

SUMMARY OF THE BOND RESOLUTION

The following is a summary of certain provisions of the Bond Resolution. This summary should not be regarded as a full statement of the document itself or of the portions summarized. For complete statements of the provisions thereof, reference is made to the Bond Resolution in its entirety, a copy of which will be available from the Issuer upon request.

DEFINITIONS OF CERTAIN TERMS

As used herein, unless the context otherwise requires:

“Account” means an account in a Fund created by the Bond Resolution.

“Act” means Chapter 2004-464, Laws of Florida, amending and restating in its entirety Chapter 2001-319, Laws of Florida, as amended.

“Airfield” means those portions of the Airport provided for landing, taking off and taxiing of aircraft and aircraft parking and maneuvering areas adjacent to the terminal.

“Airport” means the Jacksonville International Airport owned and operated by the Issuer.

“Airport Consultant” means any recognized airport consultant or firm of airport consultants having a national repute for skill and experience in the field of planning the development, operation and management of airports and aviation facilities similar to the Airport and retained by the Issuer from time to time, to perform and carry out the duties imposed on said Airport Consultant by the Bond Resolution.

“Airport Operations” means the activities conducted by the Issuer relating to the planning, ownership, use, operation and maintenance of the Airport System.

“Airport System” means all real property and easements, improvements thereto, structures, buildings, fixtures, machinery, equipment, vehicles, supplies and other tangible personal property, or interest in any of the foregoing now owned by the Issuer or hereafter acquired by the Issuer, less any thereof which may be consumed, sold or otherwise disposed of as permitted hereby, which are located on any airport owned or operated by the Issuer.

“Amortization Installment” means the money required to be deposited in the Debt Service Fund in a given Bond Year for the payment at maturity or redemption of a portion of a series of Term Bonds during such Bond Year, as established by resolution of the Issuer at or before the delivery of that series of Term Bonds.

“Annual Budget” means the budget, as amended and supplemented from time to time, prepared by the Issuer for each Fiscal Year in accordance with the Bond Resolution and the laws of the State of Florida.

“Assumed Amortization Period” means, with respect to any Series of Bonds the principal and interest requirements of which are to be recast as provided in clause (v) of the definition of “Bond Service Requirement” herein contained, the period of time determined at the election of the Finance Director of the Issuer, pursuant to either paragraph (a) or paragraph (b), below:

(a) Five (5) years; or

(b) The period of time, exceeding five (5) years, set forth in an opinion delivered to the Issuer, of an investment banker, selected by the Issuer and experienced in underwriting indebtedness of the type being recast, as being not longer than the maximum period of time over which indebtedness having comparable terms and security issued or incurred by similar issuers of comparable credit standing would, if then being offered, be marketable on reasonable and customary terms.

“Assumed Interest Rate” means, with respect to any Series of Bonds the principal and interest requirements of which are to be recast as provided in clause (v) of the definition of “Bond Service Requirement” herein contained, the rate per annum (determined as of the last day of the calendar month next preceding the month in which the determination of Assumed Interest Rate is being made) set forth in an opinion delivered to the Issuer of an investment banker, selected by the Issuer and experienced in underwriting indebtedness of the type being recast, as being not lower than the lowest rate of interest at which indebtedness having comparable terms, security and federal tax status amortized on a level debt service basis over a period of time equal to the Assumed Amortization Period, and issued or incurred by similar issuers of comparable credit standing would, if being offered as of such last day of the calendar month, be marketable on reasonable and customary terms; provided that such rate shall not be less than the rate specified in the Twenty Bond Index, published in *The Bond Buyer*, or successor index, as in effect on the date of such opinion or greater than the highest rate permitted by law at which Bonds could be sold on a given date.

“Authenticating Agent” means, when used with respect to any Series of Bonds, the Registrar for such Series and any bank, trust company or other person designated as an Authenticating Agent for such Series by or in accordance with the Bond Resolution, each of which (other than the Issuer or an official or employee of the Issuer) shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934, as amended.

“Authorized Depository” means any bank, trust company, national banking association, savings and loan association, savings bank or other banking association selected by the Issuer as a depository, which is authorized under Florida law to be a depository of municipal funds and which has complied with all applicable state and federal requirements concerning the receipt of funds of the Issuer, including but not limited to Chapter 280, Florida Statutes.

“Authorizing Resolution” means the resolution duly adopted by the Board on July 30, 1987, initially authorizing the issuance of up to \$125,000,000 in principal amount of Bonds to finance the Series 1988 Project.

“Available PFC Revenues” means PFC Revenues received by the Issuer in an amount for each relevant period not to exceed 1.25 times the Bond Service Charges accruing during such period with respect to that portion of the Bonds issued to finance PFC Projects, as allocated by a certificate of an authorized officer of the Issuer.

“Award Resolution” means, when used with reference to any series of Bonds, the resolution of the Board supplemental to the Authorizing Resolution and the Details Resolution approving a Purchase Contract for the sale of such Series to the Original Purchaser of such Series and establishing certain terms of such Series of Bonds.

“Board” means when used with reference to the Issuer, the Governing Body.

“Bond Counsel” means counsel nationally recognized as being experienced in matters relating to the validity of, and the tax exemption applicable to interest on, Obligations of states and their political subdivisions.

“Bond Resolution” or **“Bond Legislation”** means the Authorizing Resolution as supplemented and amended by the Details Resolution and all resolutions amendatory or supplemental to either of said resolutions adopted by the Board from time to time.

“Bond Proceeds Fund” means the Fund by that name created by the Bond Resolution.

“Bond Service Charges” means at any time or for any period of time, the principal of (and appreciated principal amount of Capital Appreciation Bonds, if applicable) and interest and any premium due on the Bonds or Series of Bonds specified, and payments expected to be made or expected to be received by the Issuer under a Qualified Derivative Agreement (other than Swap Charges), for the period specified or payable at that time specified, as the case may be.

“Bond Service Requirement” for a particular Series of Bonds means for a given Bond Year the sum of:

(a) *Interest.* The amount required to pay the interest coming due and payable on Outstanding Bonds of such Series during that Bond Year, except to the extent that such interest is to be paid with Capitalized Interest;

(b) *Principal.* The amount required to pay the principal (and appreciated principal amounts) of Outstanding Serial Bonds of such Series and the principal (and appreciated principal amounts) of Outstanding Term Bonds of such Series maturing in that Bond Year that are not included in the Amortization Installments for such Term Bonds;

(c) *Amortization Installments.* The Amortization Installments for Outstanding Term Bonds of such Series for that Bond Year; and

(d) *Premium.* The premium, if any, payable on Outstanding Bonds of such Series required to be redeemed in that Bond Year;

provided, however, for purposes of determining whether the rate covenant and coverage test is met and, for purposes of determining whether the conditions to the issuance of a series of Parity Bonds are met:

(1) *Crossover Refunded Bonds* -- if any Outstanding Bonds have been refunded by any crossover refunding bonds issued under the Bond Resolution, then any principal of and premium on such crossover refunded bonds to be paid from any crossover escrow account shall be excluded (provided that such crossover refunding has theretofore been approved in writing by each insurer of any then Outstanding Bonds issued under the Bond Resolution, which consent shall not unreasonably be withheld);

(2) *Crossover Refunding Bonds* -- if any Outstanding Bonds are crossover refunding bonds issued to refund any Bonds issued under the Bond Resolution, then any interest paid or to be paid on such crossover refunding bonds from any crossover escrow account shall be excluded (provided that such crossover refunding has theretofore been approved in writing by each insurer of any then Outstanding Bonds issued under the Bond Resolution, which consent shall not unreasonably be withheld);

(3) *Variable Rate Bonds and Variable Rate Hedge Agreements* -- if any Bonds have a Variable Rate and no Hedge Agreement is associated with such Bond, or if any Bonds have a Fixed Rate and a Hedge Agreement associated with such Fixed Rate Bond provides for payment by the Issuer, other than Swap Charges, based on a variable rate or formula, the interest thereon shall be calculated in the manner provided in the definition of "Variable Rate" set forth herein;

(4) *Payment Obligations* -- at the time any Bonds are issued for which credit enhancement or liquidity facilities are provided, the potential increase in the Issuer's liability for Payment Obligations which may arise out of advances which may be made in the future to or for the benefit of the Issuer by any third party under any letter of credit, standby purchase agreement or other contractual arrangement for credit enhancement or liquidity shall not be taken into account for purposes of calculating the Bond Service Requirement of the rate covenant and coverage test and Parity Bonds test, but the Issuer's actual liability to make payments on Payment Obligations incurred with respect to a Series of Bonds shall be taken into account in calculating the Bond Service Requirement on such Series; and

(5) *Balloon Payments* -- if any Series of Bonds has a final maturity of two (2) years or longer and the principal amount due on final maturity (net of any principal amounts payable prior to final maturity by way of Amortization Installments) exceeds an amount equal to two hundred percent (200%) of the principal that would have been due at final maturity if the principal and interest on such Series of Bonds had been amortized over the stated maximum term of such Series on a level debt service basis, then, if the Governing Body of the Issuer, by resolution, has expressed an intention of refunding the same at maturity in whole or in part, in lieu of paying the same at maturity, then for purposes of calculating the Bond Service Requirement and Maximum Bond Service Requirement for purposes of the rate covenant and coverage test and the Parity Bonds test, (A) the principal due at maturity (net of any principal amounts payable prior to maturity by way of Amortization Installments) shall be reduced by the principal amount to be refunded, and

(B) the amount to be refunded with interest thereon at the Assumed Interest Rate shall be deemed to be due and payable as if amortized on a level debt service basis over the Assumed Amortization Period.

provided further, that

(1) Fixed Rate Hedge Agreement -- if a Hedge Agreement is in effect for any period during the Bond Year, and if such Hedge Agreement provides for payment by the Issuer, other than Swap Charges, based on a fixed rate, then for purposes of this definition, the interest rate for the related Series of Bonds shall be deemed a fixed rate and the deemed fixed rate on such Bonds shall be determined by taking into account the payments expected to be made and expected to be received by the Issuer under such Hedge Agreement (other than Swap Charges) during such period; and

(2) Variable Rate Hedge Agreement -- if a Hedge Agreement is in effect for any period during the Bond Year, and if such Hedge Agreement provides for payment by the Issuer, other than Swap Charges, based on a variable rate or formula, then for purposes of this definition, the interest rate for the related Series of Bonds shall be deemed a Variable Rate, and the deemed Variable Rate on such Bonds shall be determined by taking into account the payments expected to be made and expected to be received by the Issuer under such Hedge Agreement (other than Swap Charges) during such period; and

(3) Interest Rate Agreement -- if an Interest Rate Agreement is in effect for any period, the Bond Service Requirement shall be calculated based on the interest borne by the Bonds (whether at a fixed rate or pursuant to the definition of Variable Rate) and an adjustment to Bond Service Charges for such period shall be made by netting the payments expected to be made or expected to be received by the Issuer under such Interest Rate Agreement (other than Swap Charges) during such period.

“Bond Year” means the annual period beginning on the second day of October of a calendar year and ending on the first day of October of the immediately following year.

“Bondholder” means the registered owner (or such owner’s authorized representative) of a Bond.

“Bonds” means the the Series 2003A Bonds, the Series 2006 Bonds, the Series 2008 Note, the Series 2012 Note and all Parity Bonds, but shall exclude Special Purpose Bonds and Junior Obligations.

“Capital Recovery Fund” means the Fund with that name created by the Bond Resolution.

“Capitalized Interest” means as to any Series of Bonds that portion of the proceeds of such Series of Bonds, exclusive of accrued interest received upon the sale of such Series of Bonds, which are required by a resolution authorizing the issue or sale of such Series to be deposited into the Capitalized Interest Subaccount of the Account created for such Series in the Construction Fund.

“Code” means the Internal Revenue Code of 1986, as amended, or any successor Internal Revenue Code, as amended. References to the Code and Sections thereof include relevant successor provisions of the federal income tax laws and applicable income tax regulations.

“Completion Date” means for each Project or phase thereof, the cost of which is to be paid, in whole or in part from proceeds of a Series of Bonds, the date on which such Project or phase thereof is substantially completed (as determined by the Consulting Engineer) and placed in service.

“Construction Fund” means the fund with that name created by the Bond Resolution.

“Consulting Engineer” shall mean such qualified and recognized independent consulting engineer or architect or firm thereof of national reputation retained by the Issuer, having favorable repute or skill and experience, with respect to the services to be provided by the Consulting Engineer as required by the Bond Resolution.

“Cost” or “Costs” means expenditures relating to the acquisition, construction, equipping, financing and refinancing of any Project or relating to the refunding or advance refunding of any Bonds, Junior Obligations or Special Purpose Bonds, as more specifically described in the Bond Resolution.

“Counterparty” shall mean an entity whose long-term debt obligations, or whose payment obligations under a Derivative Agreement are guaranteed by an entity whose senior long-term debt obligations, in either case are rated (on the date the Derivative Agreement is entered into) by (i) at least one Rating Agency in a category not less than “AA” and (ii) all other Rating Agencies then rating such obligation in a rating category not less than “A.”

“Cumulative Bond Service Requirement” means for a given Bond Year the sum of the Bond Service Requirements for such Bond Year on all Series of outstanding Bonds.

“Cumulative Maximum Bond Service Requirement” means, as of any particular date of calculation, the largest Cumulative Bond Service Requirement for any remaining Bond Year (including the Bond Year in which such calculation is made), except that with respect to any Term Bonds for which Amortization Installments have been established, the amount of principal coming due on the final maturity date of such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds to be redeemed prior to maturity from Amortization Installments.

“Debt Service Fund” means the Fund with that name created by the Bond Resolution.

“Defeasance Obligations” means, when used with respect to the defeasance of any Parity Bonds, (i) Federal Securities and (ii) Pre-refunded Obligations, which in each case are (A) non-callable prior to maturity (except at the option of the holder) or (B) have been irrevocably called for redemption on a specified future date or (C) irrevocable arrangements have been made by the obligor with a bank or trust company for the redemption thereof on a specified future date. Notwithstanding the foregoing, the resolution or resolutions pursuant to which a Series of Parity Bonds is issued may define the term “Defeasance Obligations” when used with respect to Bonds of such series to preclude providing for the defeasance of Bonds of such Series through the deposit of one or more types of Defeasance Obligations described above or may provide for the defeasance of Bonds of such Series through the deposit of one or more other types of investments, and as to such Series of Parity Bonds, the definition of Defeasance Obligations set forth in such resolution or resolutions shall control the defeasance of Parity Bonds of the Series to which such resolution relates.

“Derivative Agreement” shall mean (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls or to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk; and (v) any other type of contract or arrangement that the Issuer entering into such contract or arrangement determines is to be used, or is intended to be used, to manage or reduce the cost of indebtedness, to convert any element of indebtedness from one form to another or to protect against any type of financial risk or uncertainty.

“Details Resolution” means the resolution duly adopted by the Board on June 16, 1988, which amends and supplements the Authorizing Resolution and provides for certain details of the Bonds, as amended.

“Early Termination Payment” means, with respect to a Qualified Derivative Agreement, any payment obligation of the Issuer thereunder due upon the early termination of any transaction governed by such Qualified Derivative Agreement.

“Event of Default” means an Event of Default described in the Bond Resolution.

“FAA” means the Federal Aviation Administration, or any successor agency of the Federal Government performing the same or similar functions.

“FAA Regulations” means the rules and regulations of the FAA contained in Title 14, Part 158, Code of Federal Regulations, as amended from time to time, pertaining to the imposition, collection and use of PFCs.

“Federal Securities” means Obligations of, or guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof when such obligations are secured by the full faith and credit of the United States. These include, but are not necessarily limited to:

- U.S. Treasury obligations -all direct or fully guaranteed obligations
- U.S. Export-Import Bank -direct obligations and fully guaranteed certificates of beneficial ownership
- Farmers Home Administration - certificates of beneficial ownership
- General Services Administration - participation certificates
- U.S. Maritime Administration - Guaranteed Title XI financing
- Government National Mortgage Association (GNMA) - GNMA-guaranteed mortgage-backed bonds
- GNMA-guaranteed pass-through obligations
- New Communities Debentures - U.S. Government guaranteed debentures
- U.S. Public Housing Program - U.S. Government guaranteed public housing notes and bonds
- U.S. Department of Housing & Urban Development - project notes and local authority bonds

“Finance Director” means the official charged by the Issuer to administer the fiscal affairs of the Issuer.

“Fiscal Year” means the period commencing on October 1 of each year and ending on the succeeding September 30.

