
STATE OF CONNECTICUT

CLEAN WATER FUND REVENUE BOND PROGRAM
GENERAL BOND RESOLUTION

Adopted December 7, 1990

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CLEAN WATER FUND REVENUE BOND PROGRAM
GENERAL BOND RESOLUTION

Be It Resolved by the members of the State Bond Commission of the State of Connecticut as follows:

ARTICLE I

DEFINITIONS

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

“Accountant’s Certificate” shall mean a certificate signed by a certified public accountant of a firm of independent certified public accountants of recognized standing selected by the State.

“Act” shall mean the Clean Water Fund Act being Sections 22a-475 to 22a-483, inclusive, of the General Statutes of the State, as amended from time to time.

“Administrative Funds” shall mean the Administrative Fund established by Section 502 hereof.

“Administrative Expenses” shall mean the State’s expenses of carrying out and administering its powers, duties and functions that are allocable to any program financed under this Resolution, as authorized by the Act, and shall include, without limiting the generality of the foregoing: administrative and operating expenses (which may include payments to DEP for similar expenses); fees, charges and other amounts payable to the State; legal, accounting and consultant’s services and expenses; and any other expenses required or permitted to be paid by the State under the provisions of the Act or this Resolution or otherwise that are allocable to any program financed under this Resolution.

“Aggregate Debt Service” for any period shall mean, with respect to Bonds, as of any date of calculation and with respect to all such Bonds, the sum of the amounts of Debt Service for such period.

“Authorized Newspapers” shall mean not less than two newspapers, customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, printed in the English language, one of which is of general circulation, in Hartford, Connecticut and the other of which is a financial newspaper circulated in the Borough of Manhattan, City and State of New York.

“Authorized Officer” shall mean the Treasurer of the State, any Deputy Treasurer of the State and any other person designated to the Trustee by such persons as an Authorized Officer.

“Bond” or “Bonds” shall mean any Bond or Bonds, as the case may be, authenticated and delivered under this Resolution pursuant to a Series Resolution.

“Bondholders” or “Holder of Bonds” or “Holder” (when used with reference to Bonds) or any term of similar import, shall mean the person or party in whose name the Bond is registered.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Counsel’s Opinion” shall mean an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the State (who may be counsel to the State); provided, however, that for the purposes of Article II of this Resolution such term shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds selected by the State, and provided, further, that for the purposes of Article V of this Resolution such term when used with respect to the Municipal Obligations shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, selected by the Municipality and approved by the State.

“Credit Facility” shall mean a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution which provides for payment of all or a portion of the principal of, Redemption Price of, interest on any Series of Bonds or which provides funds for the purchase of such Bonds or portions thereof.

“Debt Service” for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest payable during such period on Bonds of such Series, and (ii) that portion of the Principal Installments for such Series which are payable during such period minus the allocable portion of any balance on deposit in the Debt Service Fund as of such date of calculation. Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof. Any balance in the Debt Service Fund as of such date of calculation shall be allocated to the period or periods in which such balance will be applied. With respect to any Series of Bonds bearing a variable rate of interest, interest to become due in any year shall be estimated by the State on the date of issuance of such Series of Bonds based on a Pro Forma Bond Issue of such Series of Bonds set forth in the Series Resolution authorizing such Bonds.

“Debt Service Fund” shall mean the Debt Service Fund established by Section 502 hereof.

“Debt Service Reserve Fund” shall mean the Debt Service Reserve Fund established by Section 502 hereof.

“Debt Service Reserve Fund Earnings” shall mean for any period (a “Period”), as of any date of calculation, the amount of Earnings (excluding amounts which are to be rebated to the United States Treasury) which an Authorized Officer estimates will be paid during such period on investments of moneys which are held as of such date in the Debt Service Reserve Fund (and earnings thereon), including amounts available as of such date under a Federal Letter of Credit which are expected to be drawn as cash and invested prior to the end of such Period. With

respect to permitted investments held as of the date of calculation (including investment agreements which allow for investment of funds in the future), the rate applicable to interest to be paid on such permitted investments during the Period shall be used, or otherwise a rate equal to 4% or such higher rate as shall be determined by the State shall be used, provided that no such higher rate shall be used if the use of such higher rate would result in a decrease in the rating on the Bonds. In determining Debt Service Reserve Fund Earnings, permitted releases of moneys from the Debt Service Reserve Fund pursuant to Section 506(5) hereof shall be assumed to have occurred and discounts with respect to investments shall be recognized at maturity.

“Debt Service Reserve Fund Requirement” shall mean, as of any date, an amount equal to fifty percent (50%) of the aggregate principal amount of Bonds Outstanding on such date.

In lieu of cash or securities, the State may satisfy the Debt Service Reserve Fund Requirement in part or in whole by maintaining (i) insurance from insurers with a credit rating within the two highest rating categories from Moody’s Investors Service, Inc. and Standard & Poor’s Corporation; (ii) letters of credit from a banking institution having a credit rating on its long-term unsecured debt within the two highest rating categories from Moody’s Investors Service, Inc. and Standard & Poor’s Corporation; or (iii) a Federal Letter of Credit, in each case except in the case of the Federal Letter of Credit, making funds available to the Trustee for the same purpose, for the same period of time, and subject to the same conditions as such cash or securities would be available.

“DEP” shall mean the State of Connecticut Department of Environmental Protection.

“Depository Institution” shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any other depository institution appointed by the State to act as depository for the Bonds in connection with a book-entry-only system of distributing Bonds.

“Earnings” shall mean all income or gain on moneys deposited in any of the Funds established by Section 502 hereof, except for the Rebate Fund, including the amortization of premiums on each Interest Payment Date and the recognition of discounts at maturity.

“Earnings Account” shall mean any Earnings Account established by the State in accordance with Section 502 hereof.

“Federal Letter of Credit” shall mean a letter of credit issued to the State or any agency or instrumentality thereof by the United States Environmental Protection Agency as a method of making payments to the State of capitalization grants under Title VI of the Federal Water Pollution Control Act, as such may be amended from time to time.

“Federal Letter of Credit Account” shall mean the Federal Letter of Credit Account established by Section 502 hereof.

“Fees and Charges” shall mean all fees and charges, if any, charged by the State to Municipalities pursuant to the terms and provisions of Loan Agreements.

“Fiduciary” or “Fiduciaries” shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

“Fiscal Year” shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending on the last day of the following June.

“Information Services” shall mean an institution or other service providing information with respect to called bonds as the State may, at its option, designate in a certificate of an Authorized Officer delivered to the Trustee, which may include but shall not be limited to: Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 20th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services’ “Called Bond Service,” 65 Broadway, 16th Floor, New York, New York 10006; Moody’s “Municipal and Government,” 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Report; and Standard and Poor’s “Called Bond Record,” 25 Broadway, 3rd Floor, New York, New York 10004. In accordance with then-current guidelines of the Securities and Exchange Commission, the State may designate such other addresses and/or such other services providing information with respect to called bonds, or no such services.

“Interest Payment Date” shall mean January 1 and July 1 of each year or such other date or dates as may be set forth in a Series Resolution.

“Interest Account” shall mean the Interest Account established by Section 502 hereof.

“Interest Subsidy Fund” shall mean the Interest Subsidy Fund established pursuant to Section 502 hereof.

“Interest Subsidy Fund Deficiency” shall mean as of any date of calculation, the amount, if any, required for deposit in the Interest Subsidy Fund such that there will be on deposit in the Interest Subsidy Fund permitted investments bearing interest at such rate or rates and having such principal maturities that for each Payment Period for the Outstanding. Bonds, the amount of principal and interest payable on such Interest Subsidy Fund investments equals or exceeds the Interest Subsidy Fund Requirement calculated on such date.

“Interest Subsidy Fund Requirement” shall mean for any. period (a “Period”) as of any date of calculation, the amount, if any, by which the Aggregate Debt Service payable during the Period exceeds the sum of (a) the Debt Service Reserve Fund Earnings payable during the Period, (b) Municipal Obligation Payments scheduled to be received during the Period, including payments with respect to Loans anticipated to be made from amounts on deposit in the Loan Fund on such date (and including Earnings thereon), (c) any moneys on deposit in the Revenue Fund at the beginning of the Period, (d) any earnings on the Loan Fund expected to be transferred to the Revenue Fund during the Period and (e) earnings, if any, anticipated to be received during the Period on the amounts described in (a), (b), (c) and (d) above (the “Available Amount”). The balance, if any, on deposit in the Revenue Fund at the beginning of the Period shall be taken into account in calculating the Interest Subsidy Fund Requirement to the extent that (1) the funds on deposit in the Interest Subsidy Fund as of such date (and earnings thereon) which are required to be transferred to the Revenue Fund during the next preceding Period exceed the Interest Subsidy Fund Requirement for such preceding Period or (2) the Available

Amount exceeds Aggregate Debt Service payable during the next preceding Period; and the balance on deposit in the Revenue Fund on the date of calculation shall be taken into account in the first Period following such date. With respect to investments held as of the date of calculation (including investment agreements which allow for investment of funds in the future), the rate applicable to interest to be paid during the Period shall be used, or otherwise a rate equal to 4% or such higher rate as shall be determined by the State shall be used, provided that no such higher rate shall be used if the use of such higher rate would result in a decrease in the rating on the Bonds. The Interest Subsidy Fund Requirement and Available Amount for each Period shall be determined by a certificate of an Authorized Officer.

“Investment Obligations” shall mean:

- (i) bonds or obligations of, or guaranteed by, the State or the United States, or instrumentalities of the United States;
- (ii) certificates of deposit, commercial paper, savings accounts and bank acceptances of institutions which have a rating which is at least equal to the rating of the Bonds according to Standard & Poor’s Corporation or Moody’s Investors Service, or any rating service recognized by the State banking commissioner, provided however, such institutions shall at least be rated by Standard & Poor’s Corporation and Moody’s Investors Service at a rating which is at least equal to the rating on the Bonds;
- (iii) the obligations of any state of the United States or any political subdivision, authority or agency thereof, provided that at the time of investment, such obligations have a rating at least equal to the rating on the Bonds according to Standard & Poor’s Corporation or Moody’s Investors Service or any rating service recognized by the State banking commissioner, provided however, such obligations shall at least be rated by Standard & Poor’s Corporation and Moody’s Investors Service at a rating which is at least equal to the rating on the Bonds;
- (iv) the obligations of any regional school district in the State, of any municipality in the State or any metropolitan district in the State, provided that at the time of investment such obligations of such government entity have a rating at least equal to the rating on the Bonds according to Standard & Poor’s Corporation and Moody’s Investors Service or any rating service recognized by the State banking commissioner, provided however, such obligations shall at least be rated by Standard & Poor’s Corporation and Moody’s Investors Service at a rating which is at least equal to the rating on the Bonds, or obligations held in any fund in which a trustee may invest pursuant to Section 36-9w of the Connecticut General Statutes provided, however, that the rating on such obligations is at least equal to the rating on the Bonds;
- (v) investment agreements with, or guaranteed by, institutions with ratings at least equal to the rating on the Bonds rated according to Standard &

Poor's Corporation and Moody's Investors Service or any rating service recognized by the State banking commissioner provided however, such institutions shall at least be rated by Standard & Poor's Corporation and Moody's Investors Service at a rating which is at least equal to the rating on the Bonds; or

- (vi) such other investments permissible pursuant to Section 3-20 of the General Statutes of the State as such Section may be amended from time to time, provided that such investments have a rating at least equal to the rating on the Bonds according to Standard & Poor's Corporation and Moody's Investors Service or any rating service recognized by the State banking commissioner, provided however, such investments shall at least be rated by Standard & Poor's Corporation and Moody's Investors Service at a rating which is at least equal to the rating on the Bonds.

"Loan" shall mean (i) a loan heretofore made by the State to a Municipality pursuant to a Loan Agreement and the Act, except loans excluded under the 1991 Series Resolution, (ii) a loan hereafter made by the State to a Municipality pursuant to a Loan Agreement and the Act under this Resolution from amounts on deposit in the Loan Fund and (iii) any other loans made by the State to a municipality pursuant to a Loan Agreement and the Act pledged hereunder pursuant to a Series Resolution.

"Loan Agreement" shall mean any Project Grant and Project Loan Agreement heretofore or hereafter entered into between the State and a Municipality setting forth the terms and conditions of a Loan.

"Loan Fund" shall mean the Loan Fund established pursuant to Section 502 hereof.

"Moody's Investors Service" shall mean Moody's Investors Service and includes any successor thereto or, if Moody's Investors Service shall no longer be maintaining a rating on the Bonds, then another nationally recognized rating agency designated by the State Bond Commission of the State.

"Municipal Obligations" shall mean the bonds, notes or other evidence of debt issued by any Municipality, which obligation may be general obligations and/or revenue obligations of such Municipality, as applicable, and authorized pursuant to the Act and other laws of the State and which have heretofore been or will, hereafter be acquired by the State as evidence of indebtedness of a Loan to the Municipality pursuant to the Act.

"Municipal Obligations Interest Payment" shall mean that portion of a Municipal Obligations Payment made or required to be made by a Municipality to the State which represents the interest due or to become due on its Municipal Obligations.

"Municipal Obligations Payment" shall mean the Municipal Obligations Interest Payment and/or the Municipal Obligations Principal Payment paid or required to be paid, from time to time by a Municipality to the State on its Municipal Obligations.

“Municipal Obligations Principal Payment” shall mean that portion of a Municipal Obligations Payment made or required to be made by a Municipality to the State which represents the principal due or to become due on its Municipal Obligations.

“Municipality” shall mean any metropolitan district, town, consolidated town and city, consolidated town and borough, city, borough, village, fire and sewer district, sewer district or public authority and each municipal organization having authority to levy and collect taxes or make charges for its authorized function.

“Notes” shall mean any bond anticipation notes issued by the State pursuant to the Act for purposes of the Clean Water Fund Revenue Bond Program.

“Outstanding,” when used with reference to Bonds, other than Bonds referred to in Section 1105 hereof, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of this Resolution, except: (i) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date, (ii) any 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 by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, irrevocable 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) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Article III or Section 1106 hereof, and (iv) Bonds deemed to have been paid as provided in subsection B of Section 1401 hereof.

