

CONFORMED COPY

RESOLUTION NO. 88-3227

**A RESOLUTION CREATING AND ESTABLISHING AN ISSUE OF
AIRPORT REVENUE BONDS OF THE MEMPHIS-SHELBY COUNTY
AIRPORT AUTHORITY; PROVIDING FOR THE PAYMENT OF
AND SECURITY FOR SUCH BONDS; PRESCRIBING THE
LIMITATIONS ON AND CONDITIONS OF THE ISSUANCE OF
SUCH BONDS; MAKING OTHER COVENANTS AND AGREEMENTS
IN CONNECTION WITH THE FOREGOING; AND AMENDING
RESOLUTION NO. 73-0530 OF THE AUTHORITY ADOPTED
JUNE 15, 1973**

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RESOLUTION NO. 88-3227

**A RESOLUTION CREATING AND ESTABLISHING AN
ISSUE OF AIRPORT REVENUE BONDS OF THE
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY;
PROVIDING FOR THE PAYMENT OF AND SECURITY FOR
SUCH BONDS; PRESCRIBING THE LIMITATIONS ON
AND CONDITIONS OF THE ISSUANCE OF SUCH BONDS;
MAKING OTHER COVENANTS AND AGREEMENTS IN
CONNECTION WITH THE FOREGOING; AND AMENDING
RESOLUTION NO. 73-0530 OF THE AUTHORITY
ADOPTED JUNE 15, 1973**

WHEREAS, the Memphis-Shelby County Airport Authority (hereinafter defined and referred to as the "Authority"), a body corporate and politic and metropolitan airport authority created pursuant to the provisions of the Metropolitan Airport Authority Act (Tenn. Code Anno. §42-4-101 et seq.) (the "Act"), is vested with the power to issue its bonds in order to accomplish any of the purposes authorized by said Act; and

WHEREAS, the Board of Commissioners (hereinafter defined and referred to as the "Board") of the Authority by Resolution No. 73-0530 (adopted June 15, 1973) entitled: "A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL REVENUE BONDS OF THE MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY; PRESCRIBING THE LIMITATIONS ON AND THE CONDITIONS OF ISSUANCE AND THE FORM OF SUCH BONDS; PROVIDING FOR THE DETAILS OF SUCH BONDS; COVENANTING AS TO THE REVENUES, INCOME AND CHARGES OF SAID AUTHORITY AND THE USE AND APPLICATION OF SUCH REVENUES, INCOME AND CHARGES; PLEDGING SUCH REVENUES, INCOME AND CHARGES TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS AND LIMITING SUCH PAYMENT SOLELY TO SUCH REVENUES, INCOME AND CHARGES; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING" (hereinafter defined and referred to as the "General Revenue Bond Resolution") has created and established an issue of Memphis-Shelby County Airport Authority General Revenue Bonds (as hereinafter defined) payable solely from and secured solely by the revenues derived by the Authority from its ownership and operation of the Airport (as hereinafter defined); and

WHEREAS, the General Revenue Bond Resolution authorizes the issuance by the Authority of the Memphis-Shelby County Airport Authority General Revenue Bonds in one or more series pursuant to a series resolution or resolutions adopted under the General Revenue Bond Resolution, and the Authority has heretofore issued an

aggregate of \$97,800,000 of such Memphis-Shelby County Airport Authority General Revenue Bonds pursuant to the General Revenue Bond Resolution and series resolutions adopted thereunder, of which General Revenue Bonds are outstanding as of the date hereof in the principal amount of \$87,060,000; and

WHEREAS, the outstanding General Revenue Bonds are the only obligations of the Authority outstanding as of the date of the adoption of this Resolution issued under and pursuant to the General Revenue Bond Resolution and payable from the Revenues (as hereinafter defined) of the Authority; and

WHEREAS, the Authority is obligated to reimburse the City of Memphis, Tennessee for the payment of principal and interest on certain bonds of such City issued on behalf of the Authority, such reimbursement to be made from the Revenues of the Authority; and

WHEREAS, the Board has determined that it is advisable and in the best interest of the Authority to amend the General Revenue Bond Resolution to provide that the Authority's reimbursement of principal and interest on bonds issued by other governmental bodies, including the obligations of the City of Memphis hereinabove referred to, shall be made from the Revenues after payment of Costs of Operation and Maintenance (as hereinafter defined) and after payment of debt service on the Bonds; and

WHEREAS, the Board has determined that in order to allow additional flexibility in the financing of future additions, improvements and expansion to the Airport it is advisable and in the best interest of the Authority to issue in the future its Airport Revenue Bonds (hereinafter defined and referred to as the "Bonds") pursuant to this Resolution to accomplish any of the purposes authorized by the Act, the Bonds to be a charge upon and payable from the Revenues (as hereinafter defined) of the Authority derived from the ownership and operation of the Airport, subject only to the superior rights for the payment thereof of the holders of the outstanding General Revenue Bonds and to the payment of said bonds and to the payment of Costs of Operation and Maintenance (as hereinafter defined) of the Authority all as permitted by paragraph M of Section 16 of the General Revenue Bond Resolution; now therefore,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY:

ARTICLE I

DEFINITIONS AND COMPUTATIONS

SECTION 1.1. Definitions Generally. Unless the context shall clearly indicate some other meaning or may otherwise require, the following terms shall for all purposes of this Resolution and for all purposes of any resolution or other instrument amendatory hereof or supplemental hereto and of any opinion or certificate or instrument or other document mentioned herein or therein, have the meanings herein specified, with the following definitions to be equally applicable to both the singular and plural form of such term and visa versa:

"Act" shall mean the Metropolitan Airport Authority Act (Tenn. Code Anno. § 42-4-101) as the same may be amended from time to time.

"Additional Bonds" shall mean any Bond issued pursuant to Section 2.2 hereof and subsequent to the issuance of the first Series of Bonds hereunder.

