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SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

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MASTER REVENUE OBLIGATION RESOLUTION

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ADOPTED APRIL 26, 1999

[Conformed copy reflecting amendments through August 10, 2001]

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## RESOLUTION

### RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY ESTABLISHING THE GENERAL TERMS AND CONDITIONS UPON WHICH ITS REVENUE OBLIGATIONS MAY BE ISSUED FOR CORPORATE PURPOSES OF THE AUTHORITY.

BE IT RESOLVED by the Board of Directors of South Carolina Public Service Authority as follows:

#### ARTICLE I DEFINITIONS; FINDINGS AND DETERMINATIONS

SECTION 1.1. Definitions. As used in this Resolution, unless the context shall clearly indicate otherwise, the following words and phrases shall have the meanings hereinafter set forth:

(a) "Authority" shall mean South Carolina Public Service Authority created and established pursuant to the provisions of the Enabling Act, or the authority, board, body, commission or agency succeeding to the principal functions thereof or to whom the powers and duties granted or imposed by this Resolution shall be given by any law.

(b) "Capital Costs" means the Authority's costs of (i) physical construction of or acquisition of real or personal property or interests therein for any project, together with incidental costs (including legal, administrative, engineering, consulting and technical services, insurance and financing costs), working capital and reserves deemed necessary or desirable by the Authority (including but not limited to costs of supplies, fuel, fuel assemblies and components or interests therein), and other costs properly attributable thereto; (ii) all capital improvements or additions, including but not limited to, renewals or replacements of or repairs, additions, improvements, modifications or betterments to or for any project; (iii) the acquisition of any other property (tangible or intangible), capital improvements or additions, or interests therein, deemed necessary or desirable by the Authority for the conduct of its business; (iv) any other purpose for which bonds, notes or other obligations of the Authority may be issued under the Enabling Act or under other applicable State statutory provisions (whether or not also classifiable as an operating expense); and (v) the payment of principal, interest, and redemption, tender or purchase price of (a) any Obligations, Original Bonds, Revenue Bonds, Commercial Paper or other indebtedness issued by the Authority for the payment of any of the costs specified above, including capitalized interest on such indebtedness, or (b) any indebtedness issued by the Authority to refund any indebtedness described in the preceding clause (a).

(c) "Capital Improvement Fund" shall mean the fund by that name created by the Indenture and continued by Section 5.3 of the Revenue Bond Resolution and, so long as any Obligations are Outstanding, by Section 5.2 of this Resolution.

(d) "Commercial Paper" shall mean, collectively, the Authority's Notes and Revolving Credit Notes, as such terms are defined in the Commercial Paper Resolution.

(e) "Commercial Paper Resolution" shall mean that resolution of the Authority adopted on June 29, 1998 and entitled: RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY AUTHORIZING THE ISSUANCE OF NOT EXCEEDING FIVE HUNDRED MILLION DOLLARS (\$500,000,000) AGGREGATE PRINCIPAL AMOUNT AT ANY ONE TIME OUTSTANDING OF REVENUE PROMISSORY NOTES OF THE AUTHORITY; AUTHORIZING THE ISSUANCE OF REVOLVING CREDIT NOTES IN AN AMOUNT NOT EXCEEDING FIVE HUNDRED MILLION DOLLARS (\$500,000,000) IN AGGREGATE PRINCIPAL AMOUNT AT ANY ONE TIME OUTSTANDING IN CONNECTION THEREWITH; PRESCRIBING THE FORM OF THE NOTES AND THE REVOLVING CREDIT NOTES; AND MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS WITH RESPECT THERETO; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING, and as from time to time heretofore and hereafter amended, supplemented or superseded.

(f) "Enabling Act" shall mean Act No. 887 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1934, codified as Title 58, Chapter 31 of the Code of Laws of South Carolina 1976, as amended, and acts supplementary thereto or amendatory thereof.

(g) "Event of Default" shall have the meaning set forth in Section 10.1 of this Resolution.

(h) "Fiscal Year" shall mean the twelve month period beginning January 1 and ending December 31 or such other consecutive twelve month period determined from time to time by resolution of the Board of Directors of the Authority to be its fiscal year.

(i) "Government Obligations" shall mean direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

(j) "Indenture" shall mean the Trust Indenture dated as of July 1, 1949, as amended by an Amendatory Indenture dated as of January 22, 1951, a Second Amendatory Indenture dated as of January 1, 1967, and a Third Amendatory Indenture dated as of October 1, 1970, and as supplemented by a Supplemental Indenture dated as of January 1, 1950, a Second Supplemental Indenture dated as of July 1, 1950, a Third Supplemental Indenture dated as of January 1, 1967, and a Fourth Supplemental Indenture dated as of April 1, 1973, by and between the Authority and The South Carolina National Bank of Charleston, whose successor in trust is First Union National Bank,

as Trustee, pursuant to which the Original Bonds have been issued and are secured, and as from time to time hereafter amended or supplemented.

(k) "Investment Securities" shall mean any of the following which at the time are legal investments under the laws of the State of South Carolina for the moneys held hereunder then proposed to be invested therein: (1) Government Obligations; (2) certificates which evidence ownership of the rights to payment of the principal of or interest on Government Obligations; (3) bonds, debentures, notes or participation certificates issued by the Bank for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank System, the Export-Import Bank of the United States, Federal Land Bank, the Federal National Mortgage Association, the Tennessee Valley Authority, or any other agency or corporation which is or may hereafter be created by or pursuant to an Act of Congress of the United States as an agency or instrumentality thereof; (4) obligations of state and local government municipal bond issuers, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of non-callable obligations described in (1), (2), or (3) of this subparagraph (k), the maturing principal of and interest on which when due and payable, shall provide sufficient funds to pay the principal of and interest on such obligations of state and local government municipal bond issuers (5) Public Housing Bonds, or Project Notes, fully secured by contracts with the United States; (6) repurchase agreements with banks that are members of the federal reserve system or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York that are secured by securities described in (1) and (3) above having a current market value at least equal to one hundred two per cent (102%) of the amount of the repurchase agreement; (7) obligations of the State of South Carolina, (8) obligations of other states and investment contracts which obligations or investment contracts are rated at the time of purchase by each Rating Agency in one of the three highest Rating Categories of such Rating Agency; (9) deposits in interest bearing deposits or certificates of deposit or similar arrangements issued by any bank or national banking association (including the Trustee), which deposits, to the extent not insured by the Federal Deposit Insurance Corporation, shall be secured by Government Obligations having a current market value (exclusive of accrued interest) at least equal to one hundred five per cent (105%) of the amount of such deposits, which Government Obligations shall have been deposited in trust by such bank or national association with the trust department of the Trustee or with a federal reserve bank or branch or, with the written approval of the Authority and the Trustee, with another bank, trust company or national banking association for the benefit of the Authority and the appropriate fund or account as collateral security for such deposits; (10) corporate securities, including commercial paper and fixed income obligations, which are, at the time of purchase, rated by a Rating Agency in one of its three highest Rating Categories for comparable types of obligations; and (11) such other investments from time to time allowed under applicable law.

THE SECOND SERIES AND SUPPLEMENTAL RESOLUTION ADOPTED AUGUST 10, 2001 AMENDED SUBPARAGRAPH (k) AS FOLLOWS:

(k) "Investment Securities" shall mean any of the following which at the time are legal investments under the laws of the State of South Carolina for the moneys held hereunder



then proposed to be invested therein (1) Government Obligations; (2) certificates which evidence ownership of the rights to payment of the principal of or interest on Government Obligations; (3) bonds, debentures, notes and participation certificates issued by the Bank for

(n) "Obligations" means any obligations, issued in any form of debt, authorized by a Supplemental Resolution, including but not limited to bonds, notes, bond anticipation notes, and Qualified Swaps, which are delivered under this Resolution.