“Paying Agent” for the Bonds of any Series shall mean the bank or trust company and its successor or successors, appointed pursuant to the provisions of this Resolution and a Series Resolution or any other resolution of the State adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

“Payment Period” shall mean a period from, but not including, the date of calculation or any payment date of principal or interest on Outstanding Bonds up to, and including, the next succeeding payment date of principal or interest on Outstanding Bonds.

“Pledged Receipts” shall mean the Municipal Obligations Payments including both timely and delinquent payments with late charges, if any, and shall include Fees and Charges held or collected by the State and fines and penalties collected by the Department of Environmental Protection of the State under the Program.

“Principal Account” shall mean the Principal Account established by Section 502 hereof.

“Principal Installment” shall mean, as of any date of calculation and with respect to any Series of Bonds Outstanding, (i) the principal amount of Bonds of such Series (including any amount designated in, or determined pursuant to, the applicable Series Resolution, as the “principal amount” with respect to any Bonds which do not pay full current interest for all or any part of their term) due on any payment date for which no Sinking Fund Installments have been established, or (ii) the Sinking Fund Installment due on a date for Bonds of such Series, or (iii) if such dates coincide, the sum of such principal amount of Bonds and of such Sinking Fund

Installment(s) due on such future date; in each case in the amounts and on the dates as provided in the Series Resolution authorizing such Series of Bonds; provided, however, that Principal Installments shall not include the principal of Notes.

“Pro Forma Bond Issue” shall mean, when used with reference to the computation of Debt Service due on a Series of Bonds bearing interest at a variable rate, the hypothetical fixed rate long term bond issue set forth in the Series Resolution authorizing such Series of Bonds, having (i) the same maturities (and sinking fund provisions, if any) as the Series of Bonds bearing interest at a variable rate to which it relates and (ii) such interest rate or rates as the State shall reasonably deem to be the equivalent of the rates which would have been borne by such Series of Bonds bearing interest at a variable rate if such Series of Bonds had been issued as a Series of Bonds bearing interest at a fixed rate.

“Program” shall mean the Clean Water Fund Revenue Bond Program.

“Project” shall mean any municipal project for the design, acquisition, construction, improvement, repair, reconstruction, renovation or expansion of any municipal wastewater collection or treatment system or water supply system that is eligible for financing by the State pursuant to the Act.

“Rebate Fund” shall mean the Rebate Fund established by Section 502 hereof.

“Record Date” shall mean, unless otherwise determined by a Series Resolution for a Series of Bonds, the close of business on the fifteenth day preceding a payment date or, if such day shall not be a Business Day, the immediately preceding Business Day.

“Redemption Account” shall mean the Redemption Account established by Section 502 hereof.

“Redemption Price” shall mean, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to this Resolution and the Series Resolution pursuant to which the same was issued.

“Refunding Bonds” shall mean all Bonds constituting the whole or a part of a Series of Bonds delivered on original issuance pursuant to Section 207 hereof.

“Reimbursement Obligation” shall mean the obligation of the State described in Section 210(b) hereof to directly reimburse the issuer of a Credit Facility for amounts paid by such issuer thereunder, whether or not such obligation to so reimburse is evidenced by a promissory note or other similar instrument.

“Resolution” shall mean this Clean Water Fund Revenue Bond Program General Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions hereof.

“Revenue Fund” shall mean the Revenue Fund established pursuant to Section 502 hereof.

“Series of Bonds” or “Bonds of a Series” or words of similar meaning shall mean the Series of Bonds authorized by a Series Resolution.

“Series Resolution” shall mean a resolution of the State authorizing the issuance of a Series of Bonds in accordance with the terms and provisions hereof adopted by the State in accordance with Article X.

“Servicing Fee” shall mean a fee designated by the State in its sole discretion payment of which may be required pursuant to a Loan Agreement.

“Sinking Fund Installment” shall mean, as of any particular date of calculation, (i) the amount required by this Resolution and a Series Resolution to be deposited by the State for the retirement of Bonds which are stated to mature subsequent to such date or (ii) the amount required by this Resolution and a Series Resolution to be deposited by the State on a date for the payment of Bonds at maturity on a subsequent date.

“Standard & Poor’s Corporation” shall mean Standard.& Poor’s Corporation, and includes any successor thereto or, if Standard & Poor’s Corporation shall no longer be maintaining a rating on the Bonds, then another nationally recognized rating agency designated by the State Bond Commission of the State.

“State” shall mean the State of Connecticut.

“State Revolving Fund” shall mean the State water pollution control revolving loan fund established by the Act in accordance with Title VI of the Federal Water Pollution Control Act, as such may be amended from time to time.

“Supplemental Resolution” shall mean a resolution supplemental to or amendatory of this Resolution, adopted by the State in accordance with Article X.

“Tax Regulatory Agreement” shall mean, with respect to any Series of Bonds, that Agreement of the State relating to maintenance of the excludability of interest on such Bonds from gross income for federal income tax purposes, delivered in connection with the issuance of such Series of Bonds.

“Trustee” shall mean the bank or trust company appointed pursuant to Section 801 hereof to act as trustee hereunder, and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to this Resolution.

“Undesignated Account” shall mean the Undesignated Account established by Section 502 hereof.

“Valuation Date” shall mean (1) on, or a date not earlier than three (3) business days prior to, December 1 of each year and (2) the date of issuance of any Series of Bonds pursuant to Section 203 or 204 hereof.

1.02. Interpretation. (A) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context

shall otherwise indicate, words importing the singular number shall include the plural number and vice versa.

(B) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Resolution, refer to this Resolution.

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

(D) All approvals, consents and acceptances required to be given or made by any person or party hereunder shall be at the sole discretion of the party whose approval, consent or acceptance is required.

(E) All section references to the Act shall refer to those sections as designated as of the date of adoption of this Resolution, and any successor section.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

2.01. Authorization for General Resolution. The Clean Water Fund Revenue Bond Program General Bond Resolution is adopted pursuant to the Act.

2.02. Resolution to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of the Resolution shall be a part of the contract of the State with the Holders of Bonds and shall be deemed to be and shall constitute a contract among the State, the Trustee and the Holders from time to time of the Bonds, and such provisions are covenant and agreements with such Holders which the State hereby determines to be necessary and desirable for the security and payment thereof. The provisions, covenants and agreements herein set forth to be performed on behalf of the State shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in the Resolution.

2.03. Authorization of Bonds. There is hereby established and created an authorization to issue Bonds of the State to be known and designated as “State of Connecticut Clean Water Fund Revenue Bonds”, which Bonds may be issued as hereinafter provided without limitation as to amount except as provided in this Resolution or as may be limited by law. There is hereby created by this Resolution, in the manner and to the extent provided herein, a continuing pledge and lien to secure the full and final payment of the principal or Redemption Price of, interest on and any Sinking Fund Installment for, all of the Bonds issued pursuant to this Resolution. The Bonds shall be special obligations of the State payable from the Pledged Receipts and other revenues or receipts, funds or moneys pledged therefor and shall not be payable from nor charged upon any funds other than revenues or other receipts, funds or moneys pledged therefor as provided in the Act, the Resolution or any Series Resolution including such Pledged Receipts.

The issuance of Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the State or of any political subdivision thereof, except the property mortgaged or otherwise encumbered under the provisions of the Act. The Bonds shall contain on the face thereof a statement to the effect that the Bonds are special obligations of the State and the State is obligated to pay the principal or Redemption Price, if any, of the Bonds and the interest thereon only from revenues or funds pledged therefor and that the State is not obligated to pay such principal or Redemption Price, if any, or interest thereon from any other funds of the State and that neither the faith and credit nor the taxing power of the State or any municipality thereof is pledged to the payment of the principal or Redemption Price, if any, of, or the interest on, the Bonds.

2.04. Authorization for Bonds in Series. (A) The issuance of the Bonds shall be authorized by a Series Resolution or Series Resolutions of the State adopted concurrently herewith or subsequent hereto and the Bonds may be issued in one or more Series. The Bonds of each Series, including Refunding Bonds, shall, in addition to the title "State of Connecticut Clean Water Fund Revenue Bonds," contain such further appropriate particular designations added to such appropriate Series designation as the State may determine in such Series Resolution.

(B) Each Series Resolution authorizing the issuance of a Series of Bonds shall include a determination by the State to the effect that the principal amount of said Series of Bonds is necessary to provide sufficient funds to be used and expended for the Clean Water Fund Revenue Bond Program and shall also specify and determine:

- (1) The authorized principal amount of said Series of Bonds;
- (2) The purposes for which such Series of Bonds are being issued, which shall be to provide for one or more of the following:
 - (i) making Loans to Municipalities for Projects eligible for financing under the Act, (ii) making payments into the Debt Service Reserve Fund of any amounts required to be paid thereto in order to establish the Debt Service Reserve Fund to an amount at least equal to the Debt Service Reserve Fund Requirement or such larger amount as the State shall determine to deposit therein, (iii) making payments into the Interest Subsidy Fund of any amounts required to be paid thereto in order to establish the Interest Subsidy Fund to an amount at least equal to the Interest Subsidy Fund Requirement or such larger amount as the State shall determine to deposit therein, (iv) making payments to the Administrative Fund, (v) the payment of Notes authorized to be issued pursuant to Section 208 hereof and to be paid with proceeds of such Bonds, (vi) for the redemption of Bonds and related purposes as provided in and under the conditions and subject to the provisions and limitations of Section 606 hereof and (vii) the refunding of Bonds and related purposes as provided in Section 207 hereof;

(3) The date or dates of issue, maturity date or dates and amounts of each maturity of the Bonds of said Series;

(4) The title and designation of, and manner of numbering and lettering, such Bonds;

(5) The interest rate or rates of interest borne by, or the manner of determining such rate or rates of the Bonds of said Series, and the Interest Payment Dates of such Bonds;

(6) The denomination or denominations of and the manner of numbering and lettering the Bonds of such Series, provided that each Bond shall be in the denomination of \$5,000 or an integral multiple thereof, or any other denomination as may be specified in the applicable Series Resolution, not exceeding the aggregate principal amount of the Bonds of such Series maturing in the year of maturity of the Bond for which the denomination is to be specified;

(7) The Paying Agent or Paying Agents and, subject to the provisions of Section 802 hereof, the place or places of payment of the principal or Redemption Price, if any, of and the place and manner of payment of interest on the Bonds of such Series; provided, however, that such Paying Agent or Paying Agents may be appointed by resolution of the State adopted prior to authentication and delivery of such Series of Bonds in accordance with the provision of Section 802 hereof;

(8) The Redemption Price or Redemption Prices and Redemption Date or Redemption Dates, if any, and, subject to Article VI, other redemption terms, if any, for the Bonds or any such Bonds;

(9) The amount and due date of each Sinking Fund Installment, if any, for Bonds of such Series;

(10) The form or forms of the Bonds of such Series and of the Trustee's certificate of authentication;

(11) The manner of execution of the Bonds of such Series;

(12) The manner in which Bonds of such Series are to be sold and provisions for sale thereof;

(13) Any credit enhancement or liquidity facility or facilities which may be pledged solely to such Series of Bonds under such Series Resolution;

(14) The manner of registration applicable to such Series of Bonds, which may be book-entry-only with a Depository Institution as set forth in Section 309 hereof, fully certificated Bonds, or any combination of the foregoing; and

(15) Any other provisions deemed advisable by the State, not in conflict with the provisions of this Resolution.

All Bonds of each Series of like maturity shall be identical in all respects, except as to date, denominations, numbers and letters.

2.05. Issuance and Delivery of Bonds. After their authorization by a Series Resolution, Bonds of a Series may be executed by or on behalf of the State and delivered to the Trustee for authentication and upon compliance by the State with the requirements, if any, set forth in such Series Resolution and with the requirements of Section 206 hereof, the Trustee shall thereupon authenticate and deliver such Bonds to or upon the order of the State.

2.06. Conditions Precedent to Authentication and Delivery of Bonds. Except as provided in Sections 306, 307 and 308 hereof, the Trustee shall authenticate and deliver to or upon the order of the State, any Bonds authorized pursuant to this Resolution and a Series Resolution upon the receipt by the Trustee of:

(1) A Counsel's Opinion dated as of the date of such delivery to the Trustee to the effect that (a) the Resolution and the Series Resolution have been duly and lawfully adopted by the State, are in full force and effect and are valid and binding upon the State and enforceable in accordance with their respective terms, and no other authorization for the Resolution or the Series Resolution is required; (b) the Resolution creates the valid pledge which it purports to create of the Pledged Receipts, moneys, securities and funds held or set aside or to be held or set aside under the Resolution, subject to the application thereof to the purposes and on the conditions permitted by the Resolution; and (c) the Bonds of such Series are valid, binding and special obligations of the State as provided in the Resolution, payable and enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and of the Act, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of such Counsel's Opinion, and in accordance with the Resolution;

(2) A written order as to the delivery of such Bonds, signed by an Authorized Officer;

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

(4) Except in the case of Refunding Bonds, a certificate of an Authorized Officer stating that the State is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution; and

(5) Unless such additional Bonds are being issued to refund Outstanding Bonds in accordance with the provisions of Section 207 hereof and this certificate is not required to be delivered in accordance with Section 207(B)(1) hereof, a certificate of an Authorized Officer stating that upon the

delivery date of such Bonds, there shall be on deposit in the Interest Subsidy Fund, permitted investments bearing interest at such rate or rates and having such principal maturities that for each Payment Period for the Outstanding Bonds (including the Bonds then being issued), the amount of principal and interest payable on such Interest Subsidy Fund investments equals or exceeds the Interest Subsidy Fund Requirement calculated on such date of delivery.

(6) Such further documents, moneys and securities as are required by the provisions of this Section 206, Section 207, Article X and any Series Resolution or Supplemental Resolution adopted pursuant to Article X.

2.07. Provisions for Refunding Bonds. (A) All or any part of one or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all or any part of one or more Series of Outstanding Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Act, this Section and of the Series Resolution authorizing said Series of Refunding Bonds.