“Fitch” shall mean Fitch Ratings, Inc., or its successor.

“Fund” means a Fund created by the Bond Resolution.

“Funds Trustee” means any bank or trust company designated by resolution of the Issuer to hold, in a fiduciary capacity (and not merely as a depositary), any Fund or Account.

“Governing Body” means the members of the Issuer acting as the governing body of the Issuer pursuant to the Act and other applicable law.

“Grant” means any state, federal or private grant made to the Issuer with respect to the Airport System.

“Hedge Agreement” shall mean a Qualified Derivative Agreement with respect to a Series of Bonds, designated in a certificate of the Chairman, President or Chief Financial Officer of the Issuer as a “Hedge Agreement” for purposes of this Resolution, pursuant to which the payments expected to be made or received by the Issuer (other than Swap Charges) under such agreement are netted against each other and against the debt service on the related Series of Bonds, as more specifically provided in the definition of Bond Service Requirement. A Qualified Derivative Agreement otherwise designated as a Hedge Agreement shall become an Interest Rate Agreement during any period in which the Counterparty to such Qualified Derivative Agreement is rated by any Rating Agency in a rating category less than “A.”

“Holder” and “Bondholder” means the registered owner (or his authorized representative) of the Bond or Bonds, as the case may be.

“Independent Certified Public Accountant” means a person who is a certified public accountant licensed to practice certified public accounting in the State or a firm of such certified public accountants, which, in either case, is not in the regular employ of the Issuer on a salaried basis.

“Interest Payment Date” means with respect to any Bond the date on which an installment of interest thereon shall become due and payable.

“Interest Rate Agreement” shall mean a Qualified Derivative Agreement, designated in a certificate of the Chairman, President or Chief Financial Officer of the Issuer as an “Interest Rate Agreement” for purposes of this Resolution, or a Qualified Derivative Agreement during any period in which it does not qualify as a Hedge Agreement, pursuant to which the payments expected to be made or received by the Issuer (other than Swap Charges) under such agreement shall be netted against each other, with the net result being an adjustment to Bond Service Requirements, as more specifically provided in the definition of Bond Service Requirement.

“Investment Obligations” means the following obligations, but only to the extent the funds to be invested therein may, at the time such investments are made or retained any Fund or Account hereunder, lawfully be invested therein: (i) Federal Securities; (ii) Pre-refunded Obligations; (iii) Federal Housing Administration debentures; (iv) Federal Home Loan Mortgage Corporation (FHLMC) and Farm Credit Banks Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, and Federal Home Loan Bank Board (FHLBB) participation certificates and senior debt obligations; (v) Federal National Mortgage Associations (FNMA) mortgage-backed securities and senior debt obligations; (vi) Student Loan Marketing Association (SLMA) letter of credit-backed issues and senior debt obligations; (vii) the following investments fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation: (a) certificates of deposit, (b) savings accounts, (c) deposit accounts, or (d) depository receipts of a bank, savings and loan association or mutual savings bank; (viii) Federal Funds, certificates of deposit and time deposits of commercial banks, savings and loan associations or mutual savings banks, either in excess of FDIC or FSLIC insurance or without FDIC or FSLIC insurance, in either case properly secured at all times by Federal Securities at levels rated “AAA” by Standard & Poor’s Ratings Services and “Aaa” by Moody’s Investors Service, Inc.; (ix) commercial paper rated in one of the two highest rating categories by Standard & Poor’s Ratings Services and Moody’s Investors Service, Inc., or commercial paper backed by a letter of credit or line of credit rated in said two highest rating categories; (x) money market funds rated “AAA” by Standard & Poor’s Ratings Services and “Aaa” by Moody’s Investors Service, Inc.; (xi) banker’s acceptances of commercial banks (which banks must be rated for unsecured debt at the time of investment and reinvestment in the two highest categories by Standard & Poor’s Ratings Services and Moody’s Investors Service, Inc.) maturing not more than 365 days after the date of purchase; (xii) investment agreements acceptable to Standard & Poor’s Ratings Services and Moody’s Investors Service, Inc.; (xiii) bonds or other obligations of any state or territory of the United States of America or of any agency, instrumentality or local government of any such state or territory which are rated “A” or better by Standard & Poor’s Ratings Services and Moody’s Investors Service, Inc.; (xiv) repurchase agreements with any financial institutions the Obligations of which are rated “AAA” by Standard & Poor’s Ratings Services and “Aaa” by Moody’s Investors Service, Inc.; and (xv) repurchase agreements with financial institutions insured by FDIC or FSLIC or any broker-dealer with “retail customers” which falls under Securities Investors Protection Corp. (SIPC) jurisdiction provided that (a) the over-collateralization is at levels acceptable to Standard & Poor’s Ratings Services and Moody’s Investors Service, Inc., (b) the Issuer (or any Funds Trustee or Trustee) or a third party acting solely as agent for the Issuer (or any Funds Trustee or Trustee) has physical possession of such collateral and a perfected first priority security interest in such collateral, (c) the collateral is free and clear of third party liens, and (d) failure to maintain the requisite collateral percentage will require the Issuer (or the Funds Trustee or Trustee) to liquidate the collateral. The value of Investment Obligations shall be determined as provided in “Value” below.

“Issuer” means the Jacksonville Aviation Authority, a public body politic and corporate of the State of Florida, formerly known as the Jacksonville Airport Authority and, in the event the Airport System shall be transferred to another public body and the Issuer’s obligations under the Bond Resolution shall be assumed by any other public body, the term “Issuer” shall thereafter mean such public body.

“Junior Obligation Service Charges” means at any time or for any period of time, the principal of and interest and any premium due on Junior Obligations.

“Junior Obligations” means Obligations, other than Bonds and Payment Obligations, which are payable from any of the Pledged Funds and which are junior and subordinate to the Bonds and Payment Obligations.

“Loan Agreement” means the Loan Agreement dated as of October 31, 2002, between the Issuer and Bank of America, N.A., as amended and supplemented.

“Master Lease” means the Master Equipment Lease/Purchase Agreement dated as of June 26, 2002, between the Issuer and Banc of America Leasing & Capital, LLC.

“Maximum Bond Service Requirement” means with respect to any Series of Bonds, as of any particular date of calculation, the largest Bond Service Requirement for such Series for any remaining Bond Year.

“Moody’s” means Moody’s Investors Service Inc., or its successor.

“Net Operating Revenues” and “Net Revenues” mean the Operating Revenues reduced by Operation and Maintenance Expenses.

“Obligations” means debt obligations and Qualified Derivative Agreements (but not Swap Charges thereunder).

“Operating Revenues” or **“Revenues”** means all revenues accrued (determined in accordance with generally accepted accounting principles) by the Issuer from or in connection with the ownership or operation of the Airport System, or any part thereof or the leasing or use thereof, including, but not limited to (a) rentals, (b) concession fees, (c) use charges, (d) landing fees, (e) license and permit fees (including parking permit fees), (f) service fees and charges, (g) revenues received by the Issuer from the sale, by the Issuer, of fuel, and or other merchandise after deducting therefrom the cost of goods sold and (h) any investment income which is required by the Bond Resolution to be deposited in the Operating Revenue Fund (but shall exclude all other investment income), provided, however, that Operating Revenues shall not include (A) proceeds received from the sale of Bonds or other Obligations, (B) proceeds from the sale or taking by eminent domain of any part of the Airport System, (C) gifts or Grants, or payments received in lieu of or replacement for Grants, (D) ad valorem tax revenues, (E) any passenger facility charge or tax which after the date of the Details Resolution may be authorized by Congress (unless the Issuer otherwise elects), (F) any insurance proceeds received by the Issuer (other than insurance proceeds paid as compensation for business interruption), (G) revenues received from or in connection with any Special Purpose Facility to the extent such revenues are pledged by the Issuer to pay the principal of, premium, if any, and interest on any Special Purpose Bonds and expenses relating thereto or to the extent such revenues are to be used to pay or reimburse the Issuer for costs (other than costs constituting Operation and Maintenance Expenses) occurred in connection with such Special Purpose Facility or Special Purpose Bonds, (H) amounts received by the Issuer as a repayment of an advance, such as a reimbursement of utility bills, (I) amounts received which are required to be paid to any other governmental body, including, but not limited to taxes and impact fees, and (J) any noise abatement charges.

“Operating Revenue Fund” means the Fund with that name created by the Bond Resolution.

“Operation and Maintenance Expenses” means for any period all expenses accrued by the Issuer in accordance with generally accepted accounting practices for airports of similar characteristics for the operation, maintenance, administration and ordinary current repairs of the Airport System in order to maintain and operate the Airport System in a reasonable and prudent manner, and including items normally included as essential expenses in the operating budget of governmentally owned airports and including without limiting the generality of the foregoing, insurance premiums, the Issuer’s general administrative expenses allocable to the Airport System (including without limitation, engineering, architectural, legal, consultants, and accounting fees and expenses), compensation of Issuer’s employees who are assigned to the Issuer’s Airport Operations (including without limitation, costs of workers compensation insurance and all employee fringe benefits applicable to such employees from time to time), any taxes or assessments, whether general or special, which are lawfully imposed on the Airport System or on the revenue or income derived from the operation thereof, charges for electricity, water, telephone and other public or private utility services, and fees and expenses of any Paying Agent, Authenticating Agent, Registrar,

Escrow Agent and Paying Agent under the Bond Resolution, fees and expenses of independent engineers, architects, consultants, accountants and attorneys and other professional services retained by the Issuer, from time to time, to perform and carry out duties imposed on the Issuer by the Bond Resolution, deposits required hereunder to be made to any Account in the Rebate Fund to fund the Issuer's accrued, but unpaid, liability to make payments to the United States of America imposed by Section 148(f) of the Code and other reasonable current expenses, all as calculated and determined in accordance with generally accepted accounting practices for airports of similar characteristics and the costs of capital assets or additions to or expenditures from reserves therefor in an amount not to exceed ten percent (10%) of all Operation and Maintenance Expenses budgeted for the Fiscal Year. Operation and Maintenance Expenses shall not include (i) the principal of or the premium payable on any Obligations; (ii) the interest on any Obligations; (iii) any expenses accrued for the maintenance or operation of any Special Purpose Facility; (iv) any allowance for amortization or depreciation of the Airport System except to the extent the Issuer receives payment or reimbursement therefor and includes such payment or reimbursement in Operating Revenues; (v) any other expenses for which (or to the extent to which) the Issuer is or will be paid or reimbursed from or through any source and is not included or includable as Operating Revenues; (vi) any extraordinary items arising from the early extinguishment of debt; (vii) any expenditures for unusual or extraordinary repair and maintenance items of a type not recurring annually or at longer intervals, and (viii) capital expenditures (other than those described above).

“Operation and Maintenance Fund” means the Fund with that name created by the Bond Resolution.

“Operation and Maintenance Reserve Requirement” means:

(a) as of the date of issuance of the first Series of Series 1988 Bonds, an amount equal to the budgeted Operation and Maintenance Expenses for the first calendar month following such date of issuance;

(b) as of each date on which a monthly deposit is required to be made to the Operation and Maintenance Fund (herein called a “deposit date”), an amount equal to the budgeted Operation and Maintenance Expenses for the first calendar month following such deposit date, plus

(1) if such deposit date is during the period for which interest on the first Series of Series 1988 Bonds has been capitalized, an amount equal to a fraction of the budgeted Operation and Maintenance Expenses for the second calendar month following the deposit date, the numerator of which shall be the number of days for which such interest has been capitalized which shall have accrued prior to the first day of the month next following such deposit date and the denominator of which is the total number of days for which such interest is capitalized; or

(2) if such deposit date is following the period for which interest on the first Series of Series 1988 Bonds has been capitalized, an amount equal to the budgeted Operation and Maintenance Expenses for the second calendar month following the deposit date.

“Original Purchaser” means, as to any Series of Bonds, the Person or Persons identified in the Purchase Contract relating thereto as the purchaser or purchasers of such Bonds.

“Outstanding” when used to refer to Bonds means, as of the applicable date, all Bonds referred to by the context in which the term “Outstanding” is used which have been issued and delivered (or are then being issued and delivered) pursuant hereto except:

(a) Bonds cancelled upon purchase in the open market or because of payment at or redemption prior to that date;

(b) Bonds which have become due at maturity or by call for redemption or otherwise for the payment of which there is on deposit in the Payment Fund and irrevocably committed thereto, the amount needed to pay all principal thereof and premium, if any, and unpaid interest thereon to the due date;

(c) Bonds which are defeased, deemed paid, discharged and no longer Outstanding pursuant to the Bond Resolution;

(d) Bonds issued under any supplemental resolution which, under the provisions of such supplemental resolution, are deemed to be paid, defeased or otherwise not Outstanding;

(e) Bonds in lieu of which other Bonds have been issued under the Bond Resolution; and

(f) For purposes of voting, giving directions and granting consents, Bonds held by the Issuer or by an agent of the Issuer.

“Parity Bonds” means Bonds which are issued under the Bond Resolution and secured by the Parity Security equally and ratably with the Series 2003A Bonds, the Series 2006 Bonds, the Series 2008 Note and the Series 2012 Note.

“Parity Security” means (i) Operating Revenues and Transfers, but subject to the Issuer’s obligation to make payments into the Operation and Maintenance Fund and the Rebate Fund, (ii) all cash and Investment Obligations in: (A) the Operating Revenue Fund (subject to the Issuer’s obligation to make payments into the Operation and Maintenance Fund and the Rebate Fund), (B) the Renewal and Replacement Fund, (C) the Surplus Fund, and (D) the Capital Recovery Fund, and (iii) Swap Receipts.

“PFCs” or **“passenger facility charges”** means the passenger facility charges authorized to be charged by the Issuer pursuant to the Aviation Safety and Capacity Expansion Act of 1990, as amended (now codified in Section 40117 of the United States Code), and Section 158.5 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158).

“PFC Fund” means the fund by that name created by the Bond Resolution.

“PFC Projects” means Projects for which the Issuer is authorized to impose and use PFCs, as confirmed by an opinion of legal counsel.

“PFC Revenues” means amounts derived by the Issuer from the imposition of PFCs, exclusive of the amounts retained by the air carriers collecting the PFCs pursuant to Section 158.53 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158).

“Paying Agent” means any bank, trust company or fiduciary designated by the Issuer to serve as a Paying Agent for any Series of Bonds that shall have agreed to arrange for the timely payment of the principal of, interest on and redemption premium if any, with respect to such Bonds to the registered owners thereof, from funds made available therefor by the Issuer, and any successors designated pursuant to the Bond Resolution.

“Payment Fund” means the fund with that name created by the Bond Resolution.

“Payment Obligations” means the obligation of the Issuer to reimburse any person who has provided credit enhancement for any Bond for the principal amount advanced by it and interest thereon.

“Permitted Encumbrances” means, as of any particular time:

- (a) Liens for ad valorem taxes and special assessments not then delinquent;
- (b) Agreements permitted by the Details Resolution;
- (c) Contracts, leases or other agreements or contracts for the lease or use of any Special Purpose Facility;

(d) Utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions which, in the written opinion of the Airport Consultant will not interfere with or impair the operations being or to be conducted by or on the Airport System (or, if no such operations are being conducted, the operations for which the same was designed or last modified);

(e) Such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Airport System and as do not in the aggregate, in the opinion of an attorney at law, licensed to practice in the State and not an officer or full-time employee of the Issuer, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Issuer; and

(f) Conditions imposed by any governmental entity as a condition to any Grant or otherwise.

“Person” or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

“Pledged Deposits” means the cash and investments in the Bond Proceeds Fund, the Construction Fund, the Operating Revenue Fund, the Operation and Maintenance Fund, the Debt Service Fund, the Reserve Fund, the Rebate Fund, the Renewal and Replacement Fund, the Payment Fund, the Surplus Fund and the Capital Recovery Fund.

“Pledged Funds” means the Pledged Revenues and the Pledged Deposits.

“Pledged Revenues” means all (i) Operating Revenues, (ii) any net casualty insurance proceeds, net eminent domain awards and net sales proceeds received with respect to the Airport System or any part thereof, (iii) investment income derived from any Pledged Deposits, and (iv) Swap Receipts, all of which are pledged pursuant to Article VII of the Bond Resolution.

“Predecessor Bond” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by the particular Bond including Bonds for which other Bonds have been issued. For the purposes of this definition, any Bond authenticated and delivered in lieu of a lost, stolen or destroyed Bond shall, except as otherwise provided in the Bond Resolution, be deemed to evidence the same debt as the lost, stolen or destroyed Bond.

