,000,000 and (vi) for calendar year 2000 and each year thereafter, an amount equal to $50,000,000.

"Special Treasury Obligations" means United States Treasury Certificates of Indebtedness, Notes and Bonds-State and Local Government Series.

"S&P" means Standard & Poor's Corporation and any successor thereto.

"Standby Agreement" with respect to a Series of Bonds, means an irrevocable letter of credit and related reimbursement agreement, line of credit, standby bond purchase agreement or similar agreement providing for the purchase of all or a portion of the Bonds of such Series, as amended, supplemented or extended from time to time.

"Standby Purchaser", with respect to a Series of Bonds, means the provider of the Standby Agreement for such Series of Bonds.

"State" means the State of New Jersey.

"State Agreement" means the agreement between the Authority and the State dated April 17, 1984, as extended from time to time by the parties thereto, pursuant to which the Authority agrees to make annual payments of $12,000,000 to the State for transportation purposes.

"State Payment Fund" means the State Payment Fund established in Section 502 hereof.

"Subordinated Indebtedness" means any evidence of indebtedness permitted to be issued by Section 512 hereof.

"Substitute Credit Facility" means any letter of credit, standby bond purchase agreement, line of credit, surety bond, insurance policy or other insurance commitment or similar agreement (other than a Qualified Swap or an Exchange Agreement), satisfactory to the Authority, that replaces a Credit Facility and is provided by a commercial bank, insurance company or other financial institution with a current long term credit rating (or whose obligations thereunder are guaranteed by a financial institution with a long term rating) from Moody's and S&P not lower than the credit rating of any Series of Bonds.

"Supplemental Resolution" means any resolution of the Authority adopted pursuant to Article XI hereof.

"Tax Exempt Obligations" means Bonds of the Authority the interest on which is intended to be excluded from gross income of the Owners thereof for purposes of federal income tax, except for any alternative minimum or similar tax.

"Tender Agent", with respect to a Series of Bonds, means any commercial bank or trust company organized under the laws of any state of the United States or any national banking association designated as a tender agent for such Series of Bonds, and its successor or successors hereafter appointed in the manner provided in the applicable Series Resolution.

"Traffic Engineers" means such engineer or engineering firm or corporation at the time retained by the Authority pursuant to Section 709 hereof to perform the acts and carry out the duties provided for such Traffic Engineers in the Resolution.

"Trustee" means the trustee appointed pursuant to Article IX hereof, and any successor or successors appointed under the Resolution.

"Turnpike Project" or "Project" means (a) any express highway, superhighway or motorway authorized under the Act to be acquired or constructed by or on behalf of the Authority and which, except for (i) the I-95 extension referred to in Section 19 of the Act and (ii) a proposed by-pass highway at Hightstown, is subject to tolls and charges by the Authority under Section 27:23-9 of the Act, and (b) all bridges, tunnels, overpasses, underpasses, interchanges, entrance plazas, approaches, toll facilities, service areas, service stations, service facilities, communications facilities, park and ride projects, Feeder Roads and administration, storage and other buildings, machinery and equipment, and all other structures, facilities, and appurtenances necessary for the construction, operation or maintenance of the Turnpike System and all replacements, improvements and modifications thereto, together in each case with all land and rights in land required therefor.

"Turnpike Revenues" means (i) all tolls, revenues, fees, charges, rents, and other income and receipts derived from the operation of the Turnpike System, (ii) the proceeds of any business interruption insurance relating to the Turnpike System and of any other insurance which insures against loss of Turnpike Revenues and (iii) amounts on deposit in the Construction Fund, the Special Project Reserve Fund and the General Reserve Fund, and available for deposit in the Revenue Fund and actually deposited therein.

"Turnpike System" means the existing New Jersey Turnpike and all Turnpike Projects in addition thereto.

"Variable Rate Debt" means obligations of the Authority, other than Parity Variable Rate Bonds, Commercial Paper or Subordinated Indebtedness, bearing interest at a variable rate and specifying a maximum rate of interest permitted by law.

Section 102. Authority for this Resolution. This Turnpike Revenue Bond Resolution is adopted pursuant to the provisions of the Act and is adopted contemporaneously with the adoption of the 1991 Series A Bond Resolution.

Section 103. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, and in consideration of the execution and delivery of any Qualified Swap, this Resolution shall be deemed to be and shall constitute a contract between the Authority, the Trustee and the Owners from time to time of the Bonds; and the pledge made in this Resolution and the covenants and agreements therein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds and any Qualified Swap Provider, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds or Qualified Swap over any other thereof except as expressly provided in or permitted by this Resolution.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 201. Authorization of Bonds. Bonds of the Authority, to be designated as "Turnpike Revenue Bonds", may be issued upon compliance with the applicable conditions of this Article II. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Resolution is not limited except as provided in this Resolution or by law. The Bonds may be issued in one or more Series, whose titles, in addition to the name "Turnpike Revenue Bonds", shall include such further appropriate designations as the Authority may determine. Each Bond shall bear upon its face the designation determined for its Series. Any two or more Series may be consolidated for purposes of sale in such manner as may be provided in the Series Resolution authorizing such Series.

A Series of Bonds may be secured by a Credit Facility or Substitute Credit Facility meeting the requirements of this Resolution and the applicable Series Resolution. In connection with the issuance of its Bonds or at any time thereafter so long as a Series of Bonds remains Outstanding, the Authority also may enter into Qualified Swaps or Exchange Agreements if the Authority determines that such Qualified Swap or Exchange Agreement will assist the Authority in more effectively managing its interest costs. The Authority's payment obligation under any Qualified Swap shall be made from the Debt Service Fund and its payment obligation under any such Exchange Agreement shall be made from the General Reserve Fund. Unless otherwise acknowledged by each Rating Agency by virtue of its confirmation of the existing credit ratings on the Authority's Outstanding Bonds, the Authority will not enter into any Qualified Swap or Exchange Agreement (in the case of an Exchange Agreement, either

for purposes of this Section 201 or for purposes of either Section 511 or 512 hereof) unless it gives at least fifteen (15) days' advance notice of its intention to do so to each of the Rating Agencies, which notice shall specify the identity of the Qualified Swap Provider or Exchange Agreement counterparty, as the case may be.

Section 202. General Provisions for Issuance of Bonds.

(a) Bonds of each Series may be executed by the Authority and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Authority or upon its order, but only upon the receipt by the Trustee, at or prior to such authentication, of:

(1) A Counsel's Opinion to the effect that (i) the Authority has the right and power under the Act, as amended to the date of such Opinion, to adopt this Resolution and the Series Resolution authorizing such Bonds, and this Resolution and such Series Resolution has been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms, and no other authorization therefor is required; (ii) this Resolution creates the valid pledge which it purports to create of the moneys, securities and funds held or set aside under this Resolution, subject to the exceptions specified in this Resolution, and of all Pledged Revenues; and (iii) the Bonds of such Series are valid, binding and direct obligations of the Authority as provided in this Resolution, enforceable in accordance with their terms and the terms of this Resolution and entitled to the benefits of this Resolution and of the Act, and such Bonds have been duly and validly authorized and issued in accordance with the Act and this Resolution;

(2) A written order as to the delivery of such Bonds signed by an Authorized Officer, which order shall direct, among other things, the application of the proceeds of such Bonds;

(3) A copy of the Series Resolution, certified by an Authorized Officer, authorizing such Bonds and specifying:

(i) The authorized principal amount, designation and Series of such Bonds;

(ii) The purposes for which such Series of Bonds is being issued;

(iii) The date or dates, and the maturity date or dates, of the Bonds of such Series;

(iv) The interest rate or rates of the Bonds of such Series, or, if applicable, the Accreted Values for Capital Appreciation Bonds, or the manner of determining the interest rate or rates, and the Interest Payment Dates, if any, therefor;

(v) The Authorized Denominations and the manner of dating, numbering and lettering of the Bonds of such Series;

(vi) The Registrar and the Paying Agent or Paying Agents for the Bonds of such Series;

(vii) The Redemption Price or Prices, if any, and any redemption terms for the Bonds of such Series not determined herein; and

(viii) The amount and due date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series, provided that the aggregate of such Sinking Fund Installments for such Bonds of like maturity shall equal the aggregate principal amount of all such Bonds;

(4) The amount, if any, necessary for deposit in the Debt Reserve Fund so that the amount therein equals the Debt Reserve Requirement calculated immediately after such authentication and delivery;

(5) Except in the case of Refunding Bonds issued for the purpose of refunding Outstanding Bonds, a certificate of an Authorized Officer stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Resolution; and

(6) Such further documents, moneys and securities as are required by the provisions of this Resolution or any Series Resolution.

(b) After the original issuance of Bonds of a Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III or Section 406 or Section 1107.

Section 203. Non-Refunding Bonds.

(a) One or more Series of Non-Refunding Bonds may be authorized and delivered upon original issuance for the purpose (i) of paying Costs of Construction of a Project and (ii) to raise funds to complete any Project for which Non-Refunding Bonds were issued pursuant to clause (i) of this subsection.

(b) The Non-Refunding Bonds of any Series shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the documents, securities and moneys required by Section 202) of the following:

(1) A certificate of an Authorized Officer setting forth (i) the Net Revenues for any period of 12 consecutive calendar months out of the 24 calendar months next preceding the authentication and delivery of the Bonds of such Series, provided that if any adjustment of toll rates shall have been placed in effect during such 12-month period, such Net Revenues shall reflect the Turnpike Revenues which the Traffic Engineers estimate in their certificate delivered pursuant to clause (3) of this subsection would have resulted had such toll rate adjustment been in effect for the entire 12-month period, and (ii) the Net Revenue Requirement for such 12 calendar months (without regard to the Bonds then being issued), which certificate shall demonstrate that such Net Revenues equal or exceed such Net Revenue Requirement;

(2) A certificate of the Traffic Engineers stating whether, to the best of their knowledge, any Federal, State or other agency is then projecting or planning the construction, improvement or acquisition of any highway or other facility which, in the opinion of the Traffic Engineers, may be materially competitive with any part of the Turnpike System, and the estimated date of completion of such highway or other facility;

(3) A certificate of the Traffic Engineers setting forth for the then current and each future calendar year to and including the fifth full calendar year after the estimated date when the Turnpike Project will be placed in service, estimates of Turnpike Revenues giving effect to (i) the construction of any uncompleted Turnpike Project, on the assumption that any competitive highway or other facility referred to in their certificate delivered pursuant to clause (2) of this subsection will be completed on the date therein estimated and will thereafter be in operation during the period covered by such estimates, and (ii) any adjustment of toll rates which shall have been placed in effect subsequent to the beginning of the 12-month period referred to in the certificate of an Authority Officer

delivered pursuant to clause (1) of this subsection, as if such toll rate adjustment had been in effect from the beginning of such period until the effective date of any subsequent adjustment presumed necessary and (iii) any adjustment of toll rates which, in the opinion of the Traffic Engineers, would be necessary to comply with the provisions of Section 713, as if such adjustment were to be in effect from its effective date to the effective date of any other such adjustment;

(4) A certificate of the Consulting Engineers setting forth (i) for the years and on the assumption specified in the certificate of the Traffic Engineers delivered pursuant to clause (3) of this subsection, estimates of the Operating Expenses, giving effect to the construction of any planned, proposed or otherwise uncompleted Project, (ii) the estimated total Cost of Construction of such uncompleted Project, and (iii) the estimated date of completion of such uncompleted Project; and

(5) A certificate of an Authorized Officer setting forth the estimated Net Revenues (based on the certificates delivered pursuant to clauses (3) and (4) of this subsection) for the current and each such future calendar year and stating that such estimated Net Revenues for each such calendar year equal or exceed the Net Revenue Requirement for such year and that Net Revenues in the fifth such calendar year will equal or exceed future maximum Aggregate Debt Service in any year.

(c) The proceeds, including accrued interest, of the Non-Refunding Bonds of each Series shall be applied simultaneously with their delivery as follows:

(1) There shall be deposited in the Debt Reserve Fund the amount, if any, so that the amount therein equals the Debt Reserve Requirement calculated immediately after such delivery;

(2) There shall be deposited in any other Fund under this Resolution the amount, if any, required by such Series Resolution; and

(3) The remaining balance shall be deposited in the separate account established in the Construction Fund for the Project specified in such Series Resolution.

Section 204. Refunding Bonds.

(a) One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund (i) any or all Outstanding Bonds of one or more Series or maturities

within a Series or Bonds within a maturity, or (ii) any Variable Rate Debt, Commercial Paper or Subordinated Indebtedness and to make deposits in any Fund under this Resolution as determined by the Authority in the Series Resolution authorizing such Bonds.

(b) Refunding Bonds of a Series issued to refund Outstanding Bonds shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the documents, securities and moneys required by Section 202 hereof) of:

(1) Such instructions to the Trustee as are necessary to comply with all requirements set forth in Section 1201 hereof so that the Bonds to be refunded will be paid or deemed to be paid pursuant to Section 1201 hereof;

(2) Either (i) moneys in an amount sufficient to effect payment of the principal or Redemption Price, if applicable, and interest due and to become due on the Bonds to be refunded on and prior to the redemption date or maturity date thereof, as the case may be, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) Federal Securities in such principal amounts, of such maturities, and bearing interest at such rates as shall be necessary, together with the moneys, if any, deposited with the Trustee at the same time, to comply with the provisions of subsection (b) of Section 1201 hereof;

(3) Either

(i) a certificate of an Authorized Officer (A) setting forth the Aggregate Debt Service for the then current and each future calendar year to and including the calendar year next preceding the date of the latest maturity of any Bonds of any Series then Outstanding (a) with respect to the Bonds of all Series Outstanding immediately prior to the date of authentication and delivery of such Refunding Bonds, and (b) with respect to the Bonds of all Series to be Outstanding immediately thereafter, and (B) demonstrating that the Aggregate Debt Service set forth for each calendar year pursuant to (b) above is no greater than that set forth for such calendar year pursuant to (a) above; or

(ii) if the requirements of (i) above are not met, each of the documents required by Section 203(b)(1) through (5) hereof; and

(4) if there shall have been provided a Qualified Swap with respect to the Bonds to be refunded, moneys in an amount sufficient to make the payment, if any, of all amounts due and payable by the Authority under such Qualified Swap.