"Airport" shall mean each and every airport, heliport or other aviation facilities and all related facilities from time to time owned or operated by the Authority. Without limiting the generality of the foregoing, the term "Airport" shall include each of the following existing airports now owned or operated by the Authority: the airport now known as the "Memphis International Airport", the airport now known as the "General DeWitt Spain Downtown Airport" and the airport now known as the "Charles W. Baker Airport". Also without limiting the generality of the foregoing, the term "Airport" shall include (i) any and all of the following pertaining to the Memphis International Airport and any other airport included within the first sentence of this definition: lands or water areas, rights or interests in land, rights-of-way, approaches and contract rights; navigation and landing aids and other air navigation facilities; facilities for storage of air and space craft; passenger and cargo terminal buildings, hangars, control towers and administration, office and other buildings and facilities; runways, taxiways, pads, aprons and other paved areas; access roads; garages, parking lots and other parking structures; furnishings, equipment and apparatus; and other structures, facilities and improvements necessary and convenient to the development and maintenance of airports and heliports and for the promotion and accommodation of air and space travel, commerce and navigation; and all other property (real, personal, mixed or otherwise), now or hereafter constructed or acquired, of or belonging or pertaining to said airports; (ii) each and every and all and singular, the properties and facilities constructed or

acquired from the proceeds of the Bonds, General Revenue Bonds or from the proceeds of any other bonds, notes or other evidences of indebtedness payable, or the payment of, the principal or interest or both of which are reimbursable, from the Revenues of the Airport including, without limiting the generality of the foregoing, properties and facilities constructed or acquired from the proceeds of bonds, notes or other evidences of indebtedness issued by the City of Memphis or the County of Shelby or other municipality, for the payment of the principal of or interest on which reimbursement is required to be made to the issuer thereof from the Revenues; and (iii) all other additions, expansions and improvements of or belonging or pertaining to the Memphis International Airport or any airport included hereunder by reason of the provisions of the first sentence of this definition, hereafter acquired or constructed and howsoever financed. The term "Airport" shall not, however, include: (A) properties sold, leased or otherwise disposed of or transferred pursuant to the provisions of paragraph N of Section 16 of the General Revenue Bond Resolution or Section 5.16 of this Resolution; or (B) properties subject to a Special Facility Lease defined in Section 27 of the General Revenue Bond Resolution or Section 5.16 hereof, except to the extent provided in said Section 27 or Section 10.1 hereof.

"Airport Improvement Bond Fund" means the Fund of that name established as described in Section 4.2 hereof.

"Amortized Value", when used with respect to a security purchased at par shall mean the purchase price of such security and when used with respect to a security purchased at a premium above or discount below par, shall mean as of any subsequent date of valuation, the value obtained by dividing the total premium or discount by the number of interest payment dates remaining to maturity on any such security after such purchase and by multiplying the amount as calculated by the number of Interest Payment Dates having passed since the date of purchase and (i) in the case of a security purchased at a premium above par, by deducting the product thus obtained from the purchase price, and (ii) in the case of a security purchased at a discount below par, by adding the product thus obtained to the purchase price.

"Authority" shall mean the Memphis-Shelby County Airport Authority, a body politic and corporate and Metropolitan Airport Authority created pursuant to the provisions of the Act and its successor or successors.

"Board" shall mean the Board of Commissioners of the Authority and its successor or successors.

"Bond" or "Bonds" shall mean any Bond, some of the Bonds or all of the Bonds at any time Outstanding under and pursuant to this Resolution, and shall include the Bond issued pursuant to Section 2.1 and 2.2 hereof but shall not include any Special Facility Bonds defined in Section 10.1 hereof.

"Bondholder" or "holder of a Bond" shall mean the registered owner or his duly authorized attorney-in-fact, representative or assigns, of any Bond as shown on the books of registry of the Registrar maintained pursuant to this Resolution, and shall include any beneficial owner of a Bond and his nominee.

"Business Day" shall mean, with respect to all Bonds, a day on which the Trustee is open for the purpose of conducting commercial banking business, and, with respect to any particular Series of Bonds, such day as is designated in the Supplemental Resolution authorizing issuance thereof.

"Construction Fund" shall mean one of the separate Funds of that name created and established pursuant to Section 3.1 hereof.

"Costs of Construction" shall have the meaning set forth in Section 3.1 hereof.

"Costs of Operation and Maintenance" shall mean the reasonable and necessary current expenses of the Authority paid or accrued in operating, maintaining and repairing the Airport. Without limiting the generality of the foregoing, the term "Costs of Operation and Maintenance" shall include the following items:

- (i) costs of collecting the Revenues and from making any refunds therefrom lawfully due others;

- (ii) engineering, financial management, audit reports, legal and other overhead expenses directly related to the administration, operation, maintenance, and repair of the Airport;

- (iii) costs of salaries, wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing;

(iv) costs of routine repairs, replacements, renewals and alterations occurring in the usual course of business;

(v) taxes, assessments and other governmental charges, or payments in lieu thereof, imposed on the Airport or any part thereof or on the operation thereof or on the income therefrom or on any privilege in connection with the ownership or operation of the Airport or otherwise imposed on the Airport or the operation thereof or income therefrom;

(vi) costs of utility services;

(vii) the costs and expenses of general administrative overhead of the Authority allocable to the Airport;

(viii) costs of material and supplies used in the ordinary course of business, including ordinary and current rentals of equipment or other property;

(ix) contractual services and professional services, including but not limited to, legal services, accounting services and service of financial consultants and airport consultants;

(x) costs of fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to the Airport or the Revenues or any other moneys held hereunder or required hereby to be held or deposited hereunder;

(xi) costs of carrying out the provisions of the General Revenue Bond Resolution and this Resolution, including trustee's and paying agents' fees and expenses; fees for remarketing Bonds and Support Facilities; costs of insurance required thereby, or a properly allocable share of any premium of any blanket policy pertaining to the Airport or the Revenues; and costs of recording, mailing and publication; and