“Preferred Junior Obligations” means certain fees and charges (other than Payment Obligations) payable to any Person who has provided a credit enhancement facility or liquidity facility for any of the Bonds.

“Pre-refunded Obligations” means any bonds or other Obligations of any state or territory of the United States of America or of any agency, instrumentality or local governmental unit of any such state or territory (A) which are not callable at the option of the obligor prior to the maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (B) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Federal Securities which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, which fund is sufficient, as verified by an Independent Certified Public Accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (A) of this paragraph, as appropriate and (C) which are rated in the highest rating category of both Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc., or any successors thereto.

“Project” means any capital project (other than a Special Purpose Facility) which relates to the Airport System or Airport Operations and which is identified by the Issuer as a “Project” (within the meaning of this resolution) in a resolution providing for the issuance or sale of any Bonds or Junior Obligations.

“Purchase Agreement” or **“Purchase Contract”** means, as to any Series of Bonds, the agreement or contract for the sale thereof by the Issuer on initial issuance approved or authorized by a resolution, supplemental hereto, awarding such Series to the Original Purchaser thereof.

“Qualified Derivative Agreement” shall mean a Derivative Agreement entered into by the Issuer with a Counterparty if the Issuer is legally permitted to enter into such Derivative Agreement pursuant to Florida law. Each Qualified Derivative Agreement shall be designated by the Issuer as either a Hedge Agreement or an Interest Rate Agreement at the time of its authorization.

“Rating Agency” shall mean Fitch, Moody’s or S&P.

“Rebate” or **“Rebate payment”** means a payment to the United States of America required to be made by any Rebate Requirement.

“Rebate Bonds” means any Series of Bonds which are subject to a Rebate Requirement.

“Rebate Fund” means the Fund with that name created by the Bond Resolution.

“Rebate Requirement” means any requirement imposed upon the Issuer by Section 148(f) of the Code to make any payment to the United States of America as a condition to the interest on Bonds of a Series being excluded from the gross income of the Holder for federal income tax purposes.

“Refunded” when used with reference to any Obligations, means any Obligations being paid, refunded or advance refunded by an issue of Obligations.

“Register” means the books kept and maintained by the Registrar for registration and transfer of Bonds.

“Registrar” means, with respect to any Series of Bonds, the Issuer or any bank, trust company or other Person designated as Registrar for such Series by or pursuant to a subsequent resolution of the Governing Body of the Issuer, which (other than the Issuer, or an official or employee of the Issuer) shall be a transfer agent registered in accordance with Section 17(A)(c) of the Securities Exchange Act of 1934, as amended.

“Regular Record Date” or **“Record Date”** means, when used with respect to any Bond, the fifteenth day of the calendar month next preceding an Interest Payment Date applicable to that Bond unless otherwise provided in a supplemental resolution with regard to a particular Series of Bonds.

“Renewal and Replacement Fund” means the Fund with that name created by the Bond Resolution.

“Reserve Fund” means the Fund with that name created by the Bond Resolution.

“Reserve Requirement” means, when used with respect to any Series of Bonds, the aggregate amount to be deposited (either in a single deposit or by a series of deposits) in the account in the Reserve Fund for such Series as established by the Award Resolution of the Issuer providing for the sale of such Series of Bonds.

“Revenues” means “Operating Revenues.”

“S&P” means Standard & Poor’s, a Division of The McGraw-Hill Companies, Inc., or its successor.

“Senior Obligations” means Bonds, any obligations on a parity with or senior to the Bonds, any related requirements to replenish any Reserve Fund, Reserve Account or other debt service reserve funds relating to obligations on a parity with or senior to the Bonds and any deposits in support of debt service thereon.

“Serial” when used with reference to Bonds means all Bonds of a Series other than “Term” Bonds.

“Series” means any Bonds issued, authenticated and delivered in a single transaction and identified as a single series pursuant to the resolution providing for the sale and issuance of such Bonds regardless of variations in maturity, interest rate, Amortization Installments or other provisions.

“Series 2003A Bonds” means the Issuer’s Revenue Refunding Bonds, Series 2003A-1 and Series 2003A-2, authorized and issued by the Issuer pursuant to a resolution of the Issuer adopted April 21, 2003.

“Series 2006 Bonds” means the Issuer’s Revenue Bonds, Series 2006, authorized and issued by the Issuer pursuant to a resolution of the Issuer adopted September 18, 2006.

“Series 2008 Note” means the Issuer’s 2008 Revenue Note, authorized and issued by the the Issuer pursuant to a resolution of the Issuer adopted March 17, 2008.

“Series 2012 Note” means the Issuer’s Refunding Revenue Note, Series 2012, authorized and issued by the Issuer pursuant to a resolution of the Issuer adopted October 22, 2012.

“Special Bond Retirement Account” means a Special Bond Retirement Account in the Debt Service Fund created by the Bond Resolution.

“Special Capital Improvements Account” means a special capital improvements Account in the Construction Fund created by the Bond Resolution.

“Special Purpose Bonds” means revenue bonds or other Obligations of the Issuer, issued to finance any Special Purpose Facility, so long as:

(a) The payment of principal of, premium, if any, and interest on such obligation are payable from and secured by sources other than Pledged Funds; and

(b) The liability to pay such Operating and Maintenance expenses is limited to sources other than Pledged Funds.

If the cost of the Special Purpose Facility is paid with proceeds of Special Purpose Bonds and such Special Purpose Bonds are refunded with Bonds or Junior Obligations, then the Special Purpose Facility shall cease to be a Special Purpose Facility.

“Special Purpose Facility” means any facility, improvement, structure, equipment or assets acquired or constructed on any land or in or on any structure or building constituting a part of the Airport System, the cost of construction, acquisition, cost of operation and maintenance of which are paid for by any user or users or paid by the Issuer from the proceeds of Special Purpose Bonds or sources other than Pledged Funds.

“Special Record Date” means, with respect to any Bond, the date established by the Issuer in connection with the payment of overdue interest on that Bond.

“State” means the State of Florida.

“Surplus Fund” means the Fund with that name created by the Bond Resolution.

“Swap Charges” shall mean Early Termination Payments and all other charges payable by the Issuer to a Counterparty upon the execution, renewal or termination of any Qualified Derivative Agreement pursuant thereto, and any indemnification payments, tax gross-up payments, expenses and default interest payments, and any non-scheduled payments, exclusive of Swap Obligations.

“Swap Obligations” shall mean net payments required to be made by the Issuer under a Qualified Derivative Agreement from time to time as a result of fluctuation in hedged interest rates, or fluctuation in the value of any index of payment. Swap Obligations shall not include Swap Charges.

“*Swap Receipts*” shall mean net payments received by the Issuer from a Counterparty under a Qualified Derivative Agreement.

“*Taxable Bond*” means any Bond which states, in the body thereof, that the interest income thereon is includable in the gross income of the Holder thereof for federal income tax purposes.

“*Term*” when used with reference to Bonds, means Bonds of a Series which shall be stated to mature on one date and which shall be subject to mandatory sinking fund redemption from Amortization Installments established with respect thereto by the supplemental resolution providing for the issuance or sale of such Series of Bonds.

“*Transfers*” means moneys from the Surplus Fund and Available PFC Revenues from the PFC Fund, which are lawfully transferred and deposited by the Issuer in the Operating Revenue Fund (other than amounts which are Operating Revenues accrued in the Fiscal Year such deposit is made).

“*Unpledged Receipts Fund*” means any fund or account of the Issuer that is not created by the Bond Resolution.

“*Value*” means, as of any particular time of determination, the market value of any investments.

“*Variable Rate*” when used with reference to Obligations (other than Interest Rate Agreements), means Obligations (other than Interest Rate Agreements) with a variable, adjustable, convertible or similar rate which is not fixed in percentage for the entire term thereof at the date of issue (or for the balance of its maturity from any date of calculation required hereunder). An Obligation shall not be deemed to bear a Variable Rate merely because the interest rate thereon is subject to adjustment if the interest thereon becomes includable in the gross income of the Holder for federal income tax purposes. If on the date of calculation any Obligations shall have a fixed interest rate for the balance of their maturity, such Obligations shall, for purposes of such calculations, not be deemed to be Variable Rate Obligations, and shall be deemed to have had such fixed rate in effect during any previous period material to such calculation.

If, as of the date of any calculation, (i) a Bond or proposed Parity Bond bears interest at a Variable Rate and no Hedge Agreement is associated with such Bond or Parity Bond or (ii) a Bond or proposed Parity Bond bears interest at a fixed rate and a Hedge Agreement associated with such Bond or Parity Bond bears a deemed Variable Rate pursuant to paragraph (B) of the definition of Bond Service Requirement, then for purposes of calculating the Bond Service Requirement, average annual Bond Service Requirement or Maximum Bond Service Requirement thereon, the following rules apply:

(a) for purposes of determining whether the rate covenant coverage test has been met for any period prior to the date of calculation, (x) the interest rate of such Variable Rate Bond shall be the actual weighted average Variable Rate in effect during such period and (y) the interest rate of such fixed rate Bond shall be the weighted average deemed Variable Rate under the Hedge Agreement during such period (calculated as provided in paragraph (B) of the definition of Bond Service Requirement);

(b) for purposes of determining whether Parity Bonds may be issued pursuant to the Bond Resolution, (x) the rate of interest on any such variable rate Bond then Outstanding shall be deemed to be the actual weighted average of interest borne by such Bond during the immediately preceding twelve (12) months and (y) the rate of interest on any such fixed rate Bond then Outstanding shall be deemed to be the actual weighed average of the deemed Variable Rate under the Hedge Agreement during the immediately preceding twelve (12) months (calculated as provided in paragraph (B) of the definition of Bond Service Requirement);

(c) for purposes of determining whether the Issuer may issue such Variable Rate Parity Bonds, the rate of interest on the proposed Variable Rate Parity Bonds shall be deemed to be the higher of (i) *The Bond Buyer* Revenue Bond Index in effect on the sale date for the proposed Variable Rate Parity Bonds or (ii) the initial rate of interest on the proposed Variable Rate Parity Bonds; provided, however, that if a Hedge Agreement is expected to be entered into with respect to such Variable Rate Parity Bonds, the rate of interest on the proposed Variable Rate

Parity Bonds shall be determined in accordance with paragraph (A) of the definition of Bond Service Requirement; and

(d) for purposes of determining whether the Issuer may issue such fixed rate Parity Bonds, the rate of interest on the proposed fixed rate Parity Bonds shall be deemed to be the higher of (i) *The Bond Buyer* Revenue Bond Index in effect on the sale date for the proposed fixed rate Parity Bonds or (ii) the initial deemed Variable Rate under the associated Hedge Agreement (calculated as provided in paragraph (B) of the definition of Bond Service Requirement).

Notwithstanding the foregoing, if two related Series of Variable Rate Bonds taken together are intended to produce a net fixed rate payable by the Issuer, such Variable Rate Bonds shall be deemed to bear interest at the net fixed rate and the interest on such Variable Rate Bonds shall be determined collectively.

PAYMENT OBLIGATIONS AND PREFERRED JUNIOR OBLIGATIONS

The obligation of the Issuer to reimburse a third party who provides credit enhancement for the payment of Bond Service Charges for the principal amount advanced by it and interest thereon (at the rate specified in the agreement for credit enhancement) shall be a "Payment Obligation" which shall be secured by the Parity Security on a parity with the Bonds and other Payment Obligations and shall be secured by amounts on deposit in the Accounts for such Series of Bonds in the Debt Service Fund and the Reserve Fund. If any amounts are advanced by any Person providing a liquidity facility to purchase Bonds which are surrendered and cancelled, rather than being remarketed, the amounts advanced shall give rise to Payment Obligations. If the Payment Obligation is not repaid on the date of such advance and if the Issuer is liable for any fees or charges (in addition to the principal of and interest on such Payment Obligations) to the provider of such credit enhancement or liquidity facility, the Issuer's liability to pay such additional amounts shall constitute a Preferred Junior Obligation which shall have a claim to payment from Parity Security which is subordinate to the Bonds and Payment Obligations and which shall be superior in priority to all other Junior Obligations (which are not also Preferred Junior Obligations). All Preferred Junior Obligations shall be of equal priority with each other. Obligations which constitute Preferred Junior Obligations shall constitute Junior Obligations for purposes of the rate covenant and coverage test and Parity Bonds test.

SECURITY

Pledge of Pledged Funds. The Issuer irrevocably pledges and creates a lien on, pledge of and security interest in the Pledged Funds in order to secure the performance of the Issuer's covenants in the Bond Resolution as to the use and application of Pledged Funds.

Parity Security. The Bond Service Charges on the Bonds, Swap Obligations and principal and interest payments due on all Payment Obligations shall be equally and ratably secured by the Parity Security. Swap Charges shall be Junior Obligations and also shall be subordinate in right of payment and security to the Issuer's obligations under the Master Lease, the Loan Agreement and any other obligations secured and payable on a parity with the Master Lease and the Loan Agreement.

Additional Security. Bonds of each Series shall be additionally secured by (i) all cash and Investment Obligations on deposit in the Accounts created for such Series in the Bond Proceeds Fund and the Construction Fund (subject to the Issuer's right to use amounts therein for the purposes for which such Series of Bonds is issued), (ii) all cash and Investment Obligations on deposit in the Account created for such Series in the Debt Service Fund, (iii) if a Reserve Requirement has been established for such Series of Bonds, all cash, Investment obligations and any credit facility on deposit in the Account for such Series in the Reserve Fund and (iv) all cash and Investment Obligations on deposit in any Special Bond Retirement Account in the Debt Service Fund established for Bonds of such Series. Any amounts, revenues, collateral or credit enhancement facility and amounts derived therefrom pledged by supplemental resolution as an additional source of payment and security for any Series of Bonds shall be subject to such pledge for the benefit of the Holders of Bonds of such Series as provided in such supplemental resolution.

Payment Fund. Amounts in the Payment Fund held by the Paying Agent are pledged for the payment of particular Bond Service Charges for which the same are deposited in the Payment Fund.

FUNDS AND ACCOUNTS

Bond Proceeds Fund. Upon issuance of each Series of Bonds the proceeds thereof shall be deposited in the separate Account established for such Series in the Bond Proceeds Fund. Moneys on deposit in such Account shall be disbursed and used pursuant to the provisions of the Bond Resolution and a supplemental resolution providing for the sale and issuance of such Series of Bonds.

Deposits. Commencing on the day of the delivery of the first Series of Bonds and thereafter until no Bonds shall be Outstanding, the Issuer shall deposit the following amounts as heretofore set forth: (a) upon receipt, Operating Revenues shall be deposited in the Operating Revenue Fund; Transfers, when made, shall also be deposited in the Operating Revenue Fund; and (b) upon receipt, any net casualty insurance proceeds or net eminent domain awards, with respect to any damage, destruction or taking of the Airport System or any part thereof, shall be deposited in the Capital Recovery Fund; and (c) upon receipt, net proceeds received from the sale of the Airport System or any portion or part thereof shall be deposited in the Capital Recovery Fund; (d) upon receipt all gifts, Grants and other amounts not otherwise required to be deposited in one of the Funds created by the Bond Resolution shall be deposited in one or more Unpledged Receipts Funds or otherwise used by the Issuer; and (e) upon receipt, all Swap Receipts shall be deposited in the Debt Service Account established in the Debt Service Fund for the Series of Bonds to which such Swap Receipts relate. If the Issuer receives Swap Receipts under an Interest Rate Agreement that is not related to a particular Series of Bonds, a separate Debt Service Account shall be established in the Debt Service Fund for such Swap Receipts.

The Issuer covenants to make Transfers of all Available PFC Revenues from the PFC Fund into the Operating Revenue Fund no later than the 25th day of each month. The Executive Director, the Chief Financial Officer and any other officer, employee or agent of the Authority designated in writing by the Executive Director or Chief Financial Officer, are authorized to allocate portions of the debt service on Bonds to PFC Projects, and to execute such documents, instruments and certificates as may be necessary or desirable to make such allocations and identify PFC Projects.