(o) "Operation and Maintenance Expenses" shall mean the Authority's expenses of operating the System, including but not limited to all costs of purchased power, operation, maintenance, generation, production, transmission, distribution, repairs, replacements, engineering, transportation, administration and general, audit, legal, financial, pension, retirement, health, hospitalization, insurance, taxes and any other expenses actually paid or accrued, of the Authority applicable to the System, as recorded on its books pursuant to generally accepted accounting principles, subject to the limitations with respect to take or pay contracts as provided in Section 2.6 of this Resolution. Operation and Maintenance Expenses shall not include (1) any costs or expenses for new construction, (2) charges for depreciation, (3) voluntary payments in lieu of taxes or (4) any taxes or tax payments now or hereafter required to be made to the State or any political subdivisions only out of surplus revenues, for example, payments required by Code Sections 58-31-90, 58-31-100 (2) and (3), and 58-31-110, Code of Laws of South Carolina 1976.

THE FIRST SERIES AND SUPPLEMENTAL RESOLUTION ADOPTED SEPTEMBER 15, 1999 AMENDED SUBPARAGRAPH (o) AS FOLLOWS:

(o) "Operation and Maintenance Expenses" shall mean the Authority's expenses of operating the System, including but not limited to all costs of purchased power, operation, maintenance, generation, production, transmission, distribution, repairs, replacements, engineering, transportation, administration and general, audit, legal, financial, pension, retirement, health, hospitalization, insurance, taxes and any other expenses actually paid or accrued, of the Authority applicable to the System, as recorded on its books pursuant to generally accepted accounting principles, subject to the limitations with respect to take or pay contracts as provided in Section 2.7 of this Resolution. Operation an



rate fluctuations or otherwise, and (iii) which has been designated in writing to the Trustee by the Authority as a Qualified Swap with respect to such Obligations.

(w) "Qualified Swap Provider" means an entity whose senior long term obligations, other senior unsecured long term obligations or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, are rated either (i) at least as high as the third highest Rating Category of each Rating Agency, but in no event lower than any Rating Category designated by each such Rating Agency for the Obligations subject to such Qualified Swap, or (ii) any such lower rating categories which each such Rating Agency indicates in writing to the Authority and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding Obligations subject to such Qualified Swap that is in effect prior to entering into such Qualified Swap.

(x) "Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the Obligations at the request of the Authority.

(y) "Rating Category" means a general Rating Category of an applicable Rating Agency or nationally recognized statistical rating organization without regard to any refinement or graduation of such rating by a numerical modifier or otherwise.

(z) "Registrar" shall mean the Trustee acting as registrar for the Obligations.

(aa) "Resolution" shall mean this Resolution, as the same may be amended and supplemented from time to time, and unless the context shall clearly indicate otherwise, shall include all Series Resolutions and Supplemental Resolutions.

(bb) "Revenue Bond" or "Revenue Bonds" shall mean any bond, note or other obligations, some of the bonds, notes or other obligations or all of the bonds, notes or other obligations at any time Outstanding under and pursuant to the Revenue Bond Resolution.

(cc) "Revenue Bond Fund" shall mean the fund by that name created and established pursuant to the provisions of Section 6.1 of the Revenue Bond Resolution, including the accounts therein.

(dd) "Revenue Bond Resolution" shall mean that resolution of the Authority adopted on August 27, 1990 and entitled: RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY ESTABLISHING THE GENERAL TERMS AND CONDITIONS UPON WHICH ITS REVENUE BONDS MAY BE ISSUED FOR CORPORATE PURPOSES OF THE AUTHORITY; PRESCRIBING THE FORM OF THE REVENUE BONDS; PRESCRIBING THE LIMITATIONS ON AND CONDITIONS OF ISSUANCE OF THE REVENUE BONDS; PROVIDING FOR THE DETAILS OF THE REVENUE BONDS; COVENANTING AS TO CERTAIN OF THE REVENUES DERIVED FROM THE

AUTHORITY'S SYSTEM; PLEDGING CERTAIN OF THE REVENUES TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE REVENUE BONDS; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING, and as from time to time heretofore and hereafter amended or supplemented.

(ee) "Revenue Fund" shall mean the fund by that name created and established pursuant to the provisions of Section 5.02 of the Indenture and continued so long as any Obligations are Outstanding by Section 5.1 of this Resolution.

(ff) "Revenue Obligation Fund" shall mean the fund by that name created and established pursuant to the provisions of Section 6.1 of this Resolution.

(gg) "Revenues" shall mean, so long as any of the Original Bonds are Outstanding, all of the revenues, income, profits, tolls, rents, charges and returns of the Authority from whatever source derived exclusive of (1) proceeds realized from the sale of properties pursuant to the provisions of Section 12.01 of the Indenture and of Section 8.4 of the Revenue Bond Resolution and (2) customer deposits. After the Original Bonds are no longer Outstanding, "Revenues" shall mean all the revenues, income, profits, tolls, rents, charges and returns of the Authority derived from its ownership or operation of the System, including the proceeds of any insurance covering business interruption loss relating to the System, but excluding other insurance proceeds and proceeds realized from the sale of properties of the System pursuant to the provisions of Section 8.4 of the Revenue Bond Resolution and customer deposits.

(hh) "Senior Debt" shall mean the aggregate of Original Bonds and Revenue Bonds from time to time Outstanding.

(ii) "Series Resolution" shall mean a resolution adopted hereunder providing for the issuance of a series of Obligations pursuant to the provisions of Section 2.3 of this Resolution.

(jj) "Supplemental Resolution" shall mean any resolution amending or supplementing this Resolution as originally adopted, adopted under and pursuant to the provisions of Sections 9.1 or 9.2 of this Resolution.

(kk) "System" shall mean (1) all the property, real, personal and mixed, owned or operated by the Authority for the purpose of acquiring, controlling, storing, preserving, treating, distributing and selling water for navigation, power, irrigation, reclamation, or sale to residential, commercial, agricultural or industrial customers or other governmental entities, and plants, works, structures, facilities and equipment for the generation, manufacture, transmission or distribution of water power and electric power and energy, and of any other forms of power and energy when authorized by the Enabling Act; (2) all replacements, renewals, improvements, additions and extensions thereof or thereto; and (3) all power and energy generating, transmission and distribution properties, real, personal and mixed, at any time owned, constructed, leased, acquired or in process of acquisition by the Authority, and any incidental properties acquired or leased in connection

therewith; but shall not include separate projects established by the Authority for any corporate purpose of the Authority other than those projects and purposes described hereinabove in this paragraph (kk), and after the Original Bonds are no longer Outstanding, shall not include (i) any facilities for the purpose of providing water for sale to residential, commercial, agricultural or industrial customers or other governmental entities, or (ii) any facilities for the generation of any form of power and energy, or for the transmission and distribution of any form of power and energy, and any incidental properties constructed, acquired or leased in connection therewith, constructed or acquired by the Authority as a separate system, and if constructed or acquired with the proceeds of the sale of bonds or other evidences of indebtedness, which bonds or other evidences of indebtedness, after no Original Bonds are Outstanding, are payable solely from the revenues or other income derived from the ownership or operation of such separate utility system, and may be further secured by a junior and subordinate pledge described in Section 2.4 of this Resolution, of the Revenues and payable therefrom, but only after the revenues and other income derived from the ownership or operation of such separate utility system and pledged to the payment of such bonds or other indebtedness are so applied in accordance with the proceedings providing for the issuance of such bonds or other indebtedness.

(ll) "Trustee" shall mean the trustee to be appointed pursuant to a resolution adopted by the Board of Directors of the Authority, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to this Resolution.

(mm) "Trustee under the Indenture" or words of like import shall mean First Union National Bank and any successor or assign of such bank appointed pursuant to the Indenture as the Trustee for the Original Bonds.

SECTION 1.2. Findings and Determinations. The Authority hereby finds and determines that:

(a) South Carolina Public *Service* Authority, a body corporate and politic, duly organized and existing under and by virtue of the laws of the State of South Carolina, has been created and organized pursuant to the provisions of the Enabling Act, to carry out the purposes set forth in the Enabling Act.