(c) Refunding Bonds of a Series issued to refund Variable Rate Debt, Commercial Paper or Subordinated Indebtedness shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the documents, securities and moneys required by Section 202) of:

(1) Each of the documents required by Section 203(b)(1) through (5) hereof;

(2) A certificate of the trustee then duly appointed or acting under the indenture, resolution or other appropriate instrument securing and authorizing such Variable Rate Debt, Commercial Paper or Subordinated Indebtedness, or of the Authority if there shall be no such trustee, that (i) provision has been duly made for the redemption or payment at maturity of such Variable Rate Debt, Commercial Paper or Subordinated Indebtedness in accordance with the terms thereof, (ii) the pledge, if any, pursuant to Section 511 securing such Variable Rate Debt or Commercial Paper or pursuant to Section 512 securing such Subordinated Indebtedness shall have been discharged and satisfied, and (iii) such trustee or the paying agents for such Variable Rate Debt, Commercial Paper or Subordinated Indebtedness hold in trust the moneys or securities required to effect such redemption or payment; and

(3) A Counsel's Opinion to the effect that all actions required under the indenture, resolution or other appropriate instrument securing and authorizing such Variable Rate Debt, Commercial Paper or Subordinated Indebtedness to provide for the redemption or payment of such Subordinated Indebtedness have been taken.

(d) The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied simultaneously with their delivery as follows:

(1) There shall be deposited in the Debt Reserve Fund the amount, if any, necessary so that the amount therein equals the Debt Reserve Requirement calculated immediately after such delivery, and any excess in the Debt Reserve Fund over and above the required balance thereof shall be applied in the manner provided in the Series Resolution;

(2) There shall be deposited in any other Fund under this Resolution the amount, if any, required by such Series Resolution;

(3) The amount of such proceeds needed for the refunding of the Bonds, Variable Rate Debt, Commercial Paper or Subordinated Indebtedness to be refunded, for the payment, if any, of all amounts due and payable by the Authority under a Qualified Swap and for the payment of expenses incidental to such refunding shall be used for such purposes; and

(4) Any balance of such proceeds shall be deposited in the General Reserve Fund.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 301. Obligation of Bonds; Medium of Payment; Form and Date; Letters and Numbers.

(a) The Bonds shall be payable, with respect to interest, principal and Redemption Price, solely from the Pledged Revenues, the proceeds of Bonds, moneys on deposit in the Funds and Accounts established hereunder to the extent specified in Article IV hereof and from any other funds which under the Act may be used for the payment of principal of or interest on bonds of the Authority.

(b) The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(c) Unless otherwise specified in an applicable Series Resolution, any Bonds of a Series shall be issued solely in the form of fully registered Bonds without coupons. If the Authority determines to issue coupon Bonds, the provisions governing the dating, payment, exchange, ownership and other details of such coupon Bonds shall be set forth in the Series Resolution authorizing the applicable Series of Bonds. The Authority shall not be required or permitted to issue coupon Bonds, or exchange registered Bonds for coupon Bonds, if issuance of coupon Bonds might cause the interest on any Tax Exempt Obligations to be includable in the gross income of Bondholders for purposes of Federal income taxation; provided, however, in its discretion the Authority may determine to issue Bonds the interest on which would not be excluded from gross income for Federal income tax purposes, and in such case, the Authority may, if it so

determines in the applicable Series Resolution, issue coupon Bonds.

(d) Each Bond shall be lettered and numbered as provided in this Resolution or the Series Resolution authorizing the Series of which such Bond is a part and so as to be distinguished from every other Bond.

(e) Bonds shall be dated as provided in this Resolution or the Series Resolution authorizing the Bonds of such Series. Registered Bonds shall bear interest as provided herein, payable by check or bank draft mailed or delivered to registered owners of such registered Bonds as of the close of business on the Record Date at their address on file with the Registrar. Each registered Bond upon original issuance shall be dated as of the date specified in this Resolution or the Series Resolution authorizing the issuance of such Series of Bonds. After original issue, all registered Bonds exchanged or transferred shall bear an authentication date which shall be the date they are authenticated. Interest on registered Bonds shall accrue from the Interest Payment Date to which interest has been paid next preceding the authentication date unless (1) the date of authentication is also an Interest Payment Date to which interest has been paid, in which event such registered Bonds shall be dated and bear interest from the date of authentication, or (2) the date of authentication is prior to the first Interest Payment Date, in which event such registered Bonds shall be dated and bear interest from the original issuance date of such registered Bonds, or (3) the date of authentication is between the Record Date and the next Interest Payment Date, in which case interest shall accrue from the next Interest Payment Date.

(f) Bonds may, but shall not be required to, be issued or made transferable in book entry form, if such form is then permitted by applicable law, as determined by an opinion of the Authority's bond counsel, and if so authorized by the applicable Series Resolution.

Section 302. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the Authority prior to the authentication and delivery thereof.

Section 303. Execution and Authentication.

(a) The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of its Chairman or other Authorized Officer, and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of its Secretary and Treasurer or other Authorized Officer, or in such other manner as may be required or permitted by law. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond may be signed and sealed on behalf of the Authority by such persons as at the time of the execution of such Bond shall be duly authorized or hold the proper office in the Authority, although at the date of such Bond such persons may not have been so authorized or have held such office.

(b) The Bonds shall bear a certificate of authentication, in the form set forth in the Series Resolution authorizing such Bonds, executed manually by the Trustee upon original issuance and by either the Trustee or the Registrar or in the case of Parity Variable Rate Bonds, the Tender Agent, upon subsequent transfers and exchanges, provided that authentication by the Registrar or any Tender Agent upon such subsequent transfers and exchanges shall be deemed to be "by the Trustee" for purposes of this Resolution. Only such Bonds as shall bear such certificate of authentication shall be entitled to any right or benefit under this Resolution, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of authentication upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Resolution and that the Owner thereof is entitled to the benefits of this Resolution.

Section 304. Interchangeability of Bonds. Registered Bonds, upon surrender at the principal office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered Owner or his duly authorized attorney, may, at the option of the registered Owner and upon payment of any charges which the Trustee may make as provided in Section 306 hereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series, Interest Rate Period and maturity of any other Authorized Denominations.

Section 305. Negotiability, Transfer and Registry.

(a) Each registered Bond shall be transferable only upon the registry books of the Authority, which shall be kept for the purpose by the Registrar, by the registered owner in person or by his or her attorney duly authorized in writing, upon surrender with a written instrument of transfer satisfactory to the Registrar or Trustee and duly executed by the registered Owner or his or her duly authorized attorney. Upon the transfer of any such registered Bond, the Authority shall issue in the name of the transferee a new registered Bond or Bonds.

(b) The Authority, each Fiduciary and any Remarketing Agent may deem and treat the person in whose name any registered Bond shall be registered upon the registry books of the Authority as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority, any Fiduciary or any Remarketing Agent shall be affected by any notice to the contrary. The Authority agrees to indemnify and save each Fiduciary and each Remarketing Agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it acting in good faith and without negligence under this Resolution, in so treating such registered owner.

Section 306. Provisions With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring registered Bonds is exercised, the Authority shall execute and the Trustee or Registrar or Tender Agent shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Trustee and canceled by the Trustee or the Registrar. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid.

Section 307. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Authority shall execute, and thereupon the Trustee or Registrar shall authenticate and deliver, a new Bond of like Series, maturity and principal amount as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee or Registrar

evidence satisfactory to the Authority and the Trustee or Registrar that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Authority and the Trustee or Registrar with indemnity satisfactory to them and complying with such other reasonable regulations as the Authority and the Trustee or Registrar may prescribe and paying such expenses as the Authority and Trustee or Registrar may incur. All Bonds so surrendered to the Trustee or Registrar shall be canceled by it. Any such new Bonds issued pursuant to this Section 307 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, shall be entitled to equal and proportionate benefits with all other Bonds issued under this Resolution and shall be equally secured by the moneys or securities held by the Authority or the Fiduciary for the benefit of the Bondholders.

Section 308. Temporary Bonds.

(a) Until the definitive Bonds of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 303 hereof, and, upon the request of the Authority, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to exchangeability, one or more temporary, fully registered Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in Authorized Denominations and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, definitive Bonds, of the same aggregate principal amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Resolution.

(b) If the Authority shall authorize the issuance of temporary Bonds in more than one Authorized Denomination, the Owner of any temporary Bond or Bonds may, at his option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount, Series and maturity of any other Authorized Denomination or Denominations, and thereupon the Authority shall execute and the Trustee shall authenticate and, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges provided for in Section 306 hereof, shall deliver a temporary Bond or Bonds of like aggregate principal amount,

Series and maturity in such other Authorized Denomination or Denominations as shall be requested by such Owner.

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

ARTICLE IV

REDEMPTION OF BONDS

Section 401. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to this Resolution or a Series Resolution shall be redeemable, upon notice given as provided in this Article IV at such times, at such Redemption Prices and upon such terms in addition to the terms contained in Article IV as may be specified in this Resolution or in the Series Resolution authorizing such Series.

Section 402. Redemption at the Election or Direction of the Authority. In the case of any redemption of Bonds at the election or direction of the Authority, the Authority shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed. Such notice shall be given by the Authority to the Trustee at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 405 provided, there shall be paid by the Authority prior to or on the redemption date to the appropriate Paying Agents an amount in cash or Investment Securities maturing on or before the redemption date which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient (a) to redeem all of the Bonds to be redeemed on the redemption date at their Redemption Price plus interest accrued and unpaid to the redemption date and (b) if there shall have been provided a Qualified Swap with respect to the Bonds, to make the payment, if any, of all amounts due and payable by the Authority under such Qualified Swap. The Authority shall promptly notify the Trustee in writing of all such payments made directly by it to a Paying Agent.

Section 403. Redemption Otherwise Than at Authority's Election or Direction. Whenever by the terms of this Resolution or the applicable Series Resolution the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the Authority, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents from amounts provided by

the Authority to the Trustee in accordance with the terms of this Article IV and, to the extent applicable, Sections 505 and 507 hereof.

Section 404. Selection of Bonds to be Redeemed. Unless otherwise provided by the applicable Series Resolution, if less than all of the Bonds of like maturity of any Series shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that the portion of any Bond of a denomination of more than a minimum Authorized Denomination to be redeemed shall be in the principal amount of such minimum Authorized Denomination or an integral multiple thereof, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of such minimum Authorized Denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by such minimum Authorized Denomination.

Section 405. Notice of Redemption. When the Trustee shall receive notice from the Authority of its election or direction to redeem Bonds pursuant to Section 402 hereof, and when redemption of Bonds is authorized or required pursuant to Section 403 hereof, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable the Redemption Price of each Bond to be redeemed, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail copies of such notice, postage prepaid, at the time or times specified in the applicable Series Resolution, to the registered Owners as shown on the registry books of the Authority as of a date specified in the applicable Series Resolution, at their addresses, if any, on file with the Registrar. In addition, but only if and to the extent provided in the applicable Series Resolution, notice of such redemption shall be given by publication, at least once in an Authorized Newspaper or The Bond Buyer, or its successor, if any, but any failure to publish such notice shall not affect the validity of the redemption of registered Bonds for which notice

of redemption has been given by mail in accordance with this Section 405 and the Series Resolution.

If at the time of the mailing or publication of notice of redemption the Authority shall not have deposited with the Trustee or the Paying Agent, as applicable, moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee or the Paying Agent, as applicable, not later then the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

The Authority may modify in a Series Resolution the notice requirements for redemption of the Bonds authorized by such Series Resolution in order to conform to the requirements of The Depository Trust Company or any other applicable securities depository for a Series of Bonds.

Section 406. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 405 hereof, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at any place specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be drawn for redemption less than all of the Outstanding principal amount of a Bond, the Authority shall execute and the Trustee shall authenticate and the appropriate Fiduciary shall deliver, upon the surrender of such Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of the Owner thereof, to the extent permitted by law, registered Bonds of like Series and maturity in any Authorized Denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been published as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Section 501. The Pledge Effected by this Resolution.

(a) There are hereby pledged for the payment of the principal and Redemption Price of, and interest on, the Bonds in accordance with their terms and the provisions of this Resolution, subject only to the provisions of this Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Resolution, (i) the proceeds of sale of the Bonds, (ii) all Pledged Revenues and (iii) except as provided in Sections 503(f), 508 and, under certain circumstances, 510 hereof, amounts on deposit in all Funds established by this Resolution. The pledge and lien created hereby may be modified by a Series Resolution or Supplemental Resolution to provide for a pledge of amounts on deposit in particular Funds or Accounts to a particular Series of Bonds, the proceeds of which Series of Bonds funded such Funds or Accounts, superior to the pledge of such Funds and Accounts to other Bonds. The Series Resolution or Supplemental Resolution may provide that such proceeds shall be held by a Fiduciary.

(b) The pledge and lien created hereby shall additionally secure on a parity with the Bonds the Authority's reimbursement obligation with respect to any Credit Facility or substitute Credit Facility supporting the Bonds and, if authorized by a Series Resolution, payments to any Qualified Swap Provider under an applicable Swap Agreement where payments from the Qualified Swap Provider have been pledged hereunder as part of Pledged Revenues.

(c) The proceeds of the sale of the Bonds, the Pledged Revenues and the other moneys and securities hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof. This Resolution shall be filed in the records of the Authority.

Section 502. Establishment of Funds. The following Funds are hereby established or continued:

Construction Fund, to be held by the Authority,

Revenue Fund, to be held by the Authority,

Debt Service Fund,

Debt Reserve Fund,

Maintenance Reserve Fund, to be held by the Authority,

State Payment Fund, to be held by the Authority,

Special Project Reserve Fund, to be held by the Authority, and

General Reserve Fund, to be held by the Authority.

The Debt Service Fund and the Debt Reserve Fund may be held either by a Depository on behalf of the Authority or by the Trustee, as determined by a subsequent Series Resolution.

The Trustee shall create such other Funds and Accounts under this Resolution from time to time as shall be directed by the Authority. Without limiting the generality of the foregoing, the Authority may direct the Trustee to create a Charges Fund in any applicable Series Resolution related to a Qualified Swap and may direct the Trustee to create a Purchase and Remarketing Fund in any applicable Series Resolution for Bonds subject to tender, such Funds to be held by the Authority, the Tender Agent or by a Depository on behalf of the Authority or by the Trustee, as determined by a subsequent Series Resolution.

Section 503. Construction Fund.

(a) There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this Resolution and any applicable Series Resolution, and there may be paid into the Construction Fund, at the option of the Authority, any other moneys received by the Authority which are available for such purposes.

(b) The Authority shall establish within the Construction Fund a separate Account for each Project the costs of which are to be paid in whole or in part out of the Construction Fund. The Authority shall hereafter create a separate Account, if necessary in which to deposit the proceeds of insurance and the proceeds of contractors' performance bonds with respect to physical loss or damage to any part of the Turnpike System or a General Project for which a separate Account is not then maintained.

(c) The proceeds of insurance maintained pursuant to this Resolution against physical loss of or damage to the Turnpike System and of contractors' performance bonds with respect thereto, shall be paid into the appropriate separate Account in the Construction Fund.

(d) Amounts in each separate Account established for any Project shall be applied to the purpose or purposes specified in the Series Resolution authorizing the Bonds issued to finance such Project, or, if no Bonds are so issued, to the purpose or purposes specified in a resolution of the Authority, a copy of which, certified by an Authorized Officer, shall be filed with the Trustee.