(B) A Series of Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 206) of:

(1) With respect to any Bonds, (a) a certificate of an Authorized Officer setting forth the Aggregate Debt Service for the then current and each future calendar year (i) with respect to all Series of such Bonds Outstanding immediately prior to such authentication and delivery and (ii) with respect to all Series of such Bonds to be Outstanding immediately thereafter (excluding any Series of such Bonds issued simultaneously with the issuance of Refunding Bonds), and that the Aggregate Debt Service for each such year set forth pursuant to (a) (ii) of this paragraph (1) is no greater than the Aggregate Debt Service for each corresponding year set forth pursuant to (a)(i) of this paragraph (1); or (b) a certificate of an Authorized Officer as described in Section 206(5) hereof;

(2) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds which are to be redeemed prior to maturity on the redemption date specified in such instructions;

(3) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption provided for in Section 1401 hereof to the Holders of the Bonds being refunded;

(4) Either (a) obligations set forth in clause (2) of subsection B of Section 1401 hereof in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications or (b) any moneys, as shall be necessary to comply with the provisions of subsection B of Section 1401 hereof; and

(5) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of subsection A and this subsection B of this Section 207 hereof.

(C) All moneys and obligations held by a Fiduciary pursuant to paragraph (4) of subsection B of Section 207 hereof shall be held in a separate account irrevocably in trust for and assigned to the respective holders of the Bonds to be refunded to be used only as provided in Section 1401 hereof.

2.08. Notes. Whenever the State shall authorize the issuance of a Series of Bonds, the State Treasurer shall be hereby authorized to issue Notes (and renewals thereof) in anticipation of such Series. The principal of and interest on such Notes and renewals thereof shall be payable solely from the proceeds of such Notes or renewals thereof or from the proceeds of the sale of the Series of Bonds in anticipation of which such Notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such Notes and any such pledge shall have a priority over any other pledge of such proceeds created by this Resolution. Notes shall not be secured by the Debt Service Reserve Fund or any fund or account established under this Resolution. A copy of the Resolution of the State authorizing such Series of Bonds, certified by an Authorized Officer, shall be delivered to the Trustee following its adoption, together with such other information concerning such Notes as the Trustee may reasonably request.

2.09. Issuance of Additional Bonds Other than Refunding Bonds. (A) The State shall not, subsequent to the issuance of the initial Series of Bonds under this Resolution, create or permit the creation of or issue any obligations or create any additional indebtedness, other than Refunding Bonds, which will be secured by a charge and lien on the Municipal Obligations, as applicable, or the Pledged Receipts, or will be payable from the Debt Service Fund or Debt Service Reserve Fund), except that additional Series of Bonds may be issued from time to time pursuant to a Series Resolution subsequent to the issuance of such initial Series of Bonds under this Resolution on a parity with such Bonds of such initial Series of Bonds and secured by an equal charge and lien on the Municipal Obligations and the Pledged Receipts, as applicable, and payable equally and ratably from the Debt Service Fund and Debt Service Reserve Fund for the purposes of making payments permitted pursuant to paragraph (2) of subsection B of Section 204 into the proper designated funds or accounts.

(B) No additional Series of Bonds shall be issued subsequent to the issuance of the initial Series of Bonds under this Resolution unless:

(1) the principal amount of the additional Bonds then to be issued, together with the principal amount of the Bonds of the State theretofore issued, will not exceed in aggregate principal amount any limitation thereon imposed by law;

(2) the amount of the Debt Service Reserve Fund, upon the issuance and delivery of such additional Bonds and the deposit in the Debt Service Reserve Fund of any obligation, including a Federal Letter of Credit, State general obligation bonds, or any amount provided therefor in the Series Resolution

authorizing the issuance of such additional Bonds, shall not be less than the Debt Service Reserve Fund Requirement applicable to all Bonds;

(3) an Authorized Officer delivers to the Trustee the certificate described in Section 206(5) hereof.

(C) The State expressly reserves the right to adopt one or more other general bond resolutions and reserves the right to issue Notes and any other obligations so long as the same are not a charge or lien on the Municipal Obligations and Pledged Receipts or payable from the Debt Service Fund or the Debt Service Reserve Fund created pursuant to this Resolution.

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

(B) The State may secure such Credit Facility by an agreement providing for the purchase of the Series of Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the State in the applicable Series Resolution. The State may also in an agreement with the issuer of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility, together with interest thereon (the "Reimbursement Obligation"); provided, however, that no Reimbursement Obligation shall be created, for purposes of this Resolution, until amounts are paid under such Credit Facility. Any such Reimbursement Obligation (a "Parity Reimbursement Obligation") may be secured by a pledge of, and a lien on, collateral and revenues securing such Series of Bonds on a parity with the lien created by Section 501 hereof and the applicable Series Resolution. Any such Parity Reimbursement Obligation shall be deemed to be a part of the Series of Bonds to which the Credit Facility which gave rise to such Parity Reimbursement Obligation relates and references herein to Principal Installments and interest payments with respect to a Series of Bonds shall include principal and interest due on the parity Reimbursement Obligation incurred as a result of payment of such Bonds with the Credit Facility.

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

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

3.01. Medium of Payment; Form and Date. Unless otherwise determined by a Series Resolution authorizing a Series of Bonds, each Bond shall be payable at the principal corporate trust office of the Trustee and any Paying Agent appointed or provided for such Bond, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest on Bonds of each Series shall be payable, in the manner provided in the Series Resolution authorizing the issuance of such Series, to the person in whose name such Bonds are registered, as shown on the registry books of the State maintained by the Trustee, at the close of business on the Record Date.

Bonds of each Series shall be issued in the form of fully registered bonds without coupons payable to a named person or registered assigns; provided, however, if the State shall deliver or cause to be delivered to the Trustee a Counsel's Opinion to the effect that the issuance of a Series of Bonds in coupon form payable to bearer will not adversely affect the exclusions from gross income for Federal income tax purposes of the interest thereon, the State may adopt a Supplemental Resolution also providing for the issuance of Bonds in coupon form payable to bearer, which may include such modifications to this Resolution as are necessary and appropriate for such Series of Bonds. The State may provide in any applicable Series Resolution for the issuance of one or more Series of Bonds in book-entry form, pursuant to Section 309 hereof, together with such modifications to this Resolution as are necessary or appropriate for such Series of Bonds.

Bonds of each Series issued prior to the first Interest Payment Date thereof shall be dated as of the date specified in the Series Resolution authorizing the issuance thereof. Bonds issued in exchange for, replacement of or upon the registration or transfer of Bonds on or subsequent to the first Interest Payment Date thereof shall be dated as of the interest payment date next preceding the date of issuance in exchange, replacement or transfer, except that if such date of issuance shall be an Interest Payment Date, they shall be dated as of such date of issuance; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, the Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered. Bonds of each Series shall bear interest from their date.

For all purposes of the Act relating to or dealing with the date of the Bonds, registered Bonds of any Series shall be deemed to be dated as of the date specified for the Bonds of such Series in this Resolution and the Series Resolution authorizing the issuance thereof.

All Bonds of each Series shall mature on January 1 and July 1 of each year in which a maturity is fixed by a Series Resolution unless otherwise so specified in a Series Resolution. Interest on all Bonds of each Series shall be payable on the Interest Payment Dates established or determined pursuant to this Resolution and any applicable Series Resolution.

3.02. 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, or otherwise, as may be determined by the State prior to the delivery thereof to the Bondholder.

3.03. Execution and Authentication. (1) The Bonds shall be executed in the name of the State by the manual or facsimile signature of the Governor, the Treasurer or Deputy Treasurer and the Comptroller and the seal of the State (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced by or on behalf of the Secretary of State of the State. In case any person who shall have signed, registered, attested, authenticated or sealed any of the Bonds shall die or cease to be the person authorized to sign, register, attest, authenticate or seal the Bonds before the Bonds signed, registered, attested, authenticated or sealed, as the case may be, by him shall have been actually authenticated and delivered by the Trustee, such Bonds shall, nevertheless, be valid, and may be issued as if the persons who signed, registered, attested, authenticated or sealed such Bonds had not died or ceased to be such authorized person. Any Bond of a series may be signed and sealed on behalf of the State by such persons as at the actual time of the execution of such Bond shall be duly authorized, or hold the proper office in, or employment by, the State, although at the date of the Bonds of such Series such persons may not have been so authorized or have held such office or employment.

(2) The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Series Resolution authorizing such Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such, certificate of authentication shall be entitled to any right or benefit under the Resolution and no Bond shall be valid or become obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the State shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the Holder thereof is entitled to the benefits of the Resolution.

3.04. Interchangeability of Bonds. Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity of any other authorized denominations.

3.05. Negotiability Transfer and Registry. All the Bonds issued under this Resolution shall be negotiable as provided in the Act, subject to the provisions of registration and transfer contained in this Resolution and in the Bonds.

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

The State and the Trustee may deem and treat the person in whose name any Outstanding Bond shall be registered upon the registration books of the State 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 or 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 State nor the Trustee shall be affected by any notice to the contrary. The State agrees to indemnify and save the Trustee harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

3.06. Regulations with Respect to Exchanges Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the State shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the State or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Resolution, the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the State or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the State. The State shall not be obliged to make any such exchange or transfer of Bonds of any Series during the ten (10) days next preceding an Interest Payment Date on the Bonds of such Series or, in the case of any proposed redemption of Bonds of such Series, next preceding the date of the selection of Bonds to be redeemed.

3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the State shall execute and the Trustee shall authenticate and deliver a new Bond of like Series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, (a) with respect to a mutilated Bond, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or (b) with respect to a Bond destroyed, stolen or lost, in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the State evidence satisfactory to the State and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the State and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the State and the Trustee may prescribe and paying such expenses as the State and the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be cancelled by it and evidence of such cancellation shall be given to the State.

3.08. Preparation of Definitive Bonds; Temporary Bonds. Except as may otherwise be provided in a Series Resolution for a Series of Bonds, the definitive Bonds of each Series shall be lithographed or printed on steel engraved borders. Until the definitive Bonds of any Series are prepared, the State may execute, in the same manner as is provided in Section 303 hereof, and upon the request of the State, 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 the denominations thereof and as to interchangeability and registration of Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which

such temporary Bond or Bonds are issued, in denominations of \$5,000 or any multiples thereof authorized by the State, or in any other denomination specified in the applicable Series Resolution, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The State at its own expense shall prepare and execute and, upon the surrender at the corporate trust office of the Trustee 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 and 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.

All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

3.09. Deposition Institution. (A) The State may designate a Depository Institution to be the registered owner of all or any Series of Bonds. The State hereby appoints The Depository Trust Company (“DTC”) as the Depository Institution.

(B) Any Depository Institution may at any time resign or be discharged. Upon the resignation or discharge of the Depository Institution, the State and the Trustee will make arrangements to provide certificated Bonds to the beneficial owners of such Bonds as of the date of resignation or discharge or such earlier date as is practicable, in any case as determined on the records of the Depository Institution. The Trustee and the State shall have no responsibility for errors, negligence or malfeasance of the Depository Institution.

(C) As long as there shall be a Depository Institution for a Series of Bonds, all Bonds of such Series shall be registered on the registration books of the State in a name or names designated by such Depository Institution, who shall for all purposes of this Resolution be the registered owner of such Bonds. As long as there shall be a Depository Institution with respect to a Series of Bonds, with respect to such Bonds:

- (1) All payments of interest, principal, redemption price and purchase price made by the Trustee shall be delivered only to the registered owner.
- (2) All notices delivered by the State or the Trustee pursuant to this Resolution shall be delivered only to the registered owner.
- (3) All rights of Bondholders under this Resolution, including without limitation voting rights, rights to approve, waive, or consent, rights to transfer and exchange Bonds, and rights to tender Bonds and elect not to tender Bonds shall be rights of the registered owner.

(D) The State and the Trustee shall not be liable or responsible because of a failure by the Depository Institution to perform any act, discharge any duties, execute any tenders or make any payments, in each case with respect to the beneficial owners, except to the extent the State or the Trustee as applicable, is liable or responsible under this Resolution to the registered owner.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

4.01. Application of Bond Proceeds. All proceeds of the initial Series of Bonds issued under the Resolution shall be applied or deposited pursuant to the Series Resolution authorizing the issuance of such initial Series of Bonds. All other proceeds of Bonds of any Series to be issued, upon their issuance, sale and delivery, shall be deposited in certain funds and accounts in accordance with the provisions of the Series Resolution authorizing the issuance of the Bonds of such Series and shall be applied solely for the purposes for which amounts in said funds and accounts may be applied in accordance with the provisions of the Resolution.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS, AND APPLICATION THEREOF

5.01. Pledge. With respect to all Bonds, the Pledged Receipts, all funds and accounts established in connection with the issuance of such Bonds (including the Revenue Fund, Loan Fund, Debt Service Fund, Debt Service Reserve Fund, Interest Subsidy Fund and the Administrative Fund and excluding the Rebate Fund), the investments thereof and the proceeds of such investments, if any, are hereby pledged for the payment of the principal of, Redemption Price of, interest on, and Sinking Fund Installments for, the Bonds in accordance with the terms and provisions of this Resolution, subject only to the provisions of this Resolution permitting or further limiting the application thereof for the purposes and on the terms and conditions set forth in this Resolution. Subject to the provisions of Section 1401 hereof, this pledge shall be valid and binding from and after the date of adoption of this Resolution, and the Pledged Receipts and all other moneys and securities in the funds and accounts established by this Resolution hereby pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and such lien shall be a just lien and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the State, irrespective of whether such parties have notice thereof.

5.02. Establishment of Funds and Accounts. (A) The following special trust funds are hereby established and shall be maintained pursuant to the provisions of this Resolution:

- (1) Revenue Fund
 - (a) Pledged Receipts Account
 - (b) Earnings Account

- (2) Loan Fund

- (3) Debt Service Fund
 - (a) Interest Account
 - (b) Principal Account

- (c) Redemption Account
- (d) Capitalized Interest Account

- (4) Debt Service Reserve Fund
 - (a) Federal Letter of Credit Proceeds Account
 - (b) G.O. Account
 - (c) Undesignated Account

- (5) Interest Subsidy Fund

- (6) Administrative Fund
 - (a) Costs of Issuance Account

- (7) Rebate Fund

(B) The State may direct the Trustee to further establish within this Resolution certain other special funds and accounts as the State deems necessary and proper.

(C) Each of the above funds shall be held and maintained by the Trustee pursuant to the provisions of the Resolution except for the Loan Fund which shall be held and maintained by the State pursuant to the provisions of the Resolution, provided, however, that moneys to be deposited in the Debt Service Reserve Fund may be deposited with one or more Depositories in trust of the Trustee pursuant to the provisions of the Resolution.