(b) Pursuant to the provisions of the Enabling Act, the Authority is authorized and empowered, among other things, to build, construct, maintain and operate canals, dams, locks, aqueducts, reservoirs and navigation facilities and to build, acquire, construct and maintain power houses and any and all structures, ways and means necessary, useful or customarily used and employed in the manufacture, generation, distribution and sale of electric power, including power transmission lines, poles, telephone lines, substations, transformers and generally all things used or useful in the manufacture, distribution, purchase and sale of power generated by water, steam or otherwise; to acquire, treat, distribute and sell, subject to the limitations of the Enabling Act, water at wholesale; to acquire, operate and maintain, subject to the limitations of the Enabling Act, facilities for the treatment and distribution of water for industrial, commercial, domestic or agricultural

purposes; and to construct, maintain and operate the System, as more fully set out in the Enabling Act.

(c) Pursuant to the provisions of the Enabling Act, the Authority is further authorized and empowered to borrow money and make and issue its negotiable bonds, notes and other evidences of indebtedness, at public or private sale, including refunding and advance refunding bonds, notes and other evidences of indebtedness, and to secure the payment of such obligations by pledge of its revenues; to make such agreements with the purchasers or holders of such bonds, notes or other evidences of indebtedness, or with others in connection therewith as the Authority shall deem advisable; to fix, alter, charge or collect tolls and other charges for the use of the facilities of, or for the services rendered by or for any commodities furnished by, the Authority, at rates to be determined by it, such rates to be at least sufficient to provide payment of all expenses of the Authority, the conservation, maintenance and operation of its facilities and properties, the principal of and interest on all its notes, bonds and other evidences of indebtedness and to fulfill the terms and provisions of any agreements made with the purchasers or holders of such bonds, notes or other evidences of indebtedness.

(d) The Authority has heretofore executed and delivered the Indenture to The South Carolina National Bank of Charleston, whose successor in trust is First Union National Bank, as Trustee, providing for the issuance of obligations of the Authority.

(e) Pursuant to the provisions of the Indenture the Authority has authorized and issued Original Bonds.

(f) The Authority has covenanted and agreed with the holders of the Outstanding Original Bonds that it will not issue any bonds pursuant to the provisions of the Indenture pari passu with the Original Bonds theretofore issued by the Authority and Outstanding, except for bonds issued for the purpose of paying the cost of refunding prior to maturity bonds issued and Outstanding pursuant to the provisions of the Indenture, including amounts to pay principal, redemption premium, and interest to the redemption date and other costs of refunding such bonds.

(g) Pursuant to the provisions of the Indenture the Authority may for any corporate purpose from time to time issue bonds, notes or other evidences of indebtedness or incur other obligations, including, without limiting the generality of the foregoing, obligations under leases of electric generating, transmission or distribution facilities, which shall be junior in all respects to the bonds issued pursuant to the provisions of the Indenture and may create such separate or special funds and accounts, with such trustees or custodians, as may be considered by the Authority to be necessary or advisable to provide for the payment of the principal of, premium, if any, and interest on such bonds, notes or other evidences of indebtedness and to provide reserves therefor, and to provide for the payment of such other obligations, including the Authority's obligations under any such leases.

(h) The Authority pursuant to the provisions of the Revenue Bond Resolution has authorized and issued Revenue Bonds which are junior and subordinate in all respects to the Original Bonds.

(i) Pursuant to the provisions of the Revenue Bond Resolution the Authority may for any corporate purpose from time to time issue bonds, notes, bond anticipation notes, warrants, certificates or other obligations or evidences of indebtedness the payment of the principal of and interest and premium, if any, on which shall be made from the proceeds of bonds or other evidences of indebtedness of the Authority or from the Revenues or other funds of the Authority, and to the extent payable from the Revenues, shall be made junior and subordinate to the payment of the principal and interest on the bonds issued pursuant to the provisions of the Indenture and the Revenue Bond Resolution.

(j) The Authority has determined that it is in the interests of the public to provide for the issuance of Obligations of the Authority hereinafter described and provided for any corporate purposes of the Authority, such Obligations to be junior and subordinate in all respects to the Senior Debt.

(k) Nothing in this Resolution impairs the right of the holders of the Original Bonds and Revenue Bonds to the payment of their obligations in accordance with the Indenture and the Revenue Bond Resolution, respectively, nor the validity or enforcement of any undertaking, obligation or covenant of the Authority under the Indenture and the Revenue Bond Resolution, respectively.

## ARTICLE II AUTHORIZATION AND ISSUANCE OF REVENUE OBLIGATIONS

SECTION 2.1. Revenue Obligations; Purpose; Security. There is hereby created and established an issue of obligations of the Authority (herein defined and referred to as the "Obligations"), unlimited in amount, to be known and designated as "South Carolina Public Service Authority Revenue Obligations", for any corporate purposes of the Authority. The Obligations may be issued in series pursuant and subject to the terms, conditions and limitations of this Resolution in such amounts and from time to time as may be determined by the Authority.

The principal of and interest and premium, if any, on the Obligations shall be payable solely



Operating Fund, Interest Fund, Bond Fund and Debt Service Reserve Fund created pursuant to the provisions of the Indenture; and

- (b) whether or not any other Senior Debt is Outstanding, so long as any Revenue Bonds

(a) Each series of Obligations shall be authorized by a Series Resolution of the Authority, and shall be dated, numbered and bear interest, which may be fixed or variable and which may or may not be exempt from state and federal income taxes, as shall be prescribed in the Series Resolution providing for the issuance thereof. The Series Resolution authorizing the issuance of each series of Obligations may also provide that the Obligations of such series shall be redeemable prior to their respective maturities at the option of the Authority at such time or times and upon such terms and conditions as the Authority may prescribe. The Obligations shall be payable with respect to

Except to the extent permitted in Section 8.1 of the Revenue Bond Resolution for the issuance of bonds under the Indenture for the purpose of paying the cost of purchasing or refunding the Original Bonds prior to maturity, and to the extent permitted in Section 8.1, infra, for the issuance of bonds under the Revenue Bond Resolution for the purpose of paying the cost of purchasing or refunding Revenue Bonds prior to maturity, from and after the effective date of this Resolution and for so long as any Obligations are Outstanding, the Authority will not create or permit the creation of, or issue any bonds, notices, warrants, certificates or other obligations or evidences of indebtedness, payable in any manner from the Revenues or from the Revenue Fund, or from any other moneys held hereunder, which (1) will in any way be superior to the Obligations, or (2) will in any way be secured by a lien and charge on the Revenues, on the moneys deposited in or to be deposited in the Revenue Fund, or on any other moneys pledged and charged herein, prior to or equal with the lien and charge created herein for the security of the Obligations, or (3) will be payable prior to or equal with the payments to be made from the Revenues and the Revenue Fund into the Revenue Obligation Fund and from the Revenue Obligation Fund for the payment of the Obligations.

SECTION 2.5. Junior Lien or Inferior Obligations Not Prohibited.

(a) Nothing in this Resolution, and particularly nothing in this Article II, shall prevent the Authority from authorizing and issuing bonds, notes, bond anticipation notes, warrants, certificates or other obligations or evidences of indebtedness (1) the payment of the principal of and interest and premium (if any) on which shall be made from the proceeds of Obligations or other evidences of indebtedness of the Authority, or from the Revenues or the moneys in the Revenue Fund, or from any other special fund to be maintained from the Revenues, and if payable from the Revenues or the moneys in the Revenue Fund or from any such other special fund, the payments from the Revenues or the moneys in the Revenue Fund or from such other special fund shall be made junior and subordinate to the payment of the principal of and interest on the Original Bonds, the Revenue Bonds, and the Obligations and the payments, deposits and credits required, so long as any Original Bonds are Outstanding, by the provisions of Sections 5.03, 5.04, 5.05, 5.06, and 5.07 of the Indenture; so long as any Revenue Bonds are Outstanding, by Section 6.1 of the Revenue Bond Resolution; and so long as any Obligations are Outstanding, by Section 6.1 of this Resolution; and (2) which are secured as to principal, interest and redemption premium (if any), or if payable from another special fund (as aforesaid) the payments into which other special funds are secured, by a lien and charge on the Revenues and the moneys in the Revenue Fund junior, subordinate and inferior to the lien and charge of the Original Bonds, the Revenue Bonds, and the Obligations.