The Construction Fund. A separate Account shall be established in the Construction Fund for each Series of Bonds. All moneys in the Construction Fund shall be administered by the Finance Director of the Issuer (or his designated authorized agent). Any moneys on deposit in the Construction Fund and Accounts therein that, in the opinion of the Issuer, are not immediately necessary for expenditure shall be invested. Upon substantial completion of each Project or phase thereof (as determined by the Consulting Engineer), or upon the abandonment thereof, any proceeds of any Series of Bonds or other amounts held to pay the Costs of such Project or phase thereof or to expand the scope of such Project or phase thereof then remaining in the separate Account created in the Construction Fund with respect to such Series and not reserved by the Issuer in the Capitalized Interest Subaccount established for the payment of Capitalized Interest on the Bonds of such Series or for the payment of any remaining part of the Cost of such Project or such phase, shall be utilized as follows: (i) if no Paying Agent has been appointed on account of the occurrence of an Event of Default hereunder, the Issuer may, at its option (so long as such use, in the opinion of Bond Counsel, will not adversely effect the federal income tax status of interest on the Bonds of such Series), use such amounts (A) to pay the Cost of any other capital improvements to the Airport System; or (B) such amounts may be deposited (1) in the Account for such Series in the Reserve Fund, if any, to make up deficiencies therein; (2) in the Account for such Series in the Debt Service Fund; (3) in a Special Bond Retirement Account; or (4) in the Renewal and Replacement Fund; or (ii) if a Paying Agent has been appointed because an Event of Default has occurred and is then continuing, such amounts shall be applied in the manner specified by any Paying Agent appointed as provided in the Bond Resolution.

The Operating Revenue Fund. Funds in the Operating Revenue Fund shall be applied on or before the twenty-fifth (25th) day of each month in the following manner and order of priority:

(a) First, there shall be deposited to the Operation and Maintenance Fund an amount sufficient to cause the balance therein to equal the Operation and Maintenance Reserve Requirement.

(b) Next, the Issuer shall, with respect to each Series of Outstanding Bonds on which any Bond Service Charges are payable during the Bond Year, or with respect to which Payment Obligations are payable during the Bond Year, or with respect to Swap Obligations, make the following deposits into the Account in the Debt Service Fund for such Series or Qualified Derivative Agreement (any investment income on deposit in the Operating Revenue Fund shall, subject to subsection (a) above, be first applied for such purpose for any other amounts therein are so used):

(i) With respect to Bonds or Payment Obligations on which interest is payable monthly prior to the next October 2, or Swap Obligations payable monthly prior to the next October 2, an amount equal to the interest coming due thereon on the next Interest Payment Date applicable thereto or equal to the Swap Obligation coming due on the next payment date therefor;

(ii) With respect to Bonds or Payment Obligations on which interest is payable quarterly prior to the next October 2, or Swap Obligations payable quarterly prior to the next October 2, an amount equal to one-third (1/3) of the interest coming due thereon on the next Interest Payment Date applicable thereto or equal to one-third (1/3) of the Swap Obligation coming due on the next payment date therefor;

(iii) With respect to Bonds or Payment Obligations on which interest is payable semi-annually prior to the next October 2, or Swap Obligations payable semi-annually prior to the next October 2, an amount equal to one-sixth (1/6) of the interest coming due thereon on the next Interest Payment Date applicable thereto or equal to one-sixth (1/6) of the Swap Obligation coming due on the next payment date therefor;

(iv) With respect to Bonds or Payment Obligations on which interest is payable annually prior to the next October 2, or Swap Obligations payable annually prior to the next October 2, an amount equal to one-twelfth (1/12) of the interest coming due thereon on the next Interest Payment Date applicable thereto or equal to one-twelfth (1/12) of the Swap Obligation coming due on the next payment date therefor;

(v) With respect to Bonds or Payment Obligations on which interest is payable at other intervals, or Swap Obligations payable at other intervals, an amount sufficient to fund the Issuer's accruing liability for interest or such Swap Obligation;

(vi) With respect to Bonds or Payment Obligations maturing annually prior to the next October 2, one-twelfth (1/12) of all principal maturing thereon on the next annual maturity date thereof;

(vii) With respect to Bonds or Payment Obligations maturing semi-annually prior to the next October 2, one-sixth (1/6) of all principal maturing thereon on the next semi-annual maturity date thereof;

(viii) With respect to Bonds or Payment Obligations maturing monthly prior to the next October 2, all principal maturing thereon on the next monthly maturity date thereof; and

(ix) With respect to Bonds or Payment Obligations maturing at other intervals, a ratable portion of the principal maturing thereon prior to the next October 2.

For purposes of the foregoing:

(a) Term Bonds which are subject to mandatory redemption from Amortization Installments on a specified date shall be deemed to mature on such date; and

(b) The Appreciated Principal amount at maturity or upon Mandatory Redemption of Capital Appreciation Bonds shall be deemed to be principal.

In determining the amount required to be transferred from the Operating Revenue Fund to any Account in the Debt Service Fund for the payment of interest or Swap Obligations, there shall be allowed a credit (to the extent

not previously allowed as a credit) for accrued interest or Swap Receipts then on deposit in such Account and for any Capitalized Interest then being transferred to such Account from a capitalized interest subaccount in the Account in the Construction Fund for such Series of Bonds which is to be used to make such payment of interest.

In the case of Bonds or Payment Obligations bearing interest at a Variable Rate, or if any Qualified Derivative Agreement provides for payment by the Issuer (other than Swap Charges) to be made based on a Variable Rate or formula, monthly deposits relating to interest coming due on such Bonds or Payment Obligations, or coming due under such Qualified Derivative Agreements shall be based on the Issuer's accrued liability (on the date of such deposit) for interest which will be payable on the next Interest Payment Date or Swap Obligations which will be payable on the next payment date therefor, and any shortages thereby created shall be deposited in the Debt Service Fund not later than the business day immediately preceding the next Interest Payment Date or payment date therefor, as the case may be.

The foregoing deposits shall be made until there are sufficient funds then on deposit equal to the sum of all interest, principal and redemption payments due on the Bonds and Payment Obligations, or equal to the sum of all Swap Obligations due under a Qualified Derivative Agreement, during the remainder of the Bond Year. Monthly deposits shall be increased or decreased from time to time to the extent required to cause moneys on deposit in the Debt Service Fund to be sufficient, when needed, to pay principal, premium, if any, interest and Swap Obligations coming due during the remainder of the then current Bond Year.

Any amounts which are payable on any Payment Obligations with respect to any Series of Bonds shall be deposited in the Account for such Series in the Debt Service Fund provided that there shall be no duplication of such deposits for the payment of Bond Service Charges and for the payment of Payment Obligations arising as a result of amounts provided under any credit enhancement arrangement which are used or to be used to pay those same Bond Service Charges.

In addition to the foregoing monthly payments, the Issuer shall, from time to time, transfer from the Operating Revenue Fund to the Accounts in the Debt Service Fund such amounts as shall be necessary to make timely payment of Bond Service Charges which shall become due and payable on account of redemption (other than redemptions provided for by Amortization Installments).

If at any time there is a deficiency in any Account in the Debt Service Fund on account of a failure to make in full any previous deposits thereto, the amount of such deficiency shall be added to the next deposit due such Account (except to the extent such deficiency has been reduced or eliminated by deposits made therein from amounts transferred from the Surplus Fund and, if the Surplus Fund has been depleted, from the Renewal and Replacement Fund).

If, at the time deposits are required to be made to two or more Accounts in the Debt Service Fund, the amount in the Operating Revenue Fund after funding the Operation and Maintenance Fund is not sufficient to make all such deposits in full, all amounts in the Operating Revenue Fund shall be apportioned ratably among the various Accounts to which deposits are required to be made in proportion to the amount of the deposits then required to be made in each such Account.

If the period between the date a Series of Bonds is issued or a Qualified Derivative Agreement is effective and the first Interest Payment Date for the Bonds or the first payment date for the Swap Obligations, as the case may be, differs from the period between other Interest Payment Dates, principal payment dates or dates for payment of Swap Obligations, then the monthly deposits shall be adjusted prior to such first Interest Payment Date, principal payment date or payment date for Swap Obligations so that all amounts needed to pay interest on the first Interest Payment Date or first payment date for Swap Obligations in such Bond Year (less any amounts of accrued or capitalized interest to be used for such purpose) shall be deposited in equal monthly installments and so that the amount needed to pay principal on the first principal payment date in such Bond Year shall be deposited in equal monthly installments.

(a) Next, amounts in the Operating Revenue Fund shall be used to make any deposits to any Accounts in the Reserve Fund required by this subsection (c) and by any Award Resolution relating to Bonds of any Series having a Reserve Requirement, including any deposits required for the initial or

periodic funding of any such Account, or to restore amounts withdrawn from any such Account to pay debt service on any Series of Bonds for which such Account was created or to compensate for any decline in value of the investments in any such Account. First, money available for deposit in the Accounts in the Reserve Fund, shall be applied so that each account having a valuation deficiency shall have deposited thereto an amount equal to one-twelfth (1/12) of such valuation deficiency. Next, moneys available for deposit to the Reserve Account shall be deposited in each Account to the extent required to restore (to the extent possible) amounts withdrawn from such Account to pay Bond Service Charges on the Series of Bonds for which such Account was created. Next, moneys available for deposit in the Reserve Fund shall be deposited in those Accounts in the Reserve Fund to the extent required for the initial periodic funding of such Accounts. No amounts in the Operating Revenue Fund shall be subject to the provisions of subsections (d), (e) or (f) under this heading, unless all deposits required by this subsection (c) have been made in full. If the amount available in the Operating Revenue Fund is not sufficient to make in full all required deposits to the various Accounts in the Reserve Fund, the amount available shall be allocated (within each of the foregoing priorities) ratably among such Accounts in proportion to the amounts required to be deposited in such Accounts at that level of priority.

(b) Next, amounts in the Operating Revenue Fund shall be used to make a deposit into the PFC Fund in an amount equal to the excess, if any, of (i) the amount of the aggregate Available PFC Revenues transferred and deposited by the Issuer into the Operating Revenue Fund, over (ii) the amount of the accrued aggregate Bond Service Charges with respect to that portion of the Bonds issued to finance PFC Projects, as allocated by a certificate of an authorized officer of the Issuer.

(c) Next, amounts in the Operating Revenue Fund shall be used to pay (or to fund a debt service trust fund for) Preferred Junior Obligations as required by the agreement giving rise to such Preferred Junior Obligations; any such debt service trust fund shall be deemed to constitute an Unpledged Receipts Fund and shall not be subject to the lien of the Bond Resolution.

(d) Next, amounts in the Operating Revenue Fund shall be used to pay (or fund a debt service account or trust fund for) Junior Obligations (other than Swap Charges), as required by the agreements giving rise to such Junior Obligations; any such debt service account or trust fund shall be deemed to constitute an Unpledged Receipts Fund and amounts therein shall not be subject to the lien hereof.

(e) Next, amounts in the Operating Revenue Fund shall be used to pay any Swap Charges due and payable to a Counterparty pursuant to a Qualified Derivative Agreement.

(f) The remaining moneys in the Operating Revenue Fund shall be deposited in the Surplus Fund.

The Operation and Maintenance Fund. Amounts on deposit in the Operation and Maintenance Fund shall be used to pay Operation and Maintenance Expenses as the same become due and payable, including the making of deposits to Accounts in the Rebate Fund.

Debt Service Fund. Moneys on deposit in each Account of the Debt Service Fund shall be used only for the purpose of making payments to the Payment Fund held by the Paying Agent for the payment of Bond Service Charges on the Series of Bonds for which such Account was created or for paying any Payment Obligations arising with respect to such Series of Bonds or Swap Obligations relating to such Series of Bonds. If the Issuer has Swap Obligations under an Interest Rate Agreement that is not related to a particular Series of Bonds, the Debt Service Account established for Swap Receipts under such Interest Rate Agreement shall be used solely for the payment of Swap Obligations under such Interest Rate Agreement. On the date any Bond Service Charges on any Series of Bonds shall become due and payable, there shall be transferred from the Account in the Debt Service Fund for such Series to the Payment Fund, moneys sufficient (after taking into account any other moneys held by the Paying Agent for the purpose of paying such Bond Service Charges) to pay such Bond Service Charges. Any balance remaining in such Account in the Debt Service Fund on October 1 after providing for the payment of Bond Service Charges and Payment Obligations due on said date shall be transferred to the Surplus Fund. On any date a payment is

required to be made with respect to any Payment Obligation arising with respect to a Series of Bonds, moneys on deposit in the Account for such Series shall be used for such purpose.

Reserve Fund. Upon the issuance of any Series of Bonds for which the Issuer has established a Reserve Requirement, the Issuer may establish a separate Account for such Series or, in the supplemental resolution providing for the issuance of such Series of Bonds, specify that any then-existing separate Account shall be held for the benefit of and secure such additional Series of Bonds on a parity basis (if permitted by the resolution which established such Account). Any supplemental resolution providing for the issuance of a Series of Bonds which establishes a separate Account in the Reserve Fund shall specify whether such Account shall be held for the benefit of only such Series of Bonds or may be held for the benefit of additional Series of Bonds on a parity basis. All cash, investments and any credit facility on deposit in or held for an Account in the Reserve Fund created with respect to any Series of Bonds shall be used only for the purpose of making payments to the Payment Fund to be used by the Paying Agents to pay Bond Service Charges on Bonds of such Series or to pay Payment Obligations arising with respect to Bonds of such Series. If any Bond Service Charges on any Series of Bonds are paid by any provider of a credit facility, then any Payment Obligation resulting therefrom shall be paid from the Account for such Series in the Reserve Fund to the extent that amounts in the Account for such Series in the Debt Service Fund are not sufficient to make such payment. On any date a payment is required to be made with respect to any Payment Obligation arising with respect to a Series of Bonds, money on deposit in the Account for such Series in the Reserve Fund shall be used for such purpose to the extent needed to be added to amounts in the Account for such Series in the Debt Service Fund which are to be used for such purpose. If at any time the amount in any such Account exceeds the Reserve Requirement for the Series of Bonds for which such Account was created, the excess shall be withdrawn and deposited, at the election of the Issuer, in an Account for such Series in the Construction Fund, the Debt Service Fund, in a Special Bond Retirement Account for such Series, or in the Surplus Fund, unless otherwise provided by the Award Resolution for such Series. The Award Resolution providing for the sale and issuance of any Series of Bonds for which a Reserve Requirement is established may provide that in lieu of cash deposits into the Account in the Reserve Fund established for such Series, the Issuer may cause to be deposited into that Account, a surety bond, letter of credit, guaranty, municipal bond insurance policy, or other credit facility for the benefit of the Holders of Bonds of such Series in an amount equal to all or any portion of such Reserve Requirement and may provide that if a disbursement is made to the Payment Fund from a surety bond, letter of credit, municipal bond insurance policy, or other form of credit facility, the Issuer shall be obligated to restore the amount of any deficiency in said Account by depositing cash in such Account derived from the Operating Revenue Fund, the Surplus Fund or the Renewal and Replacement Fund or by restoring the limits of such credit facility, or by any combination of such methods.

All references in the Bond Resolution to an Account in the Reserve Fund for a particular Series of Bonds (i) shall be deemed to include an Account in the Reserve Fund which was not established by the supplemental resolution providing for the issuance of such Series of Bonds, but which is held for the benefit of and secures such Series of Bonds and one or more additional Series of Bonds on a parity basis, and (ii) shall be read to have a meaning consistent with the Issuer's options under this paragraph.

The Payment Fund. Money in the Payment Fund shall be on deposit with the Paying Agent at or prior to 10:30 a.m., Jacksonville, Florida time on the date on which Bond Service Charges become due and payable and shall be used to pay such Bond Service Charges when due. Moneys received by the Paying Agent from any Escrow Agent serving under an Escrow Deposit Agreement for the payment of specific Bond Service Charges on specific Bonds shall be deposited in the Payment Fund and used exclusively for the payment of the Bond Service Charges as provided by the Escrow Deposit Agreement relating to such Bonds.

The Renewal and Replacement Fund. The Renewal and Replacement Fund shall be deemed to be fully funded when the balance therein is \$1,000,000. The funds in the Renewal and Replacement Fund shall be used only to make unusual or extraordinary repairs to facilities included as a part of the Airport System, to make required deposits to the Debt Service Fund if available amounts in the Operating Revenue Fund, the Surplus Fund and applicable Accounts in the Reserve Fund are not sufficient for such purposes and to make required deposits to the Reserve Fund and Rebate Fund if amounts in the Operating Revenue Fund and Surplus Fund are not sufficient for such purpose.