(xii) all other costs and expenses of operating, maintaining and repairing the Airport arising in the routine and normal course of business;

PROVIDED, HOWEVER, that (A) for the purpose of the definition of the term "Net Revenues" as used in the General Revenue Bond Resolution and this Resolution, the term "Costs of Operation and Maintenance" shall not include: (1) any allowance for depreciation or any amounts for capital

replacements or reserves therefor; (2) costs of extensions, enlargements, betterments and improvements or reserves therefor; (3) reserves for operation, maintenance, renewals and repairs occurring in the normal course of business; (4) payment (including redemption) of General Revenue Bonds or Bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor; and (B) for all purposes of the General Revenue Bond Resolution and this Resolution, the term "Costs of Operation and Maintenance" shall not include any operation and maintenance costs and expenses pertaining to (1) Special Facilities (defined in Section 27 of the General Revenue Bond Resolution or Article X of this Resolution) or expenses incurred by any lessee under a Special Facility Lease (defined in said Section 27 of the General Revenue Bond Resolution or Article X of this Resolution) or (2) lands and properties leased for industrial, governmental or other non-aviation purposes.

"Debt Service Reserve Account Requirement" shall mean with respect to each Series of Bonds that amount prescribed in the Supplemental Resolution authorizing the issuance of such Series of Bonds.

"Debt Service Requirement" shall mean with respect to all the Bonds or a Series of the Bonds or any particular amount of such Bonds, as the case may be, the total as of any particular date of computation and for any particular period or year, of the amounts required pursuant to the provisions of Section 4.2 hereof to be credited during such period or year to the Airport Improvement Bond Fund (i) to provide for the payment of interest on such Bonds, except to the extent that such interest is to be paid from (w) amounts on deposit in the Construction Interest Account in the Construction Fund, (x) amounts on deposit in the Interest Account, or (y) any other provisions made for the payment of interest, (ii) to provide for the payment at maturity of any such Bonds issued in serial form and (iii) to provide for the retirement of any such Bonds issued in term form. Such interest and principal installments shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of principal installments for the Bonds of such Series on the due date thereof. For purposes of this definition, the interest rate on Variable Rate Bonds shall be determined as follows: (a) with respect to a Series of Variable Rate Bonds at the time of calculation then Outstanding, the interest rate shall be calculated at the greater of the (i) the then current interest rate per annum borne by such Series of Variable Rate Bonds, (ii) the maximum interest rate borne by such Series of Variable Rate Bonds for the twelve month period then ended at the time of calculation or (iii) the Revenue Bond Index at the time of calculation and (b) with respect to a Series of Variable Rate Bonds then proposed to be issued, the Revenue Bond

Index as of the time of calculation. If the principal and interest coming due with respect to any Series of Bonds in the final year of maturity of such Series exceeds by more than 10% the amount coming due in each prior year, the principal and interest payments on such Series shall be calculated as if the principal of such Series matures in annual installments resulting in approximately level debt service over the term of such Series to maturity.

"Financial Institution" shall mean any issuer or issuers of a Support Facility, its successors and assigns.

"Fiscal Year" shall mean the fiscal year for the Authority as established from time to time by the Authority, being on the date of effectiveness of this Resolution the period from July 1 in any year to and including the following June 30.

"General Revenue Bond Resolution" shall mean Resolution No. 73-0530 (adopted June 15, 1973) of the Authority entitled: "A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL REVENUE BONDS OF THE MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY; PRESCRIBING THE LIMITATIONS ON AND THE CONDITIONS OF ISSUANCE AND THE FORM OF SUCH BONDS; PROVIDING FOR THE DETAILS OF SUCH BONDS; COVENANTING AS TO THE REVENUES, INCOME AND CHARGES OF SAID AUTHORITY AND THE USE AND APPLICATION OF SUCH REVENUES, INCOME AND CHARGES; PLEDGING SUCH REVENUES, INCOME AND CHARGES TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS AND LIMITING SUCH PAYMENT SOLELY TO SUCH REVENUES, INCOME AND CHARGES; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING", as supplemented and amended from time to time.

"General Revenue Bonds" shall mean all Outstanding General Revenue Bonds issued under and pursuant to the General Revenue Bond Resolution prior to the adoption hereof.

"Interest Account" shall mean one of the separate accounts of that name established in the Airport Improvement Bond Fund as described in Section 4.2 hereof.

"Interest Payment Date" shall mean, with respect to any particular Series of Bonds, any date on which interest is payable on such Series of Bonds as such date shall be established in the Supplemental Resolution providing for the issuance of such Series of Bonds.

"Interest Period" shall mean, with respect to any particular Series of Bonds, the period or periods from a date on which interest is due and payable on such Bonds to and including the date preceding the next such date on which interest is due and payable, as such period or periods shall

be established in the Supplemental Resolution providing for the issuance of such Series of Bonds.

"Investment Securities" shall mean any of the following which at the time are legal investments under the laws of the State of Tennessee for the moneys held hereunder and then proposed to be invested therein:

(i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America and any certificates or any other evidences of a direct ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause (i) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in this clause (i) and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated;

(ii) (a) bonds, debentures, notes, participation certificates or other evidences of indebtedness issued or guaranteed by the agencies or corporations of the United States of America as follows: direct obligations or fully guaranteed certificates of beneficial ownership of the United States Export-Import Bank; certificates of beneficial ownership of the Farmers Home Administration; the Federal Financing Bank; Debentures of the Federal Housing Administration; participation certificates of the General Services Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association; Guaranteed Title XI financing of the United States Maritime Administration; United States Government guaranteed New Communities Debentures; United States Government guaranteed public housing notes and bonds; (b) senior debt obligations of the Federal Home Loan Bank System; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; and senior debt obligations of the Student Loan Marketing Association.