(b) Provided, always, that the junior and subordinate obligations comply with the conditions of subsection (a) of this Section 2.4, the payments from the Revenues and from the Revenue Fund securing the junior and subordinate obligations may, if the Authority so provides, but need not be, junior and inferior to (1) the payments to be made from the Revenues or the Revenue Fund into the Lease Fund, the Capital Improvement Fund, the Contingency Fund created by the Indenture, and the Special Reserve Fund created by the Indenture, or into any one or more of such

funds, from time to time, and (2) Revenues to be retained in the Revenue Fund or payments to be made from the Revenues or the Revenue Fund to cover Operation and Maintenance Expenses.

SECTION 2.6. Separate System Bonds. Nothing in this Resolution shall prevent the Authority from authorizing and issuing bonds, notes or other evidences of indebtedness, to acquire or construct (1) facilities for the purpose of providing water for sale to residential, commercial,

authorized to be issued hereunder. Only such Obligations as shall have endorsed thereon a certificate

SECTION 3.6. Exchange of Obligations. The registered owner of any Obligation, may, unless and except as is otherwise provided in the Series Resolution providing for the issuance thereof, at any time, surrender the same at the office of the E

the issuance of a substitute Obligation shall furnish to the Authority evidence satisfactory to it of the theft, destruction or loss of the original Obligation and of the ownership thereof, and also provide such security and indemnity as may be required by the Authority, and no such substitute Obligation shall be issued unless the applicant for the issuance thereof shall reimburse the Authority for the expenses incurred by the Authority in connection with the preparation, execution, issuance, and delivery of the substitute Obligations, and any such substitute Obligation shall be equally and proportionately entitled to the security of this Resolution with all other Obligations issued hereunder, whether or not the Obligation alleged to have been lost, stolen or destroyed shall be found at any time or enforceable by anyone. All Obligations so surrendered to the Authority shall be cancelled by it and transmitted to the Trustee for cancellation.

SECTION 3.10. Limitations on Duty of Authority to Register, Exchange or Transfer Obligations. The Authority shall not be required (a) to issue, register, transfer or exchange Obligations for a period of fifteen (15) days next preceding any Interest Payment Date therefor, or (b) to issue, register, transfer or exchange Obligations for a period of forty-five (45) days next preceding any date fixed for redemption of such Obligations.

SECTION 3.11. Destruction of Obligations on Payment, Exchange or Transfer. All Obligations cancelled on account of payment, transfer or exchange shall be disposed of by the Registrar in accordance with the instructions of the Authority.

SECTION 3.12. Book Entry Obligations. Notwithstanding any of the provisions of this Article III, Obligations may be issued pursuant to a book entry system administered by a securities

SECTION 4.3. Notice of Redemption. Notice of any such redemption shall be given by the Authority, or by the Trustee in the name of the Authority, which notice shall specify the number of the Obligations called for redemption, the title, series, maturities, letters or other distinguishing marks of the Obligations to be redeemed, the redemption date and the place or places where the amount due upon such redemption will be payable, and, in the case of Obligations to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that upon the date fixed for redemption there shall become due and payable upon each Obligation to be redeemed the principal amount thereof plus the premium, if any, due thereon upon such redemption date, together with interest accrued to the redemption date, and that from and after the redemption date interest thereon, or on the portion of any Obligation to be redeemed in part (unless the Authority shall default in the payment of the redemption price of such Obligations, or of the portion of any Obligation so to be redeemed in part) shall cease to accrue and become payable. Such notice shall be given in the manner and at the time or times specified in the pertinent Series Resolution, and, in any event, such notice shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, by first-class mail, to the registered owner of each such Obligation at his address as it appears on the registration books; but failure to give such notice to the owner of any Obligation being redeemed, or any defect in any notice given, shall not affect the validity of the proceedings for the redemption of any Obligations for which notice was properly given. The Authority shall give written notice to the Trustee of any optional redemption of Obligations at least forty-five (45) days prior to the redemption date, or such shorter period as shall be acceptable to the Trustee. Whenever notice of redemption has been duly given as herein provided, the Trustee shall, not later than the date fixed for redemption in such notice, transfer to the Paying Agent or Paying Agents for the Obligations so to be redeemed amounts which, in addition to other moneys, if any, held by such Paying Agent or Paying Agents for such purpose, will be sufficient to redeem on the redemption date all the Obligations so to be redeemed.

Any notice of optional redemption given pursuant to this Section may state that it is conditional upon receipt by the Trustee of moneys sufficient to pay the redemption price of such Obligations or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected owners of Obligations as promptly as practicable upon the failure of such condition or the occurrence of such other event.

SECTION 4.4. Payment of Redeemed Obligations; When Interest on Obligations Called for Redemption Ceases to Accrue. Notice having been given in the manner provided in Section 4.3 of this Resolution, the Obligations or portions thereof so called for redemption shall become due and payable on the redemption date designated in such notice, and the Paying Agent shall make payment thereof. In the event there shall be drawn for redemption less than all of the Obligations represented by an Obligation, the Authority shall execute and the Registrar shall deliver upon the surrender of such Obligation without charge to the owner thereof, for the unredeemed balance of the principal



amount of the Obligation so surrendered, an Obligation or Obligations of the same series, interest rate and maturity, in either the denomination of such unredeemed balance or in any of the authorized denominations as shall be requested by the registered owner of the Obligation so surrendered; provided, however, the Authority may, by written agreement with the owner of any Obligation, make payment of the redemption price of a portion of such Obligation directly to the registered owner thereof without presentation or surrender thereof upon such terms and conditions as the Authority may consent to in such agreement. Each Paying Agent shall be advised by the Authority of each such agreement and shall be entitled to rely thereon, and to make payments in accordance therewith, until notified by the Authority of the termination of such agreement. If moneys for the redemption of all the Obligations, or portions thereof, to be redeemed on any redemption date, together with interest to the redemption date, shall be held by the Paying Agent so as to be available therefor on the date fixed for the redemption thereof and if notice of redemption of such Obligations shall have been given as provided in Section 4.3 of this Resolution, then from and after the redemption date, interest on the Obligations or portions thereof so called for redemption shall cease to accrue and become payable, and all Obligations or portions thereof so called for redemption shall be payable solely from the moneys set aside for the payment thereof with the Paying Agent. The earnings on such moneys accruing after the redemption date specified shall be paid over by the Paying Agent to the Authority. If moneys shall not be available on the redemption date specified for the payment of any Obligations, or portions thereof, as shall have been called for redemption, such Obligations, or portions thereof, shall continue to bear interest until paid at the rate they would have borne had they not been called for redemption.

SECTION 4.5. Redeemed Obligations Not to Be Reissued. No Obligations shall be issued in

The Revenue Fund and the Revenues and other moneys paid into the Revenue Fund shall be and hereby are pledged and charged to the punctual payment of the principal of and interest and premium, if any, on the Obligations and to the security thereof in accordance with the provisions of this Resolution, subject,

(a) whether or not any other Senior Debt is Outstanding, so long as any of the Original Bonds are Outstanding, to a prior and paramount lien on the Revenue Fund and such moneys and Revenues for the payment of the Original Bonds and the payments required to be made by the Indenture into the Operating Fund, Interest Fund, Bond Fund and Debt Service Reserve Fund established pursuant to the Indenture; and

(b) whether or not any other Senior Debt is Outstanding, so long as any Revenue Bonds are Outstanding, to a prior and paramount lien on the Revenue Fund and such moneys and Revenues for the payment of the Revenue Bonds and the payments required to be made by the Revenue Bond Resolution into the Revenue Bond Fund and the accounts therein.