The Surplus Fund. The funds in the Surplus Fund shall be used (to the extent available and necessary) in the following order of priority:

(a) Amounts deposited in the Surplus Fund during the then current Fiscal Year shall first be used to make up deficiencies in required deposits to the following Funds and Accounts in the following order of priority: the Operation and Maintenance Fund, the Rebate Fund, the Debt Service Fund, the Reserve Fund, the PFC Fund, any debt service account or trust fund for Preferred Junior Obligations and any debt service account or trust fund for other Junior Obligations. In the case of transfers to Accounts in the Reserve Fund, the priorities set forth in subsection (c) under the heading *Operating Reserve Fund* herein shall apply;

(b) If an Event of Default has occurred, the funds in the Surplus Fund shall next be used to cure such Event of Default and to pay expenses of curing such Event of Default;

(c) To make any required deposits to any Special Capital Improvements Accounts;

(d) To make any required deposits to any Special Bond Retirement Accounts;

(e) To pay Preferred Junior Obligations which shall have become due and payable to the extent moneys in any debt service trust fund established therefor are insufficient to make such payment;

(f) To pay Junior Obligations (other than Preferred Junior Obligations) to the extent moneys in any debt service account or trust fund established therefor are insufficient to make such payment;

(g) On the first business day of each Fiscal Year, to make any Transfers the Issuer is obligated, by contract, to make to the Operating Revenue Fund;

(h) On the first business day of each Fiscal Year there shall be transferred from the Surplus Fund to the Renewal and Replacement Fund the lesser of: (A) the amount needed to eliminate any deficiency in the Renewal and Replacement Fund or (B) the entire amount remaining in the Surplus Fund.

(i) Any amounts in the Surplus Fund on the first of each Fiscal Year after making any Transfers and deposits required by (g) and (h), above, shall be transferred to one or more Unpledged Receipts Funds, and used by the Issuer for any lawful purpose, subject only to any restrictions on the use thereof imposed by contract.

The Rebate Fund. At the times and in the manner required by Section 148(f) of the Code and applicable U.S. Treasury regulations, the Finance Director shall (i) make or cause to be made such calculations as are necessary to determine the amount of the Issuer's accrued but unpaid liability to make rebate payments to the United States with respect to such Series of Rebate Bonds and (ii) create an Account in the Rebate Fund for such Series of Rebate Bonds (unless an Account in the Rebate Fund for such Series was theretofore created at the time a prior calculation was required); if the amount described in clause (i) exceeds the amount, if any, then on deposit in such Account, the Issuer shall transfer from the Operation and Maintenance Fund, or if it elects, from the Operating Revenue Fund, the Surplus Fund, the Renewal and Replacement Fund or other lawful sources, the amount of such excess so that the amount on deposit in the Rebate Fund equals the amount of such accrued but unpaid liability to make Rebate payments with respect to such Series of Rebate Bonds; if the amount, if any, then on deposit in such Account, exceeds the amount described in clause (i), the Issuer shall transfer such excess in such Account to the Surplus Fund. If, at any time the Issuer is required to make any rebate payments to the United States with respect to any Series of Rebate Bonds, the amount on deposit in the Account in the Rebate Fund for such Series of Rebate Bonds is not sufficient to make such rebate payments in full, the additional amounts needed for such purpose shall immediately be deposited in such Account from the Operation and Maintenance Fund, the Operating Revenue Fund, the Surplus Fund, the Renewal and Replacement Fund or other legally available sources. Amounts on deposit in each Account of the Rebate Fund shall be held in trust by the Issuer and used (except to the extent that excess amounts may be transferred to the Surplus Fund, as above provided) solely to make Rebate payments to the United States of America with respect to the Series of Rebate Bonds for which such Account was created and the Bondholders shall have no right to have the same applied to the payment of Bond Service Charges.

Capital Recovery Fund. Net casualty insurance proceeds (including proceeds of self insurance), net proceeds of any eminent domain award and net proceeds from the sale of property constituting a part of the Airport System which are required to be deposited in the Capital Recovery Fund shall be held in such Fund until deposited

in a Special Capital Improvements Account in the Construction Fund, in a Special Bond Retirement Account in the Debt Service Fund or in the Renewal and Replacement Fund.

Special Bond Retirement Accounts. The Issuer may establish one or more Special Bond Retirement Accounts within the Debt Service Fund and deposit therein moneys derived from the following sources: amounts on deposit in the Capital Recovery Fund; amounts on deposit in the Surplus Fund; excess amounts in any Account in the Construction Fund; or other moneys of the Issuer which may lawfully be deposited therein without violating the covenants contained in the Bond Resolution. Amounts deposited in any such Special Bond Retirement Account shall be used, only for the redemption of any Bonds which may be subject to extraordinary mandatory redemption on account of any damage, destruction, taking or sale of any of the Airport System; for the payment of Payment Obligations, for the optional redemption of Bonds or to purchase Bonds for cancellation; and to defease bonds by making payments to an escrow account.

Special Capital Improvements Accounts. The Issuer, by supplemental resolution, may establish one or more Special Capital Improvements Accounts within the Construction Fund and deposit therein moneys from the sources specified in the preceding paragraph. Moneys in each such Special Capital improvements Account shall be used for the purpose of making capital improvements, the nature of which shall be specified in such supplemental resolution. No such Special Capital Improvements Account shall be established unless the Consulting Engineer has first rendered a written opinion that it is reasonable to make such capital improvements and that the amount to be deposited in such Special Capital Improvements Account is reasonably expected to be sufficient (taking into account any investment income thereon, if any is to be deposited in such Account pursuant to the Bond Resolution) to pay the costs of such capital improvements.

PFC Fund. Moneys in the PFC Fund shall be applied by the Issuer, at its discretion, to PFC Projects in accordance with applicable approvals and authorizations by the FAA and applicable FAA Regulations. The PFC Fund shall constitute an Unpledged Receipts Fund and shall not be subject to the lien of the Bond Resolution.

Custody of Funds and Accounts. The amounts held in the Funds and Accounts (other than the Payment Fund which is held by the Paying Agent) shall be administered by the Issuer or its designated agent provided that the Issuer may appoint a Funds Trustee to hold any Fund or Account.

Security For and Payment of Credit Enhanced Bonds. If any Series of Bonds is to be insured by any municipal bond insurance policy or secured by any other form of credit facility, the Issuer, by resolution, may provide (a) for the designation of a Funds Trustee and for the holding by such Funds Trustee of the Accounts created for such Series in any one or more of the following Funds: the Bond Proceeds Fund; the Construction Fund; the Debt Service Fund; the Reserve Fund; and the Rebate Fund; (b) for the administration and investment of Accounts held by such Funds Trustee which vary from the provisions which would otherwise be applicable to such Accounts; (c) for the giving of notices to the provider of such credit facility; (d) for the payment of Bond Service Charges with amounts provided pursuant to such credit facility and the subrogation of the provider of such credit facility to the rights of the Holders of Bonds paid with amounts provided by such credit facility; and (e) for the preemption of certain rights and remedies to the provider of such credit enhancement as hereinafter described.

INVESTMENTS

Investment of Moneys. Moneys in the Payment Fund shall be deemed to have been expended to pay Bond Service Charges and shall not be invested by the Issuer. Moneys held in any Account in the Rebate Fund shall be invested in Investment Obligations or otherwise as required by Section 148(f) of the Code and applicable U.S. Treasury regulations and investment income therefrom shall be deposited in such Account upon receipt. Moneys held in any Unpledged Receipts Fund may be invested without any restrictions imposed hereunder and investment income therefrom shall be deposited in such Unpledged Receipts Fund upon receipt or otherwise as the Issuer shall elect subject to any contractual or other restrictions. Moneys held for the credit of all other Funds and Accounts shall be invested in Investment Obligations. Prior to the date the Series 1988 Project or any phase thereof which is financed by any Series 1988 Bonds is substantially completed (as determined by the Consulting Engineer) the investment income earned on the Account created for such Series in the Construction Fund, the investment income earned on the Account for such Series in the Debt Service Fund and the investment income earned on the Account in the Reserve Fund for such Series shall be deposited upon receipt in the Account for such Series in the Construction

Fund. Following the Completion Date and prior to total completion and payment of all Costs of the Series 1988 Project or such phase thereof, the Director of Finance may determine the extent to which investment income from the foregoing sources is to be deposited in the Account for such Series in the Construction Fund or to be deposited in the Operating Revenue Fund. The foregoing shall be applicable to each Series of Bonds provided that as to any Series of Bonds (other than Series 1988 Bonds), the resolution authorizing such Series may provide for a different use of investment earnings on the Accounts for such Series in the Debt Service Fund, the Reserve Fund and the Construction Fund. Investment income earned on amounts on deposit in any Special Bond Retirement Account in the Debt Service Fund or any Special Capital Improvements Account in the Construction Fund shall be deposited upon receipt in such Account or in the Operating Revenue Fund, as the Finance Director shall elect. Except as otherwise provided, income earned on amounts in all Pledged Deposits shall, upon receipt, be deposited into the Operating Revenue Fund. Investments in all Funds and Accounts shall mature not later than the respective dates, as estimated by the Issuer, on which the moneys held for the credit of said Funds and Accounts will be needed for the purposes thereof. Twenty-five percent (25%) of the amounts on deposit in any Account in the Reserve Fund shall be invested in investments maturing not longer than five (5) years from the date of investment; an additional twenty-five percent (25%) shall be invested in investments maturing not longer than ten (10) years from the date of investment; and the balance may be invested without restriction as to maturity.

Investments acquired with moneys on deposit in any Fund or Account shall be deemed, at all times, to be a part of such Fund or such Account. All investment income derived by any Escrow Agent from moneys held in any Escrow Account shall be deposited in such Escrow Account and used as provided in the Escrow Deposit Agreement relating to such Escrow Account. Notwithstanding the foregoing, the Issuer may, by agreement with any Person or by supplemental resolution, limit the types and maturities of Investment Obligations in which it is permitted to invest funds hereunder.

Not earlier than October 1 and not later than October 24 of each year, the Issuer shall determine the fair market value of all Investment Obligations in each Account in the Reserve Fund as of the close of business on the last Business Day prior to such October 1. If the fair market value of Investment Obligations plus cash on deposit in any Account shall be less than the Reserve Requirement for the Series of Bonds for which such Account was created, the deficiency, less any portion of the deficiency attributable to withdrawals for the payment of debt service on such Series of Bonds, shall constitute a valuation deficiency which is required to be restored. "Fair market value" shall be determined in the manner provided by the U.S. Treasury regulations. If the net fair market value of Investment Obligations in any such Account exceeds their cost, such excess shall be credited against any withdrawals for the payment of debt service and shall reduce the amount of withdrawals that need to be restored, and if no withdrawals have been made, or if such appreciation in value exceeds such withdrawals, the excess appreciation shall be credited to any obligation of the Issuer to make initial periodic funding payments to such Account. If the fair market value of Investment Obligations in any Account plus cash on deposit in such Account exceeds the Reserve Requirement for such Account, the excess shall be transferred to the Surplus Fund.

Notwithstanding the foregoing, no investment shall be made which is prohibited by applicable law or by any Award Resolution or by any agreement with the provider of any credit facility or with any rating agency. All such investments shall be made in compliance with the following tax covenants.

Federal Income Tax Covenants. The following covenants shall not apply to any Taxable Bonds. The Issuer will restrict the use of the proceeds of Bonds of such Series in such manner and to such extent, if any, as may be necessary so that the Bonds of such Series will not constitute arbitrage bonds under Section 148 of the Code. The Finance Director or any other officer of the Issuer having responsibility for the issuance of a particular Series of Bonds shall give an appropriate certificate of the Issuer, for inclusion in the transcript of proceedings for such Series of Bonds, setting forth the reasonable expectations of the Issuer regarding the amount and use of all the proceeds of such Series of Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of interest on the Bonds of such Series. The Issuer (a) will take or cause to be taken such actions which may be required of it for the interest on each Series of Bonds to be and remain excluded from gross income for federal income tax purposes and for any Series of Bonds which are issued as "governmental purpose bonds" under the Code to be and remain governmental purpose bonds" (in lieu of "private activity bonds," as defined in the Code), and (b) will not take or permit to be taken any actions which would adversely affect that exclusion, and that it, or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Bonds of such Series to the governmental purpose of the borrowing, (ii) restrict the yield on

investment property acquired with those proceeds, (iii) make timely rebate payments to the federal government, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. The Finance Director and other appropriate officers are authorized and directed to take any and all actions, make calculations and Rebate payments, and make or give reports and certificates, as may be appropriate to assure such exclusion of that interest and to preserve the intended federal income tax status of such Series. The Finance Director shall give due regard to the representations and covenants contained in the tax compliance certificate to be executed and delivered on behalf of the Issuer at the time each Series of Bonds (other than a Series of Taxable Bonds) are issued and shall obtain advice from Bond Counsel as he deems necessary to comply with the foregoing provisions.

COVENANTS OF THE ISSUER

Rate and Coverage Test.

(a) In each Fiscal Year the Issuer shall take such action as may be necessary to cause it to receive Net Operating Revenues plus Transfers in each Fiscal Year that shall be at least equal to the greater of:

(i) 1.25 times the aggregate Bond Service Requirements for all Series of Bonds for the Bond Year ending on the day next following the close of such Fiscal Year; or

(ii) The sum of the amounts required to be deposited in the Debt Service Fund, in the Rebate Fund, in the Reserve Fund, and in the Renewal and Replacement Fund in such Fiscal Year plus amounts necessary to pay Debt Service on Junior Obligations due in such Fiscal Year.

(b) The Issuer further covenants that, from time to time and as often as shall be necessary, it shall (to the extent permitted by law and subject to any limitations contained in leases and other agreements to which the Issuer is a party) increase its rates, fees and charges for the use of the products, services and properties of the Airport System or reduce Operation and Maintenance Expenses or modify the Airport Operations as may be necessary so that Net Operating Revenues plus Transfers in each Fiscal Year will not be less than the amount necessary to attain compliance with paragraph (a) above.

(c) If, the annual audit report for any Fiscal Year indicates that the Issuer has failed to comply with the covenant contained in paragraph (a) above, it shall promptly cause the Airport Consultant to review its rates, fees and charges, Operation and Maintenance Expenses and the conduct of its Airport Operations and to make written recommendations as to the actions which the Issuer should take in order to comply with the covenant set forth in paragraph (b) above. The Issuer shall forthwith implement such recommendations to the extent required so as to cause it to thereafter comply with said covenant, provided, however, failure to attain the coverage specified in paragraph (a)(i) above shall not constitute an Event of Default so long as (A) the coverage is not less than required by paragraph (a)(ii) above and (B) the Airport Consultant states in a written opinion, filed with the Issuer, that the Airport Operations are being conducted in a financially sound manner.

Sale, Lease, Mortgage or Disposition of the Airport System.

(a) The Issuer shall maintain good and marketable title in fee simple to the real property or interests therein owned by it and comprising a part of the Airport System, subject only to Permitted Encumbrances. With respect to any portion of the Airport System not owned by the Issuer, but operated by the Issuer under any lease or other agreement, it shall comply with its obligations under such lease or other agreement during the term thereof. The Issuer shall not sell, lease, mortgage, pledge or otherwise dispose of or encumber the Airport System or any component or part thereof except as described below.

(b) The Issuer shall have the right to sell, scrap or otherwise dispose of any machinery, fixtures, apparatus, tools, instruments or other personal property which may be determined to be part of the Airport System, or any materials used in connection therewith if the Issuer determines that such articles are no longer needed or useful in connection with the construction or maintenance of the properties constituting the Airport System or the operation of

the Airport System or that such sale, scrapping or other disposition will not materially impair the operating efficiency of the Airport system or reduce the ability of the Issuer to satisfy the rate covenant and coverage test.

(c) The Issuer, free of any obligation to make any replacement thereof or substitution therefor, shall have the right to demolish or remove any real property or structure constituting a part of the Airport System provided that, in the written opinion of the Airport Consultant, such removal or demolition does not materially impair the operating efficiency of the Airport System or reduce the ability of the Issuer to satisfy the rate covenant and coverage test.

(d) Notwithstanding the provisions of (c) above, the Issuer shall have the right to demolish or remove any real property or structure constituting a part of the Airport System which, in the written opinion of the Airport Consultant, has become inadequate, unsuitable or obsolete, provided that the Issuer shall construct or acquire replacement or such substitute real property or structure (which shall become a part of the Airport System) which in the written opinion of the Airport Consultant is necessary to prevent such demolition or removal from materially impairing the operating efficiency of the Airport System or reducing the ability of the Issuer to satisfy the requirements of the rate covenant and coverage test.

(e) The Issuer may sell or otherwise transfer all, but not less than all, of the Airport System to the State or any public body or political subdivision thereof which shall assume all duties and liabilities of the Issuer under the Bond Resolution and other duties and liabilities of the Issuer relating thereto.