(iii) certificates of deposit, whether negotiable or non-negotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee), which is a member of the

Federal Deposit Insurance Corporation and savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation, provided that the aggregate principal amount of all certificates of deposit issued by any such bank, trust company, national banking association or savings and loan association which are purchased with moneys held in any Fund under this Resolution shall not exceed at any time 5% of the total of the capital, surplus and undivided earnings of such bank, trust company, national banking association or savings and loan association unless such certificates of deposit are (1) fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or (2) secured, to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation by such securities as are described in clauses (i) and (ii) above, having a market value (exclusive of accrued interest other than accrued interest paid in connection with the purchase of such securities) at least equal to 102% of the principal amount of such certificates of deposit (or portion thereof not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation) which shall be lodged with a depository, as custodian, by such bank, trust company, national banking association or savings and loan association, and such bank, trust company, national banking association or savings and loan association shall furnish the Authority with an undertaking satisfactory to it that the aggregate market value of all such obligations securing such certificates of deposit will be valued at their market price daily and will at all times be an amount which meets the requirements of this clause (iii) and the Authority shall be entitled to rely on each such undertaking;

(iv) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association (which may include the Trustee) having assets of at least \$1,000,000,000 and rated A or above by Standard & Poor's Corporation or Moody's Investors Service or their successors, or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, if the securities which are the subject of such agreement are any or one or more of the securities described in clauses (i) and (ii) above, which securities shall at all times have a market value not less than the full amount of the repurchase agreement; and

(v) investment agreements rated or the issuer of which is rated, in one of the two highest rating categories by at least two nationally recognized rating agencies and if rated by Moody's Investors Service or Standard & Poor's Corporation such investment agreements or the issuer thereof must be rated in one of the two highest rating categories by the respective agency rating such investment agreements.

"Net Revenues" shall mean (i) for any past period or year the aggregate of the Revenues actually paid or accrued into the Revenue Fund during such past period or year minus for such past period or year the aggregate of the Costs of Operation and Maintenance actually paid or accrued during such past period or year; and (ii) for any future period or year the aggregate of the Revenues that are estimated will be paid or accrued into the Revenue Fund during such future period or year, minus for such future period or year the aggregate of the Costs of Operation and Maintenance that are estimated will be paid or accrued during such future period.

"Opinion of Counsel" shall mean an opinion in writing, signed by legal counsel who shall be satisfactory to Trustee and who may be bond counsel or an employee of, or of counsel to, the Authority.

"Outstanding" when used with respect to any Bond shall have the construction given to such word in Section 9.1 hereof, i.e. a Bond shall not be Outstanding hereunder if such Bond is at the time not deemed to be Outstanding hereunder by reason of the operation and effect of such Section 9.1 hereof, and when used with respect to General Revenue Bonds shall have the construction given to such word in the General Revenue Bond Resolution.

For purposes of this Resolution, in the event any Bonds are issued and sold at a price such that a portion of all of the interest thereon is intended to be earned by accrual of original issue discount, the amount of such Bonds deemed to be Outstanding for the purpose of calculating the principal amount of any such Bonds and the principal amount of Bonds Outstanding in connection with the exercise of any voting right or privilege, the giving of any consent or direction or the taking of any other action that the holders of the Bonds are entitled to take pursuant to Articles VII and VIII of this Resolution, shall be the accreted value thereof. The accreted value of any such Bonds on any date shall be the present value thereof on the immediately preceding January 1 or July 1 (or if such date is a January 1 or July 1, on such date) determined by computing the present worth of all payments of principal and interest remaining to be paid thereon using a discount factor equal to the yield at which such Bonds were initially offered to

the public. Prior to the issuance and delivery of any Bonds of the character described in this paragraph, a certificate of the Authority shall be executed setting forth the accreted value thereof as of each January 1 and July 1 to the stated maturity date thereof, which certificate shall be conclusive. Unless otherwise provided in the Supplemental Resolution providing for the issuance of a Series of Bonds, this paragraph shall apply only to issues with an original issue discount in excess of 5% from the par amount thereof.

"Paying Agent" shall mean, with respect to any particular Series of Bonds, the institution or institutions appointed by the Authority as paying agent or paying agents for such Series of Bonds.

"Record Date" shall mean, with respect to any particular Series of Bonds, the date designated as the Record Date for such Series of Bonds in the Supplemental Resolution authorizing the issuance thereof.

"Refunded Municipal Obligations" means obligations of any state, the District of Columbia or possession of the United States or any political subdivision thereof which obligations are rated in the highest rating category by Moody's Investors Service and Standard & Poor's Corporation and 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 direct obligations of the United States of America, which are held by a bank or trust company organized and existing under the laws of the United States of America or any state, the District of Columbia or possession thereof in the capacity as custodian, the maturing principal of and interest on which obligations when due and payable, if any, shall be sufficient to pay when due the principal of and interest on such obligations of such state, the District of Columbia, possession, or political subdivision.

"Registrar" shall mean, with respect to any particular Series of Bonds, the institution or institutions appointed by the Authority as registrar for such Series of Bonds.

"Remarketing Agent" shall mean any Remarketing Agent appointed by the Authority and serving as such under the Remarketing Agreement, including any successors or assigns.

"Remarketing Agreement" shall mean any agreement which provides for the purchase and remarketing of Variable Rate Bonds, as such agreement may be supplemented and amended from time to time.

"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 Supplemental Resolutions.

"Revenue Bond Index" shall mean the thirty (30) year Revenue Bond Index of The Bond Buyer, a publication in New York, New York, or any successor publication maintaining such Index or in the event The Bond Buyer or any successor publication does not maintain such Index, an equivalent index with the same components as the Revenue Bond Index. In the event there is no Revenue Bond Index or equivalent index an interest rate for a Series of Bonds determined in accordance with the Revenue Bond Index shall be the maximum rate permitted by the Supplemental Resolution authorizing the issuance of such Series of Bonds.