The pledge of the Revenues and other moneys hereby made by the Authority shall be valid and binding from the time of the adoption of this Resolution. The Revenues and other moneys so pledged and hereafter received by the Authority shall immediately be subject to the lien of such pledge without any physical delivery or further act, and the lien of the aforesaid pledge shall be valid and binding as against any parties having claims of any kind in tort, contract, or otherwise against the Authority irrespective of whether such parties have notice of the foregoing pledge.

The Operating Fund, the Interest Fund, the Bond Fund, the Debt Service Reserve Fund, the Contingency Fund, the Capital Improvement Fund and the Special Reserve Fund established pursuant to the Indenture shall be continued for so long as any of the Original Bonds remain Outstanding. When the Original Bonds are no longer Outstanding, the Trustee shall deliver forthwith all moneys and securities held in the Revenue Fund and the aforesaid Funds, except for moneys and securities on deposit in the Capital Improvement Fund and amounts, if any, required to be held by the Trustee under the Indenture to provide for the payment of the principal of, premium, if any, and interest on the Original Bonds, to the Authority, who shall deposit such moneys and securities in the Revenue Fund; and the Operating Fund, the Interest Fund, the Bond Fund, the Debt Service Reserve Fund, the Contingency Fund and the Special Reserve Fund shall thereupon be terminated. Moneys and securities in the Capital Improvement Fund shall be transferred by the Trustee under the Indenture to the Authority, which shall thereupon be the custodian of such Fund.

#### SECTION 5.2. Payments From the Revenue Fund.

(a) Whenever both Original Bonds and Revenue Bonds are Outstanding, the moneys in the Revenue Fund shall be applied at the times, in the amounts and for the purposes as provided or permitted by the Indenture and by

First, there shall be deposited in each month into the Operating Fund created by the Indenture, the amount required by the Indenture, but not less than the amount the Authority determines to be required to pay Operation and Maintenance Expenses;

Second, there shall be deposited in each month into the Interest Fund created by the Indenture, the amount required by the Indenture to be used for the purposes specified therein;

Third, there shall be deposited in each month into the Bond Fund created by the Indenture, the amount required by the Indenture, to be used for the purposes specified therein;

Fourth, there shall be deposited in each month into the Debt Service Reserve Fund created by the Indenture, the amount required by the Indenture, to be used for the purposes specified therein;

Fifth, there shall be deposited in each month into the Revenue Bond Fund, and the accounts therein, the amounts required by the Revenue Bond Resolution, to be used for the purposes specified therein;

Sixth, there shall be deposited, at the times specified in Section 6.1 of this Resolution, into the Revenue Obligation Fund created by this Resolution, the amounts required by this Resolution, to be used for the purposes specified herein;

Seventh, there shall be deposited each month into the Lease Fund, the amount required by Section 5.4 of this Resolution, to be used for the purposes specified therein;

Eighth, there shall be deposited in each month into the Contingency Fund created by the Indenture, the amounts required by the Indenture, to be used for the purposes specified therein;

Ninth, there shall be deposited in each month into the Capital Improvement Fund, the amounts required by the Indenture and the Revenue Bond Resolution, to be used for the purposes specified in the Indenture and the Revenue Bond Resolution; provided, further, the total amount deposited in each Fiscal Year into the Capital Improvement Fund shall be not less than the Minimum Capital Improvement Requirement as defined in Section 5.3 of this Resolution; and the amount paid monthly into the Capital Improvement Fund shall be not less than, in the case of the last monthly payment of the Fiscal Year an amount which will produce, and in the case of all other monthly payments an amount which together with a like amount to be deposited in the Capital Improvement Fund in each succeeding month will produce the Capital Improvement Fund deposit required by this Section 5.2 (a) for such Fiscal Year; and

Tenth, on January 15 and July 15 of each year, there shall be deposited into the Special Reserve Fund created by the Indenture, the amounts required by the Indenture, to be used for purposes specified therein.

(b) Whenever Original Bonds are Outstanding, but no Revenue Bonds are Outstanding, the money in the Revenue Fund shall be applied at the times, in the amounts, and for the purposes as provided or permitted by the Indenture and by this Resolution, and, subject to Section 2.4 of this Resolution, in the following order of priority:

First, there shall be deposited in each month into the Operating Fund created by the Indenture, the amount required by the Indenture, but not less than the amount the Authority determines to be required to pay Operation and Maintenance Expenses;

Second, there shall be deposited in each month into the Interest Fund created by the Indenture, the amount required by the Indenture to be used for the purposes specified therein;

Third, there shall be deposited in each month into the Bond Fund created by the Indenture, the amount required by the Indenture, to be used for the purposes specified therein;

Fourth, there shall be deposited in each month into the Debt Service Reserve Fund created by the Indenture, the amount required by the Indenture, to be used for the purposes specified therein;

Fifth, there shall be deposited, at the times specified in Section 6.1 of this Resolution, into the Revenue Obligation Fund created by this Resolution, the amounts required by this Resolution, to be used for the purposes specified herein;

Sixth, there shall be deposited in each month into the Lease Fund, the amount required by Section 5.4 of this Resolution, to be used for the purposes specified herein;

Seventh, there shall be deposited in each month into the Contingency Fund *created* by the Indenture, the amounts required by the Indenture, to be used for the purposes specified therein;

Eighth, there shall be deposited in each month into the Capital Improvement Fund, the amounts required by the Indenture, to be used for the purposes specified in the Indenture; provided, the total amount deposited in each Fiscal Year into the Capital Improvement Fund shall be not less than the Minimum Capital Improvement Requirement as defined in Section 5.3 of this Resolution; and the amount paid monthly into the Capital Improvement Fund shall be not less than, in the case of the last monthly payment of the Fiscal Year an amount which will produce, and in the case of all other monthly payments an amount which together with a like amount to be deposited in the Capital Improvement Fund in each succeeding month will produce the Capital Improvement Fund deposit required by this Section 5.2 (b) for such Fiscal Year; and

Ninth, on January 15 and July 15 of each year, there shall be deposited into the Special Reserve Fund created by the Indenture, the amounts required by the Indenture, to be used for purposes specified therein.

(c) Whenever Revenue Bonds are Outstanding, but no Original Bonds are Outstanding, the moneys in the Revenue Fund shall be applied at the times, in the amounts and for the purposes as provided or permitted by the Revenue Bond Resolution and by this Resolution, and, subject to Section 2.4 of this Resolution, in the following order of priority:

First, there shall be deposited in each month with the Revenue Bond Fund and the accounts therein, the amounts required by the *Revenue* Bond Resolution, to be used for the purposes specified herein;

Second, there shall be deposited, at the times specified in Section 6.1 of this Resolution, into the Revenue Obligation Fund created by this Resolution, the amounts required by this Resolution, to be used for the purposes specified herein;

Third, there shall be deposited in each month into the Lease Fund the amount required by Section 5.4 of this Resolution, to be used for the purposes specified therein;

Fourth, there shall be retained in the Revenue Fund the amount which the Authority determines to be required to pay Operation and Maintenance Expenses; and

THE FIRST SERIES AND SUPPLEMENTAL RESOLUTION ADOPTED SEPTEMBER 15, 1999 AMENDED THE THIRD AND FOURTH SUBPARAGRAPHS UNDER SECTION 5(c) AS FOLLOWS:

Third, there shall be retained in the Revenue Fund the amount which the Authority determines to be required to pay Operation and Maintenance Expenses;

Fourth, there shall be deposited in each month into the Lease Fund the amount required by Section 5.4 of this Resolution to be used for purposes specified therein; and

Fifth, there shall be deposited in each month into the Capital Improvement Fund such amounts as the Authority shall determine, provided that there shall be paid into the Capital Improvement Fund in each Fiscal Year an amount at least equal to the amount required to be paid into the Capital Improvement Fund by Section 5.4 of the Resolution; provided, further, the total amount deposited in each Fiscal Year into the Capital Improvement Fund shall be not less than the Minimum Capital Improvement Requirement as defined in Section 5.3 of this Resolution; and the amount paid monthly into the Capital Improvement Fund shall be not less than, in the case of the last monthly payment of the Fiscal Year an amount which will produce, and in the case of all other monthly payments an amount which together with a like amount to be deposited in the Capital Improvement Fund in each succeeding month will produce the Capital Improvement Fund deposit required by this Section 5.2 (c) for such Fiscal Year.