5.03. Revenue Fund. (1) The Trustee shall establish within the Revenue Fund the following accounts:

- (a) Pledged Receipts Account
- (b) Earnings Account

- (2) The Trustee shall promptly deposit the following receipts in the Revenue Fund:

- (a) All Pledged Receipts received by the Trustee which shall be deposited in the Pledged Receipts Account; and
- (b) Any amounts received by the Trustee as Earnings on moneys held in all funds and accounts held under this Resolution which shall be deposited in the Earnings Account of the Revenue Fund.
- (c) Any amounts received by the Trustee from the Rebate Fund pursuant to Section 509(3) hereof which shall be deposited in the Pledged Receipts Account of the Revenue Fund.

(3) Upon receipt by the Trustee of Pledged Receipts and Earnings, which Earnings include those Earnings held in the Earnings Account, such Pledged Receipts and Earnings, respectively, shall be promptly transferred to the Debt Service Fund for the payment of

principal of and interest on Bonds to the extent required to meet the Debt Service payments due during the period from the immediately preceding January 2 through the next succeeding January 1 in each year in the following order of priority: first to the Interest Account, then to the Principal Account for the payment of principal and Sinking Fund Installments, if any. Then to the extent moneys in the Pledged Receipts Account are available therefor, to the Debt Service Reserve Fund in an amount which is necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. Any moneys remaining in the Revenue Fund after the application of such moneys as described in this Section 503(3) hereof shall, upon the delivery of a certificate of an Authorized Officer of the State as described in Section 206(5) hereof which shall include all Bonds then Outstanding and assume the withdrawal of such amounts from the Revenue Fund, be withdrawn from the Revenue Fund, free and clear of the lien of this Resolution, and used for any Program purpose. Pending such transfer, moneys in the Revenue Fund shall be invested in accordance with subsection (4) below.

(4) The Trustee shall, at the direction of an Authorized Officer, invest and reinvest in Investment Obligations the moneys in said fund so that the maturity date or date of redemption at the option of the Holder of such obligations shall coincide as nearly as practicable with the times at which moneys are needed by the Trustee to be so expended. The obligations purchased shall be held by the Trustee and shall be deemed at all times to be part of the Revenue Fund.

(5) Promptly upon receipt thereof by the Trustee, any interest earned or gains realized by the investment of moneys held in the Revenue Fund for the preceding calendar month shall be transferred into the Earnings Account within the Revenue Fund.

(6) At the end of each Fiscal Year the State shall determine the amount of Earnings that were deposited in the Earnings Account of the Revenue Fund required to be rebated to the United States for such Fiscal Year and shall direct the Trustee in a certificate of an Authorized Officer to deposit such amounts to the Rebate Fund. Upon deposit of such Earnings to the Rebate Fund pursuant to this Section, any Earnings remaining in the Earnings Account shall be deposited in the Pledged Receipts Account of the Revenue Fund.

5.04. Loan Fund. (1) There shall be deposited into the Loan Fund the amount of the proceeds of the Bonds of any Series required to be deposited therein as shall be specified and determined by the Series Resolution authorizing such Series of Bonds in accordance with and subject to Article IV hereof.

(2) Moneys in the Loan Fund shall be expended only for the Clean Water Fund Revenue Bond Program subject to the provisions and restrictions of this Resolution.

(3) Except as may be limited by the purposes for which a Series of Bonds is issued as set forth in a Series Resolution authorizing such Series of Bonds, amounts in the Loan Fund shall be expended and applied by the State from time to time to payments:

(a) for financing Loans to Municipalities under the Clean Water Fund Revenue Bond Program, and

(b) to the extent that other moneys are not available, of principal of and interest on Bonds when due.

(4) Upon deposit of the proceeds of the Bonds of a Series, the State may invest and reinvest in Investment Obligations the moneys in said fund so that the maturity date or date of redemption at the option of the Holder of such obligations shall coincide as nearly as practicable with the times at which moneys are needed by the State to be so expended. The obligations purchased shall be held by the State and shall be deemed at all times to be part of the Loan Fund. The State shall sell at the best price obtainable, or present for redemption, any Investment Obligations whenever it shall be necessary in order to provide moneys to meet any payment from the Loan Fund.

(5) Promptly upon receipt thereof by the Trustee, any interest earned or gains realized by the investment of moneys held in the Loan Fund for the preceding calendar month shall be transferred into the Earnings Account within the Revenue Fund.

(6) At any time, the State, upon the determination that the transfer of moneys from the Loan Fund to the Redemption Account of the Debt Service Fund is necessary for the redemption of Bonds under this Resolution, shall be permitted to transfer such moneys for such purpose.

(7) The State covenants that promptly after determination by the State to permanently discontinue the Clean Water Fund Revenue Bond Program it will deliver to the Trustee a Certificate signed by an Authorized Officer stating that the State has determined to permanently discontinue such Program and setting forth the amount, if any, required for disbursement with respect to such outstanding Loans. Upon delivery of such certificate, the State, after reserving therein the amount required for the disbursement of the Loans remaining as set forth in the certificate of the State, shall transfer the balance of the moneys remaining in the Loan Fund in the following order of priority:

- (a) Into the Undesignated Account of the Debt Service Reserve Fund such amount, if any, as shall be necessary to increase the amount in such Fund to the Debt Service Reserve Fund Requirement;
- (b) Into the Interest Subsidy Fund an amount equal to the Interest Subsidy Fund Deficiency;
- (c) Into the Redemption Account the balance of moneys in the Loan Fund.

5.05. Debt Service Fund. (1) The Trustee shall establish within the Debt Service Fund the following accounts:

- (a) Interest Account
- (b) Principal Account
- (c) Redemption Account

- (d) Capitalized Interest Account
- (2) The Trustee shall promptly deposit the following receipts in the Debt Service Fund:
- (a) Any accrued interest received as proceeds of a Series of Bonds as set forth in the applicable Series Resolution, which shall be deposited as provided in the Series Resolution.
 - (b) All amounts required to be transferred to the Interest Account or the Principal Account, as applicable, from the Revenue Fund pursuant to Section 503 hereof, which shall be deposited in the Interest Account or the Principal Account, as applicable;
 - (c) All amounts required to be transferred to the Interest Account or Principal Account, as applicable, from the Interest Subsidy Fund pursuant to Section 507 hereof, which shall be deposited in the Interest Account or the Principal Account, as applicable;
 - (d) Any amounts required to be transferred to the Interest Account or the Principal Account, as applicable from the Debt Service Reserve Fund pursuant to Section 506 hereof, which shall be deposited in the Interest Account or the Principal Account, as applicable.
 - (e) Any amounts required to be transferred to the Principal Account from the Revenue Fund as Sinking Fund Installments, as set forth In the applicable Series Resolution, which shall be deposited in the Principal Account.
 - (f) All amounts required to be transferred to the Interest Account or the Principal Account, as applicable, from the Loan Fund pursuant to Section 504 hereof, which shall be deposited in the Interest Account or the Principal Account, as applicable.
 - (g) Any amounts directed by the State to be transferred to the Interest Account or the Principal Account from the Administrative Fund pursuant to Section 508 hereof, which shall be deposited in the Interest Account or the Principal Account, as applicable.
 - (h) Any amounts received by the Trustee for the purpose of redeeming Bonds pursuant to Section 606 hereof which shall be deposited in the Redemption Account.
 - (i) Any capitalized interest received by the Trustee which shall be deposited into the Capitalized Interest Account.
- (3) The Trustee shall transfer from the Capitalized Interest Account to the Interest Account of the Debt Service Fund on the day preceding the Interest Payment Date, the

amount required for the payment of capitalized interest on such Bonds due on such Interest Payment Date.

(4) The Trustee shall pay out of the Interest Account of the Debt Service Fund to the Paying Agents for any of such Bonds (i) on each Interest Payment Date, the amount required for the payment of interest on such Bonds due on such Interest Payment Date and (ii) on any redemption date, the amount required for the payment of accrued interest on such Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Paying Agents to such payment.

(5) The Trustee shall pay out of the Principal Account of the Debt Service Fund to the Paying Agents on each principal payment date or sinking fund redemption date, as applicable (as set forth in a Series Resolution) for any of such Bonds, the amounts required for the payment of such principal on such date or such sinking fund redemption price on such date, as applicable, and such amounts shall be applied by the Paying Agents to such payments.

(6) The amount accumulated In the Principal Account for each sinking fund redemption may, and if so directed by the State shall, be applied (together with amounts accumulated in the Interest Account of the Debt Service Fund with respect to interest on the Bonds subject to sinking fund redemption) by the Trustee prior to the forty-fifth (45th) day preceding the sinking fund redemption date to:

- (a) the purchase of Bonds of the Series and maturity as such Bonds subject to such sinking fund redemption, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable for such Bonds' pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase, such purchases to be made by the Trustee as directed by the State in writing by an Authorized Officer, or
- (b) the redemption, pursuant to Article VI of such Bonds if then redeemable by their terms, at the Redemption Price referred to in paragraph (a) above.

Upon any purchase or redemption of Bonds of any Series and maturity, under this subsection, for which Sinking Fund Installments shall have been established, an amount equal to the applicable Redemption Prices thereof shall be credited toward any one or more of such Sinking Fund Installments, as directed by the State in an Authorized Officer's certificate, or, failing such direction by November 1, of each year, toward such Sinking Fund Installments in inverse order of their due dates. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of Principal Installments due on a future date.

(7) Whenever the moneys in the Debt Service Fund are insufficient to pay the interest, principal and Sinking Fund Installments due on Bonds, the Trustee shall apply amounts from the following funds to the extent necessary to make good the deficiency in the order of priority as provided below:

- (a) Whenever amounts on deposit in the Interest Account of the Debt Service Fund are insufficient to pay the next interest payment coming due on Outstanding Bonds, and all transfers from the Revenue Fund required in accordance with Section 503 hereof have been made, moneys shall be transferred:

First: from the Debt Service Reserve Fund from the accounts within such fund in the order of priority as shall be directed by the State by telephonic notice to the Trustee; and

Second: from the Interest Subsidy Fund, and

Third: from the Principal Account of the Debt Service Fund,

in all cases, to the Interest Account of the Debt Service Fund on the day immediately preceding the applicable Interest Payment Date in an amount, to the extent moneys are available therefor, sufficient to cause the amount on deposit therein to equal the amount of the interest payment next coming due.

- (b) Whenever amounts on deposit in the Principal Account of the Debt Service Fund are insufficient to pay the next principal payment or Sinking Fund Installment coming due on Outstanding Bonds, and all transfers from the Revenue Fund required in accordance with Section 503 hereof have been made, and there are on deposit in the Interest Account of the Debt Service Fund amounts sufficient to pay the next interest payment coming due, moneys shall be transferred:

First: from the Debt Service Reserve Fund from the accounts within such fund in the order of priority as shall be directed by the State by telephonic notice to the Trustee; and

Second: from the Interest Subsidy Fund,

in both cases, to the Principal Account of the Debt Service Fund on the day immediately preceding the date on which the applicable principal payment is due in an amount, to the extent moneys are available therefor, sufficient to cause the amount on deposit therein to equal the amount of the Principal Installment next coming due.

(8) As soon as practicable after the forty-fifth (45th) day preceding the date of any such sinking fund redemption, the Trustee shall proceed pursuant to Article VI to call for redemption on such redemption date Bonds of the Series and maturity for which such sinking fund redemption was established in such amount as shall be necessary to complete the retirement of the principal amount, specified for such sinking fund redemption. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Principal Account sufficient to pay the applicable Redemption Price thereof and moneys in the Interest Account, sufficient to pay interest thereon to the Redemption Date. The Trustee shall pay out of the Principal Account

to the appropriate Paying Agents, on each 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.

(9) The Trustee shall pay out of the Redemption Account of the Debt Service Fund to Paying Agents on each Redemption date (as set forth in a Series Resolution) for any such Bonds for which there has not been made Sinking Fund Installments, the amounts required for the payment of such Redemption Price on the Redemption Date and such amounts shall be applied by the Paying Agents to such payments.

(10) Promptly upon receipt thereof by the Trustee, any interest earned or gains realized by the investments of moneys held in the Debt Service Fund for the preceding calendar month shall be transferred into the Earnings Account within the Revenue Fund.

5.06. Debt Service Reserve Fund. (1) The Trustee shall establish within the Debt Service Reserve Fund the following accounts:

- (a) Federal Letter of Credit Account
- (b) G.O. Account
- (c) Undesignated Account

(2) There shall be promptly deposited the following obligations and receipts in the Debt Service Reserve Fund:

- (a) All amounts received as Federal Letter of Credit capitalization grant payments which shall be deposited in the Federal Letter of Credit Account.
- (b) Any general obligation bond issued by the State and designated for deposit into the Debt Service Reserve Fund which shall be placed in the G.O. Account.
- (c) Any other amounts received by the Trustee for deposit in the Debt Service Reserve Fund and not designated for deposit in any other account within the Debt Service Reserve Fund which shall be deposited in the Undesignated Account.

The State at any time may deposit into or maintain moneys or securities in the Debt Service Reserve Fund in excess of the Debt Service reserve Fund Requirement. Subject to the provisions of Section 913 hereof, provided the State files with the Trustee a certificate of an Authorized Officer specifying such excess amount and the nature of such deposit.

(3) Whenever the moneys in the Debt Service Fund are insufficient to pay the interest, principal and Sinking Fund Installments due on Bonds, the Trustee shall apply amounts from the Debt Service Reserve Fund to the extent necessary to make good the deficiency as provided in subsection (6) of Section 505 of this Resolution.

(4) Whenever the moneys in the Debt Service Fund, the Debt Service Reserve Fund and the Interest Subsidy Fund are insufficient to pay the interest, principal, Sinking Fund Installment and Redemption Price due on Bonds, the State shall immediately draw upon the Federal Letter of Credit to prevent an imminent payment default hereunder.

(5) Whenever moneys and securities in the Debt Service Reserve Fund shall have exceeded the Debt Service Reserve Fund Requirement, the Trustee written direction of an Authorized Officer, subject to the conditions stated below, reduce the amount of moneys and securities held in the Debt Service Reserve Fund by an amount which maintains the Debt Service Reserve Fund at the Debt Service Reserve Fund Requirement, and at the direction of such Authorized Officer, the Trustee shall apply the amount by which such moneys and securities in the Debt Service Reserve Fund is reduced, free and clear of the lien of this Resolution, to any authorized purpose of the Program; provided, however:

(a) If there shall be existing and continuing a default by any Municipality with respect to the Municipal Obligations Payments, then the Debt Service Reserve Fund shall not be reduced by the amount equal to the aggregate dollar amount in default and such amount may not be withdrawn from the Debt Service Reserve Fund pursuant to this subsection (5).