(f) The Issuer may enter into lease agreements, use agreements and concession agreements in the ordinary course of its Airport Operations under which third parties may obtain the exclusive use, joint use, or non-exclusive use of portions of the Airport System or obtain the exclusive, joint or non-exclusive right to provide specified services or sell specified products on property of the Airport System. Payments received by the Issuer under such agreements shall be Operating Revenues (except to the extent otherwise provided in the definition of Operating Revenues). The Issuer covenants and agrees that all leases, concessions or other use agreements entered into by Issuer after the date of the passage of the Bond Resolution, and all other understandings or agreements involving payment to the Issuer of rates, fees and charges for use of the Airport System, its products and services, shall not contain terms and conditions which would impair the Issuer's ability to perform the Issuer's covenants in the Bond Resolution.

(g) The Issuer may lease or use any land comprising a part of the Airport System or lease or use space within any building or structure comprising a part of the Airport System for use as a location for a Special Purpose Facility provided that in addition to any payments for such use which may be pledged to pay any Special Purpose Bonds issued as permitted by the Bond Resolution (i) a reasonable ground rent or space rent, or if the Issuer is to be the user of such Special Purpose Facility for the conduct of activities not related to the operation or maintenance of the Airport System, a reasonable payment in lieu of rent shall be charged (which rent or payment in lieu of rent shall constitute Operating Revenues), and (ii) the use of such property as the location of the Special Purpose Facility, the Special Purpose Facility itself, and the operations to be conducted thereat and the terms and conditions contained in any lease or other agreement of the Issuer relating thereto shall not impair the Issuer's ability to perform the Issuer's covenants in the Bond Resolution.

(h) The Issuer may sell property under threat of condemnation and the proceeds of such sale shall be deemed to constitute an eminent domain award. The net proceeds of sale shall be deposited in the Capital Recovery Fund.

(i) The Issuer may, with or without any cash consideration, grant easements and roadway rights-of-way to public utilities and public bodies in order that necessary utility services and roads may serve the Airport System; and any cash consideration received shall be deposited in the Capital Recovery Fund and applied as provided in the Bond Resolution.

(j) During any period any land comprising a part of the Airport System is not needed for activities related to aviation, the Issuer may, so long as the same does not impair the conduct of aviation activities (i) lease the same; (ii) sell timber and pulpwood growing thereon or lease rights to cut timber and pulpwood; or (iii) lease mineral rights thereon. All revenues derived therefrom shall be included in Operating Revenues.

(k) The net proceeds of any sale (other than a sale under threat of condemnation) shall be deposited in the Capital Recovery Fund and held therein until applied as follows: If the Issuer is required to construct or acquire property in replacement of or substitution for any sold property, any portion of net sales proceeds derived from the sale of any personal property or materials shall (together with any additional amounts on deposit in the Renewal and Replacement Fund or Surplus Fund or other legally available funds of the Issuer which it may elect or be required by contract to use for such purpose as may be estimated by the Issuer to be needed for such substitution or replacement) be deposited in a Special Capital Improvement Account and used for such purpose; if any amounts remain in such Special Capital Improvement Account after such substitution or replacement has been made and all costs thereof have been paid, any excess sales proceeds shall be deposited in the Renewal and Replacement Fund and any excess amounts derived from any other source shall be refunded to such source. Any net sales proceeds in the Capital Recovery Fund not required to be deposited in a Special Capital Improvements Account under this paragraph shall, at the election of the Issuer, be deposited (w) in the Renewal and Replacement Fund, or (x) in a Special Capital Improvements Account and used for paying the cost of other improvements or (y) in a Special Bond Retirement Account or (z) in any one or more of the foregoing Funds and Accounts.

Required Insurance. The Issuer shall carry adequate casualty insurance on the property of the Airport System that is subject to loss through fire, windstorm, explosion or other casualty of the types normally insured against by public airports; adequate public liability insurance; other insurance of the kinds and amounts normally carried in the operation of similar facilities and properties in Florida; and in time of war, such additional casualty insurance as may be available at reasonable cost against loss or damage by the risks and hazards of war in an amount or amounts equal to the fair market value of the Airport System as determined by the Airport Consultant. The Issuer may, upon appropriate authorization by its Governing Body and after consulting with a qualified insurance consultant or registered actuary, adopt a self-insurance program to self-insure against one or more of such risks on a basis certified by said insurance consultant to be actuarially sound. If the Issuer elects to self insure, such self insurance program shall be reviewed at least once every three (3) years by a qualified insurance consultant or registered actuary who shall deliver to the Issuer a report as to the adequacy of the reserves established thereunder in light of the claims made and the history of recovery against the Issuer for similar claims. If the report of the insurance consultant or registered actuary states that such reserves are inadequate in the light of the claims made, it shall state the amount of reserves that should be established and maintained, then unless the Issuer shall obtain a written opinion of another insurance consultant or registered actuary stating that such recommendation is unreasonable in the light of the nature of the claims and the history of recovery against the Issuer for similar claims, the Issuer shall eliminate any deficit in any insurance reserve by depositing in such insurance reserve fund in each of the next succeeding twelve (12) months one-twelfth (1/12th) of the amount of such deficit. If the Issuer elects to self-insure, in whole or in part, against any one or more of such risks it shall establish a restricted insurance reserve fund which shall be a part of the Pledge Deposits; deposits made to any such insurance reserve fund shall be paid from the Operation and Maintenance Fund and shall be deemed to constitute the payment of insurance premiums and to constitute Operation and Maintenance Expenses. Except as provided below, amounts in any restricted insurance reserve fund shall be used only to pay losses and claims covered by said self-insurance program, and any earnings on any such reserve shall be deposited in such reserve. If the written opinion of the insurance consultant or registered actuary states that any restricted insurance reserve is over-funded, then any excess in such insurance reserve shall first be used to eliminate or reduce any deficit in any other insurance reserve fund and, if there are no such deficits or if all such deficits have been eliminated the balance of such excess shall be deposited in the Operating Revenue Fund (and treated as a return of premium and as an item of Operating Revenues). If any casualty loss shall occur, the amount of such loss, as determined by the insurance consultant, shall be transferred from the casualty insurance reserve fund to the Capital Recovery Fund and shall be deemed to constitute net proceeds of casualty insurance.

Damage, Destruction and Eminent Domain. (a) If at any time prior to payment and discharge Of the Outstanding Bonds, any part of the Airport System shall be (a) destroyed or damaged by any casualty, or (b) taken under the exercise of the power of eminent domain by any governmental body or by any Person, firm or corporation acting under governmental authority (or sold under threat of condemnation), the net proceeds of any casualty insurance (including amounts deemed to be net proceeds of casualty insurance) and the net proceeds of any eminent domain award (including net proceeds of any sale under threat of condemnation) (being, in each case the gross proceeds less costs of recovering such proceeds) received by the Issuer for any such losses, taking or threatened taking shall, upon receipt, be deposited in the Capital Recovery Fund and held therein pending the making, by the Issuer, of a determination as to how such moneys shall be used pursuant to the following provisions.

(b) If any part of the Airport System shall be damaged or partially or totally destroyed by fire, flood, windstorm, or other casualty, then, unless provision shall have been made for the discharge of all Outstanding Bonds, the Issuer shall cause the net casualty insurance proceeds to be applied in one or more of the following ways:

(i) Moneys may be transferred from the Capital Recovery Fund to a Special Capital Improvements Account and used to repair, rebuild or restore such destroyed or damaged property with such changes, alterations and modifications (including the substitution and addition of any other property) as may be designated by the Issuer for the administration and operation of the Airport System and as shall, in the judgment of the Issuer and the Airport Consultant, restore the administration and operation of the Airport System to the level existing prior to such damage or destruction, and if and to the extent that such net proceeds are not sufficient for such purpose, the Issuer shall use amounts on deposit in the Renewal and Replacement Fund or the Surplus Fund or other legally available moneys for such purpose;

(ii) Moneys may be transferred from the Capital Recovery Fund (and to the extent needed from the Renewal and Replacement Fund or Surplus Fund or other lawful sources) to a Special Capital improvements Account and used to construct or acquire other property as may be designated by the Issuer for the administration and operation of the Airport System and as shall, in the judgment of the Issuer and the Airport Consultant, (A) be sufficient to replace the revenue producing capacity of the damaged or destroyed property, (B) be the property most likely, taking into account the amount of insurance proceeds available to construct or acquire the same, to maximize the Net Operating Revenues to be earned by replacement property to be acquired with insurance proceeds, or (C) cause the Net Operating Revenues from such property (when added to the other Net Operating Revenues, for the three years following the placing of such property in service), to be sufficient to make all required deposits to the Debt Service Fund, the Reserve Fund, the Rebate Fund and the Renewal and Replacement Fund; or

(iii) Moneys may be transferred from the Capital Recovery Fund to a Special Bond Retirement Account and used to redeem Bonds, defease Bonds or purchase Bonds for cancellation, provided that no part of such net casualty insurance proceeds may be applied for such redemption or purchase unless (1) all of the Bonds are to be redeemed or purchased, or (2) in the event that less than all of the Bonds are to be redeemed, the Issuer shall have obtained an opinion of the Airport Consultant stating (x) that the property forming a part of the Airport System that was destroyed or damaged is not essential to the operation of the Airport System, or (y) that such destroyed or damaged property has been restored or replaced according to the requirements of (i) or (ii) above, or (z) that notwithstanding any such damage or destruction, the Issuer's ability to comply with the covenants of the Issuer contained in the Bond Resolution will not be impaired; provided, however, that no moneys shall be required to be deposited in any Special Bond Retirement Account unless otherwise required to be used to retire Bonds; or

(iv) Any moneys in the Capital Recovery Fund which are not deposited in a Special Capital Improvements Account or Special Bond Retirement Account shall be deposited in the Renewal and Replacement Fund.

Within ninety (90) days from the date of any such loss or destruction, the Issuer, by resolution, shall elect which one or more of the ways specified in this paragraph (b) the Issuer shall apply the net casualty insurance proceeds.

(c) In the event that title to or the temporary use of, or any part of, the Airport System shall be taken under the exercise of the power of eminent domain by (or sold under threat of condemnation to) any governmental body (or any person, firm or corporation acting under governmental authority), then, unless provision shall have been made for the discharge of all Outstanding Bonds, the Issuer shall cause the net proceeds received by it from any award in such eminent domain proceedings (or from any sale under threat of condemnation) to be applied in one or more of the following ways:

(i) Moneys may be transferred from the Capital Recovery Fund to a Special Capital Improvements Account and used to restore the remaining portion of the Airport System (including the substitution and addition of other property as may be designated by the Issuer for the administration and operation of the Airport System and as shall, in the judgment of the Issuer and the Airport Consultant, not

impair or diminish the administration and operation of the Airport System), and there shall be applied for such purpose, and if and to the extent the net proceeds are not sufficient for such purpose, the Issuer shall use amounts on deposit in the Renewal and Replacement Fund or the Surplus Fund or other legally available moneys for such purpose; or

(ii) Moneys may be transferred from the Capital Recovery Fund (and to the extent needed from the Renewal and Replacement Fund or Surplus Fund or other lawful sources) to a Special Capital Improvement Account and used to construct and acquire other property as may be designated by the Issuer for the administration and operation of the Airport System and as shall, in the judgment of the Issuer and the Airport Consultant, (A) be sufficient to replace the revenue producing capacity of the condemned property, (B) be the property most likely, taking into account the amount of insurance proceeds available to construct or acquire the same, to maximize the Net Operating Revenues to be earned by replacement property to be acquired with eminent domain award proceeds, or (C) cause the Net Operating Revenues from such property (when added to the other Net Operating Revenues, for the three years following the placing of such property in service), to be sufficient to make all required deposits to the Debt Service Fund, the Reserve Fund, the Rebate Fund and the Renewal and Replacement Fund; or

(iii) Moneys may be transferred from the Capital Recovery Fund to a Special Bond Retirement Account and used to redeem Bonds, defease Bonds or to purchase Bonds for cancellation, provided that no part of any such net eminent domain award may be applied for such redemption or purchase unless (1) all of the Bonds are to be redeemed or purchased, or (2) in the event that less than all of the Bonds are to be redeemed or purchased, the Issuer shall have obtained an opinion of the Airport Consultant stating (x) that the property forming a part of the Airport System that was taken is not essential to the operation of the Airport System, or (y) that such taken property has been replaced according to the requirements of (i) or (ii), above, or (z) that notwithstanding any such taking, the Issuer's ability to comply with the covenants of the Issuer contained in the Bond Resolution will not be impaired; provided however, that no moneys shall be required to be deposited in any Special Bond Retirement Account unless otherwise required to be used to retire Bonds; or

(iv) Any moneys in the Capital Recovery Fund which are not deposited in a Special Capital Improvements Account or Special Bond Retirement Account shall be deposited in the Renewal and Replacement Fund.

Within ninety (90) days from the date of entry of a final order in any eminent domain proceedings granting condemnation (or within ninety (90) days following a sale under threat of condemnation), the Issuer, by resolution, shall elect which one or more of the ways specified in this paragraph (c) the Issuer shall apply the net proceeds of such eminent domain award.

(d) If the Issuer elects to repair, replace or restore any property which has been destroyed, damaged, taken or sold under threat of condemnation, as described above, the Issuer shall, after making such election, immediately commence the design, planning, construction or acquisition activities necessary for such purpose and shall proceed with due diligence until such repairs, replacement or restoration is completed, and shall, during the period of such repair, replacement or restoration, take all reasonable steps to minimize any adverse affect on Net Operating Revenues which may have been occasioned by such destruction, damage or taking. If during the period of repair, replacement or restoration, the Operating Revenues in the Operating Revenue Fund are insufficient to make all required deposits to the Funds and Accounts, a failure to make such deposits (other than deposits required to be made to the Operation and Maintenance Fund, the Debt Service Fund, the Reserve Fund, the Rebate Fund and the Payment Fund shall not constitute an Event of Default so long as all Operating Revenues are applied (to the extent the same are available) as provided in the Bond Resolution).

Enforcement of Collections. The Issuer shall diligently enforce its right to receive the Operating Revenues and shall diligently take action to enforce and collect the fees, rates, rentals another charges for the use of the products, services and facilities of the Airport System. The Issuer shall not take any action that will impair or adversely affect its rights to levy, collect and receive the Operating Revenues, or impair or adversely affect in any manner the pledges made herein or otherwise adversely affect the rights of the Bondholders. The Issuer shall be

unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take lawful action necessary or required to enable it to comply with the coverage test.

Consulting Engineer and Airport Consultant. The Issuer shall retain a Consulting Engineer and an Airport Consultant to perform those services thereof required by the Bond Resolution.

Deposit of Federal and State Reimbursement Funds. The Issuer covenants that any funds or disbursements received by it from federal or state governmental sources that constitute or represent reimbursements of capital expenditures on the Airport System made by the Issuer from amounts withdrawn from the Pledged Deposits shall (unless such use is prohibited by the state or federal government) be deposited, at the option of the Issuer, in the Renewal and Replacement Fund, the Construction Fund or the Surplus Fund.

Assessments, Taxes and Utilities. The Issuer covenants and agrees to pay, or cause to be paid, when due all lawful assessments, levies, taxes of every kind and nature relating to the whole or any part of the Airport System, and all costs, expenses, liabilities and charges of every kind and nature, including charges for gas, electricity, water, sewer and other utilities, relating to the maintenance, repair, replacement and improvement of the Airport System or any part thereof or relating to the operations or services conducted or provided thereon or in connection therewith which may arise or accrue during the term any Bonds are Outstanding; provided, however, that nothing contained in the Bond Resolution shall be deemed to constitute an admission that the Issuer or any of the Issuer's properties are subject to assessments, levies or taxes or a consent thereto; provided further, that the Issuer shall not be under any obligation to pay any such item if and to the extent it is payable by any contractor in providing any work on any Project; provided further, that with respect to the obligations imposed upon it under this provision, the Issuer may exercise the right to contest any of the foregoing liabilities in good faith provided that by so doing it does not subject the Airport System or any part thereof to risk of material loss.

Compliance With Requirements of Law. The Issuer shall comply with all laws, rules, regulations and orders of any governmental body or officers exercising any power of regulation or supervision over it or over any part of the Airport System, and the Issuer shall make any repairs thereto or any part thereof that may be required by any of those laws, rules, regulations or orders or that may be necessary to maintain in force any insurance required hereby with respect to any part of the Airport System; provided, however, that the Issuer shall have the right in good faith to contest the validity of any law, rule, regulation or order in any reasonable manner and to delay or refuse to comply therewith if the contest will not materially affect the right of the Issuer to own, use, operate, or maintain any part of the Airport System.