(e) Notwithstanding any of the other provisions of this Section 503, to the extent that other moneys are not available therefor, amounts in the Construction Fund, except the separate Account authorized by Section 503(f) hereof, shall be transferred to the Trustee or the Paying Agent by the Authority and shall be applied to the payment of Principal Installments and interest on the Bonds.

(f) Nothing in this Resolution shall be deemed or interpreted to prohibit or preclude the Authority from accepting moneys from the United States Government or any agency thereof or from the State or any agency thereof, in grant, subsidy or other form, to the extent that the Authority is otherwise eligible to receive such funds. If such moneys are authorized on the condition that they be unencumbered by the Authority's debt obligations, such moneys may be deposited in one or more separate Accounts established within the Construction Fund, which Accounts shall not be subject to the pledge and lien of this Resolution.

(g) Moneys in the Construction Fund shall be invested by the Authority to the fullest extent practicable in Investment Securities maturing in such amounts and at such times as may be necessary to provide funds when needed to pay Costs of Construction or such other costs as may be required to be paid from such moneys. The Authority may, and to the extent required for payments from the Construction Fund shall, sell any such Investment Securities at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the applicable Account in the Construction Fund. Interest received on moneys or securities in a separate Account in such Fund shall be held in such Account.

(h) The completion, substantial completion or abandonment of construction of any Project shall be evidenced by a certificate of an Authorized Officer of the Authority, which certificate shall be filed promptly with the Trustee, stating the date of such completion, anticipated completion or abandonment and the amount, if any, required in the opinion of the signer for the payment of any remaining part of the Cost of Construction of such Project, and, if such Project has been completed, further stating that it has been constructed in accordance with the plans and specifications applicable thereto. Upon the filing of such certificate, the balance in the separate Account in the Construction Fund established therefor in excess of the amount, if any, stated in such certificate shall be paid over to the Trustee for deposit in the Debt Reserve Fund, if and to the extent necessary to make the amount in such Fund equal to the Debt Reserve Requirement. Any balance remaining after such payment and deposit shall be returned by the Trustee to the Authority for deposit into the Revenue Fund, if so directed by the Authority, and otherwise into the Maintenance Reserve Fund.

Section 504. Revenue Fund.

(a) All Pledged Revenues shall be promptly deposited by the Authority to the credit of the Revenue Fund, except that any Series Resolution may provide that payments to the Authority under any Qualified Swap may be deposited directly to the Debt Service Fund.

(b) The Authority shall (i) out of the moneys in the Revenue Fund, pay, free and clear of any lien or pledge created by this Resolution, all amounts required for reasonable and necessary Operating Expenses, and (ii) at all times retain in the Revenue Fund reasonable and necessary amounts for working capital and reserves for Operating Expenses including expenses which do not recur annually; provided that the total amount of such working capital and reserves held at any time shall not exceed 10% of the amount appropriated by the Annual Budget for Operating Expenses for the then current year.

(c) No such payment of Operating Expenses shall be made in excess of the unencumbered balance of appropriations for Operating Expenses in the applicable Annual Budget.

(d) The Authority shall, out of the moneys in the Revenue Fund not retained therein pursuant to subsection (b) of this Section 504, on or before the 20th day of each month (or for Bonds with Interest Payment Dates other than semiannual or Parity Variable Rate Bonds, such other date as specified in the Series Resolution, provided, however, that such payments shall be made not less than monthly) allocate, transfer and apply the balance in the Revenue Fund as follows and in the following order of priority:

(1) To the Debt Service Fund, until the balance in said Fund shall equal Accrued Debt Service; provided that, for the purposes of computing the amount required to be on deposit in said Fund, there shall be included the amount, if any, set aside in said Fund which was deposited therein from the proceeds of Bonds;

(2) To the Debt Reserve Fund, until the balance in said Fund shall equal the Debt Reserve Requirement, provided that any deficiency in the Debt Reserve Fund shall be fully replenished within one year from the date the balance in the Debt Reserve Fund first falls below the Debt Reserve Requirement;

(3) To any Charges Fund established by an applicable Series Resolution, the amount, if any, required so that the balance in such Fund equals the sum of (a) all amounts accrued or due and payable by the Authority as fees and charges under the Standby Agreement during such month; (b) all amounts accrued or due and payable by the Authority as fees and charges to any Remarketing Agent under a Remarketing Agreement during such month; and (c) all amounts

accrued or due and payable by the Authority as fees and charges to any Tender Agent during such month, but only to the extent the Authority, in its discretion, has determined that the foregoing amounts shall not be paid as Operating Expenses;

(4) To the Maintenance Reserve Fund, a sum equal to one-twelfth of the amount provided in the Annual Budget for Maintenance Reserve Payments during the then current calendar year; provided that, if any such monthly allocation to the Maintenance Reserve Fund shall be less than the required amount, the amount of the next succeeding monthly payment shall be increased by the amount of such deficiency;

(5) To the State Payment Fund, a sum equal to the monthly pro rata portion of the Required State Payment pursuant to the State Agreement; provided that, if any such monthly allocation to the State Payment Fund shall be less than the required amount, the amount of the next succeeding monthly payment shall be increased by the amount of such deficiency;

(6) To the Special Project Reserve Fund, a sum equal to one-twelfth of the amount provided in the Annual Budget for Special Project Reserve Payments during each calendar year; and

(7) To the General Reserve Fund, any remaining balance of such moneys withdrawn from the Revenue Fund.

Section 505. Debt Service Fund.

(a) The Trustee shall pay or request the Depository holding such Fund to pay out of the Debt Service Fund (1) to the respective Paying Agents (i) on or before each Interest Payment Date for any of the Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment payment date, an amount equal to the principal amount of the Outstanding Bonds, if any, which mature on such date; and (iii) on or before any redemption date for the Bonds, the amount required for the payment of the Redemption Price of and interest on the Bonds then to be redeemed and (2) to the Qualified Swap Provider, any amounts due and payable by the Authority during such month pursuant to a Qualified Swap under which the Authority is the fixed rate payor. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Debt Service Fund the accrued interest included in the purchase price of the Bonds purchased for retirement. All amounts held at any time in the Debt Service Fund shall be held on a parity basis for the ratable security and payment of Accrued Debt Service for the benefit of the Owners of all Bonds and of the Qualified Swap Provider in proportion to the amounts accrued and due to each of them.

(b) Amounts in the Debt Service Fund with respect to Sinking Fund Installments shall be applied to the purchase or redemption of Bonds as provided in this subsection. Amounts deposited in the Debt Service Fund by reason of the payment of any Sinking Fund Installment may, and if so directed by the Authority shall, be applied by the Authority or the Trustee in the name of the Authority, on or prior to the 45th day preceding the due date of such Sinking Fund Installment, to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established. All such purchases of Bonds shall be made at prices not exceeding the applicable Sinking Fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made in such manner as the Trustee shall determine. The applicable Sinking Fund Redemption Price of any Bonds (or principal amount of maturing Bonds) so purchased or redeemed shall be deemed to constitute part of the Debt Service Fund until such Sinking Fund Installment date, for the purpose of calculating the amount of such Fund. At any time up to the 45th day preceding the due date of any Sinking Fund Installment, the Authority may purchase with any available funds Bonds subject to redemption by operation of such Sinking Fund Installment and give notice to the Trustee of its intention to surrender such Bonds on the Sinking Fund Installment date. To the extent that amounts are available in the Debt Service Fund and the Debt Reserve Fund, and after giving effect to the Bonds purchased by the Authority or the Trustee or to be surrendered by the Authority, which shall be credited against the Sinking Fund Installment at the applicable Sinking Fund Redemption Price thereof, and as soon as practicable after the 45th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay or request the Depository holding such Fund to pay out of the Debt Service Fund to the appropriate Paying Agents, on or before the day preceding such redemption date, the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption. After making such payments or requesting the Depository holding such Fund to make such payments, the Trustee shall pay out of the Debt Service Fund to the Authority on the Sinking Fund Installment due date the lesser of (i) the applicable Sinking Fund Redemption Price of and accrued interest on the Bonds surrendered by the Authority on such date or (ii) the amount on deposit in the Debt Service Fund not required to pay interest, principal and Redemption Price on other Bonds or payments due by the Authority under the Qualified Swap. If the principal amount of Bonds retired pursuant to this subsection through application of any Sinking Fund Installment shall exceed the amount of such Sinking Fund Installment, or in the event of the purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments had been established from moneys other than Sinking Fund Installments,

such excess or the principal amount of Bonds so purchased or redeemed, as the case may be, shall be credited toward future Sinking Fund Installments either (i) in order of their due dates or (ii) in such order as the Authority establishes in a certificate signed by an Authorized Officer, and delivered to the Trustee on or prior to the 45th day preceding the next Sinking Fund Installment due date established for such Bonds.

(c) On each Sinking Fund Installment due date, the Trustee shall cause to be determined the excess amount, if any, on deposit in the Debt Service Fund with respect to such Sinking Fund Installment after all requirements of the Sinking Fund Installment have been satisfied. Any such excess amount shall be withdrawn promptly by the Trustee or at the request of the Trustee by the Depository, as applicable, from the Debt Service Fund and deposited in the Special Project Reserve Fund.

(d) The amount, if any, deposited in the Debt Service Fund from the proceeds of Bonds shall be set aside in such Fund and applied to the payment of Accrued Debt Service.

Section 506. Debt Reserve Fund.

(a) If (i) on the due date of any interest on the Bonds or any Principal Installment, the amount in the Debt Service Fund shall be less than the amount required to pay such interest or Principal Installment, or (ii) on any date of required payment by the Authority of amounts due under any Credit Facility or any Qualified Swap secured on a parity with the Bonds, the amount in the Debt Service Fund shall be less than the Authority's required payment, the Trustee shall transfer or request the Depository holding such Fund to transfer the amounts from the Debt Reserve Fund to the Debt Service Fund to the extent necessary to make good the deficiency.

(b) Whenever the moneys on deposit in the Debt Reserve Fund shall exceed the Debt Reserve Requirement, the Trustee, at the direction of an Authorized Officer, shall withdraw or request the Depository holding such Fund to withdraw the amount of such excess and, except as provided in Section 204(d)(1) hereof, deposit and apply such amount as Pledged Revenues pursuant to Section 504 hereof.

(c) Whenever the moneys and Investment Securities in the Debt Reserve Fund, together with the amount in the Debt Service Fund, are sufficient to pay all Outstanding Bonds in accordance with their terms, together with any obligations owed by the Authority under any Credit Facility or any Qualified Swap secured on a parity with the Bonds, the funds on deposit in the Debt Reserve Fund shall be transferred to the Debt Service Fund.

(d) Notwithstanding the foregoing provisions, in lieu of the required deposits into the Debt Reserve Fund, the Authority may cause to be deposited into the Debt Reserve Fund a surety bond or an insurance policy payable to the Trustee for the

benefit of the Owners of the Bonds and any Qualified Swap or an irrevocable letter of credit in an amount equal to the difference between the Debt Reserve Requirement and the remaining sums, if any, then on deposit in the Debt Reserve Fund. The surety bond, insurance policy or letter of credit shall be payable (upon the giving of notice as required thereunder) on any Interest Payment Date on which moneys will be required to be withdrawn from the Debt Reserve Fund and applied to the payment of Debt Service and such withdrawal cannot be met by amounts on deposit in the Debt Reserve Fund or provided from any other Fund under this Resolution. The insurer providing such surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest rating category by both Moody's and S&P, or any insurer who holds the highest policyholder rating accorded insurers by A.M. Best & Co. or any comparable or successor service, provided that if the insurer is rated by A. M. Best & Co. but not by both Moody's and S&P, the Authority shall not agree to purchase the surety bond or insurance policy from such insurer unless the Authority gives at least fifteen (15) days' advance notice of its intention to do so to each of the Rating Agencies, which notice shall specify the identity of such insurer. The letter of credit issuer shall be a bank or trust company which is rated not lower than the second highest rating category (without regard to rating sub-categories) by both Moody's and S&P, and the letter of credit itself shall be rated in the highest category of both such Rating Agencies. If a disbursement is made pursuant to a surety bond, an insurance policy or a letter of credit provided pursuant to this subsection, the Authority shall be obligated either (i) to reinstate the maximum limits of such surety bond, insurance policy or letter of credit or (ii) to deposit into the Debt Reserve Fund, funds in the amount of the disbursement made under such surety bond, insurance policy or letter of credit, or a combination of such alternatives, as shall provide that the amount in the Debt Reserve Fund equals the Debt Reserve Requirement within a time period not longer than would be required to restore the Debt Reserve Fund by operation of subsection (d) of Section 504 hereof and from the same source of funds as provided in Section 504. The contractual arrangements with respect to the surety bond, insurance policy or letter of credit shall not limit the Authority's right to cancel such surety bond, insurance policy or letter of credit upon not less than one year's written notice by the Authority upon a reduction or suspension of any of the credit ratings with respect to such surety bond, insurance policy or letter of credit (or the provider thereof) required by this Section 506(d). Upon the occurrence of any such reduction or suspension, the Authority shall so notify the provider of the surety bond, insurance policy or letter of credit and prior to the effective date of such cancellation shall either provide a substitute surety bond, insurance policy or letter of credit meeting the requirements of this Section 506(d) or shall deposit cash in the Debt Reserve

Fund so that the amount in such Fund shall equal the Debt Reserve Requirement.

Section 507. Maintenance Reserve Fund.

(a) Moneys to the credit of the Maintenance Reserve Fund may be applied to the cost of major resurfacing, replacement or reconstruction of the Turnpike System and major or extraordinary repairs, renewals or replacements of the Turnpike System, stated in a certificate of the Consulting Engineers filed with the Trustee and the Authority, to be necessary (i) to restore or prevent physical damage to the Turnpike System or any part thereof, (ii) for the safe and efficient operation of the Turnpike System or (iii) to prevent loss of Pledged Revenues.

(b) If at any time the moneys in the Debt Service Fund, the Debt Reserve Fund, the Charges Fund, the Special Project Reserve Fund and the General Reserve Fund shall be insufficient to pay the interest, Redemption Price and Principal Installments becoming due on the Bonds and all amounts due and payable by the Authority under the Qualified Swap, the Authority upon request by the Trustee shall transfer from the Maintenance Reserve Fund to the Trustee for deposit in the Debt Service Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

Section 508. State Payment Fund. Required State Payments credited to the State Payment Fund shall be applied to payments required to be made pursuant to the State Agreement and to no other purpose.

Section 509. Special Project Reserve Fund.

(a) Moneys to the credit of the Special Project Reserve Fund may be applied to the cost of one or more Projects or Special Projects.

(b) During any calendar year the Authority may withdraw from the Special Project Reserve Fund amounts aggregating not more than 20% of the balance therein on the first day of such year and pay such amounts into the Maintenance Reserve Fund for credit against one or more Maintenance Reserve Payments required to be made during such year.