(b) Once such defaulting Municipality has cured such default and has fully resumed its payment obligations under the Loan Agreement, amounts may be withdrawn from the Debt Service Reserve Fund as provided in the first paragraph of this subsection (5).

(6) Promptly upon receipt thereof by the Trustee, any interest earned or gains realized by investments of moneys held in the Debt Service Reserve Fund for the preceding calendar amount shall be transferred into the Earnings Account within the Revenue Fund.

5.07. Interest Subsidy Fund. (1) The Interest Subsidy Fund shall be established outside of the State Revolving Fund.

(2) The Trustee shall promptly deposit the following obligations and receipts into the Interest Subsidy Fund:

(a) Any general obligation bond of the State designated for deposit in the Interest Subsidy Fund.

(b) Any amounts as shall be delivered by the State to the Trustee for such purpose, which shall be deposited in the Interest Subsidy Fund.

(3) Promptly upon receipt thereof by the Trustee, any interest earned or gains realized by investments of moneys held in the Interest Subsidy Fund for the preceding calendar month shall be transferred into the Earnings Account within the Revenue Fund and any maturing amounts of investments held in the Interest Subsidy Fund for the preceding calendar month shall be transferred into the Pledged Receipts Account.

(4) Whenever the moneys in the Debt Service Fund are insufficient to pay the interest, principal and Sinking Fund Installments due on Bonds, the Trustee shall apply amounts from the Interest Subsidy Fund to the extent necessary to make good the deficiency as provided in subsection (7) of Section 505 of this Resolution.

5.08. Administrative Fund. (1) The Administrative Fund shall be established outside of the State Revolving Fund.

(2) There shall be deposited in the Administrative Fund the following: (a) all amounts, if any, paid by Municipalities pursuant to any Loan Agreement as a financing fee or servicing fee, (b) from proceeds of a Series of Bonds, such amounts as shall be specified in a Series Resolution for deposit therein and (c) such other amounts as shall be delivered by the State to the Trustee for deposit therein.

(3) Subject to subsection (b) above, moneys at any time held in the Administrative Fund shall be used for and applied solely to the following purposes:

- (1) To pay the Administrative Expenses of the State;
- (2) To pay the fees and expenses of the Trustee and Paying Agents;
- (3) To pay costs of issuance including consultants, legal and financial advisory fees and expenses; and
- (4) To fund the Debt Service Fund.

(4) Payments from the Administrative Fund shall be made by the Trustee, upon receipt of a requisition, signed by an Authorized Officer, stating in respect to each payment to be made, at least, (i) the item number of the payment, (ii) the name of the person or party to whom payment is to be made, (iii) the amount to be paid, and (iv) that obligations in the stated amounts have been incurred by the State, and that each item thereof is a proper charge against the moneys in the Administrative Fund and has not been paid and that such payment is not prohibited by the Act. Upon receipt of each such requisition, the Trustee shall pay each such item directly to the person or party entitled thereto as named in such requisition, or, if directed by the State, shall deliver to the State a check, draft or warrant in an amount sufficient for the payment thereof.

(5) Promptly upon receipt thereof by the Trustee, any interest earned or gains realized by investments of moneys held in the Administrative Fund for the preceding calendar month shall be transferred into the Earnings Account within the Revenue Fund.

5.09. Rebate Fund. (1) The Trustee shall establish a Rebate Fund. There shall be deposited in the Rebate Fund the amount of Earnings required to be rebated to the United States on all Funds and Accounts established by this Resolution and designated for deposit therein pursuant to this Resolution as calculated by the State to be owing to the United States pursuant to the Tax Regulatory Agreement which shall be delivered by the State concurrently with the issuance of a Series of Bonds.

(2) The Trustee, upon receipt of written instructions from an Authorized Officer, shall pay to the United States out of amounts in the Rebate Fund such amounts as are required pursuant to the Tax Regulatory Agreement.

(3) Any moneys remaining in the Rebate Fund after payment to the United States shall be transferred to the Revenue Fund.

5.10. Disposition of Bonds Upon of Payment. All Bonds paid and redeemed, or purchase by the Trustee, under the provisions of this Resolution, either at or before maturity, shall be cancelled when such payment, redemption or purchase is made, and such Bonds unless then held by the Trustee, shall be delivered to the Trustee. All cancelled Bonds shall be cremated or otherwise destroyed by the Trustee.

5.11. Calculation of Obligations. At the time of issuance and delivery of each Series of Bonds under this Resolution and at the time of each purchase and redemption of Bonds pursuant to the provisions of this Resolution, the Trustee shall compute or recompute and furnish the State with a certificate setting forth (a) the principal amount, schedule of maturities, Sinking Fund Installments and interest rates on the Bonds of each Series then Outstanding, (b) the principal amount and schedule of maturities of all Debt Service Reserve Fund obligations and the schedule of the interest payments due thereon, and (c) the principal amount and schedule of maturities of each Municipal Obligation and the schedule of the interest payments due thereon.

5.12. Trustee's Maintenance of Records on Payment of Bonds. In connection with the payment, redemption or purchase of all Bonds under the provisions of this Resolution, the Trustee shall keep accurate records of the source of the moneys used to pay, redeem or purchase such Bonds.

ARTICLE VI

REDEMPTION OF BONDS

6.01. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to the provisions of a Series Resolution shall be redeemable, upon notice as provided in Section 605 hereof, at such times, at such Redemption Prices and upon such terms (in addition to and consistent with the terms contained in this Article VI) as may be specified in the Series Resolution authorizing such Series.

6.02. Redemption at the Election or Direction of the State. In the case of any redemption of Bonds other than as provided in Section 603 hereof, the State shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the State in its sole discretion, subject to any limitations with respect thereto contained in the Act or this Resolution and any Series Resolution) and of the moneys to be applied to the payment of the Redemption Price. Such notice shall be given at least sixty (60) 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 by the Trustee as provided in Section 605 hereof, the Trustee,

if it holds the moneys to be applied to the payment of the Redemption Price, or otherwise the State, shall, at least one day prior to the redemption date, pay to the Trustee and the appropriate Paying Agent or Paying Agents an amount in cash which, in addition to other moneys, if any, available therefor held by the Trustee and such Paying Agent or Paying Agents, will be sufficient to pay, on the redemption date at the Redemption Price thereof, together with interest accrued to the redemption date, all of the Bonds to be redeemed. The State shall promptly notify the Trustee in writing of all such payments made by the State to a Paying Agent.

6.03. Redemption Other Than at State's Election or Direction. Whenever by the terms of this Resolution the Trustee is required to redeem Bonds other than at the election or direction of the State, the Trustee shall, unless otherwise provided in the applicable Series Resolution, select the Bonds to be redeemed, give the notice of redemption and pay the Redemption Price thereof, together with interest accrued to the redemption date, to itself and the appropriate Paying Agents in accordance with the terms of this Article VI.

6.04. Selection of Bonds to Be Redeemed. In the event of redemption of less than all of or Outstanding Bonds of like Series and maturity, the Trustee shall select the Bonds to be redeemed in such manner as provided in the Series Resolution applicable to such Bonds. For purposes of this Section 604, Bonds which have theretofore been selected for redemption shall not be deemed Outstanding.

6.05. Notice of Redemption. When the Trustee shall receive notice from the State of its election or direction to redeem Bonds pursuant to Section 602 hereof, and when redemption of Bonds is required by this Resolution pursuant to Section 603 hereof, the Trustee shall give notice, in the name of the State, of the redemption of such bonds, which notice shall specify (a) the Series and maturities of the Bonds to be redeemed, (b) the redemption date and the place or places where amounts due upon such redemption will be payable, (c) 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, (d) in the case of Bonds to be redeemed in part only, 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 upon each Bond to be redeemed the Redemption Price thereof, 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. Notice of redemption of Bonds or any portion thereof shall be given by the Trustee by mailing a copy of such redemption notice by registered or first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption (subject to such lesser notice period as may be specified in a Series Resolution) to the Holders of the Bonds which are to be redeemed, at their last addresses appearing on the registration books of the State held by the Trustee. In addition, such notice shall be sent by the Trustee to any rating agency then rating the Bonds to be redeemed and to the Information Services.

Failure to give any required notice of redemption as to any particular Bonds will not affect the validity of the call for redemption of any Bonds in respect of which no such failure has occurred. Any notice mailed as provided in this Section 605 hereof shall be conclusively presumed to have been duly given, whether or not the registered Holder receives the notice.

Special notice provisions may be established for any Series of Bonds in the Series Resolution authorizing such Series of Bonds.

6.06. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 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 the offices specified in such notice, together with, in the case of Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, 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 called for redemption less than all of a registered Bond, the State shall execute and the Trustee shall authenticate and 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, Bonds of like Series and maturity in any of the 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 Trustee and Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue. 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 VII

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

7.01. Security Deposits. All moneys held hereunder by the Trustee which cannot be reasonably invested by the Trustee shall, until the Trustee is otherwise notified by the State by facsimile transmission confirmed by a writing signed by an Authorized Officer, be invested by the Trustee in a money market fund registered under the Investment Company Act of 1940, as amended, the portfolio of which is limited to United States government obligations, and which constitutes an Investment Obligation under subsection (iv) of the definition of "Investment Obligations" herein. All other moneys held hereunder by the Trustee shall be continuously and fully secured, for the benefit of the State and the Holders of the Bonds by direct obligations of the State or of the United States of America or obligations the principal and interest of which are guaranteed by the State or the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee.; provided, however, (a) that if the securing of such moneys is not permitted by applicable law or would adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes, then in such other manner as may then be required or permitted by applicable state or Federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys with them held in trust for the payment of the principal or Redemption Price of, Sinking Fund Installments for or interest on any Bonds, or for the Trustee to give

security for any moneys which shall be represented by obligations purchased under the provisions of this Resolution as an investment of such moneys.

7.02. Investment of Funds and Accounts Held the Trustee. (1) Moneys in the funds and accounts established under this Resolution shall be invested either by the State or by the Trustee upon direction of the State by facsimile transmission confirmed by mail in writing, signed by an Authorized Officer (which direction shall specify the amount thereof to be so invested and the State in issuing such direction shall take into consideration the dates and times when moneys in such fund or account will be required for the purposes of this Resolution), to the extent permitted by law, in Investment Obligations as defined herein. The maturity or redemption date at the option of the holder of any such investment shall coincide as nearly as practicable with the times at which moneys in the funds and accounts established pursuant to the Resolution will be required for the purposes in this Resolution.

(2) Subject to the provisions of the Tax Regulatory Agreement and Article V hereof, Investment Obligations purchased with moneys held in or attributable to any fund or account held by the Trustee under the provisions of this Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account unless otherwise provided pursuant to this Resolution.

(3) In computing the amount in any fund or account held by the Trustee under the provisions of this Resolution, except the Debt Service Reserve Fund, Investment Obligations shall be valued at actual or amortized cost thereof, whichever is lower, inclusive of accrued interest. State general obligation bonds held in the Debt Service Reserve Fund shall be valued at their par value. Valuation of all Investment Obligations shall be conducted by the Trustee at least once per calendar year.

(4) Except as otherwise provided in the resolution, the Trustee shall sell, at the direction of the State at the best price obtainable as determined by the State to any purchaser other than the State, or present for redemption or exchange, any Investment Obligation pursuant to this Resolution whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such investment was made. The Trustee shall advise the State in writing, on or before the twentieth day of each calendar month, of the details of all investments held for the credit of each fund and account in its custody under the provisions of this Resolution as of the end of the preceding month.

(5) In lieu of the investment of moneys in Investment Obligations authorized in paragraph (1) above, the Trustee shall upon direction of the State by telephone confirmed in writing, signed by an Authorized Officer, deposit moneys from any fund or account held by the Trustee under the terms of this Resolution, in, to the extent permitted by law, (a) the Short Term Investment Fund of the State ("STIF"), (b) the Tax Exempt Proceeds Fund of the State ("TEPF") or (c) interest-bearing time deposits, or shall make other similar banking arrangements, with itself or a member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation; provided, that no moneys in such funds or accounts shall be so deposited as provided in (a), (b) or (c) above if such deposit would

result in a decrease in the rating on the Bonds according to Standard & Poor's Corporation and Moody's Investors Service; provided further, that each such STIF deposit, TEPF deposit, interest-bearing time deposit or other similar banking arrangement shall permit the moneys so placed to be available for use at the times provided with respect to the investment or reinvestment of such moneys; and provided further, that all moneys in each such interest-bearing time deposit or other similar banking arrangement shall be continuously and fully secured by direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the United States of America or by the State, of a market value equal at all times to the amount of the deposit or of the other similar banking arrangement.

(6) No part of the proceeds of any Series of Bonds or any other funds of the State held in the funds and accounts within this Resolution shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in the Internal Revenue Code of 1986 or any successor provision.

7.03. Liability of Trustee for Investments. The Trustee shall not be liable or responsible for the making of any investment authorized by the provisions of this Article, in the manner provided in this Article, or for any loss resulting from any such investment so made.

7.04. Default with Respect to Municipal Loan Repayments. The Trustee shall promptly notify the State of any default by a Municipality of Municipal Obligations Payments pursuant to any Loan Agreement.

7.05. Reports. Upon request by the State, the Trustee shall furnish a statement to the State as to the amount on deposit in the funds and accounts established pursuant to this Resolution or any Series Resolution, as to any amounts owed in accordance with any Loan Agreements and as to any restrictions on the application of such amounts.

7.06. Payments Received the State. All amounts received by the State with respect to Municipal Obligations Payments shall be promptly forwarded to the Trustee.

ARTICLE VIII

THE TRUSTEE AND THE PAYING AGENTS

8.01. Appointment and Acceptance of Duties of Trustee. The Connecticut National Bank, a bank doing business and having its principal office in the City of Hartford, in the State of Connecticut, is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing the certificate of authentication endorsed upon the Bonds, and, by executing such certificate upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in this Resolution.