(d) Whenever no Senior Debt is Outstanding, the moneys in the Revenue Fund shall be applied at the times, in the amounts and for the purposes as provided or permitted by this Resolution, and in the following order of priority, subject, however, to Section 2.4 of this Resolution:

First, there shall be deposited, at the times specified in Section 6.1 of this Resolution, into the Revenue Obligation Fund created by this Resolution, the amounts required by this Resolution, to be used for the purposes specified herein;

Second, there shall be retained in the Revenue Fund the amount which the Authority determines to be required to pay Operation and Maintenance Expenses; and

Third, there shall be deposited when due into the Lease Fund the amount required by Section 5.4 of this Resolution, to be used for the purposes specified herein;

Fourth, there shall be deposited in each month into the Capital Improvement Fund such amounts, if any, as the Authority shall determine; provided, the total amount deposited in each Fiscal Year into the Capital Improvement Fund shall be not less than the Minimum Capital Improvement Requirement as defined in Section 5.3 of this Resolution,

(e) So long as both Original Bonds and Revenue Bonds are Outstanding, Operation and Maintenance Expenses of any facility for the sale of water or for the generation, transmission and distribution of any form of power and energy other than water power and electric power and energy, shall, to the extent such Operation and Maintenance Expenses exceed Revenues derived from such facility, follow in order of priority all of the payments prescribed in the subsection of this Section 5.2 applicable from time to time.

(f) Any moneys remaining in the Revenue Fund each month after making the foregoing deposits into the Operating Fund, Interest Fund, Bond Fund, Debt Service Reserve Fund, Contingency Fund, Capital Improvement Fund and the Special Reserve Fund created under the Indenture, the Revenue Bond Fund and accounts therein, the Lease Fund, and the Revenue



ARTICLE VI  
REVENUE OBLIGATION FUND

SECTION 6.1. Revenue Obligation Fund. There is hereby created a special fund of the Authority to be known as the "South Carolina Public Service Authority Revenue Obligation Fund." The Revenue Obligation Fund shall be held in trust and administered by the Trustee and shall be used solely for the purpose of paying the principal of (whether upon maturity or mandatory redemption), premium, if any, and interest on the Obligations. The Authority hereby obligates and binds itself irrevocably to set aside and to pay (or, so long as any of the Original Bonds are Outstanding, to cause the Trustee under the Indenture to pay) to the Trustee for deposit into the Revenue Obligation Fund, amounts sufficient to pay the principal of (whether upon maturity or mandatory redemption), premium, if any, and interest on all the Obligations from time to time Outstanding as the same respectively become due and payable. The amounts to be paid into the Revenue Obligation Fund shall be due and payable not later than the business day immediately preceding the next date upon which an installment of principal (whether upon maturity or mandatory redemption), premium, if any, or interest falls due on the Obligations (or in immediately available



Authority in Investment Securities which shall matu

and the Obligations of each such series and the interest thereon shall be payable at a designated office of each such Paying Agent or Paying Agents. Each Paying Agent shall hold in trust for the benefit of the holders of Obligations and the Trustee all sums held by such Paying Agent for the payment of the principal of and interest on the Obligations. Anything in this paragraph to the contrary notwithstanding, the Authority may at any time, for the purpose of obtaining a satisfaction and discharge of this Resolution, or for any other reason, cause to be paid to the Trustee all sums held in trust by any Paying Agent hereunder as required by this Section, which sums shall be held by the Trustee upon the trusts herein contained, and such Paying Agent shall thereupon be released from all further liability with respect to such sums.

SECTION 7.4. Action by Trustee in Payment of Obligations. The appropriate accounts of the Revenue Obligation Fund shall be drawn upon by the Trustee for the purpose of paying the principal of, and interest and premium, if any, on the Obligations.

SECTION 7.5. Duties and Obligations of the Trustee. The duties and obligations of the Trustee appointed by or pursuant to the provisions of this Resolution prior to the occurrence of an Event of Default (hereinafter defined), and subsequent to the curing of such Event of Default, shall be determined solely by the express provisions of this Resolution, and such Trustee shall not be liable for any action of any other Trustee and shall not otherwise be liable except for the performance of its duties and obligations as specifically set forth herein and to act in good faith in the performance thereof, and no implied duties or obligations shall be incurred by such Trustee other than those specified herein, and such Trustee shall be protected when acting in good faith and upon advice of counsel, who may be counsel to the Authority. In case an Event of Default has occurred which has not been cured, such Trustee shall exercise such of the rights and powers vested in it by

SECTION 7.8. Compensation of Trustee and Paying Agents. The Trustee and the Paying Agents shall be entitled to reasonable compensation for all services rendered by them in the execution, exercise and performance of any of the powers and duties to be exercised or performed by the Trustee and the Paying Agents, respectively, pursuant to the provisions of this Resolution or any Series Resolution, which compensation shall not be limited by any provisions of law in regard to the compensation of a trustee of an express trust, and the Authority will pay or reimburse the Trustee and the Paying Agents upon request for all expenses, disbursements and advances incurred or made by the Trustee or Paying Agents, as the case may be, in accordance with any of the provisions hereof (including the reasonable compensation and expenses and disbursements of counsel for the Trustee or Paying Agents, as the case may be, and of any

ARTICLE VIII  
COVENANTS TO SECURE OBLIGATIONS

SECTION 8.1. Compliance with Indenture and Revenue Bond Resolution. So long as any Original Bonds are Outstanding, the Authority shall comply in all respects with each of the provisions, covenants and agreements of or contained in the Indenture; and so long as any Revenue Bonds are Outstanding, in the Revenue Bond Resolution. The Authority shall not amend the Indenture or the Revenue Bond Resolution in any ma

In case the schedule of rents, tolls, rates and other charges at any time in force hereunder shall be inadequate to provide Revenues sufficient for the purposes aforesaid, or in case the Authority shall at any time and for any reason fail or refuse to fix, establish and collect rents, tolls, rates and other charges adequate to provide Revenues sufficient for such purposes, then and in any such event, without regard to whether an Event of Default, as defined in Section 10.1 of this Resolution, shall have happened, without prejudice to any other right or remedy existing under this Resolution or under the Revenue Bonds, the Bond Fund Trustee, as a matter of right, may in its discretion, and upon the written request of the holders of twenty-five per cent (25%) in principal amount of the Revenue Bonds then Outstanding, shall institute and prosecute in any court of competent jurisdiction an appropriate action to compel the Authority to fix, establish and collect rents, tolls, rates and other charges adequate to provide Revenues sufficient for the purposes aforesaid, and the Authority covenants and agrees that it will fix, establish and collect rents, tolls, rates and other charges in compliance with every order or decree of any such court. The right and power herein granted may be exercised from time to time and as often as may be deemed expedient.

SECTION 8.3. Maintenance of Properties in Good Condition. The Authority shall at all times maintain, preserve and keep, or cause to be maintained, preserved and kept, its properties and

SECTION 8.5. Insurance. The Authority shall keep, or cause to be kept, its properties and the operations thereof insured to the extent available at reasonable cost with responsible insurers against risks of direct physical loss, damage to or destruction, at least to the extent that similar insurance is usually carried by utilities operating like properties against accidents, casualties or negligence, including liability insurance and employer's liability; provided, however, that any time while any contractor engaged in constructing any facilities shall be fully responsible therefor, the Authority shall not be required to keep such insured.

SECTION 8.6. Books of Accounts. The Authority sha



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

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

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

(g) With the consent of the Trustee, to cure or correct any ambiguity or defective or inconsistent provisions, omissions, mistakes or manifest errors in this Resolution or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Resolution as theretofore in effect; or to make any other change which, in the Trustee's opinion, is not detrimental to the interests of the holders of the Obligations.

(h) To modify any of the provisions of this Resolution in any other respects; provided that such modification shall not be effective until after the Obligations Outstanding as of the date of adoption of such resolution shall cease to be Outstanding.