(c) If at any time the moneys in the Debt Service Fund, the Debt Reserve Fund, the Charges Fund and the General Reserve Fund shall be insufficient to pay the interest, Redemption Price and Principal Installments becoming due on the Bonds and all amounts due and payable by the Authority under the Qualified Swap, the Authority upon requisition by the Trustee shall transfer from the Special Project Reserve Fund to the Trustee for deposit in the Debt Service Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

(d) If at any time the moneys in the Debt Reserve Fund are less than the Debt Reserve Requirement, the Authority upon requisition by the Trustee shall transfer from the Special Project Reserve Fund for deposit in the Debt Reserve Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

(e) If at any time after the transfers referred to in subsections (c) and (d) of this Section 509 have been made the moneys in the State Payment Fund are less than the amount required to be on deposit therein, the Authority shall transfer from the Special Project Reserve Fund for deposit into the State Payment Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

(f) If at any time after the transfers referred to in subsections (c), (d) and (e) of this Section 509 have been made and the amount in the Special Project Reserve Fund exceeds the amount theretofore budgeted but unpaid for Special Projects, the Authority may deposit any part of such excess into the Revenue Fund.

Section 510. General Reserve Fund.

(a) The Authority shall transfer from the General Reserve Fund to the various Funds, and in the order of priority specified in subsection (d) of Section 504 hereof the amount necessary (or all the moneys in the General Reserve Fund if less than the amount necessary), (i) to make up any deficiencies in payments to said Funds required by Section 504 hereof, and (ii) in the event of any transfer of moneys to other Funds pursuant to Sections 506 or 509, the amount of any resulting deficiency in such Fund.

(b) Subject to the terms of any pledge securing Variable Rate Debt, Commercial Paper and Subordinated Indebtedness or any Credit Facility supporting such obligations and any Exchange Agreement, amounts in the General Reserve Fund not required to meet a deficiency may be applied to any one or more of the following purposes:

(i) the purchase or redemption of any Bonds and expenses of such purchase or redemption;

(ii) payment of the principal or redemption price of and interest on any Variable Rate Debt or Commercial Paper;

(iii) payment of the principal or redemption price of and interest on any Subordinated Indebtedness;

(iv) payments into any separate account or accounts established in the Construction Fund for application to the purposes of such account;

(v) improvements, extensions, betterments, renewals and replacements of the Turnpike System or any General Project or the provision of one or more reserves therefor;

(vi) payments into the Revenue Fund; and

(vii) any other corporate purpose of the Authority, including but not limited to Additional State Payments if and to the extent the Authority has specifically agreed to make payments to the State in addition to Required State Payments.

Section 511. Variable Rate Debt; Commercial Paper. The Authority may, at any time or from time to time, issue Variable Rate Debt and Commercial Paper payable out of, and which may be secured by a pledge of, such amounts in the General Reserve Fund as may from time to time be available for the purpose of payment thereof; provided, however, that (i) such indebtedness shall be incurred only for any one or more of the purposes set forth in subsection (b) of Section 510 hereof and the proceeds of such Variable Rate Debt or Commercial Paper shall only be applied for such purpose or purposes, (ii) the Authority shall covenant to provide sufficient moneys in the General Reserve Fund to pay the Variable Rate Debt and Commercial Paper when and as due, including all interest thereon, and (iii) such indebtedness shall be, and shall be expressed to be, subordinate in all respects to the Bonds issued or to be issued hereunder and subordinate to all obligations payable from Funds other than the General Reserve Fund but senior in all respects to any pledge to secure Subordinated Indebtedness. Both Variable Rate Debt and Commercial Paper may or may not be secured by a Credit Facility and/or supported by a Liquidity Facility, in the discretion of the Authority; however, the Authority intends that substantially all of any such Variable Rate Debt and Commercial Paper will be supported by a Liquidity Facility and will notify in writing each of the Rating Agencies of its intention to issue any such Variable Rate Debt or Commercial Paper not less than fifteen (15) days prior to any such issuance, which notice shall specify whether or not the proposed Variable Rate Debt or Commercial Paper will be supported by a Liquidity Facility and the terms of any such Liquidity Facility, including the identity of the provider or issuer of such Liquidity Facility. No Variable Rate Debt or Commercial Paper may be issued unless the Authority has first determined by certified resolution that the issuance of such Variable Rate Debt or Commercial Paper, as applicable, will not impair the financial viability of the Authority and its operations. In addition and not in limitation of the foregoing, in connection with the issuance of Variable Rate Debt or Commercial Paper or at any time thereafter the Authority may also enter into Exchange Agreements with respect to such obligations if the Authority determines that such Exchange Agreement will assist the Authority in more effectively managing its interest costs. The Authority's payment obligation under any such Exchange Agreement shall be made from the General Reserve Fund.

Section 512. Subordinated Indebtedness. The Authority may, at any time or from time to time, issue evidences of indebtedness payable out of, and which may be secured by a pledge of, such amounts in the General Reserve Fund as may from time to time be available for the purpose of payment thereof; provided, however, that (i) such indebtedness shall be incurred only for any one or more of the purposes set forth in subsection (b) of Section 510 hereof and the proceeds of such indebtedness shall only be applied for such purpose or purposes, (ii) the Authority shall covenant to provide sufficient moneys in the General Reserve Fund to pay the Subordinated Indebtedness when and as due, including all interest thereon, and (iii) the pledge of amounts in the General Reserve Fund shall be, and shall be expressed to be, subordinate in all respects to the pledge created by this Resolution and to any pledge securing Variable Rate Debt or Commercial Paper pursuant to Section 511 hereof. Subordinated Indebtedness may or may not be secured by a Credit Facility. In addition and not in limitation of the foregoing, in connection with the issuance of Subordinated Indebtedness or at any time thereafter the Authority may also enter into Exchange Agreements with respect to such obligations if the Authority determines that such Exchange Agreement will assist the Authority in more effectively managing its interest costs. The Authority's payment obligation under any such Exchange Agreement shall be made from the General Reserve Fund.

Variable Rate Debt, Commercial Paper and Subordinated Indebtedness may be issued without regard to the level of Net Revenues of the Authority but all Debt Service must be paid before any further payment of principal or interest on Variable Rate Debt, Commercial Paper or Subordinated Indebtedness if any of the following events occur: (i) an event of default under the 1984 Resolution or this Resolution resulting from the non-payment of Debt Service (until cured); (ii) an event of default under the 1984 Resolution or this Resolution with respect to the Bonds resulting in acceleration of Principal Installments and interest on the Bonds; (iii) the principal and interest on Variable Rate Debt, Commercial Paper or Subordinated Indebtedness is accelerated; (iv) the Authority becomes insolvent; or (v) early termination of a Qualified Swap. Any event of default with respect to Variable Rate Debt, Commercial Paper or Subordinated Indebtedness shall not in itself create the right to declare an event of default with respect to the Bonds. No Subordinated Indebtedness may be issued unless the Authority has first determined by certified resolution that the issuance of such Subordinated Indebtedness will not impair the financial viability of the Authority and its operations.

ARTICLE VI

DEPOSITARIES, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 601. Depositaries. All moneys held by the Trustee under the provisions of this Resolution shall be deposited with the Trustee or with one or more Depositaries in trust for the Trustee. All moneys held by the Authority under this Resolution shall be deposited in one or more Depositaries in trust for the account of the Authority. All moneys deposited under the provisions of this Resolution with the Trustee or any Depositary shall be held in trust and applied only in accordance with the provisions of this Resolution, and each of the Funds established by this Resolution shall be a trust fund.

Section 602. Deposits.

(a) All moneys held by any Depositary under this Resolution may be placed on demand or time deposit, as directed by the Authority, provided that such deposits shall permit the moneys so held to be available for use when needed. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit as if it were not a Fiduciary. All moneys held by any Fiduciary may be deposited in its banking department on demand or, if and to the extent directed by the Authority, on time deposit, provided that such moneys on deposit be available for use when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size.

(b) All moneys held under this Resolution by the Trustee or any Depositary shall be continuously and fully secured for the benefit of the Authority and the Owners of the Bonds, either (i) by lodging with the Trustee as collateral security, direct obligations of or obligations guaranteed by the United States of America having a market value (exclusive of accrued interest) not less than the amount of such moneys, or (ii) in such other manner as may then be required by applicable Federal or state laws and regulations to provide security for the deposit of trust funds or to grant a preference to the depositor thereof; provided, however, that it shall not be necessary for the Fiduciaries to give security under this subsection (b) (1) if and to the extent such deposits and/or Fiduciaries meet the applicable requirements set forth in subparagraphs (iv) or (v) of the definition of Investment Securities, or (2) for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee or any Depositary to give security for any monies which shall be represented by obligations or certificates of deposit purchased as an investment of such moneys; provided further that no security need be given for deposits with the New Jersey Cash Management Fund or for deposit which are entitled to the benefits of the Governmental Unit Deposit Protection Act.

(c) All moneys deposited with the Trustee and each Depositary shall be credited to the particular Fund or account to which such moneys belong.

Section 603. Investment of Certain Funds.

(a) Moneys held in the Debt Service Fund, the Debt Reserve Fund and the Charges Fund shall be invested and reinvested by the Authority or, if held by the Trustee in accordance with the applicable Series Resolution, by the Trustee at the direction of the Authority confirmed in writing, to the fullest extent practicable in Investment Securities which mature no later than necessary to provide moneys when needed for payments to be made from such Funds, but no moneys in the Debt Reserve Fund shall be invested in any Investment Security maturing more than five years from the date of such investment. Amounts in the Revenue Fund and the General Reserve Fund may be invested by the Authority in Investment Securities which mature within one year and three years, respectively, but no later than necessary to provide moneys when needed for payments from such Funds. Amounts in the Maintenance Reserve Fund and the Special Project Reserve Fund may be invested by the Authority in Investment Securities which mature within two years, but no later than necessary to provide moneys when needed for payments from such Fund. Amounts in the State Payment Fund may be invested by the Authority in Investment Securities which mature within one year, but no later than necessary to provide moneys when needed for payments from such Fund.

(b) Net investment income from investment of the Debt Service Fund shall be deposited in any Fund or Funds as the Authority directs from time to time, provided that the requirements of Section 504 hereof are met. Net investment income from investment of the Debt Reserve Fund shall be deposited in the same manner as other excess moneys in such Fund as provided in Section 506 hereof. Net investment income from all other Funds, except the Construction Fund, shall be paid into the Revenue Fund. Net investment income from the Construction Fund shall be held in the Construction Fund.

Section 604. Valuation and Sale of Investments.

(a) Investment Securities in any Fund created under the provisions of this Resolution shall be deemed at all times to be part of such Fund and any profit realized from the liquidation of such investment shall be credited to such Fund and any loss resulting from liquidation of such investment shall be charged to such Fund.

(b) A valuation of the Debt Reserve Fund shall be made by the Authority or at the direction of the Authority by the Trustee as of December 1 in each year. In computing the amounts in such Funds, Investment Securities therein shall be valued as provided in subsection (c) of this Section 604. In computing the amount in any other Fund for any purpose under this Resolution, Investment

Securities also shall be valued as provided in subsection (c) of this Section 604.

(c) The value of Investment Securities shall mean the amortized value thereof, provided, however, that any and all Special Treasury Obligations shall be valued at par and those obligations which are redeemable at the option of the holder shall be valued at the price at which such obligations are then redeemable. The computations made under this subsection shall include accrued interest on Investment Securities paid as a part of the purchase price thereof and not collected. For the purposes of this definition "amortized value", when used with respect to a security purchased at par means the purchase price of such security and when used with respect to a security purchased at a premium above or discount below par, means as of any subsequent date of valuation, the value obtained by dividing the total premium or discount by the number of days remaining to maturity on any such security at the time of such purchase and by multiplying the amount as calculated by the number of days having passed since the date of purchase and (i) in the case of a security purchased at a premium, by deducting the product thus obtained from the purchase price, and (ii) in the case of a security purchased at a discount, by adding the product thus obtained to the purchase price. For the purpose of the foregoing definition, the purchase price of the securities to be transferred from the funds or accounts established under any prior Authority bond resolution or trust indenture and deposited to Funds and accounts established pursuant to this Resolution upon delivery of Refunding Bonds shall be deemed to be the market value of such Investment Securities on the date of issuance of such Refunding Bonds.

(d). Except as otherwise provided in this Resolution, the Trustee shall sell at the best price obtainable, or present for redemption, any Investment Security held by it in any Fund whenever it shall be necessary in order to provide moneys to meet any payment or transfer from such Fund. The Trustee shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from the purchase, disposition or sale of any such investment.

ARTICLE VII

PARTICULAR COVENANTS OF THE AUTHORITY

The Authority covenants and agrees with the Trustee and the Bondholders as follows:

Section 701. Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner mentioned in the Bonds, according to the true intent and meaning thereof and shall duly and punctually pay all Sinking Fund Installments. The Bonds shall be payable solely from Pledged Revenues as specified herein

and in the applicable Series Resolution. The Bonds shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof, except the Authority, or a pledge of the faith and credit of the State or any such political subdivision and neither the State nor any such political subdivision thereof is obligated to pay the Bonds or interest thereon, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof except the Authority is pledged to the payment of the principal of or interest on the Bonds from Pledged Revenues, as aforesaid.

Section 702. Extension of Payment of Bonds. The Authority shall not extend or assent to the extension of the maturity of any Bond or installment of interest, and if the maturity of any Bond or installment of interest shall be extended, such Bond or installment of interest shall not be entitled, in case of any default under this Resolution, to the benefit of this Resolution or to payment out of Pledged Revenues or Funds established by this Resolution or moneys held by Fiduciaries (except moneys held in trust for the payment of such Bond or installment of interest) until the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such claims for interest. Nothing herein shall be deemed to limit the right of the Authority to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 703. Offices for Servicing Bonds. The Authority shall at all time maintain one or more agencies in the City of New York, New York, or in the State of New Jersey, where Bonds may be presented for payment, where Bonds may be presented for registration, transfer or exchange and where notices, demands and other documents may be served upon the Authority in respect of the Bonds or of this Resolution.

Section 704. Further Assurance. At any and all times the Authority shall, as far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Pledged Revenues and other moneys, securities and funds hereby pledged or assigned, or which the Authority may become bound to pledge or assign.

Section 705. Power to Issue Bonds and Pledge Revenues and Other Funds. The Authority is duly authorized under all applicable laws to issue the Bonds and to adopt this Resolution and to pledge the Pledged Revenues and other moneys, securities and funds purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. Except as otherwise provided in this Resolution, the Pledged Revenues and other moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon

or with respect thereto prior to, or of equal rank with, the pledge created by this Resolution, and all corporate or other action on the part of the Authority to that end has been and will be duly and validly taken. The Bonds and the provisions of this Resolution are and will be valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of this Resolution. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Revenues and other moneys, securities and funds pledged under this Resolution and all the rights of the Bondholders under this Resolution against all claims and demands.