8.02. Appointment and Acceptance of Duties of Paying Agent. The State shall appoint one or more Paying Agents for the Bonds of any Series in the Series Resolution authorizing such Bonds or shall appoint such Paying Agent or Paying Agents by resolution of the State adopted

prior to the authentication and delivery of such Bonds, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 812 hereof for the appointment of a successor Paying Agent. The Trustee may be appointed to act as Paying Agent notwithstanding that it may then be acting in the capacity of Trustee.

Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by written instrument of acceptance deposited with the State and the Trustee.

8.03. Responsibilities of Trustee and Paying Agents. (A) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the State and neither the Trustee nor any Paying Agent assumes any responsibility for the correctness of the same. Neither the Trustee nor any Paying Agent shall be deemed to make any representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or in respect to the security afforded by this Resolution, and neither the Trustee nor any Paying Agent shall incur any responsibility in respect thereof. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the State. Neither the Trustee nor any Paying Agent 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 properly indemnified. Neither the Trustee nor any Paying Agent shall be liable in connection with the performance of its duties hereunder except for its own negligence or default. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any moneys paid to any one of the others. The Trustee will not be required to and will make no representations and have no responsibilities as to the accuracy, validity, sufficiency of value or genuineness of any calculations of the State or of any signatures of endorsements other than those of the Trustee and its employees.

(B) As soon as practicable but not later than the twentieth day of each month, the Trustee shall submit to the State a written report on the funds and accounts held by it pursuant to this Resolution. Such monthly reports shall be in a form acceptable to the State.

8.04. Evidence on Which Trustee and Paying Agents Act. The Trustee and any Paying Agent shall be protected in acting upon any notice, direction, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee and any Paying Agent may consult with counsel, who may or may not be counsel to the State, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

Whenever the Trustee or any Paying Agent 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 other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution upon the faith thereof, but in its discretion the Trustee or any

Paying Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

Except as otherwise expressly provided in this Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the State to the Trustee or any Paying Agent shall be sufficiently executed if executed in the name of the State by an Authorized Officer.

8.05. Compensation. The Trustee shall be entitled to reasonable fees and reimbursement by the State for all expenses, charges, counsel fees and other disbursements reasonably incurred by it in the performance of its duties and powers under this Resolution, including those of its attorneys, agents and employees, and the State shall indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. Each Paying Agent shall also be entitled to reasonable fees and to reimbursement by the State for all expenses and charges reasonably incurred by it in the performance of its duties hereunder.

8.06. Permitted Acts and Functions. The Trustee and any Paying Agent may become the owner of any Bonds, with the same rights it would have if it were not such Trustee or Paying Agent. The Trustee and any Paying Agent may act as depository 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 Holders of a majority in principal amount of the Bonds then Outstanding.

8.07. Resignation of Trustee. (A) The Trustee may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty (60) days' written notice to the State and publishing notice thereof, specifying the date when such resignation shall take effect, once in the Authorized Newspapers.

(B) Such resignation shall take effect immediately upon the appointment of a successor Trustee pursuant to subsection (B) of Section 809 hereof unless previously a successor shall have been appointed, as provided in subsection (A) of said Section 809, in which event such resignation shall take effect immediately on the appointment of such successor, if and only if:

(1) such successor Trustee shall have become fully vested with all moneys, estate, properties, rights, powers, duties and obligations of its predecessor Trustee, with like effect as if originally named as Trustee; and

(2) such successor Trustee shall have actually assumed the duties of such office.

(C) If the requirements of subsection (B) above have not been satisfied by the date established as the effective date of the Trustee's resignation, the State and the successor

Trustee shall take any and all steps lawful and reasonable, to ensure that such requirements have been met within ten (10) business days of such effective date.

8.08. Removal of Trustee. (A) The Trustee shall be removed by the State if at any time such removal is so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the State, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the State. The State may remove the Trustee with or without cause, at any time, except during the existence of an Event of Default, by filing an instrument signed by an Authorized Officer; provided, however, that the diligent pursuit of its responsibilities shall not be cause for removal of the Trustee by the State.

(B) Removal of the Trustee shall take effect upon the appointment of a successor Trustee in accordance with Section 809 hereof, if and only if:

(1) such successor Trustee shall have become fully vested with all moneys, estate, properties, rights, powers, duties and obligations of its predecessor Trustee, with like effect as if originally named as Trustee; and

(2) such successor Trustee shall have actually assumed the duties of such office.

(C) If the requirements of subsection (B) above have not been satisfied by the date established as the effective date of the Trustee's removal, the State and the successor Trustee shall take any and all steps lawful and reasonable, to ensure that such requirements have been met within ten (10) business days of such effective date.

8.09. 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 shall take charge or control of the Trustee, or of its property or affairs, the State covenants and agrees that it will thereupon appoint a successor Trustee. The State shall publish notice of any such appointment made by it in an Authorized Newspaper, such publication to be made within twenty (20) days after such appointment.

(B) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the State written notice, as provided in Section 807 hereof, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(C) Any Trustee appointed under the provisions of this Section 809 hereof in succession to the Trustee shall be a bank or trust company organized under the laws of any state, or a national banking association, doing business and having its principal office in any state, and having a capital and surplus aggregating at least Fifty Million Dollars (\$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 on it by this Resolution.

8.10. 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 State, 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, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the State, or of the successor Trustee, execute, acknowledge and deliver such instruments or conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the Trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the State be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the State. Any such successor Trustee shall promptly notify the Paying Agent of its appointment as Trustee.

8.11. Merger, Conversion or Consolidation. Any company into which the Trustee or any Paying Agent 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 the Trustee or any Paying Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Trustee or Paying Agent without the execution or filing of any paper or the performance of any further act, provided with respect to the Trustee that such company shall be a bank or trust company organized under the laws of any state of the United States or the District of Columbia or a national banking association and shall have an office for the transaction of its business in any of such states or the District of Columbia and shall be authorized by law to perform all the duties imposed upon it by this Resolution.

8.12. Resignation or Removal of the Paying Agents and Appointment of Successors.
(A) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty (60) days' written notice to the State and Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the State. Any successor Paying Agent shall be appointed by the State and (subject to the requirements of Section 803 hereof) shall be a bank and trust company organized under the laws of any state of the United States of America or a national banking association, having a capital and surplus aggregating at least Fifty Million Dollars (\$50,000,000) and willing and able to accept the office of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

(B) The resignation or removal of a Paying Agent shall take effect upon the appointment of a successor Paying Agent if and only if such successor Paying Agent shall have actually assumed the duties of such office. If the requirements of the preceding sentence have not been satisfied by the date established as the effective date of the Paying Agent's resignation or removal, the State and the successor Paying Agent shall take any and all steps lawful and reasonable, to ensure that such requirements have been met within ten (10) business days of such effective date.

(C) 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 to Its successor, or if there be no successor then appointed, to the Trustee until such successor be appointed. In the event that for any reason there shall be a vacancy in the office of Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE IX

COVENANTS OF THE STATES

The State covenants and agrees with the Holders of the Bonds as follows:

9.01. Payment of Bonds. The State shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, but only from the Pledged Receipts and other revenues or receipts, funds or moneys pledged therefor as provided in the Act and this Resolution, at the dates and places and in the manner provided in the Bonds according to the true intent and meaning thereof, and shall duly and punctually satisfy all Sinking Fund Installments, becoming payable with respect to any Series of Bonds.

9.02. Further Assurances. At any and all times the State shall, so far as it may be authorized or permitted 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, assigning, confirming and effecting all and singular the rights, Municipal Obligations Payments and other moneys, securities, funds and property hereby pledged or assigned, or intended so to be, or which the State may hereafter become bound to pledge or assign.

9.03. Power to Issue Bonds and Make Pledges. The State is duly authorized pursuant to law to authorize and issue the Bonds and to adopt this Resolution and to pledge the Municipal Obligations Payments, and other moneys, securities, funds and property purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. The Municipal Obligations Payments and other moneys, securities, funds and property 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 action on the part of the State to that end has been duly and validly taken. The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the State in accordance with their terms and the terms of this Resolution. The State shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Municipal Obligations Payments and other moneys, securities, funds and property pledged under this Resolution and all

the rights of the Bondholders under this Resolution against all claims and demands of all persons whomsoever.

9.04. General. (A) The State shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the State under law and the Resolution in accordance with the terms of such provisions.

(B) Upon the date of issuance of any of the Bonds, all conditions, acts and things required by law and the 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 issue of such Bonds, together with all other indebtedness of the State, shall be within every debt and other limit prescribed by the laws of the State.

9.05. Accounts and Reports. (A) The State shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions relating to all Municipal Obligations Payments, Municipal Obligations, the Fees and Charges, if any, and all funds and accounts established by this Resolution.

(B) The State shall annually, on or before the last day of December in each year, file with the Trustee a copy of an annual report for the preceding Fiscal Year with respect to the Program, accompanied by an Accountant's Certificate, setting forth in complete and reasonable detail: (1) its operations and accomplishments; (2) its receipts and expenditures during such Fiscal Year in accordance with the categories or classifications established by the State for its operating and capital outlay purposes; (3) its assets and liabilities at the end of such Fiscal Year, including a schedule of its Municipal Obligations Payments, Municipal Obligations, Fees and Charges, a list of Municipalities in default status and the status of reserve, special or other funds and the funds and accounts established by this Resolution; and (4) a schedule of its Bonds Outstanding and other obligations outstanding at the end of such Fiscal Year, together with a statement of the amounts paid, redeemed and issued during such Fiscal Year. A copy of each such annual report and Accountant's Certificate shall be mailed promptly thereafter by the State to each Bondholder who shall have filed his name and address with the State for such purpose.

9.06. Personnel and Servicing of the Program. (A) The State shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its Program and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges all persons employed by the State shall be qualified for their respective positions.

(B) The States may pay to the respective State agency, governmental unit or political subdivision of the State from the Administrative Fund such amounts as are necessary to reimburse the respective State agency, governmental unit or political subdivision of the State for the reasonable costs of any services performed for the State.

9.07. Fees and Charges. The State may establish, make, maintain and charge such Fees and Charges, including a Servicing Fee, to each Municipality to which a Loan is made, and may from time to time revise such Fees and Charges whenever it deems such revision necessary.

9.08. Loan Agreement Provisions. No Loan shall be made by the State from the proceeds of the sale of Bonds, and no Bonds shall be issued by the State for the purpose of providing funds with which to make a Loan, unless the Loan Agreement under which such Loan is to be made shall comply with, and no Bonds shall be issued by the State to refund Bonds unless the Loan Agreement under which the Loan was made from the proceeds of such Bonds, shall also comply with, the following terms, conditions, provisions and limitations:

(a) The Municipality which is a party to such Loan Agreement must be a Municipality as defined by the Act and the Loan Agreement must be executed in accordance with existing laws;

(b) The Municipality, prior to or simultaneously with the issuance of Bonds of the State issued to make a Loan to the Municipality, shall issue Municipal Obligations which are valid obligations of the Municipality as required by the Act; and

(c) The Municipality shall be obligated to make the Municipal Obligations Payments as set forth in the Loan Agreement.

9.09. Modification of Loan Agreement Terms. The State shall not consent to the modification of, or modify, the rate or rates of interest of, or the amount or time of payment of any installment of principal or interest of any Municipal Obligations evidencing a Loan, or the security for or any terms or provisions of such Loan or the Municipal Obligations evidencing the same, in a manner which materially adversely affects or diminishes the rights of the Bondholders. The State covenants to give notice to Standard & Poor's Corporation and Moody's Investors Service of any material change in the security for or terms or provisions of any Loan.

9.10. Disposition of the Proceeds of Sale or Redemption of Municipal Obligations. In the event Municipal Obligations or other obligations securing a Loan shall be sold by the State in accordance with terms of the applicable Loan Agreement, or redeemed or defeased by the Municipality, the State shall deposit the proceeds of such sale, defeasance or redemption into the Debt Service Fund and shall apply the same to the payment, defeasance or redemption of a pro-rata portion of the applicable Bonds allocable to the Loans sold or prepaid such that the requirements of Section 912 are met in accordance with the provisions of this Resolution. The balance in such account or accounts of such proceeds of sale or redemption of Municipal Obligations shall be retained in the Redemption Account of the Debt Service Fund.

9.11. Enforcement of Municipal Obligations. The State shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Loan Agreements and the Municipal Obligations evidencing Loans made by the State.

9.12. Pledge of Municipal Obligations Payments. To secure the payment of the principal or Redemption Price of, interest on and Sinking Fund Installment for all Bonds, the State does hereby pledge and assign to the Trustee for the benefit of the Holders of such Bonds, all Municipal Obligations Payments relating to such Municipal Obligations and such other security as may be pledged pursuant to any Series Resolution, subject only to the provisions of this Resolution. To secure the payment of the principal or Redemption Price of, interest on and

Sinking Fund Installment for all Bonds, the State, does hereby pledge and assign to the Trustee for the benefit of the Holders of all Bonds, all Fees and Charges and fines and penalties, if any, including all Servicing Fees. The pledge of such Municipal Obligations Payments for the benefit of the Holders of the Bonds and of such Fees and Charges, if any, for the benefit of the Holders of all Bonds shall be valid and binding from and after the date of adoption of this Resolution and such Municipal Obligations Payments and Fees and Charges and fines and penalties, if any, shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the State, irrespective of whether such parties have notice thereof.

9.13. Federal Tax Covenant. (a) The State shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of Federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

(b) The State shall not permit at any time any of the proceeds of the Bonds or other funds of the State to be used, directly or indirectly, to acquire any asset or obligation the acquisition of which would cause any Note or Bond to be an “arbitrage bond” for the purposes of Section 148 of the Code.

(c) Notwithstanding the foregoing, the State hereby reserves the right to elect to issue Bonds the interest on which is not exempt from Federal income taxation, if such election is made prior to the issuance of such Bonds, and the covenants contained in this Section shall not apply to such Bonds.

9.14. State Tax Covenant. The State hereby covenants with the purchasers and all subsequent Holders and transferees of any Bonds, in consideration of the acceptance and payment for the Bonds, that the Bonds shall be at all times free from taxes levied by any municipality or political subdivision or special district having taxing powers of the State and the principal of and interest on any Bonds issued under the Act, their transfer and the income therefrom, including revenues deemed from the sale thereof, shall at all times be free from taxation of every kind by the State or under its authority except for estate or succession taxes.