No Adverse Activity. To the full extent permitted by law, the Issuer will not conduct any activity and will not grant, or cause, consent to, or allow the granting of, any franchise or permit authorizing any person, firm, corporation or body, or agency or instrumentality whatsoever to conduct any activity which the Airport Consultant determines will adversely affect the ability of the Issuer to comply with the coverage test.

Covenants With Respect to PFCs. The Issuer covenants and agrees to file such applications, submit such reports and take any and all such other actions that may be necessary or desirable to preserve its rights to impose and collect PFCs from which Available PFC Revenues are derived, to enforce with reasonable diligence its right to receive PFC Revenues from which Available PFC Revenues are derived and to use the proceeds from such Available PFC Revenues and amounts required to be deposited in the PFC Fund in the manner provided herein. Without limiting the generality of the foregoing, the Issuer covenants and agrees as follows:

(a) To apply PFC Revenues only to finance allowable costs of approved projects in accordance with the FAA Regulations and applicable FAA authorizations and approvals (including accrued aggregate Bond Service Charges with respect to that portion of Bonds issued to finance PFC Projects);

(b) To comply with the applicable requirements of Section 9304(e) and 9307 of the Airport Noise and Capacity Act of 1990 (Pub. L. 101-508, Title IX, Subtitle D);

(c) To notify the air carriers and foreign air carriers required to collect PFCs with respect to the Airport System of the FAA's approval of the imposition of such PFCs in accordance with the requirements of the

FAA Regulations and to take all actions reasonably necessary to insure the proper collection and remittance of the PFC Revenues from which Available PFC Revenues are derived by the air carriers; and

(d) To comply with all reporting, recordkeeping, and auditing requirements contained in the FAA Regulations.

PARITY BONDS AND JUNIOR OBLIGATIONS

Issuance of Obligations. The Issuer will not issue any Obligations payable from or secured by any of the Pledged Funds except that (i) Parity Bonds and Junior Obligations may be issued as provided in the Bond Resolution, (ii) Payment Obligations and Preferred Junior Obligations may be incurred as provided in the Bond Resolution, and (iii) the Issuer may enter into Qualified Derivative Agreements. The Issuer may issue Special Purpose Bonds as provided in the Bond Resolution and may issue other Obligations which are not payable from any of the Pledged Funds.

Issuance of Parity Bonds.

(a) Except as otherwise provided under this subcaption, no Bonds, which other Bonds are herein called Parity Bonds, shall be issued unless the Issuer is current in all required deposits to the Funds and Accounts and the Issuer shall not be in default hereunder or under any supplemental resolution, and unless one of the following conditions is met:

(i) During the most recent Fiscal Year for which an annual audit report is available (the "Test Period") preceding the issuance of said Series of Parity Bonds, as verified by an Independent Certified Public Accountant, Net Operating Revenues and Transfers were equal to at least one hundred twenty-five percent (125%) of the Cumulative Maximum Bond Service Requirement on the Bonds which would be Outstanding immediately after the issuance of such Parity Bonds (including Bonds previously issued which would not be paid or defeased prior to or would not be paid or defeased simultaneously with the issuance of such proposed Parity Bonds and the proposed Parity Bonds); or

(ii) There is delivered to the Issuer a report of an Airport Consultant stating that, taking into account all Bonds then Outstanding (but not the Parity Bonds then to be issued) for the Test Period, the requirements of the "Rate and Coverage Test" described above under the caption "COVENANTS OF THE ISSUER" (the "Rate and Coverage Test") have been satisfied and that such Airport Consultant has projected (taking into account Bonds which would be Outstanding after such Parity Bonds are issued), that the requirements of the Rate and Coverage Test would be satisfied (A) in the case of an issue which is a new money issue, in each of the first three (3) full Fiscal Years succeeding the date on which the Project to be financed with such new money issue is expected to be substantially completed and placed in operation or in each of the first five (5) full Fiscal Years succeeding the date on which such Parity Bonds are to be issued, whichever period is concluded later, or (B) in the case of an issue which is wholly a refunding issue (other than a refunding issue described in paragraph (c) below), in each of the first five (5) full Fiscal Years succeeding the date on which such Parity Bonds are issued. To the extent the Airport Consultant includes in its projections any Available PFC Revenues, the Issuer, in the supplemental resolution providing for the issuance of such Series of Parity Bonds, shall covenant to make Transfers of Available PFC Revenues in amounts not less than the Available PFC Revenues included in the Airport Consultant's projections for the Test Period.

(b) Notwithstanding the provisions of paragraph (a) above, Parity Bonds may be issued at one or more times for the purpose of completing any Project if the principal amount of all such Parity Bonds does not exceed 15% of the principal amount of the Series of Bonds initially issued to pay Costs of such Project.

(c) Notwithstanding the provisions of paragraph (a) above, Parity Bonds may be issued if, immediately after the issuance of such Parity Bonds, the Cumulative Maximum Bond Service Requirement will be less than the Cumulative Maximum Bond Service Requirement immediately prior to the issuance thereof.

(d) At the time of issuance of any Parity Bonds, Bond Counsel shall deliver to the Issuer its unqualified opinion stating.

(i) That such Parity Bonds are the legal and valid obligations of the Issuer; and

(ii) That (A) interest thereon is excludible from the gross income of the holder for federal income tax purposes or (B) (if the Parity Bonds are Taxable Bonds) that the interest thereon is (or may be) includible in the gross income of the Holder for federal income tax purposes, that a statement to that effect appears in the body of such Bonds and that the issuance of such Series of Taxable Bonds will not adversely affect the tax status of any Outstanding Bonds.

(e) If, because of any advances by any third party to or for the benefit of the Issuer, there arises a Payment Obligation liability to such third party, it shall not violate the provisions of under this subcaption relating to the issuance of Parity Bonds even though the Issuer, at that time, would not have been permitted to issue additional Parity Bonds having the same Debt Service liability as that arising from such Payment Obligation.

Issuance of Junior Obligations. Junior Obligations (other than Preferred Junior Obligations) may be issued only to pay Costs described in the Bond Resolution. Preferred Junior Obligations may be incurred as provided in the Bond Resolution. The rights of the Holders of Junior Obligations to receive payment from the Pledged Funds is limited to amounts which, under the express provisions in the Bond Resolution, may be used for that purpose. All Junior Obligations or the documents under which they are issued shall contain an express statement that such Junior Obligations are junior and subordinate in all respects to the Bonds and Payment Obligations. The Bond Resolution imposes no financial test for the issuance of Junior Obligations or any requirement that all Junior Obligations be on a parity with each other, except that Preferred Junior Obligations described in the Bond Resolution shall, as to payment from the Parity Security (i) have a parity claim with each other, (ii) be subordinate to the Bonds as provided in the Bond Resolution and (ii) be superior to all other Junior Obligations.

SPECIAL PURPOSE BONDS

The Issuer may issue Special Purpose Bonds to finance the cost of Special Purpose Facilities. Such Special Purpose Bonds shall be revenue bonds payable from (i) rentals (except ground rents, space rents or payments in lieu thereof which constitute Operating Revenues), installment purchase payments, loan payments and other payments derived by the Issuer under and pursuant to a lease, installment sale agreement, loan agreement or other agreement relating to the Special Purpose Facility entered into by and between the Issuer and such person, firm or corporation, either public or private, as shall lease, own or use the Special Purpose Facility, or (ii) moneys of the Issuer which are not Pledged Funds, or (iii) both such sources.

All fees, rentals and other charges received by the Issuer for the use of the products, services and facilities of any Special Purpose Facility under and pursuant to such leases or agreements (except ground rents, space rents and payments in lieu thereof), shall be used by the Issuer to the extent required by the terms of such Special Purpose Bonds for the payment of the principal of, premium (if any) and interest on the Special Purpose Bonds issued to finance such Special Purpose Facility and for the funding of reserves and payment of administrative costs and other expenses required by the resolution authorizing the issuance of such Special Purpose Bonds.

EVENTS OF DEFAULT AND REMEDIES

Events of Default. Each of the following events is an “Event of Default”:

(a) Payment of the principal of or premium on any Bond or any Payment Obligation shall not be made when the same shall become due and payable, either at maturity or on required payment dates by proceedings for redemption or otherwise; or

(b) Payment of any installment of interest on any Bond or Payment Obligation shall not be made when the same shall become due and payable; or

(c) The occurrence of any “Event of Default” under any supplemental resolution; or

(d) The Issuer shall for any reason be rendered incapable of fulfilling its obligations under the Bond Resolution or under any supplemental resolution to the extent that the payment of or security for the Bonds would be materially adversely affected, and such conditions shall continue unremedied for a period of thirty (30) days after the Issuer becomes aware of such conditions; or

(e) An order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or receivers of the Issuer, the Airport System or any of the Pledged Funds, or any part thereof (other amounts in the Surplus Fund which are permitted to be used for the payment of Junior Obligations) or the filing of a petition by the Issuer for relief under federal bankruptcy laws or any other applicable law or statute of the United States of America or the State, which shall not be dismissed, vacated or discharged within thirty (30) days after the filing thereof; or

(f) Any proceedings shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claim of such creditors, pursuant to any federal or state statutes now or hereafter enacted, if the claims of such creditors are under any circumstances payable from any of the Pledged Funds (other than amounts in the Surplus Fund which are permitted to be used for the payment of Junior Obligations); or

(g) The entry of a final judgment or judgments for the payment of money against the Issuer which subjects any of the Pledged Funds to a lien for the payment thereof in contravention of the provisions hereof for which there does not exist adequate insurance, reserves or appropriate surety or indemnity bonds for the timely payment thereof, and any such judgment shall not be discharged within ninety (90) days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof, or

(h) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained herein or in any supplemental resolution or in any of the Bonds on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by the registered owners of not less than ten percent (10%) in aggregate principal amount (and Appreciated Principal Amount, if applicable) of any Series of Bonds Outstanding; provided, however, that the failure to pay Swap Charges will only constitute an Event of Default hereunder if the conditions for payment of such Swap Charges were met under subsection (g) of “Operating Revenue Fund.”

Notwithstanding the foregoing, the occurrence of any event described in clauses (d) and (h) above, shall not be deemed to be an Event of Default if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes appropriate curative action and diligently pursues such action until the default has been corrected.

Notice of Default. If an Event of Default shall occur, the Issuer shall give written notice of the Event of Default, by registered or certified mail, to the Registrar, each Paying Agent and Authenticating Agent, the Original Purchasers of the Outstanding Bonds and to any Person who is then providing a credit enhancement facility or liquidity facility for any of the Bonds within five days after the Issuer has knowledge of the Event of Default unless such Event of Default shall have been cured. If an Event of Default occurs (and has not been cured) of which the Issuer has failed to give notice, then any of the foregoing or any Holder of any of the Bonds may give written notice thereof to the others. Within thirty (30) days after the giving of notice of its occurrence as aforesaid, notice shall also be given by the Issuer to the Holders of all Bonds then Outstanding as shown by the Register at the close of business fifteen (15) days prior to the mailing of that notice and to each rating agency which has issued a rating with respect to any outstanding Bonds provided that except in the case of an Event of Default described in clauses (a) or (b) of the preceding paragraph, the Issuer may withhold such notice if and so long as the Issuer has cured such Event of Default within such thirty (30) day period.

Enforcement of Remedies, Appointment of Paying Agent. Upon the happening and continuance of any Event of Default, then and in every such case the owners of not less than twenty-five percent (25%) in aggregate principal amount (and appreciated principal amount, if applicable) of any Series of the Bonds then Outstanding (or any Person providing credit enhancement for such Series of Bonds) may appoint any state bank, national bank, trust company or national banking association qualified to transact business in Florida to serve as trustee for the benefit of the Holders of all Outstanding Bonds (the "Paying Agent"). Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than twenty-five percent (25%) in aggregate principal amount (and appreciated principal amount, if applicable) of any Series of the Bonds then Outstanding and the trust instrument under which the Paying Agent shall have agreed to serve shall be filed with the Issuer and the Paying Agent and notice of such appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first Paying Agent with regard to any default hereunder, no further Paying Agents may be appointed with regard to such default; however, the Holders of a majority in aggregate principal amount of all the Bonds then outstanding may remove the Paying Agent initially appointed and appoint a successor and subsequent successors at any time. If the default for which the Paying Agent was appointed is cured or waived pursuant to the Bond Resolution, the appointment of the Paying Agent shall terminate.

After a Paying Agent has been appointed, the Paying Agent may proceed, and upon the written request of Holders of twenty-five percent (25%) of the principal amount (and appreciated principal amount, if applicable) of all Bonds Outstanding shall proceed, subject to the provisions of the Bond Resolution, to protect and enforce the rights of the Holders of the Bonds by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board, body or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Bond Resolution or in aid of execution of any power granted in the Bond Resolution or for the enforcement of any proper legal or equitable remedy, all as the Paying Agent, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy against the Issuer, the Paying Agent shall be entitled to sue for, enforce payment of and receive any and all amounts then due, or becoming due during the continuance of such Event of Default, and at any time remaining, from the Issuer for the principal of, premium, if any, or interest on the Bonds or otherwise becoming due under any provisions of the Bond Resolution with interest on overdue payments of principal and premium, if any, and, to the extent permitted by law, on overdue payments of interest 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 including reasonable fees and expenses of the Paying Agent and its counsel (which shall be expenses of Operation and Maintenance) without prejudice to any other right or remedy of the Paying Agent or of the Holders of Bonds and to recover and enforce any judgment or decree against the Issuer, but solely as provided herein and in such Bonds for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect solely from the Pledged Funds, in any manner provided by law, the moneys adjudged or decreed to be payable provided that the Issuer's liability for such fees and expenses shall be limited to and payable from (i) the Parity Security and (ii) if such judgment is for principal or interest due on Bonds of a particular Series, such amounts may be paid from any amounts on deposit in the Accounts in the Debt Service Fund and Reserve Fund created for Bonds of that Series (See heading "Preemption of Rights and Remedies" below.)

Effect of Discontinuing Proceedings. In case any proceeding taken by the Paying Agent or any Holder of Bonds on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Paying Agent or such Holder, then and in every such case the Issuer, the Paying Agent and Holders of Bonds shall be restored to their former positions respectively, and all rights, remedies and powers of the Paying Agent shall continue as though no such proceeding had been taken.

Directions to Paying Agent as to Renewal Proceedings. The Holders of a majority in principal amount of the Bonds then Outstanding have the right, by an instrument or concurrent instruments in writing executed and delivered to the Paying Agent, to direct the method and place of conducting all remedial proceedings to be taken by the Paying Agent under the Bond Resolution, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the Paying Agent shall have the right to decline to follow any such direction which in the opinion of the Paying Agent would be unjustly prejudicial to Holders of Bonds not parties to such direction.

Restrictions on Actions by Holders of Bonds. No Holder of Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy under the Bond Resolution unless:

- (a) A Paying Agent shall have been appointed;
- (b) Such Holder previously shall have given to the Paying Agent written notice of the Event of Default on account of which such suit, action or proceeding is to be taken;
- (c) The Holders of not less than twenty-five percent (25%) in principal amount (and appreciated principal amount, if applicable) of the Bonds then Outstanding shall have made written request of the Paying Agent to exercise such powers or right of action, as the case may be, after such right shall have accrued, and shall have afforded the Paying Agent a reasonable opportunity either to proceed to exercise the powers granted by the Bond Resolution or to institute such action, suit or proceeding in its or their name, provided, however, where the request is a request by a Holder of a Series of Bonds for which an Account in the Reserve Fund has been created and the request relates to the use of moneys in such Account to prevent or cure a payment default on Bonds of such Series, said twenty-five percent (25%) requirement shall relate to the Holders of twenty-five percent (25%) in principal amount of the Outstanding Bonds of such Series rather than the Holders of twenty-five percent (25%) in principal amount of all Outstanding Bonds;
- (d) There shall have been offered to the Paying Agent reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, including the reasonable fees of its attorneys (including fees on appeal): and
- (e) The Paying Agent shall have refused or neglected to comply with such request within a reasonable time.

Such notification, request and offer of indemnity are declared in every such case, at the option of the Paying Agent, to be conditions precedent to the execution of the powers and trusts of the Bond Resolution or for any remedy thereunder. No one or more Holders of the Bonds shall have any right in any manner whatever by his, her, its, or their action to affect, disturb or prejudice the security of the Bond Resolution, or to enforce any right thereunder, except in the manner provided in the Bond Resolution. All proceedings at law or in equity shall be instituted, had and maintained for the benefit of all Holders of Bonds as their interest may appear. Any individual rights of action or any other right given to one or more of such Holders by law are restricted by the Bond Resolution to the rights and remedies provided therein.