Section 706. Power to Operate Turnpike System and Collect Tolls and Fees. The Authority has, and will have so long as any Bonds are Outstanding, the right and lawful power to construct, reconstruct, improve, maintain, operate and repair the Turnpike System and to fix and collect tolls, fees, rents or charges for its use as provided in the Act.

Section 707. Indebtedness and Liens. Except for any Credit Facility or Qualified Swap permitted hereby and in accordance with a Series Resolution, the Authority shall not issue any bonds or other evidences of indebtedness, other than the Bonds which are payable from or secured by a pledge of the Pledged Revenues or of the moneys, securities or funds held or set aside by the Authority or by the Trustee under this Resolution, exclusive of the amounts held pursuant to Section 1201 hereof and shall not create or cause to be created any lien or charge on the Pledged Revenues or such moneys, securities or funds; provided, however, that nothing contained in this Resolution shall prevent the Authority from issuing (i) evidences of indebtedness payable from moneys in the Construction Fund as part of the Cost of Construction of any Project, or payable from, or secured by the pledge of, Pledged Revenues to be derived on and after such date as the pledge of Pledged Revenues provided in this Resolution shall be discharged and satisfied as provided in Section 1201 hereof, (ii) Variable Rate Debt and Commercial Paper, (iii) Subordinated Indebtedness and (iv) bonds or other evidences of indebtedness under other bond resolutions or trust indentures to the extent that such bonds or other indebtedness are not payable from, or secured by, Pledged Revenues.

Section 708. Sale, Lease and Encumbrance of Property.

(a) No part of the Turnpike System owned by the Authority shall be sold, mortgaged, leased or otherwise disposed of except as permitted by this Section 708.

(b) The Authority may sell, lease, or exchange at any time or from time to time any property or facilities constituting part of the Turnpike System and not useful or necessary, in its opinion, in the operations thereof, but any proceeds of any such exchange not used to acquire other property necessary or desirable for the safe or efficient operation of the Turnpike System shall be deposited in the Revenue Fund or the General

Reserve Fund, as the Authority in its sole discretion may direct, except that if the disposition occurs prior to the completion of any Turnpike Project, the proceeds of any such sale or exchange of property or facilities constituting part of such Turnpike Project shall be paid into the separate account established in the Construction Fund for such Turnpike Project.

(c) The Authority also may make contracts for the use of any property of the Turnpike System including, but not limited to, the right-of-way adjoining the paved portion of the Turnpike System for telephone, telegraph, electric light or power lines, Park and Ride Projects, gas transmission lines, communication lines, gas stations, garages, stores, restaurants and other purposes permitted by the Act, and may fix the terms, conditions, rents and rates of charges for such use. Any payments to the Authority under or in connection with any lease, contract, license, easement, concession or right in respect of any part of the Turnpike System shall constitute Pledged Revenues.

Section 709. Consulting and Traffic Engineers.

(a) The Authority shall, until the Bonds and the interest thereon shall have been paid or provision for such payment shall have been made, for the purpose of performing and carrying out the duties imposed on the Consulting Engineers by this Resolution, employ an independent engineer or engineering firm or corporation (other than the Traffic Engineers) having a nationwide and favorable reputation for skill and experience in such work.

(b) The Authority shall, until the Bonds and the interest thereon shall have been paid or provision for such payment shall have been made, for the purpose of performing and carrying out the duties imposed on the Traffic Engineers by this Resolution, employ an independent engineer or engineering firm or corporation (other than the Consulting Engineers) having a nationwide and favorable reputation for skill and experience in such work. In performing any duties and rendering any certificates or reports required by this Resolution, the Traffic Engineers may rely on estimates supplied by the Authority of all Pledged Revenues except Turnpike Revenues.

Section 710. Annual Budget.

(a) Not less than 40 days before the beginning of any calendar year the Authority shall prepare and file with the Trustee a preliminary budget of Operating Expenses and reserves therefor for the ensuing year. The Authority shall comply with any reasonable request of the Trustee as to the classifications in which such budget shall be prepared, particularly with respect to the divisions into which such budget shall be divided. Each such budget and each Annual Budget shall include, in addition to appropriations for all anticipated Operating Expenses and reserves therefor, provision for Maintenance Reserve Payments, for State Payments and for Special Project Reserve Payments.

Such preliminary budget and any Annual Budget may set forth such additional material as the Authority may determine and shall contain a certificate of the Consulting Engineers approving such preliminary budget or such Annual Budget, as the case may be.

(b) The Special Project Reserve Payments included in the Annual Budget shall be in an amount equal to the difference between (i) the balance on deposit in the Special Project Reserve Fund on the date of adoption of the Annual Budget and (ii) the Special Project Reserve Requirement.

(c) If the Owners of 25% in aggregate principal amount of the Bonds then Outstanding shall so request in writing on or before thirty days before the beginning of any calendar year, the Authority shall not less than fifteen days before the beginning of such year hold a public hearing at which the Holder of any such Bonds may appear in person or by agent or attorney and present any objections he may have to the final adoption of the budget for such year. Notice of the time and place of such hearing shall be published at least once in an Authorized Newspaper and in a newspaper of general circulation, printed in English and published in the City of Trenton, and a newspaper of general circulation, printed in English and published in the City of Newark, at least five days before such hearing, and the Authority shall at least five days before such hearing cause a copy of such notice to be mailed to the Trustee for inspection by Bondholders and also to every Bondholder who within two years prior to the date of such notice shall have filed with the Authority a statement of his name and address together with a request for copies of such notices.

(d) On or before the 15th day of each such calendar year, the Authority shall finally adopt the Annual Budget for such year. The Authority may at any time adopt an amended Annual Budget for the remainder of the then current calendar year. Copies of the Annual Budget and of any amended Annual Budget shall be promptly filed with the Trustee, for inspection by Bondholders.

(e) If, in the Annual Budget for any calendar year or in any amended Annual Budget for any calendar year, the total Operating Expenses stated exceed 110% of the total Operating Expenses stated in the preliminary budget for such year as filed with the Trustee, such Annual Budget or amended Annual Budget shall not be effective or supersede any prior budget until the Authority shall have prepared a report in reasonable detail as to the reasonableness and necessity thereof, filed copies of such report with the Trustee, and thereafter held a public hearing thereon at which any Bondholder may appear in person or by agent or attorney and present any objections he may have. Notice of the time and place of such hearing shall be published at least once in an Authorized Newspaper and in a newspaper of general circulation, printed in English and published in the City of Trenton, and a newspaper of general circulation, printed in English and published in the City of Newark, at least ten days before such hearing, and the Authority shall at least ten days

before such hearing cause a copy of such notice and of such report to be mailed to the Trustee for inspection by Bondholders and also to every Bondholder who within two years prior to the date of such notice shall have filed with the Authority a statement of his name and address together with a request for copies of such notices and reports.

(f) If the Owners of 25% in aggregate principal amount of Bonds then Outstanding shall so request in writing at the time of a public hearing held pursuant to subsection (b) or subsection (d) of this Section 710 with regard to the budget of a calendar year, the Authority shall obtain a report by the Consulting Engineers as to the reasonableness and necessity of such budget, and the Annual Budget for such year shall not be adopted until ten days after a copy of such report shall have been filed with the Trustee.

(g) If for any reason the Authority shall not have adopted the Annual Budget before the 15th day of any calendar year, the Annual Budget for the preceding calendar year shall be deemed to be in effect for such calendar year until the Annual Budget for such year is adopted. For any purpose of computation under the provisions of Article V, the Annual Budget for the preceding year shall be deemed to have been adopted for any calendar year until the Annual Budget for such year shall be adopted and a copy thereof filed with the Trustee.

Section 711. Limitations on Operating Expenses. The Authority shall not pay Operating Expenses in any year in excess of the reasonable and necessary amount thereof, and shall not expend any amount for Operating Expenses for such year in excess of the amounts provided therefor in the Annual Budget as originally adopted or as amended. Nothing contained in this Section 711 shall limit the amount which the Authority may expend for Operating Expenses in any year provided any amounts expended therefor in excess of such Annual Budget shall be received by the Authority from a source other than Pledged Revenues and the Authority shall not make or receive any reimbursement therefor out of Pledged Revenues.

Section 712. Operation and Maintenance of Turnpike. The Authority shall at all times operate or cause to be operated the Turnpike System properly and in a sound and economical manner and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Turnpike System may be properly and advantageously conducted.

Section 713. Tolls and Charges.

(a) The Authority shall at all times fix, charge and collect tolls for the use of the Turnpike System at rates not less than those set forth in any schedule of tolls then in effect, with such classifications as shall be permitted by Section 714 hereof.

(b) The Authority shall at all times fix, charge and collect such tolls for the use of the Turnpike System as shall be required in order that in each calendar year Net Revenues shall at least equal the Net Revenue Requirement for such year.

(c) On or before December 1 in each year the Authority shall complete a review of its financial condition for the purpose of estimating whether the Net Revenues for such year and for the next succeeding year will be sufficient to comply with subsection (b) of this Section 713 and shall by resolution make a determination with respect thereto. Such review shall take into consideration the completion of any uncompleted Projects and the issuance of future Series of Bonds if necessary to finance the completion of such uncompleted Projects. A copy of such resolution, certified by an Authorized Officer, together with a certificate of such Authorized Officer setting forth a reasonably detailed statement of the actual and estimated Pledged Revenues, Operating Expenses, Aggregate Debt Service, Maintenance Reserve Payments, State Payments and Special Project Reserve Payments and any other estimates or assumptions upon which such determination was based, shall be filed with the Trustee on or before December 20. If the Authority determines that the Pledged Revenues may not be so sufficient, it shall (i) forthwith cause the Traffic Engineers to make a study for the purpose of recommending a schedule of tolls for the Turnpike System which, in the opinion of the Traffic Engineers, will cause sufficient Pledged Revenues to be collected in the following calendar year to comply with said subsection (b) and will cause additional Pledged Revenues to be collected in such following and later calendar years sufficient to eliminate the amount of any deficiency at the earliest practicable time, and (ii) as promptly as practicable but no later than the next April 1, adopt and place in effect the schedule of tolls recommended by the Traffic Engineers.

(d) The Authority shall not effect any reduction in any toll fixed for the use of the Turnpike System except after 30 days' notice to the Trustee and then only if, accompanying said notice, there shall be filed with the Trustee:

(1) A certificate of an Authorized Officer to the effect that cumulative reductions in the immediately preceding 12 months, including the proposed and all other reductions as if they had been in effect for such period, would not reduce Net Revenues for such period by more than one percent (1%), with schedules of traffic and toll collections demonstrating such conclusion and that, taking

into account such reductions, the Authority would have met the Net Revenue Requirements for such period; or

(2) (i) A certificate of the Traffic Engineers stating whether, to the best of their knowledge, any Federal, State or other agency is then projecting or planning the construction, improvement, or acquisition of any highway or other facility which, in the opinion of the Traffic Engineers, may be materially competitive with any part of the Turnpike System and the estimated date of completion of such highway or other facility, and setting forth estimates of Turnpike Revenues, giving effect to the completion of any uncompleted Project, for the then current and each future calendar year to and including the latest maturity of the Bonds on the following assumptions: (a) that any such competing highway or other facility will be completed on such estimated date and will thereafter be in operation during the period covered by such estimates, and (b) that no additional traffic will result from such proposed toll reduction;

(ii) A certificate of the Consulting Engineers setting forth, for the years and on the assumptions specified in the certificate of the Traffic Engineers delivered pursuant to clause (i) of this subsection, estimates of Operating Expenses, Maintenance Reserve Payments, State Payments and Special Project Reserve Payments, giving effect to the completion of any uncompleted Project; and

(iii) A certificate of an Authorized Officer setting forth (a) the Aggregate Debt Service (without excluding Bond interest the payment of which shall have been provided by payments or deposits out of Bond proceeds) for the next preceding calendar year, (b) Maintenance Reserve Payments, State Payments and Special Project Reserve Payments for the then current calendar year, and estimated Maintenance Reserve Payments, State Payments and Special Project Reserve Payments for each such future calendar year, (c) the Aggregate Debt Service for the then current and each future calendar year, and (d) the Net Revenues for the next preceding calendar year, and stating (e) that such Net Revenues have equalled at least the Net Revenue Requirement for such preceding year, (f) that the estimated Net Revenues (based on the certificates filed pursuant to clauses (1) and (2) of this subsection) for the then current and each future calendar year are not less than the Net Revenue Requirement for each such year, (g) if there shall be any uncompleted Turnpike Project, that the Net Revenue Requirement for each such year includes the Aggregate Debt Service, as estimated by such Authorized Officer, with respect to all future Series of Bonds which (based on estimates by the Consulting Engineers of Costs of Construction of such Projects) will be required to complete such Projects, (h) that the Authority is not in default in the performance of any of the

covenants, conditions, agreements or provisions contained in the Bonds, this Resolution or any Qualified Swap and (i) that the amount in the Debt Reserve Fund is at least equal to the Debt Reserve Requirement.

(e) The Authority may increase toll rates and may make any other adjustment or reclassification of toll rates or establish special toll rates provided that such action (i) is concurred in by the Traffic Engineers and affects tolls accounting for less than 10% of the Turnpike Revenues, as evidenced by a certificate filed with the Trustee, or (ii) is subject to a certification of the Traffic Engineer, filed with the Trustee, that the changed tolls will not result in a reduction in Net Revenues by reason of collectibility, reduction in traffic or costs of operation or any other reason.

(f) The Authority shall forthwith upon the adoption of any schedule of tolls or revision thereof file certified copies thereof with the Trustee.

(g) The failure in any calendar year to comply with the covenant in subsection (b) of this Section 713 shall not constitute an Event of Default if the Authority shall comply with subsection (c) of this Section 713; provided that if the Traffic Engineers (relying upon the certificate of the Consulting Engineers hereinafter mentioned in this subsection) shall be of the opinion, as shown by their certificate filed with the Trustee, that a schedule of tolls for the Turnpike System which would provide funds to meet the requirements specified in subsection (b) of this Section 713 is impracticable at that time, and the Authority therefore cannot comply with subsection (c) of this Section 713, then the Authority shall fix and establish such schedule of tolls as is recommended in such certificate by the Traffic Engineers to comply as nearly as practicable with subsection (b) of this Section 713, and in such event the failure of the Authority to comply with subsection (b) and subsection (c) of this Section 713 shall not constitute an Event of Default. The Traffic Engineers' Certificate shall be accompanied by a certificate of the Consulting Engineers setting forth estimates of payments for the then current and each future calendar year for Operating Expenses, giving effect to the construction of any uncompleted Project. The Trustee may, and if directed by the Owners of not less than 10% in principal amount of the Bonds Outstanding and upon being indemnified to its satisfaction shall, institute and prosecute in a court of competent jurisdiction an appropriate action to compel revision of the schedule of tolls and the fixing, charging and collection of tolls in accordance with the Act and with any of the covenants contained in this Section 713.