"Revenue Fund" shall mean the separate special Fund of the Authority created and established in Section 12 of the General Revenue Bond Resolution and continued in Section 4.1 hereof.

"Revenues" shall mean, so long as any General Revenue Bonds are Outstanding under the General Revenue Bond Resolution, "Revenues" as defined in the General Revenue Bond Resolution, and thereafter shall mean and include all rentals, fees, charges, receipts and other moneys and income derived by the Authority from its ownership or operation of the Airport, including, without limiting the generality of the foregoing, (i) all income, receipts and moneys derived from the rates, rentals, fees and charges fixed, imposed and collected by the Authority for the use and services of the Airport, or otherwise derived from or arising through the ownership, operation and management of the Airport by the Authority or derived from the rental by the Authority of all or part of the Airport, or derived from the sale or rental by the Authority of any commodities or goods in connection with the Airport; (ii) proceeds of temporary or short-term borrowings to pay Costs of Operation and Maintenance of the Airport or to make the credits required by this Resolution to be made to the Airport Improvement Bond Fund, if and to the extent that the payment of the principal of and interest on such borrowings is reflected in the periodic adjustments of the rates, rentals, fees and charges; (iii) proceeds of insurance and condemnation awards to the extent such proceeds and awards are required by the provisions of this Resolution to be deposited in the Revenue Fund and are available for use and application as are all other moneys paid into that fund; (iv) grants, gifts and subsidies, to the extent the same may be used to pay Costs of Operation and Maintenance or to pay principal of or interest on the Bonds or other borrowings by the Authority or are used to reimburse the City of Memphis or the County of Shelby or other municipality for the payment of principal of or

interest on bonds, notes or other evidences of indebtedness issued for the Authority; (v) to the extent provided in Article X of this Resolution, income derived by the Authority from a Special Facility Lease (defined in Article X of this Resolution); and (vi) investment earnings on the Revenue Fund and the Interest Account, Serial Principal Account and Sinking Fund Account in the Airport Improvement Bond Fund; provided that the term "Revenues" shall not include (A) the proceeds of the Bonds or the earnings on and the income derived from the investment of such proceeds, except to the extent such proceeds, earnings or income are to be used and applied to the payment of interest on the Bonds, (B) the earnings on and the income derived from the investment of the moneys on deposit to the Airport Improvement Bond Fund on credit to the Debt Service Reserve Account therein, (C) the proceeds of any Support Facility, (D) income derived from leasing or sale of Airport lands for industrial, governmental and other purposes not related to air or space transportation (E) amounts set aside for rebate to the United States or the earnings on and the income derived from the investment of such amounts, or (F) the earnings on and the income derived from the investment of the moneys on deposit to the Authority's Airport Improvement Fund, Special Reserve Fund and International Park Fund, heretofore created.

"Serial Principal Account" shall mean the account of that name established in the Airport Improvement Bond Fund as described in Section 4.2 hereof.

"Series" means all Bonds authenticated and delivered on original issuance and identified, pursuant to this Resolution, as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered upon transfer of such Bonds or in lieu of or in substitution for such Bonds pursuant to this Resolution.

"Sinking Fund Account" means the account of that name established in the Airport Improvement Bond Fund as described in Section 4.2 hereof.

"Supplemental Resolution" shall mean any resolution adopted by the Board pursuant to and in compliance with the provisions of Article VII of this Resolution authorizing the issuance of Bonds or amending or supplementing the provisions of this Resolution as originally adopted or as theretofore amended or supplemented.

"Support Agreement" shall mean the agreement, if any, entered into by the Authority which provides for a Support Facility for a Series of Bonds, and any and all modifications, alterations, amendments and supplements thereto.

"Support Facility" shall mean any instrument such as a letter of credit, a committed line of credit, insurance policy, surety bond or standby bond purchase agreement, or

any combination of the foregoing, and issued by a bank or banks, other financial institution or institutions, or any combination of the foregoing, which Support Facility provides for the payment of (i) the purchase price of Bonds delivered to the Remarketing Agent or any depository, tender agent or other party pursuant to a Remarketing Agreement or Supplemental Resolution and discount, if any, incurred in remarketing such Bonds, or (ii) principal of and interest on Bonds becoming due and payable during the term thereof.

"Trustee" shall mean First Tennessee Bank National Association, a banking corporation duly organized and existing under the laws of the State of Tennessee and having its principal office and corporate trust office in Memphis, Tennessee, in its capacity as Trustee under this Resolution, and its successors or assigns, and any successor as Trustee under this Resolution.

"Variable Rate Bonds" means Bonds issued bearing interest at a rate per annum subject to adjustment from time to time pursuant to their terms calculated in a manner which precludes the actual rate for the entire term of such debt from being ascertainable in advance. For purposes of this definition, Variable Rate Bonds shall no longer be considered Variable Rate Bonds upon the establishment of, or the conversion of the rate of interest thereon to, a fixed interest rate for the remainder of the term thereof.

Whenever in this Resolution any governmental unit, including the Authority, or any board, director or department of a governmental unit, including the Board, is defined or referred to, such definition or reference shall be deemed to include the governmental unit or board, officer, agency, commission, body or department succeeding to or in whom or which is vested, the functions, rights, powers, duties and obligations of such governmental unit, board, officer, director or department, as the case may be, encompassed by this Resolution.

Unless the context shall clearly indicate otherwise, in this Resolution (i) words importing persons include firms, partnerships, associations, corporations (public and private), public bodies and natural persons, executors, administrators, trustee, receivers or other representatives; and (ii) the terms "herein", "hereunder", "hereby", "hereto", "hereof", and any similar terms, refer to this Resolution as a whole and not to any particular Article, section or subdivision hereof.