SECTION 9.2. Amendments of Resolution with Consent of Owners. The provisions of this Resolution may be modified at any time or from time to time by a Supplemental Resolution, subject to the consent of the holders of Obligations in accordance with and subject to the provisions of Article XI of this Resolution, such resolution to become effective as provided in such Article XI.

SECTION 9.3. Consent of Trustee to Certain Amendments. No resolution changing, amending or modifying any of the rights or obligations of the Trustee or any other fiduciary may be adopted by the Authority or be consented to by the holders of Obligations without the written consent of the Trustee or such other fiduciaries. The Trustee is hereby authorized to accept the delivery of certified copies of any resolution amending the provisions of this Resolution and shall be fully protected in relying upon a certification by counsel to the Authority that such resolution has been adopted in full compliance with the terms and provisions of this Resolution.

## ARTICLE X DEFAULTS AND REMEDIES

SECTION 10.1. Events of Default; Declaration of Principal and Interest as Due. The Trustee or the holder of any Obligation shall have authority to exercise each right and remedy granted in this Article only to the extent that the exercise of such right or remedy will not impair the rights of the holders of the Original Bonds and Revenue Bonds from time to time Outstanding.



The Authority hereby covenants and agrees with the holders from time to time of the Obligations, in order to protect and safeguard the covenants and obligations undertaken by the Authority securing the Obligations, that if one or more of the following events (each, an "Event of Default") shall happen, (provided that, unless otherwise provided by a Series Resolution, the failure by the Authority to purchase Obligations tendered for elective purchase shall not constitute an Event of Default hereunder), that is to say:

(a) Default in the due and punctual payment of any interest on any Obligation which shall continue for a period of thirty (30) days; or

(b) Default in the due and punctual payment of the principal of any Obligation, whether at the stated maturity thereof, at the mandatory redemption date, at the redemption date or upon declaration in accordance with this Section 10.1; or

(c) If the Authority shall violate or fail to perform any of its covenants or agreements contained in this Resolution for ninety (90) days after written notice of default is given to it by the Trustee or by a holder of any Obligation; or

(d) A default shall have occurred in respect of any bond, debenture, note or other evidence of indebtedness of the Authority, or in respect of any obligations of the Authority under any financing lease, whether now outstanding or existing or issued or otherwise undertaken hereafter, or under any indenture, resolution, lease or other agreement or instrument under which any such bond, debenture, note or other evidence of indebtedness or any such lease obligation has been or may be issued or by which any of the foregoing is or may be governed or evidenced, which default shall have resulted in the principal amount of such bond, debenture, note or other evidence of

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insolvency of the Authority or of any of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its insolvency or inability to pay its debts generally as they become due, or any action shall be taken by the Authority in furtherance of any of the foregoing aforesaid purposes; or

(g) A default shall occur under the Indenture or the Revenue Bond Resolution; then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Obligations shall have already become due and payable, either the Trustee (by notice in writing to the Authority), or the holders of not less than twenty-five per cent (25%) in principal amount of the Obligations then Outstanding, (by notice in writing to the Authority and the Trustee), may declare the principal of all the Obligations then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this Resolution or in any of the Obligations contained to the contrary notwithstanding. The right of the Trustee or of the holders of not less than twenty-five per cent (25%) in principal amount of the Obligations to make any such declaration as aforesaid, however, is subject to the condition that if,

SECTION 10.2. Inspection of Authority's Books and Records. The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and accounts of the Authority shall at all times be subject to the inspection and use of the Trustee and any persons holding at least twenty-five per cent (25%) of the principal amount of Obligations Outstanding and of their respective agents and attorneys.

SECTION 10.3. Payment of Funds to Trustee; Application of Revenues. The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over to the Trustee forthwith, all moneys, securities and funds then held by the Authority; provided, however, that so long as any Original Bonds or Revenue Bonds are Outstanding, the Authority shall not be obligated to pay over to the Trustee any Revenues or other moneys payable to the Trustee under the Indenture or Trustee appointed pursuant to the Revenue Bond Resolution.

During the continuance of an Event of Default, the Revenues received by the Trustee, or Owners' Committee, as the case may be, whether pursuant to the provisions of the preceding paragraph or any other provision of this Resolution, or as the result of taking possession of the business and properties of the System, shall be applied by the Trustee or Owners' Committee, as the case may be, subject to the rights of the holders of the Senior Debt, first to the payment of the reasonable and proper charges, expenses and liabilities paid or incurred by the Trustee or Owners' Committee, as the case may be (including the cost of securing the services of any engineer or firm of engineers selected for the purpose of rendering advice with respect to the operation, maintenance, repair and replacement of the System necessary to prevent any loss of Revenues, and with respect to the sufficiency of the rates and charges for power and energy sold, furnished or supplied by the System), and thereafter to the payment of the reasonable and necessary cost of operation, maintenance, repair and replacement of the System (to the extent that the foregoing costs are not payable from funds held by the Trustee appointed pursuant to the Indenture) and the principal of and interest on the Revenue Bonds.

In the event that at any time the funds held by the Trustee and the Paying Agents for the Obligations shall be insufficient for the payment of the principal of and premium, if any, and interest then due on the Obligations, such funds (other than funds held for the payment or redemption of particular Obligations which have theretofore become due at maturity or by call for redemption) and all Revenues and other moneys received or collected for the benefit or for the account of holders of the Obligations by the Trustee shall be applied as follows:

(a) Unless the principal of all of the Obligations shall have become or have been declared due and payable,

First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, earliest maturities first, and, if the amount available shall not be sufficient to pay in full any installment or installments of interest maturing on the same



herein granted, or for an accounting against the Authority as trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights, or to perform any of its duties under the Resolution. The Trustee shall be entitled and empowered either in its own name or as a trustee of an express trust, or as an attorney-in-fact for the holders of the Obligations, or in one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and of the holders of the Obligations allowed in any equity, receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization or other similar proceedings relative to the Authority. For this purpose the Trustee is hereby irrevocably appointed the true and lawful attorney-in-fact of the respective holders of the Obligations (and the successive holders of the Obligations by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) with authority to make and file in the respective names of the holders of the Obligations any such proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings, and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all acts and things for and on behalf of the holders of the Obligations as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Trustee and of the holders of the Obligations allowed in any such proceeding and to receive payment of and on account of such claims; provided, however, that nothing contained herein shall be deemed to give the Trustee any right to accept t h o r t , o r a s a ( t ) 2 1 . m 1 ,

entitled to the appointment of a receiver of the business and property of the System, of the moneys, securities and funds of the Authority pledged under this Resolution, and of the Revenues, and of the income therefrom, with all such powers as the court or courts making such appointment shall confer, including the power to perform and enforce all contracts, to the same extent that the Authority shall then be entitled and obligated to do; provided, however, that, notwithstanding the happening of an Event of Default, the rights and obligations of the parties to such contracts not in default shall not be affected by such happening of an Event of Default. Notwithstanding the appointment of any receiver, the Trustee shall be entitled to retain possession and control of and to collect and receive income from any moneys, securities, funds and Revenues deposited or pledged with it under this Resolution or agreed or provided to be delivered to or deposited or pledged with it under this Resolution.

SECTION 10.5. Suits by Individual Owners. Except as otherwise specifically provided in this Section, no holder of any of the Obligations shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision of this Resolution or the execution of any trust under this Resolution or for any remedy under this Resolution unless such holder previously shall have given to the Trustee written notice of the Event of Default, as provided in this Article, on account of which such suit, action or proceeding is to be instituted, and unless, also, the holders of not less than twenty-five per cent (25%) in aggregate principal amount of the Obligations then Outstanding shall have filed a written request with the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for a period of sixty (60) days after the receipt by it of such notice, request and offer to indemnify shall have failed to proceed to exercise such powers or to institute any such action, suit or proceeding, and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 10.4 of this Resolution; it being understood and intended that, except as otherwise above provided, no one or more holders of the Obligations shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the pledge created by this Resolution, or to enforce any right under the Resolution except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided for the benefit of holders of such Outstanding Obligations.