Section 714. Classification of Tolls; Free Passage.

(a) Tolls for using the Turnpike System shall be classified in a reasonable way to cover all traffic on those portions of the Turnpike System subject to tolls; provided that this Section 714(a) shall not be interpreted to restrict the Authority's right, in its discretion in connection with its management of the Turnpike System, to establish and maintain flexible toll schedules, including but not limited to provisions for, or utilizing, peak pricing, car pooling, one way tolls, electronic tolls and traffic management systems applicable to barrier or non-barrier facilities to the extent consistent with current and future technology, and similar classifications.

(b) The Authority shall not grant free passage for the use of any portion of the Turnpike System subject to tolls, except (i) to members, officers and employees of the Authority actually in the performance of their duties or in the course of traveling to or from the place of the performance of such duties, to members of the New Jersey State Police Force, to members of any fire department or any local police department in the performance of their duties and to any public or private ambulance or rescue squad service for the emergency passage of its ambulance or rescue vehicles, (ii) by means of passes or otherwise, to such vehicles owned by individuals, corporations or partnerships with which the Authority has entered into leases, concession contracts or service and maintenance contracts, as in its discretion may be deemed necessary for the operation of concessions and facilities upon the Turnpike System, for the maintenance of such concessions or facilities and for the prompt and economical furnishing of emergency services to patrons of the Turnpike System or any concession or facility thereof, (iii) commuter buses, but only if and to the extent that the Authority first determines by certified resolution that the exemption of such commuter buses from tolls will not impair the financial viability of the Authority and its operations, and (iv) to others by passes, provided that there shall not be more than fifty such passes outstanding at any one time. For purposes of clause (iii) above, the meaning of commuter buses shall be as defined by the Authority from time to time in its rules and regulations.

Section 715. Maintenance of Insurance.

(a) The Authority shall at all times maintain, to the extent reasonably obtainable, the following kinds and the following amounts of insurance, or otherwise make provision for the payment of claims against the Authority, with such variations as shall reasonably be required to conform to applicable standard or customary insurance practice and subject to such exceptions and permissible deductions as are ordinarily required, all to be determined by the Authority after consultation with its insurance consultants:

(1) Property insurance on all real and personal property, including bridges and viaducts owned by the

Authority in sufficient amounts to cover direct physical loss or damage from causes normally insured against;

(2) Liability insurance to cover injury to persons or damage to property for claims arising out of the construction, maintenance, reconstruction or operation of the roadway and other facilities owned or operated by the Authority;

(3) Business interruption insurance covering loss of Pledged Revenues due to any interruption in the use of the roadway or other facilities of the Authority which would cause a loss of revenue to the Authority;

(4) Any coverage required to be maintained by any State or federal law, including, but not limited to, workers' compensation coverage, and motor vehicle liability coverage;

(5) Any coverage which is customarily deemed appropriate to protect the interests of the Authority during any construction or reconstruction of any portion of the Turnpike System; and

(6) Any additional insurance which may be necessary or advisable to protect the interests of the Authority.

(c) The Authority shall file with the Trustee annually, within 100 days after the close of each calendar year, a certificate of an Authorized Officer (i) describing in reasonable detail the insurance or other provisions then in effect pursuant to this Section 715 and that the Authority has complied in all respects with the requirements of this Section 715, and (ii) stating whether during such year any portion of the Turnpike System has been damaged or destroyed and, if so, the amount of insurance proceeds covering such loss or damage and the Authority's reasonable and necessary costs of reconstruction or replacement thereof.

Section 716. Reconstruction; Application of Insurance Proceeds. The proceeds of any insurance paid on account of damage or destruction of any portion of the Turnpike System, and the proceeds of any business interruption insurance, shall be applied as follows:

(1) If any useful portion of the Turnpike System shall be damaged or destroyed, the Authority shall, as expeditiously as possible, continuously and diligently prosecute the reconstruction or replacement thereof. The proceeds of any insurance paid on account of such damage or destruction, other than business interruption insurance, shall, to the extent necessary, be applied to the cost of such reconstruction or replacement. The proceeds of any insurance not so applied within 18 months after receipt shall be paid into the Revenue Fund unless there shall have

been sooner filed with the Trustee a certificate of an Authorized Officer stating the intention of the Authority to apply such proceeds to such reconstruction or replacement.

(2) If the proceeds of insurance authorized by this Section 716 to be applied to the reconstruction or replacement of any portion of the Turnpike System are insufficient for such purpose, the deficiency may be supplied out of moneys in the Maintenance Reserve Fund to the extent, as shown by a certificate of the Consulting Engineers filed with the Trustee, not needed to be reserved for the purposes of such Fund.

(3) The proceeds of insurance against physical loss of or damage to any Project, or of contractors' performance bonds with respect to any Project, received during the period of construction thereof, shall be paid into the separate account established in the Construction Fund for such Project.

(4) The proceeds of any business interruption insurance shall be paid into the Revenue Fund.

Section 717. Accounts and Reports.

(a) The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Turnpike System and the Funds established by this Resolution, and which, together with all other books and papers of the Authority, including insurance policies, shall at all times be subject to the inspection of the Trustee and the Owners of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing. The Authority further covenants that it will keep an accurate record of the total cost of construction of the Turnpike System, of the daily tolls and other Pledged Revenues collected, of the number and class of vehicles using the Turnpike System, and of the application of such tolls and other Pledged Revenues.

(b) The Authority further covenants that at least once each calendar quarter it will cause to be filed with the Trustee and mailed to the Consulting Engineers and the Owners of any Bonds who shall file their names and addresses with the Authority for such purpose, a report setting forth the following information with respect to (i) the preceding calendar quarter and the corresponding quarter of the preceding calendar year, and (ii) the 12-month period ending with the preceding calendar quarter and the 12-month period ending with the corresponding quarter of the preceding calendar year:

(1) The income and expense account of the Turnpike System, and a statement of Net Revenues,

(2) The number of vehicles in each class using the Turnpike System,

(3) The Pledged Revenues derived from each class of vehicles using the Turnpike System, and

(4) A statement of other classifications of Pledged Revenues.

(c) The Authority further covenants that in the month of July of each year it will cause to be filed with the Trustee and mailed to the Consulting Engineers, a report setting forth the following information with respect to the six-month period ending on the preceding June 30 and the corresponding six-month period of the preceding calendar year.

(1) All payments, deposits and credits to and payments, transfers and withdrawals from each Fund and separate account created under this Resolution,

(2) The details of all Bonds issued, paid, purchased or redeemed,

(3) A balance sheet relating to the Turnpike System as of the end of such period,

(4) The amounts at the end of such period in each Fund and to the credit of each amount created under this Resolution, showing the respective amounts to the credit of each such Fund and account in each bank, including the Trustee, and any security held therefor, and showing the details of any investments thereof, and

(5) The amounts of the proceeds received from any sales of property of the Turnpike System.

(d) The Authority further covenants that in the month of January of each year it will cause an audit to be made of its books and accounts relating to the Turnpike System for the preceding calendar year. Promptly thereafter, reports of each such annual audit, signed by an Accountant, shall be filed with the Authority and the Trustee, and copies of such annual reports shall be mailed by the Authority to the Consulting Engineers and the Owners of any Bonds who shall have flied their names and addresses with the Authority for such purposes. Each such annual audit report shall set forth in respect to the preceding year at least the same matters as are hereinabove listed for the six-month and quarterly reports, shall state that the Accountant has examined the provisions of this Resolution relating to the receipt and application of funds and whether, in his opinion, the Authority has complied with such provisions.

(e) The Authority further covenants that it will cause any additional reports or audits relating to the Turnpike System to be made as required by law, and that, as often as may be

requested, it will furnish to the Trustee and to the Consulting Engineers such other information concerning the Turnpike System or the operation thereof as any of them reasonably request.

Section 718. Progress Reports. As soon as practicable after the issuance of the initial Series of Non-Refunding Bonds, the Authority shall cause the Consulting Engineers to prepare an estimated schedule for the acquisition of rights of way and for construction of the applicable Project, and estimates of the amounts which will be required during each three-month period for estimated Costs of Construction of such Project. Thereafter, at least once in each three-month period during the construction of such Project, the Authority shall cause the Consulting Engineers to prepare a progress report as to the acquisition of real property for such Project and as to such construction, which shall include comparisons between the actual times elapsed and the actual costs, and their estimates of times required and costs to be incurred therefor which shall have been set forth in any prior progress report prepared for such Project. Copies of such progress reports shall be filed with the Trustee, the Authority and the Owners of any Bonds who shall have filed their names and addresses with the Authority for such purpose.

Section 719. Security for Contracts.

(a) The Authority shall require all persons, firms or corporations with whom it may contract for construction, in an amount exceeding $100,000 to furnish bonds conditioned upon the satisfactory performance of the work contracted for and upon the payment by each contractor and sub-contractor for all labor performed or materials furnished to such contract; or, in lieu thereof, to deposit with it, to insure completion and performance of the contract and the payment by each contractor and sub-contractor for all labor performed or materials furnished pursuant to such contract, marketable securities satisfactory to the Authority having a market value equal to the amount of such contract.

(b) Each contract shall also provide in substance that the Authority will retain at least 10% of each partial payment thereunder until such payments, including retained amounts, shall aggregate 50% of the total contract amount; that after work under the contract has been substantially completed, the Authority may release retained amounts which in the opinion of the Consulting Engineers are in excess of the amount reasonably required to be retained to secure performance of the remaining work thereunder in a manner satisfactory to the Consulting Engineers; and that final payments on the contract will not be made until completion of the work thereunder to the satisfaction of the Consulting Engineers and the acceptance thereof by the Authority.

Section 720. No Arbitrage; Preservation of Tax-Exempt Status of Bonds.

(a) Tax Covenant. In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on Tax Exempt Obligations, the Authority shall comply with the provisions of the Code applicable to such Tax Exempt Obligations necessary to maintain such exclusion, including without limitation the provisions of the Code which prescribe yield and other limits within which proceeds of Tax Exempt Obligations are to be invested, and which, in certain circumstances, require the rebate of certain earnings on such amounts to the Department of the Treasury of the United States of America in accordance with Section 148(f) of the Code. In furtherance of the foregoing, the Authority shall comply with such written instructions as may be provided by its special tax counsel or bond counsel.

(b) No Arbitrage Covenant. The Authority shall not take any action or fail to take any action which would cause Tax Exempt Obligations to be "arbitrage bonds" within the meaning of Section 148(a) of the Code; nor shall any part of the proceeds of Tax Exempt Obligations or any other funds of the Authority be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Tax Exempt Obligation to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(c) No Private Use or Private Loans. The Authority shall not use any part of the proceeds of Tax Exempt Obligations in a manner which would cause such Tax Exempt Obligations to be private activity bonds" within the meaning of Section 141(a) of the Code.

(d) Survival. Notwithstanding any provision of this Resolution to the contrary, the obligation of the Authority to comply with the requirements of this Section 720 shall survive the payment, redemption or defeasance of any and all Tax Exempt Obligations.

Section 721. Conditions Precedent. Upon the date of authentication and delivery of any of the Bonds, all conditions, acts and things required by law and this Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed, and the issuance of such Bonds, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by the laws of the State.

ARTICLE VIII

DEFAULTS; REMEDIES OF BONDHOLDERS

Section 801. Events of Default. If one or more of the following events (in this Resolution called "Events of Default") shall happen, that is to say:

(1) if a default shall occur in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise, or if the purchase price of a tendered Bond is not paid on any date on which Bonds are to be purchased pursuant to a Series Resolution;

(2) if a default shall occur in the due and punctual payment of any installment of interest on any Bond, when and as such interest installment shall become due and payable;

(3) if a default shall occur in the performance or observance by the Authority of the covenants, agreements and conditions contained in Section 713 hereof (except as provided in subsection (g) of said Section);

(4) if a default shall occur in the performance or observance by the Authority of any other of the covenants agreements or conditions in this Resolution or in the Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Owners of not less than 10% in principal amount of the Bonds Outstanding;

(5) if the Authority shall file a petition seeking a composition of indebtedness under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State of New Jersey;

(6) if an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver or receivers of the Turnpike System or any part thereof, or of the tolls or other revenues therefrom; or if such order or decree entered without the consent or acquiescence of the Authority shall not be vacated or discharged or stayed within 90 days after the entry thereof; or

(7) if the Trustee shall receive from a Standby Purchaser notice (referring to this Section) of the occurrence of an "event of default" under a Standby Agreement.

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all

the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the Authority), or the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding (by notice in writing to the Authority and the Trustee), may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable. The right of the Trustee or of the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding to make any such declaration, however, shall be subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under this Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under this Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Owners of a majority in principal amount of the Bonds Outstanding, by written notice to the Authority and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted itself, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Owners of a majority in principal amount of the Bonds then Outstanding, then any such declaration shall ipso facto be deemed to be rescinded and any such default and its consequences shall ipso facto be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any resulting right or power.

Section 802. <u>Accounting and Examination of Records After Default</u>.

(a) The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Authority and all other records relating to the Turnpike System shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys, including the engineer or firm of engineers appointed pursuant to Section 803 hereof.

(b) The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Pledged Revenues and other

moneys, securities and funds pledged or held under this Resolution for such period as shall be stated in such demand.

Section 803. Application of Pledged Revenues and Other Moneys After Default.

(a) The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, all moneys, securities and funds then held by the Authority in any Fund or account under this Resolution (except moneys in any Purchase and Remarketing Account established under a Series Resolution), and (ii) all Pledged Revenues as promptly as practicable after receipt thereof.