Unless the context shall clearly indicate otherwise, in this Resolution (not including in such term wherever used in this paragraph any Supplemental Resolution): (i) references to Articles, sections and other subdivisions, whether by number or letter or otherwise, are

to the respective or corresponding Articles, sections and subdivisions of this Resolution, as such Articles, sections or subdivisions may be amended from time to time and (ii) the term "heretofore" means before the time of effectiveness of this Resolution; the term "now" means at the time of effectiveness of this Resolution; and the term "hereinafter" means after the time of effectiveness of this Resolution.

SECTION 1.2. Computations. Unless the facts shall then be otherwise, all computations required for the purposes of this Resolution shall be made on the assumptions that: (i) the principal of and interest on all Bonds shall be paid as and when the same become due; (ii) all credits required by this Resolution or any Supplemental Resolution to be made to the Sinking Fund Account in the Airport Improvement Bond Fund shall be made in the amounts and at the times required by such Supplemental Resolution; and (iii) all Bonds required by any Supplemental Resolution to be redeemed from moneys credited to the Sinking Fund Account in the Airport Improvement Bond Fund shall be redeemed on the respective dates and in the respective amounts on such dates as required by the provisions of such Supplemental Resolution.

SECTION 1.3. Certificates and Opinions. Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Resolution shall include: (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not there has been compliance with such covenant or condition; and (4) a statement as to whether or not, in the opinion of such person, there has been compliance with such condition or covenant.

ARTICLE II

AUTHORIZATION OF AIRPORT IMPROVEMENT REVENUE BONDS

SECTION 2.1. Authorization of Bonds; Source of Payment Thereof; Pledges and Assignments to Such Payment. There is hereby established and created under this Resolution an issue of bonds (herein defined and referred to as the "Bonds") of the Authority, to be known and designated as "Memphis-Shelby County Airport Authority Airport Revenue Bonds". The Bonds may be issued hereunder in Series from time to time as hereinafter provided in this Resolution in order to accomplish any purpose of the Authority. Subject to the provisions of Section 2.2 hereof, the aggregate principal amount of Bonds which may be issued hereunder and secured hereby and be Outstanding at any time is not limited as to amount, except as may otherwise hereafter be provided by law. The Bonds, including principal thereof and interest and premium, if any, thereon, shall be payable pari passu from, and be equally and ratably secured by a pledge of and lien upon, the Revenues of the Authority, subject, however, to the prior payment therefrom and the senior and superior liens, pledges and charges thereon of the General Revenue Bonds and the terms and provisions of the General Revenue Bond Resolution, and provision for the payment of the Costs of Operation and Maintenance of the Airport. The foregoing pledge of the Revenues for the payment of the Bonds shall be valid and binding from and after the date of the issuance, sale and delivery of the first Series of the Bonds, and the Revenues shall thereupon be subject to the lien of such pledge without the physical delivery thereof or further act by the Authority. The Bonds shall not in any manner or to any extent be (i) an indebtedness of the State of Tennessee or of the City of Memphis, the County of Shelby or any municipality or political subdivision of the State of Tennessee, (ii) a general obligation of the Authority or a charge upon any other revenues or assets of the Authority not specifically pledged hereunder, or (iii) a personal obligation of any member, officer or employee of the Authority.

The covenants and agreements herein set forth to be performed by the Authority shall be for the equal and proportionate benefit, security and protection of all holders of the Bonds without preference, priority or distinction as to payment or security or otherwise of any of the Bonds over any of the others for any reason or cause whatsoever (except as to the maturity thereof or any mandatory redemption thereof or as may otherwise be expressly provided therein or herein), and all Bonds shall rank pari passu and shall be secured equally and ratably without discrimination or preference whatsoever.

No holder of a Bond shall be required to see that the moneys derived from such Bond are applied to the purpose or purposes for which the Bond is issued. The validity of the Bonds shall neither be dependent upon nor affected by the validity or regularity of any proceedings or contracts relating to the acquisition, purchase, construction, reconstruction, restoration, addition, expansion, improvement, betterment, extension, renewal or replacement of the Airport, nor by the use and application of the proceeds of the Bonds.

Upon issuance of the first Series of Bonds hereunder, no further obligations of any kind may be issued pursuant to the provisions of the General Revenue Bond Resolution. The Authority has heretofore created and established the Airports Improvement Fund, the Special Reserve Fund and the International Park Fund. All income and earnings on the investment of moneys on credit to the Debt Service Reserve Account in the Airport Improvement Bond Fund and all income and earnings on the investment of the proceeds of Bonds or of other bonds, notes or evidences of indebtedness issued to finance facilities at the Airport shall be deposited in the Revenue Fund, the Airports Improvement Fund, the Special Reserve Fund or the International Park Fund, as determined by the Authority and in the amounts determined by the Authority. At such time as there are no longer any General Revenue Bonds Outstanding under the General Revenue Bond Resolution all income derived from leasing or sale of Airport lands for industrial, governmental and other purposes not related to air or space transportation, and any other moneys not within the definition of "Revenues" contained in Section 1.1 hereof, shall be deposited in such Funds as shall be determined by the Authority and in the amounts determined by the Authority. In the event Revenues shall be insufficient to pay the Costs of Operation and Maintenance of the Airport and the Debt Service Requirements on the Bonds, or otherwise to comply with the requirements of this Resolution, the Authority covenants and agrees that it shall immediately transfer moneys on deposit and unencumbered in such Airports Improvement, Special Reserve, and International Park Funds to the Revenue Fund or the Airport Improvement Bond Fund, as the case may be, in amounts at least sufficient to eliminate any deficiency in the Revenue Fund or the Airport Improvement Bond Fund and that it will make such transfer in order to prevent an Event of Default hereunder and prior to drawing on any policy of insurance or other agreement agreeing to insure the payment of the principal of and interest on any Bonds.