Nothing contained in the Bond Resolution, however, shall affect or impair the right of any Holder of any Bond, individually, to enforce the payment of the principal of and interest on such Bond at and after the maturity thereof, at the time, place, from the source and in the manner provided in the Bond Resolution.

Application of Moneys. After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Paying Agent in the collection of moneys pursuant to any right given or action taken under the provisions of the Bond Resolution (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under the Bond Resolution), all Net Operating Revenue received by the Paying Agent shall be allocated among the Accounts in the Debt Service Fund. Any amounts on deposit in the Accounts in the Reserve Fund for any Series of Bonds, any additional collateral pledged for Obligations or credit enhancement therefor shall not be taken into account in the allocation of Net Operating Revenue among the Accounts in the Debt Service Fund. Amounts in each Account in the Debt Service Fund shall be applied as follows:

First-- To payment to the Holders entitled thereto of interest due on the Bonds of such Series and to payment to a Counterparty to any Qualified Derivative Agreement of any Swap Obligations due under such Qualified Derivative Agreement, and, if the amount available is not sufficient when added to amounts, if any, in the Account in the Reserve Fund for such Series to pay all interest in full (which amounts shall not be applied to any such Swap Obligations), then to the payment thereof ratably, according to the amounts due, to the Holders and

Counterparties entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds and respective payment amounts specified in the Qualified Derivative Agreements; and

Second -- To the payment to the Holders of Bonds of such Series entitled thereto of the unpaid principal (or appreciated principal amount, as appropriate) of any of the Bonds which shall have become due (other than previously called for redemption for the payment of which moneys are held pursuant to the provisions whether at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements, and amount available when added to amounts, if any, in the Account in the Reserve Fund for such Series sufficient to pay in full the principal (or appreciated principal amount, as appropriate), then to the thereof ratably, according to the amounts of principal (or appreciated principal amount, as appropriate) due on that date, to the Holders entitled thereto, without any discrimination or privilege.

For purposes of this Section, the interest and principal payable with respect to any Payment Obligation shall be treated as interest on and principal of the Series of Bonds to which such Payment Obligation relates.

Whenever moneys are to be so applied, those moneys shall be applied at such times, and from time to time, as the Paying Agent shall determine, having due regard to the amount of moneys available for application and the likelihood of additional moneys become available for application in the future. Whenever the Paying Agent shall direct the application of those moneys, it shall fix the date which the application is to be made, and upon that date, interest shall cease to accrue on the amount of principal, if any, to be paid on that date, provided the moneys are available therefor (and any appreciated principal amount to be paid shall not thereafter increase). The Paying Agent shall give notice of the deposit with the Paying Agent of any moneys and of the fixing of that date, consistent with the requirements of the Details Resolution for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Paying Agent shall not be required to make payment of principal of or premium on a Bond to the Holder thereof, until the Bond shall be presented to the Issuer for appropriate endorsement or cancellation if it is paid fully.

Waivers of Events of Default. Except as hereinafter described, at any time, in its discretion, the Paying Agent may waive any of Default hereunder and its consequences. The Paying Agent shall do so upon the written request of the Holders of,

(a) at least a majority in aggregate principal amount of all Bonds then Outstanding in respect of which an Event of Default in the payment of Bond Service Charges exists, or

(b) at least 25 percent in aggregate principal amount of all Bonds then Outstanding, in the case of any other Event Default.

There shall not be so waived, however, any Event of Default described in clauses (a) or (b) of the paragraph entitled "Events of Default" above, unless at the time of that waiver said amounts have been paid. In the case of the waiver, or in case any suit, action or proceedings taken by the Paying Agent on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Issuer, the Paying Agent and the Holders shall be restored to their former positions and rights hereunder, respectively. No waiver shall extend to any subsequent or other Event of Default or impair right consequent thereon.

No Acceleration. Neither the Paying Agent nor any Holder of any Bonds shall have any right to accelerate the Bonds.

AMENDMENTS

Supplemental Resolutions. The Issuer may, from time to time, adopt supplemental resolutions for the purpose of providing the issuance of one or more Series of Bonds or other purposes, provided that, after the issuance of the Series 1988 Bonds, no such supplemental or amendatory resolution shall modify or amend any provision of the Bond Resolution which adversely affects Holders of any Outstanding Bonds except as expressly permitted by the Bond Resolution.

Amendments Not Requiring Consent of Holders. Without the consent of, or notice to, any of the Holders of the Bonds, the Issuer may adopt resolutions making amendments to the Bond Resolution (which shall not, in the opinion of Bond Counsel and the Issuer's regular counsel, be materially adverse or prejudicial to the interests of the Bondholders) for any one or more of the following purposes

- (a) To cure any ambiguity, inconsistency or formal defect or omission in the Bond Resolution;
- (b) To grant to or confer upon the Bondholders, any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Bondholders, provided, that the granting of such rights, remedies, powers or authority to the Holders of any Bond or Bonds shall not be to the prejudice of the Holders of any other Bond or Bonds, respectively;
- (c) To add to the covenants, agreements and obligations of the Issuer, other covenants, agreements and obligations to be observed for the protection of the Bondholders, or to surrender or limit any right, power or authority reserved to the Issuer, including without limitation, the limitation of rights of optional redemption so that in certain instances Bonds of different Series will be redeemed in some prescribed relationship to one another for the protection of the Holders of a particular Series of Bonds;
- (d) To evidence any succession to the Issuer by any other public body and the assumption by its successor of the covenants, agreements and obligations of the Issuer hereunder and under the Bonds;
- (e) To make necessary or advisable amendments or additions in connection with the issuance of Parity Bonds, provided the amendments or additions do not adversely affect the interests of Holders of any other outstanding Bonds;
- (f) To permit the exchange of Bonds of any Series, at the option of the Holder or Holders thereof, for coupon Bonds of the same Series payable to bearer in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the Predecessor Bonds bearing interest at the same rate or rates and maturing on the same date or dates, with coupons attached representing all unpaid interest due or to become due thereon if, in the opinion of Bond Counsel, such an exchange would not result in the interest on any of the Outstanding Bonds becoming subject to federal income taxation;
- (g) To specify further the duties and responsibilities of, and to define further the relationship among, the Issuer, the Registrar and any Authenticating Agents, Paying Agents or Funds Paying Agent;
- (h) To achieve compliance with any applicable federal securities law or with the Code and applicable U.S. Treasury regulations; and
- (i) To permit any other amendment, the net economic effect of which, in the opinion of the Issuer's financial advisor, is not materially adverse or prejudicial to the Holders of any of the Bonds.

Amendments Requiring Consent of Holders. Exclusive of amendments to which reference is made in the immediately preceding or following paragraph and subject to the terms, provisions and limitations contained in this paragraph, and not otherwise, the Issuer, with the consent of the Holders of not less than a majority in aggregate principal amount (and appreciated principal amount) of each Series of Bonds at the time outstanding to be affected thereby may by subsequent resolution amend the Bond Resolution adding any provisions to, changing in any manner or eliminating any of the provisions thereof or restricting in any manner the rights of the Holders of the affected Bonds. This provision shall not permit or be construed as permitting:

- (a) Without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount (or appreciated principal amount) of any Bond or the rate of interest or premium thereon, (iii) a reduction in the amount or extension of the time of payment of any mandatory sinking fund requirements, (iv) a reduction in the Reserve Requirement applicable to any affected Bonds, or (v) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds;

(b) Without the consent of the Holder of each Bond so affected: (i) a reduction in the aggregate principal amount (and appreciated principal amount) of the Bonds required for consent described in this paragraph, or (ii) any reduction in the coverage requirements of the rate covenant and coverage test or Parity Bonds test.

If the Issuer shall desire to amend the Bond Resolution as described under this subheading, the Issuer shall cause notice of the proposed amendment to be given to the Holders of all Outstanding Bonds affected thereby in the same manner as notices of redemption are given. The notice shall set forth briefly the nature of the proposed amendment and shall state that copies thereof are on file at the principal office of the Issuer for inspection by all Holders and shall contain a consent form to be executed by consenting Holders and returned to the Issuer.

The Issuer shall not be subject to any liability to any Holder by reason of the Issuer's failure to mail or publish, or the failure of any Holder to receive or obtain, such notice. Any failure of that nature shall not affect the validity of the amendment when there has been consent thereto, or approval thereof, as above described.

If the Issuer shall receive, within a period prescribed by the Issuer of not less than 60 days but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Issuer does not reasonably object, purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds affected thereby then Outstanding (which instrument or document or instruments or documents shall refer to the proposed amendment in the form described in the notice and specifically shall consent to the amendment in substantially that form), the Issuer may, but shall not otherwise, adopt the resolution containing such amendment in substantially the form to which reference is made in the notice without liability or responsibility to any Holder of any Bond regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holder of the Bond giving the consent and upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the amendment). However, a consent may be revoked by the Holder who gave the consent or by a subsequent Holder by a written notice of revocation of such consent received by the Secretary of the Issuer prior to the adoption of such resolution. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the amendment, the Issuer shall make and file with its Secretary a certificate stating that the Holders of the required percentage of Bonds have filed the required consents. That certificate shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Outstanding Bonds affected thereby shall have consented to such amendment, no Holder shall have any right (a) to object to such amendment or any of the terms and provisions contained therein, or the operation thereof, or (b) to question the propriety of the adoption of the resolution containing the same, or (c) to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Right to Consent May Be Vested in Others. Notwithstanding the foregoing, where any Series of Bonds is secured by a credit enhancement facility or liquidity facility, the resolution providing for the issuance of Bonds of such Series may provide that the right to consent to amendments affecting Bonds of such Series are vested in the Person providing such credit enhancement facility or liquidity facility for such Series rather than with Holders of the Bonds of such Series.

DEFEASANCE

Release of Lien. If (a) the Issuer shall pay all of the Outstanding Bonds or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds all Bond Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all Payment Obligations and other sums payable under the Bond Resolution, the lien on and pledge of the Pledged Funds created by the Bond Resolution shall cease, determine and become null and void, and the covenants, agreements and obligations of the Issuer shall be released, discharged and satisfied.

Payment and Discharge of Bonds.

(a) All or any part of the Bonds of any Series shall be deemed to have been paid, discharged and no longer Outstanding if (i) the Paying Agent or an Escrow Agent, or both, shall have received and shall hold in the Payment Fund or in an Escrow Fund, or both, in aggregate, in trust for and irrevocably committed thereto, moneys sufficient, or (ii) the Paying Agent or an Escrow Agent, or both in aggregate, shall have received and shall hold in the Payment Fund or in an Escrow Fund, or both, in aggregate, in trust for and irrevocably committed thereto, noncallable (except at the option of the holder) Defeasance Obligations which are certified by an Independent Certified Public Accountant to be of such maturities, irrevocable redemption dates or irrevocable repurchase dates (if the Defeasance Obligations are the subject of a repurchase agreement) and interest payment dates, and to be of such principal amounts or redemption prices to bear such interest, as will, together with any moneys described in clause (i) above, without the need for further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein) will be sufficient, for the payment of all principal of, premium, if any, and interest (or appreciated principal amount and premium, if any, as applicable) on those Bonds at their maturity or redemption dates, as the case may be, or if a default in payment shall have occurred on any maturity or redemption date, then for the payment of all principal of, premium, if any, and interest (or appreciated principal amount and premium, if any, as applicable) thereon to the date of the tender of payment; provided, that if any of those Bonds are to be redeemed prior to the maturity thereof, notice of that redemption shall have been duly given or irrevocable provision satisfactory to the Paying Agent or escrow agent shall have been duly made for the giving of that notice. The moneys and proceeds of Defeasance Obligations shall be used, to the extent needed for the foregoing purposes or to reimburse any proceeds of credit enhancement for amounts advanced for the foregoing purposes.

(b) In the event the Issuer shall provide for the issuance of Parity Bonds having a variable or floating rate, the Issuer may establish one or more other methods by which such particular Series of Parity Bonds, or any part thereof, shall be deemed to have been paid and discharged

(c) Notwithstanding the foregoing, Payment Obligations shall be discharged only (i) by actual payment or (ii) as otherwise may be provided under the instruments and documents under which such Payment Obligations arise.

MISCELLANEOUS

Meetings of Holders. A meeting of Holders of Bonds or of the Holders of any one or more Series of Bonds may be called by the Issuer at any time and from time to time to discuss the taking of action relevant to such Holders (a) authorized under any provision of the Bond Resolution to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Bonds or Bonds of that Series, or (b) authorized or permitted by law. The person to whom a Payment Obligation is owed shall be deemed to be a Holder of Bonds of the Series with respect to which such Payment Obligation arose. Notice of such meeting shall be mailed by first class mail, postage prepaid, not fewer than fifteen (15) nor more than ninety (90), days prior to the date of the meeting to the Holders at their addresses as they appear on the Register on the close of business on the fifteenth day preceding such mailing (the "Meeting Record Date"). If at any time the Holders of at least twenty-five percent (25%) in aggregate principal amount (and appreciated principal amount) of all the Bonds, or if applicable, the affected Series of Bonds then Outstanding, shall have requested the Issuer to call a meeting of such Holders, by written request setting forth purpose of the meeting, and the Issuer shall not have mailed notice of the meeting within 20 days after receipt of the request, then the Holders of such Bonds, or if applicable, the affected Series of Bonds, may determine the time and the place of the meeting and may call the meeting to take any action described in this paragraph, by mailing notice thereof as provided above. Any meetings of Holders of Bonds, or if applicable, the affected Series of Bonds, shall be valid without notice if the Holders of at least twenty-five percent (25%) in aggregate principal amount (and appreciated principal amounts) thereof are present in person or by proxy, and if the Issuer is either present by duly authorized representatives or has waived notice, before or after the meeting. To be entitled to vote at any meeting of Holders, a person must be a Holder on the Meeting Record Date or be a person appointed by an instrument or document in writing as proxy by such Holder. Each Holder or proxy shall be entitled to one vote for each \$1,000 principal amount (or appreciated principal amount) of Bonds or Payment Obligations held or represented by him.

Payments Due on Saturdays, Sundays and Holidays. If any Interest Payment Date, date of maturity of the principal of any Bonds or date fixed for redemption of any Bonds is a Saturday, Sunday or a day on which (a) the Paying Agent is required, or authorized or not prohibited, by law (including without limitation, executive orders) to

close and is closed, then payment of interest, principal and any redemption premium need not be made by the Paying Agent on that date, but that payment may be made on the next succeeding business day on which the Paying Agent is open for business with the same force and effect as if that payment were made on the Interest Payment Date, date of maturity or date fixed for redemption, and no interest shall accrue for the period after that date, or (b) a Paying Agent is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed, then payment of interest, principal and any redemption premium need not be made by that Paying Agent on that date, but that payment may be made on the next succeeding business day on which that Paying Agent is open for business with the same force and effect as if that payment were made on the Interest Payment Date, date of maturity or date fixed for redemption and no interest shall accrue for the period after that date; provided, that if the Paying Agent is open for business on the applicable Interest Payment Date, date of maturity or date fixed for redemption, it shall make any payment required under the Bond Resolution with respect to payment of interest on Outstanding Bonds and payment of principal of and premium on Bonds presented to it for payment, regardless of whether any Paying Agent shall be open for business or closed on the applicable Interest Payment Date, date of maturity or date fixed for redemption.

Preemption of Rights and Remedies. If any Series of Bonds are secured by a municipal bond insurance policy, surety bond, letter of credit or other credit enhancement or liquidity facility, the resolution providing for the issuance thereof may preempt unto the Person providing such credit enhancement or liquidity facility (and to the exclusion of the Holders of Bonds of such Series, whether or not any Payment Obligations are owed with respect to such Series) one or more rights and remedies of the Holders of Bonds of such Series, including but not limited to rights to vote at meetings of Holders, rights to participate in the selection of a Paying Agent, rights to consent to supplemental resolutions and amendments, rights to exercise or participate in directing the exercise of remedies, and to waive or participate in the waiver of Events of Default. Such preemption and its duration may be subject to express conditions. The exercise or non-exercise by a Person providing a credit enhancement or liquidity facility for any Bonds of rights and remedies of the Holders of such Bonds which have been so preempted to it, shall be deemed to constitute the exercise or non-exercise of such rights and remedies by the Holders of such Bonds.