(b) During the continuance of an Event of Default, subject in all cases to the provisions of Section 809 hereof, the Trustee shall apply such moneys, securities, funds and Pledged Revenues and the income therefrom as follows and in the following order:

(1) to the payment of the reasonable and proper charges, expenses and liabilities of the Trustee, including the reasonable expenses of counsel employed by it, and of any engineer or firm of engineers selected by the Trustee pursuant to this Article;

(2) to the payment of the amounts required for reasonable and necessary Operating Expenses and for the reasonable renewals, repairs and replacements of the Turnpike System necessary to prevent loss of Pledged Revenues, as certified to the Trustee by an independent engineer or firm of engineers of recognized standing (who may be an engineer or firm of engineers retained by the Authority for other purposes) selected by the Trustee. For this purpose the books of record and accounts of the Authority relating to the Turnpike System shall at all times be subject to the inspection of such engineer or firm of engineers during the continuance of such Event of Default;

(3) to the payment of the interest and principal or Redemption Price then due on the Bonds and all obligations of the Authority under Qualified Swaps, as follows:

(i) unless the principal of all the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to

the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

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

Third: To the payment to (a) any Credit Issuer entitled to reimbursement for a draw or other payment on a Credit Facility supporting the Bonds and (b) to any Standby Purchaser for amounts owed to such Standby Purchaser under any Standby Purchase Agreement and any Remarketing Agent under any Remarketing Agreement, ratably, without preference or priority;

(ii) if the principal of all the Bonds shall have become or have been declared due and payable,

First: To the payment of the principal and interest then due and unpaid upon the Bonds and any amounts due and payable by the Authority under any Qualified Swap, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond or of Bond payments over Qualified Swap payments or Qualified Swap Payments over Bond payments, ratably, according to the amounts due respectively to the person entitled thereto without any discrimination or preference; and

Second: To the payment to (a) any Credit Issuer entitled to reimbursement for a draw or other payment on a Credit Facility supporting the Bonds and (b) to any Standby Purchaser for amounts owed to such Standby Purchaser under any Standby Purchase Agreement and any Remarketing Agent under any Remarketing Agreement, ratably without preference or priority;

(c) If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the

Trustee, and all other sums payable by the Authority under this Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds by or for the account of the Authority, and all obligations of the Authority to any Qualified Swap Provider under a Qualified Swap, and all obligations of the Authority to any Standby Purchaser under any Standby Agreement, shall be paid by or for the account of the Authority, or provision satisfactory to the Trustee, such Qualified Swap Provider or such Standby Purchaser shall be made for such payment, and all defaults under this Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Authority all moneys, securities, and funds then remaining unexpended in the hands of the Trustee (except moneys, securities, funds deposited or pledged, or required by the terms of this Resolution to be deposited or pledged, with the Trustee), and thereupon the Authority and the Trustee shall be restored, respectively, to their former positions and rights under this Resolution. No such payment over to the Authority by the Trustee nor such restoration of the Authority and the Trustee to their former positions and rights shall extend to or affect any subsequent default under this Resolution or impair any right consequent thereon.

Section 804. Proceedings Brought by Trustee.

(a) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Owners of not less than 10% in principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Owners of the Bonds under this Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Resolution.

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

(c) The Owners of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceeding of any remedy

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

(d) Upon commencing any suit at law or in equity or upon commencement of other judicial proceedings by the Trustee to endorse any right under this Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in this Resolution and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

(e) Regardless of the happening of an Event of Default, the Trustee shall have power, but unless requested in writing by the Owners of a majority in principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation, to institute and maintain such suits and proceedings as may be necessary or expedient to prevent any impairment of the security under this Resolution and to preserve or protect its interests and the interests of the Bondholders.

Section 805. Restriction on Bondholder's Action.

(a) No Owner of any Bond shall have any right to institute any suit or proceeding at law or in equity for the enforcement of any provision of this Resolution or the execution of any trust under this Resolution or for any remedy under this Resolution, unless such Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the Owners of at least 25% in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in this Resolution or by the Act or by the laws of New Jersey or to institute such suit or proceeding in its own name, and unless such Owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or failed to comply with such request within sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by this Resolution, or to enforce any right under this Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of this Resolution shall be instituted, had and maintained in the manner provided in this Resolution and for the equal benefit of all Owners of the Outstanding Bonds, subject only to the provisions of Section 702 hereof.

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

Section 806. Remedies Not Exclusive. No remedy by the terms of this Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to every other remedy given under this Resolution or existing at law or in equity or by statute on or after the date of adoption of this Resolution.

Section 807. Effect of Waiver and Other Circumstances.

(a) No delay or omission of the Trustee or any Bondholder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or be an acquiescence therein.

(b) Prior to any acceleration of maturity of the Bonds under Section 801 hereof, the Owners of not less than two-thirds in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Owners of all of the Bonds waive any past default under this Resolution and its consequences, except a default in the payment of interest on or principal or Redemption Price of any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 808. Notices of Default and Insufficiency of Revenues. The Trustee shall mail, by first class mail, to registered Owners of Bonds and any Remarketing Agent written notice of the occurrence of any Event of Default of which the Trustee has actual notice and of the occurrence of any event which could lead to a default with the passage of time and of which the Trustee is required to take notice pursuant to Section 916 hereof. Any such notice shall be given no later than 30 days after the occurrence of the Event of Default or other event to which it refers. In addition and not in limitation of the foregoing, if in any calendar year the Net Revenues shall be insufficient to comply with the provisions of subsection (b) of Section 713 hereof, the Trustee, on or before the 30th day after receipt of the annual audit and notice of such insufficiency by the Authority or its financial consultants, shall mail to such registered Owners and any Remarketing Agent written notice of such insufficiency.

ARTICLE IX

CONCERNING THE FIDUCIARIES

Section 901. Trustee; Appointment and Acceptance of Duties. United Jersey Bank is hereby appointed Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by written notice delivered to the Authority prior to the delivery of the first Series of Bonds to be issued pursuant to this Resolution. By delivery of such notice, the Trustee shall be deemed to have accepted its duties and obligations with respect to all Bonds issued and to be issued under this Resolution, but only, however, upon the terms and conditions set forth in this Resolution. In addition, so long as no Event of Default has occurred and is continuing, the Authority reserves the right to appoint a Co-Trustee in accordance with Section 917 hereof.

Section 902. Paying Agents; Appointment and Acceptance of Duties.

(a) The Authority shall appoint one or more Paying Agents for the Bonds of each other Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 914 hereof for a successor Paying Agent. The Trustee may be appointed a Paying Agent.

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

(c) Unless otherwise provided, the principal or corporate trust offices of the Paying Agents are designated as the respective offices or agencies of the Authority for the payment of the principal and Redemption Price of the Bonds.

Section 903. Registrar; Appointment and Acceptance of Duties.

(a) The Authority shall appoint a Registrar for each Series of Bonds. Each Registrar shall have the qualifications set forth in Section 915 hereof for a successor Registrar. The Trustee or any Paying Agent may be appointed a Registrar.

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

Section 904. Responsibilities of Fiduciaries.

(a) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Resolution or of any Bonds issued thereunder or as to the security afforded by this Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for any representation contained in its certificate of authentication on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the Authority or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless indemnified by the Authority. Subject to the provisions of subsection (b) of this Section 904, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct.

(b) The Trustee, prior to the occurrence of an Event of Default and after the remedy of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Resolution. In case an Event of Default has occurred and has not been remedied, the Trustee shall exercise such of the rights and powers vested in it by this Resolution, and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Any provision of this Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 904.

Section 905. Evidence on Which Fiduciaries May Act.

(a) Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion (including Counsel's Opinion), bond or other paper or document furnished to it pursuant to and conforming to the requirements of this Resolution, and believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Resolution, such matter (unless this Resolution specifically requires other evidence thereof) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may deem reasonable.

(c) Except as otherwise expressly provided in this Resolution, any request, order, notice or other direction required or permitted to be furnished by the Authority to any Fiduciary shall be sufficiently executed if signed by an Authorized Officer.

Section 906. Compensation. Unless otherwise determined by contract between the Authority and a Fiduciary, the Authority shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution; the Trustee shall have a lien therefor prior to the lien of the Bondholders on any and all funds at any time held by it under this Resolution or pledged or held by any Depository, provided, however, that such lien shall not extend to the Purchase and Remarketing Fund. Subject to the provisions of Section 904 hereof, the Authority further agrees to indemnify and save each Fiduciary harmless against any loss, liability, cost or expense, including counsel fees and other expenses, which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or misconduct. Any such indemnification shall survive final payment of the Bonds or resignation or removal of the Trustee.

Section 907. Certain Permitted Acts. Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not any such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

Section 908. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations imposed upon it by this Resolution by giving not less than 60 days' written notice to the Authority, and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two successive calendar weeks in an Authorized Newspaper, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority or the Bondholders as provided in Section 910 hereof, in which event such resignation shall take effect immediately on the appointment of such successor. Notwithstanding the foregoing, however, no resignation of the Trustee shall take effect until a successor Trustee has been appointed and has accepted the duties of Trustee hereunder.

Section 909. Removal of Trustee. The Trustee may be removed at any time by the Owners of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners or their attorneys-in-fact duly authorized, and delivered to the Authority. Copies of each such instrument shall be delivered by the Authority to each Fiduciary. Notwithstanding the foregoing, however, no removal of the Trustee shall take effect until a successor Trustee has been appointed and has accepted the duties of Trustee hereunder.

Section 910. Appointment of Successor Trustee.

(a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer or court shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Owners of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instrument in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee. Pending such appointment, the Authority by a duly executed written instrument signed by an Authorized Officer shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders. The Authority shall publish notice of any such appointment made by it once in each week for two successive calendar weeks in an Authorized Newspaper, the first publication to be made within 20 days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the Bondholders.

(b) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 910 within 45 days after the Trustee shall have given to the Authority written notice of resignation as provided in Section 908 hereof, the Trustee or the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee.

(c) Any Trustee appointed under the provisions of this Section 910 in succession to the Trustee shall be a bank or trust company or national banking association, doing business and having its principal office in the City and State of New York or the State of New Jersey, and having capital stock and surplus aggregating at least $50,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and

authorized by law to perform all the duties imposed upon it by this Resolution.

Section 911. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee; but the predecessor Trustee shall nevertheless, on the written request of the Authority, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all its right, title and interest in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such moneys, estates, properties, rights, powers and duties, such deed, conveyance or instrument shall be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify the Paying Agents and any Tender Agent and Remarketing Agent of its appointment as Trustee.

Section 912. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which all or substantially all of the corporate trust business of any Fiduciary may be sold or transferred, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and shall be authorized by law to perform all the duties imposed upon it by this Resolution.

Section 913. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee or in its own name.

Section 914. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) Any Paying Agent may at any time resign and be discharged of the duties and obligations imposed upon it by this Resolution by giving at least 60 days' written notice to the Authority and the other Fiduciaries. Any Paying Agent may be removed at any time by an instrument signed by an Authorized Officer and filed with such Paying Agent and the Trustee. Any successor Paying Agent shall be appointed by the Authority with the approval of the Trustee and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital stock and surplus aggregating at least $20,000,000, willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

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

Section 915. Resignation or Removal of Registrar and Appointment of Successor.

(a) Any Registrar may at any time resign and be discharged of the duties and obligations imposed upon it by this Resolution by giving at least 60 days' written notice to the Authority and the other Fiduciaries. Any Registrar may be removed at any time by an instrument signed by an Authorized Officer and filed with such Registrar and the Trustee. Any successor Registrar shall be appointed by the Authority with the approval of the Trustee and shall be a bank, trust company or national banking association doing business and having an office in the State of New Jersey or in the Borough of Manhattan, City and State of New York, if there be such a bank, trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

(b) In the event of the resignation or removal of any Registrar, such Registrar shall deliver all books, records and other property of the Authority to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Registrar, the Trustee shall act as such Registrar.

Section 916. Trustee Not Deemed To Have Notice of Default. The Trustee shall not be deemed to have notice of any default hereunder except a default under Section 801(1) or (2) or the failure of the Authority to file with the Trustee any document required by this Resolution unless any officer in its corporate trust office charged with the administration of the Bonds shall

have actual knowledge thereof or the Trustee shall be specifically notified in writing of such default by the Authority or by the Owners of not less than 10% in principal amount of the Bonds Outstanding; and all notices or other instruments required by this Resolution to be delivered to the Trustee must, in order to be effective, be delivered at the corporate trust office of the Trustee.

Section 917. Appointment of Co-Trustee. At any time so long as no Event of Default has occurred and is continuing hereunder, the Authority, by Supplemental Resolution, may, solely in its discretion, appoint an additional institution as a separate or Co-Trustee meeting the requirements of Section 910(c) hereof, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Resolution to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or Co-Trustee, but only to the extent necessary to enable such separate or Co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or Co-Trustee shall run to and be enforceable by either of them. In case any separate or Co-Trustee, or a successor, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment, if any, by the Authority of a successor to such separate or Co-Trustee. Any Co-Trustee appointed by the Authority pursuant to this Section 917 may resign in accordance with Section 908 hereof or be removed in accordance with Section 909 hereof, in which case all powers, rights and remedies vested in the Co-Trustee shall again vest in the Trustee as if no such appointment of a Co-Trustee had been made. No successor Co-Trustee shall be required (but shall be permitted subject to the requirements of this Section 917) so long as the Trustee continues to act under this Resolution. In connection with the appointment of any Co-Trustee pursuant to this Section 917 the Authority, the Trustee and the Co-Trustee shall execute a separate Agreement in form acceptable to the parties thereto defining the respective duties of such Co-Trustee and the Trustee under this Resolution.

ARTICLE X

SERIES RESOLUTIONS

Section 1001. Adoption and Filing. The Authority may adopt at any time and from time to time Series Resolutions to authorize the issue of Series of Bonds as provided in Sections 203 and 204 hereof. A Series Resolution shall be fully effective in accordance with its terms upon its adoption by the Authority in order to authorize Bonds and to specify, determine or authorize any matters and things concerning any such Bonds or the proceeds thereof which are not contrary to or inconsistent with this Resolution. A Series

Resolution also may designate debt issued and outstanding under Section 511 or 512 hereof as Bonds if at the time of such designation the requirements of Section 202 and 203(b) are met with respect to such indebtedness. Upon the adoption of a Series Resolution, the Authority shall file with the Trustee a copy thereof, certified by an Authorized Officer of the Authority.

ARTICLE XI

AMENDMENTS AND SUPPLEMENTS

Section 1101. Amendments and Supplements Without Bondholder Consent. Notwithstanding any other provision of this Article XI, the Authority may, without Bondholder consent, adopt at any time or from time to time a Supplemental Resolution supplementing and amending this Resolution or any Series Resolution or any Supplemental Resolution for one or more of the following purposes:

(1) To close this Resolution against, or impose additional limitations or restrictions on, the issuance of Bonds, or of other notes, bonds, obligations or evidences of indebtedness;

(2) To impose additional covenants or agreements to be observed by the Authority which are not contrary to or inconsistent with this Resolution;

(3) To impose other limitations or restrictions upon the Authority;

(4) To cure any ambiguity, omission or defect in this Resolution, any Series Resolution or Supplemental Resolution in such manner as shall not be inconsistent with the overall intent of this Resolution and shall not impair or adversely affect the security for any Bonds issued under this Resolution;

(5) To revise the timing for the performance of certain of the Authority's covenants contained herein in the event that the Authority's fiscal year is ever changed from a calendar year to a different 12 month period, provided that such revisions shall require the performance of such covenants within the same relative time periods of the new fiscal year as is required currently in a calendar year;

(6) To surrender any right, power or privilege reserved to or conferred upon the Authority by this Resolution;

(7) To confirm, as further assurance, any pledge of or lien upon the Pledged Revenues or any other moneys, securities or funds;

(8) To effect any other change necessary to maintain the excludability of the interest on Tax Exempt Obligations from gross income for federal income tax purposes;

(9) To appoint a Co-Trustee in the discretion of the Authority pursuant to Section 917 of this Resolution; and

(10) To effect any other change in the Resolution, any Series Resolution or Supplemental Resolution that does not materially adversely affect the Owners of the Bonds.