Each Series of Bonds shall be issued pursuant to this Resolution and a Supplemental Resolution setting forth the terms and provisions of such Series as hereinafter provided. Each Supplemental Resolution authorizing the issuance of a Series of Bonds shall, in addition to the

title "Airport Revenue Bonds", designate such Bonds by an appropriate series designation and shall also specify: (a) the authorized principal amount of such Series of Bonds; (b) the purposes for which Bonds of such Series are being issued; (c) the Interest Payment Dates of the Bonds of said Series, with interest being payable on said Bonds at the times and in the manner provided in the Supplemental Resolution providing for the issuance thereof, (d) the interest rate or rates, or the manner of determining such rates; (e) whether such Bonds will be issued in coupon form with or without privilege of registration or in fully registered form or both; and the privileges, if any, of convertibility from one form to another; and the place or places of such registration and conversion; (f) the form, the denominations and manner of numbering the Bonds of such Series; (g) the redemption premium or premiums, if any, to be paid upon the redemption of the Bonds of such Series; the period or periods, if any, during which such premiums shall be payable; and the terms and conditions, if any, of such redemption; (h) the purchase price or prices, if any, to be paid upon the tender of the Bonds of such Series; the period or periods, if any, during which such Bonds may be tendered; and the terms and conditions, if any, of such tender; (i) if any of the Bonds of said Series are issued in the form customarily known as "term bonds", the amount and due dates of each sinking fund installment payment for the Bonds of such Series (the Sinking Fund Account in the Airport Improvement Bond Fund shall constitute such sinking fund, anything in such Supplemental Resolution to the contrary notwithstanding); the date or dates and redemption price or prices upon which the said Bonds may be redeemed from such installments; and the manner and procedure of applying such installments to the redemption of such Bonds; (j) the place or places of payment of such Bonds and interest thereon; (k) the provisions for the sale or other disposition of the Bonds of such Series and the use, application and investment, if any, of the proceeds of such sale or other disposition, which use, application and investment shall not be inconsistent or in conflict with the provisions hereof; (l) any other provisions which may be required to be inserted therein by other provisions of this Resolution, such as by Section 4.2 hereof; and (m) any other provisions not inconsistent or in conflict with the provisions of this Resolution.

If Variable Rate Bonds are issued the Authority in the Supplemental Resolution providing for their issuance shall provide for a Support Facility providing for the payment of (i) the purchase price of any such Bonds delivered to the Remarketing Agent or any depository, tender agent or other party pursuant to a Remarketing Agreement or such Supplemental Resolution and (ii) any discount incurred in remarketing such Bonds. The Authority in such Supplemental Resolution shall further provide that in the event there is a substitution of such Support Facility and

if the original Support Facility is rated by Moody's Investors Service or Standard & Poor's Corporation such substitute Support Facility shall also be rated by the respective agency rating such Bonds and written evidence shall be obtained from each agency rating the Bonds to the effect that such agency has reviewed the substitute Support Facility and that such substitution will not, by itself, result in a reduction or withdrawal of its rating of the Bonds from that which then prevails. The Supplemental Resolution providing for the issuance of a Series of Variable Rate Bonds shall (i) specify the maximum interest rate which such Series of Bonds may bear and the maximum interest rate payable under any Support Facility and (ii) provide that any accelerated principal payments to the provider of the Support Facility or any interest due under the Support Facility in excess of the interest due on the Series of Variable Rate Bonds in connection with which the Support Facility has been issued shall be payable from Revenues, and have a lien thereon, junior and subordinate to the payments to be made to the Airport Improvement Bond Fund. Any Support Facility obtained by the Authority in connection with a Series of Variable Rate Bonds shall be rated in the highest short-term rating category by Standard & Poor's Corporation or Moody's Investors Service or their successors or by A.M. Best & Co. or any comparable service.

SECTION 2.2. Issuance of Additional Bonds.

Subsequent to the issuance of the initial Series of Bonds hereunder, the Authority may issue hereunder at one time or from time to time one or more additional Series of Bonds (herein defined and referred to as "Additional Bonds") by means of a Supplemental Resolution or Supplemental Resolutions, adopted pursuant to and in accordance with the provisions of Section 2.1 hereof, but only upon compliance with the following conditions:

(1) The Board shall have found and determined that no default exists in the payment of the principal of or interest and premium (if any) on any General Revenue Bond or Bond; all mandatory redemptions (if any) of Bonds required to have been made from the Sinking Fund Account in the Airport Improvement Bond Fund shall have been made; and all payments required by law or agreement to have been made to the time of such finding or determination to the City of Memphis or the County of Shelby or any other municipality by reason of the issuance of bonds, notes or other evidences of indebtedness of such city or county or other municipality for the Airport shall have been made.

(2) The Revenues, as certified by the Treasurer of the Board for the twelve (12) consecutive months immediately preceding the month in which the Additional Bonds proposed to be issued are delivered and paid for shall have at least equaled the amounts required by Section 5.2

hereof to be produced during such twelve (12) month period. For the purposes of such certification, (a) Revenues derived in any interval prior to such twelve-month period which are in excess of all charges paid or accrued, or required to be paid or accrued, during such interval and which excess Revenues are carried forward in the Revenue Fund into such twelve-month period and are available for use and application during such twelve-month period as are all other Revenues derived during such period may be deemed to be and treated as Revenues derived during such twelve-month period, and (b) amounts received during such twelve-month period arising out of and attributable to the payment of interest and principal on temporary or short-term borrowings incurred to pay Costs of Operation and Maintenance shall not be considered to be Revenues.