In the event that the Trustee shall have failed or refused to comply with the aforesaid request after having been offered such security and indemnity, the holders of not less than twenty per cent (20%) in principal amount of the Obligations then Outstanding may call a meeting of the holders of Obligations for the purpose of electing an Owners' Committee. Such meeting shall be called and proceedings thereat shall be conducted as provided for other meetings of holders of Obligations pursuant to Article XI of this Resolution. At such meeting the holders of not less than a majority of the principal amount of the Obligations then Outstanding must be present in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any other notice than the announcement thereof at the meeting. A quorum being present at the meeting, the holders of Obligations present in person or by proxy may, by the votes cast by the holders of a majority in principal amount of the Obligations so



consequences, except a default in the payment of the principal of and premium, if any, and interest on any of the Obligations. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 10.8. Waiver of Extension of Laws. The Authority will not at any time insist upon or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in this Resolution, or in the Obligations, but all benefit or advantage of any such law or laws is hereby expressly waived by the Authority.

SECTION 10.9. Notice of Events of Default. The Trustee shall, within ninety (90) days after the occurrence of an Event of Default, give to the holders of Obligations, in the manner provided in Section 11.2 of this Resolution, notice of all defaults known to the Trustee, unless such defaults shall have been cured before the giving of such notice (the term "default" or "defaults" for the purpose of this Section 10.9 being hereby defined to be any Event or Events of Default specified in Section 10.1 of this Resolution); provided that, except in the case of default in the payment of principal (whether at maturity or date of mandatory redemption) of and premium, if any, and interest on any of the Obligations, the Trustee shall be protected in withholding such notice if and so long as its board of directors, the executive committee, or a trust committee in good faith determines that the withholding of such notice is in the interests of the holders of Obligations.

## ARTICLE XI AMENDMENTS AND OWNERS' MEETINGS

SECTION 11.1. Owners' Meetings. The Authority, the Trustee or the holders of not less than twenty per cent (20%) in principal amount of the Obligations then Outstanding may at any time call a meeting of the holders of the Obligations. Every such meeting shall be held at such place as may be specified in the notice calling such meeting. Written notice of such meeting, stating the place and time of the meeting and in general terms the business to be submitted, shall be mailed to the holders of Obligations by the Authority, the Trustee or the holders of Obligations calling such meeting not less than thirty (30) nor more than sixty (60) days before such meeting; provided, however, that the mailing of such notice shall in no case be a condition precedent to the validity of any action taken at any such meeting. The expenses of such notice shall be paid or reimbursed by the Authority. Any meeting of holders of Obligations shall, however, be valid without notice if the holders of all Obligations then Outstanding are present in person or by proxy or if notice is waived before or within thirty (30) days after the meeting by those not so present.

SECTION 11.2. Notices to Owners. Except as otherwise provided in this Resolution, any provision in this Resolution for the mailing of a notice or other paper to holders of Obligations shall be fully complied with if (a) it is mailed postage prepaid (i) to each registered owner of any of the Obligations then Outstanding at the owner's address, if any, appearing upon the registry books of the Authority, and (ii) to the Trustee, and (b) any pertinent additional requirements of any Series Resolution are satisfied.



SECTION 11.3. Proof of Ownership of Obligations; Proxies; Execution of Instruments by Owners. Attendance and voting by holders of Obligations at such meeting may be in person or by proxy. Holders of Obligations may, by an instrument in writing bearing their signature, appoint any person or persons with full power of substitution, as their proxy to vote at any meeting for them.

The holder of any Obligation shall be entitled in person or by proxy to attend and vote at such meeting as holder of the Obligations registered in his name without producing such Obligations, and such persons and their proxies shall, if required, produce such proof of personal identify as shall be satisfactory to the Secretary of the meeting. All proxies presented at such meeting shall be delivered to the Inspectors of Votes and filed with the Secretary of the meeting. All other persons seeking to attend or vote in such meeting must produce the Obligations claimed to be owned or represented at such meeting.

The vote at any such meeting of the holders of any Obligations entitled to vote thereat shall be binding upon such holders and upon every subsequent holder of such Obligations whether or not such subsequent holder has notice thereof.

Any request, direction, consent or other instrument in writing required or permitted by this Resolution to be signed or executed by holders of Obligations may be in any number of concurrent instruments of similar tenor and may be signed or executed by such holders of Obligations in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument shall be sufficient for any purpose of this Resolution, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner: The fact and date of the execution by any person of any such instrument may be proved by either (a) an acknowledgement executed by a notary public or other officer empowered to take acknowledgements of deeds to be recorded in the particular jurisdiction, or (b) an affidavit of a witness to such execution sworn to before such a notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such acknowledgement or affidavit shall also constitute sufficient proof of his authority.

The foregoing shall not be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient. Any request or consent of the holder of any Obligation shall bind every future holder of the same Obligation in respect of anything done by the Trustee in pursuance of such request, direction or consent.

The right of a proxy for the holder of any Obligation to act may be proved, subject to the Trustee's right to require additional proof, by a written proxy executed by such holder as aforesaid.

SECTION 11.4. Officers of Owners' Meetings. Persons named by the Trustee, or elected by the holders of a majority in principal amount of the Obligations represented at the meeting in person or by proxy in the event the Trustee is not represented at such meeting, shall act as temporary

Chairman and temporary Secretary of any meeting of holders of Obligations. A permanent Chairman and a permanent Secretary of such meeting shall be elected by the holders of a majority in principal amount of the Obligations represented at such meeting in person or by proxy. The permanent Chairman of the meeting shall appoint two Inspectors of Votes who shall count all votes cast at such meeting, except votes on the election of Chairman and Secretary as aforesaid, and who shall make

SECTION 11.7.



SECTION 11.10. Exclusion of Obligations Owned by Authority. Obligations owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any vote or consent or other action or any calculation of Outstanding Obligations in this Resolution provided for, and shall not be entitled to vote or consent to take any action in this Resolution provided for.

SECTION 11.11. Endorsement of Amendments on Obligations. Obligations delivered after the effective date of any action amending this Resolution taken as hereinabove provide may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case, upon demand of the holder of any Obligation Outstanding at such effective date and ions. Ob313tanconsent18 not

ARTICLE XIII  
DEFEASANCE; OBLIGATIONS NO LONGER DEEMED  
OUTSTANDING HEREUNDER

The obligations of the Authority under this Resolution (including all resolutions supplemental hereto), and the liens, pledges, charges, trusts, assignments, covenants and agreements of the Authority herein or therein made or provided for, shall be fully discharged and satisfied as to any Obligation, and such Obligation shall no longer be deemed to be Outstanding hereunder and thereunder, if such Obligation shall have been cancelled, or surrendered for cancellation or subject to cancellation, or as to any Obligation not theretofore cancelled, surrendered for cancellation or subject to cancellation, when payment of the principal and the applicable redemption premium, if any, on such Obligation, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or by declaration as provided in Section 10.1 of this Resolution, or otherwise), (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with the Trustee for such Obligation, in trust and irrevocably appropriated and set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Permitted Investments, maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and such Obligation shall cease to draw interest from the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or by declaration as aforesaid, or otherwise) and, except for the purposes of such payment, such Obligation shall no longer be secured by or entitled to the benefits of this Resolution; provided that, with respect to Obligations to be redeemed or prepaid prior to their stated maturities, notice of such redemption or prepayment shall have been given as provided in Section 4.3 of this Resolution, or irrevocable provision shall have been made for the giving of such notice.

Any such moneys so deposited with the Trustee as provided in this Section may at the

trust for the benefit of the holder of such Obligation, who thereafter shall be restricted exclusively to

deposited with the Trustee after such date when such Obligations become due and payable, shall, at the written request of the Authority, be repaid by the Trustee to the Authority as the Authority's property and free from the trust created by this Resolution, and the Trustee shall thereupon be released and discharged with respect thereto, and the holders of the Obligations payable from such moneys shall look only to the Authority for the payment of such Obligations.