9.15. Agreement of the State. The State does hereby pledge to and agree with the Bondholders that the State will not limit or alter the rights vested by the Act in the State to fulfill the terms of any agreements made with Bondholders or in any way impair the rights and remedies of the Bondholders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholders, are fully met and discharged, provided nothing herein contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the Bondholders.

9.16. Clean Water Fund Revenue Bond Program. In order to provide sufficient moneys with which to pay the Principal Installments and the principal and interest when due and payable on its Bonds, the State shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act and the Federal Water Quality Act

of 1987 as then amended and as interpreted in regulations adopted by the United States Environmental Protection Agency and the State Department of Environmental Protection and in effect and with the provisions of the Resolution, use and apply the proceeds of the Bonds for the Program of the State, to finance Loans pursuant to such Act as so amended and the Resolution, to make provisions for the payment of sufficient principal and interest on investments held in its funds and accounts established within this Resolution to generate income which when combined with moneys received with respect to the Municipal Obligations shall at least equal the principal and interest on the Bonds of the State and shall do all such acts and things necessary to invest the moneys in the Debt Service Reserve Fund consistent with this Section and receive and collect the Municipal Payment Obligations and the interest on all funds and accounts established within this Resolution and shall diligently enforce, and take all steps, actions and proceedings for the enforcement of all terms, covenants and conditions of the Loans for the enforcement of all terms, covenants and conditions of the Loans.

9.17. Deposit of Municipal Obligations Payments. The State shall promptly transfer to the Trustee for deposit in the Revenue Fund hereunder or pursuant to any Series Resolution, any Municipal Obligations Payments received by it pursuant to Municipal Obligations which are to be deposited in such fund pursuant to any Series Resolution.

9.18. Additional Obligations. The State reserves the right to issue bonds notes or any other obligations, other than Bonds and Notes, under another and separate resolution so long as the same are not entitled to a charge or lien or right, prior or equal to, the charge or lien created by, or prior or equal to the rights of the State and Holders of the Bonds provided by, this Resolution, or with respect to the Pledged Receipts under this Resolution.

ARTICLE X

SERIES RESOLUTIONS AND SUPPLEMENTAL RESOLUTIONS

10.01. Modification and Amendment Without Consent. Notwithstanding any other provisions of this Article X, or Article XI, the State may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

(1) To provide for the issuance of a Series of Bonds pursuant to the provisions of this Resolution and to specify and determine such matters and things referred to in Article II of this Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(2) To add additional covenants and agreements of the State for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the State contained in this Resolution;

(3) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the State which are not contrary to or inconsistent with the limitation and restrictions thereon theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the State by the terms of this Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the State contained in this Resolution;

(5) To confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of this Resolution of the Municipal Obligations and Pledged Receipts or of any other moneys, securities or funds;

(6) To permit the issuance of Bonds in bearer form if authorized by Section 301 hereof, including such provisions relating to payment, notices, selection of Bonds for redemption, and similar matters relating to bearer bonds in general;

(7) To establish such additional funds and/or accounts as are deemed necessary and proper to further the purposes of the Program;

(8) To modify any of the provisions of this Resolution or any previously adopted Series Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Series Resolution or Supplemental Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent resolutions; or

(9) To cure any ambiguity or defect or inconsistent provision in this Resolution or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Resolution as theretofore in effect.

10.02. Supplemental Resolutions Effective With Consent of Bondholders. The provisions of this Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of Bondholders in accordance with and subject to the provisions of Article XI hereof, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer.

10.03. General Provisions Relating to Series Resolutions and Supplemental Resolutions. This Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of this Article X and Article XI. Nothing contained in this Article X or Article XI shall affect or limit the rights or obligations of the State to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 904 hereof or the right or obligation of the State to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in this Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by the State when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution and is valid and binding upon the State and enforceable in accordance with its terms.

The Trustee is hereby authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions of this Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on Counsel's Opinion that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of this Resolution.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent may be adopted by the State without the written consent of the Trustee or Paying Agent affected thereby.

ARTICLE XI

AMENDMENTS

11.01. Powers of Amendment. (A) Any modification or amendment of this Resolution and of the rights and obligations of the State and of the Holders of the Bonds and any coupons hereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in Section 1102 hereof of:

(1) the Holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, or

(2) in case less than all of the several Series of Bonds then Outstanding are affected by the modification of amendment, the Holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given;

provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the Holders 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.

(B) 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 Sinking Fund Installment therefor, or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

(C) For the purpose of this Section, a Series shall be deemed to be affected by a modification or amendment of this Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular Series or maturity would be affected by any modification or amendment of this Resolution and any such determination shall be binding and conclusive on the State and all Holders of Bonds. The Trustee may receive an opinion of counsel, including a Counsel's Opinion, as conclusive evidence as to whether Bonds of any particular Series or maturity would be so affected by any such modification or amendment of this Resolution.

(D) Notwithstanding any provision of this Resolution to the contrary, upon the issuance of a Credit Facility to secure the Bonds and for the period in which such Credit Facility is outstanding, the issuer of such Credit Facility, for the purposes of Article XI, shall have the consent rights of the Holders of the Bonds Outstanding which are secured by such Credit Facility pertaining to the amendments or modification of this Resolution as are provided in the applicable Series Resolution.

11.02. Consent of Bondholders. (A) The State may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1101 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their irrevocable consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the State to the Bondholders and be published at least once a week for two (2) successive weeks (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided).

(B) Such Supplemental Resolution shall not be effective unless and until:

(1) there shall have been filed with the Trustee

(a) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1101 and

(b) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the State in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution, and is valid and binding upon the State and enforceable in accordance with its terms, and

(2) a notice shall have been published as hereinafter in this Section 1102 provided.

(C) Each 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, which proof shall be such as is permitted by Section 1301 hereof. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient

in accordance with Section 1301 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 1301 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof). At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the State and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed.

(D) At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the State on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 1102, shall be given to Bondholders by the State by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 1102 provided) and by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed. The State shall file with the Trustee proof of the publication of such notice, and, if the same shall have been mailed to Bondholders, of the mailing thereof. A transcript, consisting of the papers required or permitted by this Section 1102 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the State, the Trustee, each Paying Agent and the Holders of all Bonds and coupons at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the State, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

11.03. Modifications by Unanimous Consent. The terms and provisions of this Resolution and the rights and obligations of the State and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the State of a copy of a Supplemental Resolution certified by an Authorized Officer and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 1102 hereof, except that no notice to Bondholders either by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee or Paying Agents without the filing with the Trustee of his written assent thereto in addition to the consent of Bondholders.

11.04. Mailing and Publication. (1) Any provision in this Article for the mailing of a notice or other document to Bondholders shall be fully complied with if it is mailed postage

prepaid (i) to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the State, and (ii) to the Trustee.

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

11.05. Exclusion of Bonds. Bonds owned or held by or for the account of the State shall not be deemed Outstanding for the purpose of consent or other action and the State shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Resolution. At the time of any consent or other action taken under this Resolution, the State shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

11.06. Notation on Bonds. Bonds delivered after the effective date of any action taken as in Article X or this Article XI provided shall, bear a notation by endorsement or otherwise in form approved by the State and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and upon presentation of his Bond for such purpose at the corporate trust office of the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the State or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the State to conform to such action shall be prepared and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

ARTICLE XII

DEFAULTS AND REMEDIES

12.01. Events Default. Each of the following events is hereby declared and shall constitute an “Event of Default”; if

(a) the State shall default in the payment of the principal or Redemption Price or Sinking Fund Installment for, any Bond then and as the same shall become due whether at maturity or upon call for redemption; or

(b) the State shall default in the payment of any installment of interest on any Bonds; or

(c) the State shall fail or refuse to comply with the provisions of the Act or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in this Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the Holders of not less than twenty-five percent (25%) in principal amount of Bonds Outstanding;

12.02. Remedies. (A) Upon the happening and continuance of any event of default specified in paragraph (a) or (b) of Section 1201, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraph (c) of Section 1201 hereof, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the State to receive and collect Municipal Obligations Payments adequate to carry out the covenants and agreements as to, and pledge of, such Municipal Obligations Payments, and other properties and to require the State to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, require the State to account as if it were the trustee of any express trust for the Holders of the Bonds; or

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds.

(B) In the enforcement of any remedy under this Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the State for principal, Redemption Price, interest or otherwise, under any provision of this Resolution or a Series Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the State for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

12.03. Priority of Payments After Default. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee acting pursuant to the Act and this Article XII, after making provisions for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Resolution, shall be applied as follows:

- (a) Unless the principal of all of 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 in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

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

- (b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

The provisions of this Section 1204 are in all respects subject to the provisions of Section 803 hereof.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the State, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee

shall not be required to make payment to the Holder of any unpaid coupon or any Bond unless such coupon or such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

12.04. Termination of Proceeding. In case any proceeding taken by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason, then in every such case the State, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

12.05. Bondholders' Direction of Proceedings. Anything in this Resolution to the contrary notwithstanding, the Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

12.06. Limitation on Rights of Bondholders. No Holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Resolution or any right under law unless such Holder shall have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Resolution or for any other remedy hereunder or under law. It is understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder or under law with respect to the Bonds or this Resolution, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders of the Outstanding Bonds and coupons. Notwithstanding the foregoing provisions of this Section or any other provisions of this Article XII, the obligation of the State shall be absolute and unconditional to pay the principal or Redemption Price of and interest on the Bonds to the respective Holders thereof at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Holders to enforce such payment.

Anything to the contrary notwithstanding contained in this Section 1206, or any other provision of this Resolution, each. Holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit or the enforcement of any right or remedy under this Resolution or any Series Resolution, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five per centum (25%) in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

12.07. Possession of Bonds by Trustee Not Required. All rights of action under the Resolution or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Bonds, subject to the provisions of this Resolution.

12.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

12.09. No Waiver of Default. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence herein; and every power and remedy given by this Resolution to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

12.10. Notice of Event of Default. The Trustee shall give to the Bondholders notice of each event of default hereunder known to the Trustee within ninety (90) days after knowledge of the occurrence thereof, unless such event of default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the Debt Service Reserve Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of event of default shall be given by the Trustee by mailing written notice thereof: (1) to all registered Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds as kept by the Trustee; (2) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (3) to such other persons as is required by law.

12.11. Credit Facility Provider Direction of Proceedings. Anything in this Resolution to the contrary notwithstanding, the provider of a Credit Facility with respect to a certain principal amount of the Bonds then Outstanding shall have the rights of the Holders of Bonds Outstanding which it secures pursuant to any Series Resolution to direct the method of conducting all remedial proceedings to be taken by the Trustee on behalf of such Holders of Bonds Outstanding; provided that such direction shall not be otherwise than in accordance with law or provisions of this Resolution and any Series Resolution and further provided that such direction in the opinion of the Trustee does not be unjustly prejudicial to other Bondholders not parties to such direction.

ARTICLE XIII

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOFS OF OWNERSHIP OF BONDS

13.01. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Resolution to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Bondholders in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Bonds shall be sufficient for any purpose of this Resolution (except as otherwise herein provided), if made in the following manner:

The fact and date of the execution by any Bondholder or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by delivery of a certificate, which need not be acknowledged or verified, of an officer of any bank, trust company, or other depository, or of any notary public, or other officer authorized to take acknowledgments. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may seem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done or suffered to be done by the State, the Trustee or any Paying Agent in pursuance of such request or consent.

ARTICLE XIV

DEFEASANCE

14.01. Defeasance. (A) If the State shall pay or cause to be paid to the Holders of all Bonds then Outstanding, the principal or Redemption Price, if any, and interest to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the

option of the State, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the State to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the State, execute and deliver to the State all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the State all money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(B) Bonds or interest installments for the payment or redemption of which moneys or securities shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the State of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with effect expressed in subsection A of this Section. All Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection A of this Section if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the State shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on said date as provided in Article VI of the Resolution of such Bonds, (2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Obligations, 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 the redemption date or maturity date thereof, as the case may be, and (3) In the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the State shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in Authorized Newspapers a notice to the Holders of such Bonds that the deposit required by (2) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Neither Investment Obligations or moneys deposited with the Trustee pursuant to this Section or principal or interest payments on any such Investment Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Investment Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the State, as received by the Trustee, free and clear of any trust, lien or pledge. For the purposes of this Section, Investment Obligations shall mean and include only such obligations as are described in clause (i) of the definition of "Investment Obligations" in Section 101 hereof.

(C) Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds or coupons 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 became due and payable, shall, at the written request of the State, be repaid by the Fiduciary to the State, 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 State for the payment of such Bonds; provided, however, that before being required to make any such payment to the State, the Fiduciary shall, at the expense of the State, cause to be published at least twice, at an interval of not less than seven days between publications, in Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the State.

ARTICLE XV

MISCELLANEOUS

15.01. Preservation and Inspection of Document. All documents received by the Trustee or any Paying Agent under the provisions of this Resolution or any Series Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the State, the Trustee or any Paying Agent and, or after written request received by the Trustee at least five business days prior to the date of inspection, by any Holder of five percent (5%) in principal amount of the Series of Outstanding Bonds to which such Loans relate and their agents and representatives, any of whom may make copies thereof.

15.02. Parties of Interest. Nothing in this Resolution or in any Series Resolution adopted pursuant to the provisions hereof, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the State, Trustee, Paying Agents, the Holders of the Bonds and any provider of a Credit Facility (provided that the participation of such provider of a Credit Facility was contemplated in a Series Resolution) any rights, remedies or claims under or by reason of this Resolution or any Series Resolution or any covenants, condition or stipulation thereof; and all covenants, stipulations, promises and agreements in this Resolution and any Series Resolution contained by or on behalf of the State shall be for the sole and exclusive benefit of the State, Trustee and Paying Agents and the Holders from time to time of the Bonds.

15.03. No Recourse Under Resolution or on Bonds. All covenants, stipulations, promises, agreements and obligations of the State contained in this Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the State and not of any member, officer or employee of the State in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this Resolution against any member, officer or employee of the State or any natural person executing the Bonds.

15.04. Severability. If any one or more of the covenants, stipulations, promises, agreements or obligations provided in this Resolution on the part of the State, Trustee or any

Paying Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, stipulation or stipulations, promise or promises, agreement or agreements, obligation or obligations shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Resolution.

15.05. Heading. Any headings preceding the texts of the several Article 5 and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

15.06. Conflict. All resolutions or part of resolutions or other proceedings of the State in conflict herewith be and the same are repealed insofar as such conflict exists.