Each Supplemental Resolution described in this Section 1101 and in Section 1102 and 1105 hereof shall be accompanied, when filed with the Trustee, by (a) a Counsel's Opinion to the effect that such resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution and, when effective, will be valid and binding upon the Authority, the Bondholders and the Trustee and (b) if such Supplemental Resolution shall change or modify any of the rights or obligations of any Qualified Swap Provider, any Standby Purchaser, any Tender Agent or any Remarketing Agent, the written consent of such person to such Supplemental Resolution.

Section 1102. Amendments With Bondholders Consent. The Authority may adopt modifications or amendments to this Resolution, any Series Resolution or Supplemental Resolution in addition to the amendments authorized by Section 1101 hereof, by adoption of a Supplemental Resolution with the written consent given as provided in Section 1103 hereof of (a) (i) the Owners of at least 51% in principal amount of the Bonds Outstanding at the time such consent is given or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least 51% in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given and (b) any Qualified Swap Provider, any Standby Purchaser, any Tender Agent or any Remarketing Agent if such Supplemental Resolution shall change or modify any of the rights or obligations of any such party or parties; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. If permitted by an applicable Series Resolution, a Credit Issuer for a Credit Facility or Substitute Credit Facility securing a Series of Bonds shall have the right to consent to amendments on behalf of the Owners of the Bonds of such Series. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds, or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Owners of which is required

to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section 1102, a Series shall be deemed to be affected by a modification or amendment of this Resolution if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Trustee may in its discretion determine whether or not the rights of the Owners of Bonds of any particular Series or maturity would be adversely affected or diminished by any such modification or amendment, and its determination shall be binding and conclusive on the Authority and all Owners of the Bonds. In making such determination, the Trustee may rely conclusively on, and shall be fully protected in relying upon, a Counsel's Opinion.

Section 1103. Consent of Bondholders. The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1102 hereof, to take effect when and as provided in this Section 1103. Upon the adoption of such Supplemental Resolution, a copy thereof, certified by the Secretary, shall be delivered to and held by the Trustee for the inspection of the Bondholders. A copy of such Supplemental Resolution (or summary thereof) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to Bondholders and shall be published at least once, but failure to mail such copy and request shall not affect the validity of such Supplemental Resolution when consented to as in this Section 1103 provided. Such Supplemental Resolution shall not be effective unless and until, and shall take effect in accordance with its terms when (a) there shall have been filed with the Trustee (i) the written consents of the Owners of the required principal amount of Outstanding Bonds, (ii) a Counsel's Opinion stating that such Supplemental Resolution has been duly adopted by the Authority in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution and, when effective, will be valid and binding upon the Authority, the Bondholders and the Trustee and (iii) if such Supplemental Resolution shall change or modify any of the rights or obligations of any Qualified Swap Provider, any Standby Purchaser, any Tender Agent or any Remarketing Agent, the written consent of such party or parties to such Supplemental Resolution; and (b) a notice shall have been published as hereinafter in this Section provided. Any such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient under the provisions of Section 1202 hereof shall be conclusive that consents have been given 2by the Owners of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor whether or not such subsequent Owner has notice thereof; provided, however, that any consent may be revoked by any Owner of such Bonds by filing with the Trustee, prior to the time when the Trustee's written statement

hereafter in this Section 1103 referred to is filed, a written revocation, with proof that such Bonds are held by the signer of such revocation. The fact that a consent has not been revoked may be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with it. Any consent, or revocation thereof, may be delivered or filed prior to any mailing or publication required by this Article and shall not be deemed ineffective by reason of such prior delivery or filing. Within 30 days of any date on which the consents on file with the Trustee and not theretofore revoked shall be sufficient under this Section 1103, the Trustee shall make and file with the Authority and the Trustee a written statement that the consents of the Owners of the required principal amount of Outstanding Bonds have been filed with it and, if required, the consents of any Qualified Swap Provider, any Standby Purchaser, any Tender Agent or any Remarketing Agent similarly have been filed with it. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a resolution adopted by the Authority on a stated date a copy of which is on file with the Trustee) has been consented to by the Owners of the required principal amount of Outstanding Bonds and will be effective as provided in this Section 1103, may be given by mailing to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding) and by publication at least once within 60 days after such statement of the Trustee has been so filed. The Trustee shall file with the Authority proof of the mailing and publication of such notice. A record, consisting of the papers required or permitted by this Section to be filed by or with the Trustee, shall be proof of the matters therein stated.

Section 1104. Mailing and Publication.

(a) Any provision in this Article for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid or delivered only (i) to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the books of the Authority kept at the principal office of the Registrar and (ii) to the Trustee.

(b) Any provision in this Article for publication of a notice or other matter shall require the publication thereof only in an Authorized Newspaper or The Bond Buyer.

Section 1105. Modifications by Unanimous Action. This Resolution and the rights and obligations of the Authority and of the Owners of the Bonds thereunder may be modified or amended in any respect by a Supplemental Resolution effecting such modification or amendment and the consents of the Owners of all the Bonds then Outstanding, each such consent to be accompanied by proof of the holding at the date of such consent of the Bonds with respect to which such consent is given. Such Supplemental Resolution shall take effect upon the filing (a) with the Trustee of (i) a copy thereof certified by the Secretary, (ii) such

consents and accompanying proofs and (iii) the Counsel's Opinion referred to in Section 1103 hereof and (b) with the Authority and the Trustee of the Trustee's written statement that the consents of the Owners of all Outstanding Bonds have been filed with it. No mailing or publication of any Supplemental Resolution (or reference thereto or summary thereof) or of any request or notice shall be required. No such modification or amendment, however, shall change or modify any of the rights or obligations of any Fiduciary, any Qualified Swap Provider, any Standby Purchaser or any Remarketing Agent without its written assent thereto.

Section 1106. Exclusion of Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding and shall be excluded for the purpose of any calculation required by this Article. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, identifying all Bonds so to be excluded.

Section 1107. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this Article XI provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond to the Trustee, suitable notation shall be made on such Bond by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified which, in the opinion of the Trustee and the Authority, conform to such action may be prepared, authenticated and delivered, and upon demand of the Owner of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for such Bond then Outstanding.

ARTICLE XII

MISCELLANEOUS

Section 1201. Defeasance.

(a) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon and all obligations of the Authority due or to become due under each Qualified Swap and Standby Agreement then in effect or thereupon terminated in accordance with the terms thereof, at the times and in the manner stipulated in the Bonds, such Qualified Swaps, such Standby Agreements and in this Resolution, then the pledge of any Pledged Revenues, and other moneys and securities pledged under this Resolution, and all covenants, agreements and other obligations of the Authority to the Bondholders, each Qualified Swap Provider and each Standby Purchaser shall thereupon be discharged and satisfied. In such event, the Trustee, upon request of the Authority, shall provide a statement of transactions

of the assets managed by the Trustee to be prepared and filed with the Authority for any year or part thereof requested, and shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Authority all moneys and securities held by them pursuant to this Resolution which are not required for the payment to such Qualified Swap Providers, such Standby Purchasers and the Owners of Bonds not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series or maturity within a Series the principal or Redemption Price, if applicable, and interest due or to become due thereon and all obligations of the Authority due or to become due under each Qualified Swap and Standby Agreement then in effect or thereupon terminated in accordance with the terms thereof, at the times and in the manner stipulated in the Bonds, such Qualified Swaps, such Standby Agreements and in this Resolution, such Bonds and obligations of the Authority shall cease to be entitled to any lien, benefit or security under this Resolution, and all covenants, agreements and obligations of the Authority to the Owners of such Bonds, such Qualified Swap Provider and such Standby Purchaser shall thereupon be discharged and satisfied.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents at or prior to their maturity or redemption date shall be deemed to have been paid within the meaning and with the effect expressed in this Section 1201 if (1) the interest rate(s) in effect with respect to Bonds that are to be deemed paid within the meaning of this Section cannot be reset prior to the date on which such Bonds are to be redeemed or their maturity date; (2) such Bonds are not subject to tender for purchase prior to the date on which such Bonds are to be redeemed or their maturity date; and (3) the Authority shall have delivered to or deposited with the Trustee (i) irrevocable (except as otherwise provided in subsection (e) of this Section 1201) instructions to pay or redeem all of said Bonds in specified amounts no less than the respective amounts of, and on specified dates no later than the respective due dates of, their Principal Installments, (ii) irrevocable (except as otherwise provided in subsection (e) of this Section 1201) instructions to publish or give notice of redemption of any Bonds so to be redeemed, (iii) either moneys in an amount which shall be sufficient, or Federal Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, and (iv) if any of said Bonds are not to be redeemed within the next succeeding 60 days, irrevocable instructions to publish, as soon as practicable in an Authorized Newspaper, at least twice at an interval of not less than seven days between publications, a notice to the Owners of such Bonds that such deposit has been made with

the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 1201 and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of said Bonds. All notices required to be published by this subsection shall also be mailed once to all Owners of Bonds at the time of such first publication. The Federal Securities and moneys deposited with the Trustee pursuant to this Section 1201 shall be held in trust for the payment of the principal or Redemption Price, if applicable, and interest on said Bonds. No payments of principal of any such Federal Securities or interest thereon shall be withdrawn or used for any purpose other than the payment of such principal or Redemption Price of, or interest on, said Bonds unless after such withdrawal the amount held by the Trustee and interest to accrue on Federal Securities so held shall be sufficient to provide fully for the payment of the principal of or Redemption Price and interest on such Bonds.

(c) Amounts deposited with the Trustee for the payment of Principal Installments of and interest on any Bonds deemed to be paid pursuant to this Section 1201, if so directed by the Authority, shall be applied by the Trustee to the purchase of such Bonds, or to reimburse the Authority for its purchase of such Bonds, in accordance with this subsection. Bonds for which a redemption date has been established may be purchased on or prior to the 45th day preceding the redemption date. The principal amount of Bonds to be redeemed shall be reduced by the principal amount of Bonds so purchased. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. All such purchases shall be made at prices not exceeding the applicable principal amount or Redemption Price established pursuant to subsection (b) of this Section 1201, plus accrued interest, and such purchases shall be made in such manner as the Trustee shall determine. No purchase shall be made by the Trustee, and no reimbursement shall be paid to the Authority pursuant to this subsection if such purchase or reimbursement would result in the Trustee holding less than the moneys and Federal Securities required to be held for the payment of all other Bonds deemed to be paid pursuant to this Section 1201.

(d) The Authority may purchase with any available funds any Bonds determined to be paid pursuant to this Section 1201 in accordance with this subsection. Bonds for which a redemption date has been established may be purchased by the Authority on or prior to the 45th day preceding the redemption date. On or prior to the 45th day preceding the redemption date the Authority shall give notice to the Trustee of its intention to surrender such Bonds on the redemption date. The Trustee shall proceed to call for redemption the remainder of the Bonds due on the redemption date and shall pay to the Authority on the redemption date the Redemption Price of and interest on such Bonds upon surrender of such Bonds to the Trustee. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. The Trustee shall pay to the Authority the principal amount of and

interest on such Bonds upon surrender of such Bonds on the maturity date.

(e) At any time after any Bonds are deemed to be paid pursuant to this Section 1201, the Authority shall not at any time permit any of the proceeds of the Bonds or any other funds of the Authority to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Tax Exempt Obligation to be an "arbitrage bond" within the meaning of Section 148 of the Code.

(f) Each Fiduciary shall continue to be entitled to reasonable compensation for all services rendered under this Resolution, notwithstanding that any Bonds are deemed to be paid pursuant to this Section 1201.

(g) Anything in this Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Authority for the payment of such Bonds.

Section 1202. Evidence of Signatures of Bondholder and Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds shall be sufficient for any purpose of this Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank, national banking association or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instruments acknowledged to him the

execution thereof, or by an affidavit of witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(2) The amount of Bonds transferable by delivery held by any person executing any instrument as a Bondholder, the date of his holding such Bonds, and the numbers and other identification thereof, may be approved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, or financial corporation or other depositary wherever situated, showing at the date therein mentioned that such person exhibited to such member or officer or had on deposit with such depositary the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depositary with respect to Bonds owned by it, if acceptable to the Trustee. In addition to the foregoing provisions, the Trustee may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bonds transferable by delivery.

(b) The ownership of Bonds registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be proved by the registry book.

(c) Any request or consent by the Owner of any Bond shall bind all future Owners of such Bond is respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

Section 1203. Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of amounts due on any date with respect to particular Bonds or to a Qualified Swap Provider, Standby Purchaser or Remarketing Agent shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the person entitled thereto.

Section 1204. Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of this Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, any other Fiduciary, and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

Section 1205. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity shall be delivered to the Trustee when such payment or redemption is made,

and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly canceled. Bonds so canceled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with the Authority and the other retained by the Trustee.

Section 1206. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Authority, the Owners of the Bonds, the Fiduciaries and each Credit Issuer, Qualified Swap Provider, Standby Purchaser and Remarketing Agent, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Fiduciaries, the Owners of the Bonds, and each Credit Issuer, Qualified Swap Provider, Standby Purchaser and Remarketing Agent.

Section 1207. No Recourse on the Bonds. No personal recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon or on this Resolution against any member, officer or employee, past, present or future, of the Authority or any person executing the Bonds, either directly or through the Authority under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

Section 1208. Publication of Notice; Suspension of Publication.

(a) Any publication to be made under the provisions of this Resolution in successive weeks or on successive dates may be made in each instance upon any business day of the week and need not be made in the same Authorized Newspaper or The Bond Buyer for any or all of the successive publications but may be made in a different Authorized Newspaper or The Bond Buyer.

(b) If, because of the temporary or permanent suspension of the publication or general circulation of an Authorized Newspaper or for any other reason, it is impossible or impractical to publish any notice pursuant to this Resolution in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

Section 1209. Successors and Assigns. Whenever in this Resolution the Authority is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in this Resolution contained by or on behalf of the Authority shall bind and enure to the benefit of its successors and assigns whether so expressed or not.

This Resolution shall not restrict the ability of the Authority to reorganize its functions and to merge with, or acquire additional powers to engage in other transaction and functions not presently but subsequently authorized by the Act or other laws of the State; provided that no such reorganization or other change in legal authorizations and power shall adversely affect the ability of the Authority or any authorized successor thereto to perform all of its obligations under this Resolution.

Section 1210. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Resolution on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Resolution.

Section 1211. Effective Date. This Resolution shall take effect at the earliest time specified in Section 3(F) of the Act.