15.07. Effective Date. This Resolution shall take effect immediately upon its adoption.

STATE OF CONNECTICUT

FIRST
SUPPLEMENTAL RESOLUTION
AMENDING THE
CLEAN WATER FUND REVENUE BOND PROGRAM
GENERAL BOND RESOLUTIONS
ADOPTED DECEMBER 7, 1990

Adopted December 11, 1992

**FIRST SUPPLEMENTAL RESOLUTION AMENDING THE
CLEAN WATER FUND REVENUE BOND PROGRAM GENERAL
BOND RESOLUTIONS ADOPTED DECEMBER 7, 1990**

WHEREAS, on December 7, 1990, the Members of the State Bond Commission of the State of Connecticut (the "State") adopted the Clean Water Fund Revenue Bond Program General Bond Resolution (the "Resolution") to provide for the issuance of bonds by the State to be issued under, and secured by, the provisions of the Resolution; and

WHEREAS, the State has issued to date \$205,000,000 of its Clean Water Revenue Bonds under the provisions of the Resolution and expects to issue additional bonds thereunder in the future; and

WHEREAS, the State has determined that it is necessary to amend certain provisions of the Resolution as hereinbelow set forth; and

WHEREAS, Section 1001 of the Resolution provides that the State may adopt at any time or from time to time a resolution amending the Resolution in order to cure any ambiguity or defect or inconsistent provision of the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect;

NOW, THEREFORE, BE IT RESOLVED by the Members of the State Bond Commission of the State of Connecticut as follows:

1. The preamble to this resolution is incorporated herein as findings.
2. All terms used in capitalized form and not defined herein shall have the meaning ascribed to such terms in the Resolution.
3. Section 908 of the Resolution is hereby amended to read as follows:

"908. Loan Agreement Provisions. No Loan shall be made by the State from the proceed of the sale of Bonds, and no Bonds shall be issued by the State for the purpose of providing funds with which to make a Loan, unless the Loan Agreement under which such Loan is to be made shall comply with, and no Bonds shall be issued by the State to refund Bonds unless the Loan Agreement under which the Loan was made from the proceeds of such Bonds, shall also comply with, the following terms, conditions, provisions and limitations:

- (a) The Municipality which is a party to such Loan Agreement must be a Municipality as defined by the Act and the Loan Agreement must be executed in accordance with existing laws;

(b) The Municipality, prior to or simultaneously with the initial disbursement by the State of any moneys with respect to a Loan to the Municipality, shall issue Municipal Obligations which are valid obligations of the Municipality as required by the Act; and

(c) The Municipality shall be obligated to make the Municipal Obligations Payments as set forth in the Loan Agreement.”

4. The Resolution, as amended hereby, is hereby confirmed and ratified in all respects.
5. This resolution shall become effective upon filing with the Trustee a copy hereof certified by an Authorized Officer.

STATE OF CONNECTICUT

SECOND
SUPPLEMENTAL RESOLUTION
AMENDING THE
CLEAN WATER FUND REVENUE BOND PROGRAM
GENERAL BOND RESOLUTIONS
ADOPTED DECEMBER 7, 1990

Adopted February 23, 1996

**SECOND SUPPLEMENTAL RESOLUTION AMENDING THE
CLEAN WATER FUND REVENUE BOND PROGRAM GENERAL
BOND RESOLUTIONS ADOPTED DECEMBER 7, 1990**

WHEREAS, on December 7, 1990, the Members of the State Bond Commission of the State of Connecticut (the "State") adopted the Clean Water Fund Revenue Bond Program General Bond Resolution (the "Resolution") to provide for the issuance of bonds by the State to be issued under, and secured by, the provisions of the Resolution; and

WHEREAS, the State has issued to date \$330,000,000 of its Clean Water Revenue Bonds under the provisions of the Resolution and expects to issue additional bonds thereunder in the future; and

WHEREAS, on December 11, 1992, the Members of the State Bond Commission of the State adopted a First Supplemental Resolution amending certain provisions of the Resolution; and

WHEREAS, the State has determined that it is necessary to amend certain additional provisions of the Resolution as hereinbelow set forth; and

WHEREAS, Section 1001 of the Resolution provides that under certain circumstances, including, but not limited to, clauses (2) and (7) thereof, the State may adopt at any time or from time to time resolutions amending the Resolution without the consent of the holders of the bonds issued under the Resolution;

NOW, THEREFORE, BE IT RESOLVED by the Members of the State Bond Commission of the State of Connecticut as follows:

1. The preamble to this resolution is incorporated herein as findings.
2. All terms used in capitalized form and not defined herein shall have the meaning ascribed to such terms in the Resolution.
3. A definition of "Debt Service Fund Earnings Account" is added in Section 101 of the Resolution after the definition of "Debt Service Fund" therein to read as follows:

"Debt Service Fund Earnings Account" shall mean the Debt Service Fund Earnings Account established by the State in accordance with Section 502 hereof."

4. The definition of "Earnings Account" in Section 101 of the Resolution is amended to read as follows:

"Earnings Account" shall mean any Earnings Account established by the State in accordance with Section 502 hereof other than the Debt Service Fund Earnings Account."

5. Sections 502(A) (3) and 505(1) of the Resolution are hereby amended by creating an additional account under the Debt Service Fund designated as the “Debt Service Fund Earnings Account.”

6. Section 503(2) (b) of the Resolution is hereby amended to read as follows:

“(b) Any amounts received by the Trustee as Earnings on moneys held in all funds and accounts held under this Resolution (other than in the Federal Letter of Credit Account and the Undesignated Account within the Debt Service Reserve Fund) which shall be deposited in the Earnings Account of the Revenue Fund.”

7. Section 505(2) of the Resolution is hereby amended by adding a new clause (j) to read as follows:

“(j) All amounts required to be transferred to the Debt Service Fund Earnings Account pursuant to Section 506(6) hereof, which shall be deposited in the Debt Service Fund Earnings Account.”

8. Sections 505(4) and (5) of the Resolution are hereby amended to read as follows:

“(4) The Trustee shall, subject to subsection (11) below, pay out of the Interest Account of the Debt Service Fund to the Paying Agents for any of such Bonds, (i) on each Interest Payment Date, the amount required for the payment of interest on such Bonds due on such Interest Payment Date and (ii) on any redemption date, the amount required for the payment of accrued interest on such Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Paying Agents to such payment.

(5) The Trustee shall, subject to subsection (11) below, pay out of the Principal Account of the Debt Service Fund to the Paying Agents on each principal payment date or sinking fund redemption date, as applicable (as set forth in a Series Resolution) for any of such Bonds, the amounts required for the payment of such principal on such date or such sinking fund redemption price on such date, as applicable, and such amounts shall be applied by the Paying Agents to such payments.”

9. Section 505 (10) of the Resolution is hereby amended to read as follows:

“(10) Promptly upon receipt thereof by the Trustee, any interest earned or gains realized by the investments of moneys held in the Debt Service Fund for the preceding calendar month shall be transferred into the Earnings Account within the Revenue Fund;

provided, however, that any such interest earned or gains realized by the investments of moneys held in the Debt Service Fund Earnings Account shall be retained in said account.”

10. Section 505 of the Resolution is hereby further amended by adding new subsections (11) and (12) to read as follows:

“(11) Notwithstanding the foregoing provisions of this Section 505, prior to the application of any moneys in the Interest Account or the Principal Account of the Debt Service Fund as provided in subsections (4) or (5) above, the Trustee shall, subject to subsection (12) below, on each Interest Payment Date, principal payment date or sinking fund redemption date, apply the amounts on deposit in the Debt Service Fund Earnings Account first, to the payment of any interest due on the Bonds on such date and thereafter, to the extent of any amounts remaining on deposit therein after such application, to the payment of any principal or sinking fund redemption price due on the Bonds on such date.

(12) At the end of each Fiscal Year the State shall determine the amount of the Earnings that were deposited in the Debt Service Fund Earnings Account required to be rebated to the United States for such Fiscal Year and shall direct the Trustee in a certificate of an Authorized Officer to deposit such amounts to the Rebate Fund.”

11. Section 506 (6) of the Resolution is hereby amended to read as follows:

“(6) Promptly upon receipt thereof by the Trustee, (i) any interest earned or gains realized by investments of moneys held in the Federal Letter of Credit Account and the Undesignated Account within the Debt Service Reserve Fund for the preceding calendar month shall be transferred into the Debt Service Fund Earnings Account and (ii) any interest earned or gains realized by investments of moneys held in the G.O. Account within the Debt Service Reserve Fund for the preceding calendar month shall be transferred into the Earnings Account within the Revenue Fund.”

12. The Resolution, as previously amended and so amended hereby, is hereby confirmed and ratified in all respects .
13. This resolution shall become effective upon filing with the Trustee a copy hereof certified by an Authorized Officer.

**SECOND SUPPLEMENTAL RESOLUTION AMENDING THE
CLEAN WATER FUND REVENUE BOND PROGRAM GENERAL
BOND RESOLUTIONS ADOPTED DECEMBER 7, 1990**

WHEREAS, on December 7, 1990, the Members of the State Bond Commission of the State of Connecticut (the "State") adopted the Clean Water Fund Revenue Bond Program General Bond Resolution (the "Resolution") to provide for the issuance of bonds by the State to be issued under, and secured by, the provisions of the Resolution; and

WHEREAS, the State has issued to date \$330,000,000 of its Clean Water Revenue Bonds under the provisions of the Resolution and expects to issue additional bonds thereunder in the future; and

WHEREAS, on December 11, 1992, the Members of the State Bond Commission of the State adopted a First Supplemental Resolution amending certain provisions of the Resolution; and

WHEREAS, the State has determined that it is necessary to amend certain additional provisions of the Resolution as hereinbelow set forth; and

WHEREAS, Section 1001 of the Resolution provides that under certain circumstances, including, but not limited to, clauses (2) and (7) thereof, the State may adopt at any time or from time to time resolutions amending the Resolution without the consent of the holders of the bonds issued under the Resolution;

NOW, THEREFORE, BE IT RESOLVED by the Members of the State Bond Commission of the State of Connecticut as follows:

1. The preamble to this resolution is incorporated herein as findings.
2. All terms used in capitalized form and not defined herein shall have the meaning ascribed to such terms in the Resolution.
3. A definition of "Debt Service Fund Earnings Account" is added in Section 101 of the Resolution after the definition of "Debt Service Fund" therein to read as follows:

"Debt Service Fund Earnings Account" shall mean the Debt Service Fund Earnings Account established by the State in accordance with Section 502 hereof."

4. The definition of "Earnings Account" in Section 101 of the Resolution is amended to read as follows:

"Earnings Account" shall mean any Earnings Account established by the State in accordance with Section 502 hereof other than the Debt Service Fund Earnings Account."

5. Sections 502(A) (3) and 505(1) of the Resolution are hereby amended by creating an additional account under the Debt Service Fund designated as the “Debt Service Fund Earnings Account”.

6. Section 503(2) (b) of the Resolution is hereby amended to read as follows:

“(b) Any amounts received by the Trustee as Earnings on moneys held in all funds and accounts held under this Resolution (other than in the Federal Letter of Credit Account and the Undesignated Account within the Debt Service Reserve Fund) which shall be deposited in the Earnings Account of the Revenue Fund.”

7. Section 505(2) of the Resolution is hereby amended by adding a new clause (j) to read as follows:

“(j) All amounts required to be transferred to the Debt Service Fund Earnings Account pursuant to Section 506(6) hereof, which shall be deposited in the Debt Service Fund Earnings Account.”

8. Sections 505(4) and (5) of the Resolution are hereby amended to read as follows:

“(4) The Trustee shall, subject to subsection (11) below, pay out of the Interest Account of the Debt Service Fund to the Paying Agents for any of such Bonds, (i) on each Interest Payment Date, the amount required for the payment of interest on such Bonds due on such Interest Payment Date and (ii) on any redemption date, the amount required for the payment of accrued interest on such Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Paying Agents to such payment.

(5) The Trustee shall, subject to subsection (11) below, pay out of the Principal Account of the Debt Service Fund to the Paying Agents on each principal payment date or sinking fund redemption date, as applicable (as set forth in a Series Resolution) for any of such Bonds, the amounts required for the payment of such principal on such date or such sinking fund redemption price on such date, as applicable, and such amounts shall be applied by the Paying Agents to such payments.”

9. Section 505 (10) of the Resolution is hereby amended to read as follows:

“(10) Promptly upon receipt thereof by the Trustee, any interest earned or gains realized by the investments of moneys held in the Debt Service Fund for the preceding calendar month shall be

transferred into the Earnings Account within the Revenue Fund; provided, however, that any such interest earned or gains realized by the investments of moneys held in the Debt Service Fund Earnings Account shall be retained in said account.”

10. Section 505 of the Resolution is hereby further amended by adding new subsections (11) and (12) to read as follows:

“(11) Notwithstanding the foregoing provisions of this Section 505, prior to the application of any moneys in the Interest Account or the Principal Account of the Debt Service Fund as provided in subsections (4) or (5) above, the Trustee shall, subject to subsection (12) below, on each Interest Payment Date, principal payment date or sinking fund redemption date, apply the amounts on deposit in the Debt Service Fund Earnings Account first, to the payment of any interest due on the Bonds on such date and thereafter, to the extent of any amounts remaining on deposit therein after such application, to the payment of any principal or sinking fund redemption price due on the Bonds on such date.

(12) At the end of each Fiscal Year the State shall determine the amount of the Earnings that were deposited in the Debt Service Fund Earnings Account required to be rebated to the United States for such Fiscal Year and shall direct the Trustee in a certificate of an Authorized Officer to deposit such amounts to the Rebate Fund.”

11. Section 506 (6) of the Resolution is hereby amended to read as follows:

“(6) Promptly upon receipt thereof by the Trustee, (i) any interest earned or gains realized by investments of moneys held in the Federal Letter of Credit Account and the Undesignated Account within the Debt Service Reserve Fund for the preceding calendar month shall be transferred into the Debt Service Fund Earnings Account and (ii) any interest earned or gains realized by investments of moneys held in the G.O. Account within the Debt Service Reserve Fund for the preceding calendar month shall be transferred into the Earnings Account within the Revenue Fund.”

12. The Resolution, as previously amended and so amended hereby, is hereby confirmed and ratified in all respects.
13. This resolution shall become effective upon filing with the Trustee a copy hereof certified by an Authorized Officer.