(3) The Revenues estimated by an Airport Consultant (hereinafter defined in this paragraph) to be derived in each Fiscal Year, or portion thereof, from the date of the delivery of and payment for the proposed Series of Additional Bonds to the date which is estimated by the Authority that a substantial portion of the project or projects, the Costs of Construction of which are to be financed from the proceeds of such Additional Bonds, are placed in continuous service or in commercial operation, shall at least equal the amounts required by Section 5.2 hereof to be produced in each such Fiscal Year, or portion thereof. For the purposes of this and the next following two paragraphs, the term "Airport Consultant" shall mean an independent firm or corporation (a) not under the control of the Authority or any of the airlines which are serving the Airport, and (b) who shall have a widely known and favorable reputation for special skill, knowledge and experience in methods of the development, operation and management of airports of the approximate size and character as the properties constituting the Airport.

(4) The Net Revenues estimated by an Airport Consultant (defined in paragraph (3) above) to be derived in each of the two Fiscal Years following the date estimated by the Authority that a substantial portion of the project or projects, the Costs of Construction of which are to be financed from the proceeds of such Additional Bonds, are placed in continuous service or in commercial operation, shall equal not less than one hundred twenty-five per cent (125%) of the Debt Service Requirement for such Fiscal Year on all Bonds to be Outstanding upon the issuance of such Additional Bonds and including such Additional Bonds.

(5) The Net Revenues estimated by an Airport Consultant (defined in paragraph (3) above) to be derived in the third Fiscal Year following the date estimated by the Authority that a substantial portion of the project or projects, the Costs of Construction of which are to be

financed from the proceeds of such Additional Bonds, are placed in continuous service or in commercial operation, shall equal not less than one hundred twenty-five per cent (125%) of the greater of (i) the Debt Service Requirement for such Fiscal Year on all Bonds to be Outstanding upon the issuance of such Additional Bonds and including such Additional Bonds and (ii) the maximum Debt Service Requirement for any Fiscal Year thereafter on all Bonds to be Outstanding upon the issuance of such Additional Bonds and including such Additional Bonds.

The Supplemental Resolution authorizing the issuance of such Series of Additional Bonds shall provide for the disposition of the proceeds thereof.

The Authority may at any time and from time to time issue one or more Series of Additional Bonds hereunder by means of a Supplemental Resolution adopted pursuant to and in accordance with the provisions of Section 2.1 hereof, for the purpose of refunding at any time any Bonds or General Revenue Bonds then Outstanding.

Bonds of any one or more Series and bonds of any series of General Revenue Bonds may be refunded by one or more Series of Additional Bonds, which Bonds to be refunded shall be specified in the Supplemental Resolution authorizing the issuance of the Additional Bonds, and the principal amount of such Additional Bonds may include amounts necessary to pay the principal of the Bonds or General Revenue Bonds to be refunded, interest thereon to the date of redemption thereof and any premium payable thereon upon such redemption and the costs of issuance of such Series of Additional Bonds. The proceeds of Additional Bonds issued to refund other Bonds shall be held and applied in such manner, consistent with the provisions of Section 9.1 hereof as is provided in the Supplemental Resolution authorizing the issuance of such Series of Additional Bonds, so that upon the delivery of such Series of Additional Bonds the Bonds to be refunded thereby shall no longer be deemed to be Outstanding hereunder in accordance with the provisions of said Section 9.1.

The provisions of this section shall not be applicable to the refunding at one time of all the Bonds then Outstanding.

Without complying with the preceding provisions of this Section 2.2, the Authority may at any time and from time to time issue in accordance with the provisions of this paragraph one or more Series of Additional Bonds hereunder by means of a Supplemental Resolution adopted pursuant to and in accordance with the provisions of Section 2.1 hereof, for the purpose of completing any project specified and described in such Supplemental Resolution and for which Bonds have been previously issued; provided, however, that

any such Series of Additional Bonds issued to complete a project may not exceed ten percent (10%) of the original principal amount of the Bonds originally issued to finance such project. Prior to the issuance of any Series of such Additional Bonds the Authority must provide in addition to all of the requirements contained in paragraph (1) above an opinion from an Airport Consultant stating that such project has not been materially changed in scope since the issuance of the most recent series of Bonds for such purpose (except as permitted in the applicable Supplemental Resolution authorizing such Bonds) setting forth the estimated aggregate cost of the project which, in the opinion of such Airport Consultant, has been or will be incurred and that the issuance of such Additional Bonds is necessary to provide funds for the completion of the project; and (2) a certificate of an authorized officer of the Authority stating (a) that all amounts allocated to pay the costs of the project from the most recent series of Bonds issued in connection with the project for which the Bonds are being issued were used or are still available to be used to pay costs of such project, (b) that the aggregate cost of that project (as estimated by the Airport Consultant) exceeds the sum of the costs of the project paid to such date plus the moneys available at such date within any construction fund established therefor or other like account applicable to the project plus any other moneys which the Authority, in its discretion, has determined are available to pay such costs in any other fund.

Nothing in this Resolution shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Authority from issuing Variable Rate Bonds, either as the initial Series of Bonds hereunder or as Additional Bonds. The Supplemental Resolution or Supplemental Resolutions providing for the issuance of such Variable Rate Bonds may provide for the Authority to obtain Support Facilities or alternate Support Facilities and enter into Support Agreements in connection therewith, enter into Remarketing Agreements and appoint Remarketing Agents, provide for interest to be payable or redetermined on such dates and to accrue over such periods as set forth in such Supplemental Resolution, provide for the establishment, use, composition, adjustment and change of interest indices or the establishment and use of alternate interest indices or the establishment of a fixed interest rate or rates, provide for the establishment of special funds and accounts in connection with the issuance of such Variable Rate Bonds, provide for special redemption or purchase provisions for such Variable Rate Bonds and establish notice provisions in connection with the purchase, redemption, delivery or tender of such Variable Rate Bonds.

SECTION 2.3. Medium of Payment of Principal,
Interest and Premium of Bonds; Interest on Bonds;

Cancellation and Destruction of Bonds. The Bonds shall be payable as to interest, principal and premium, if any, in any coin or currency of the United States of America which at the time of payment thereof is legal tender for public and private debts. The principal of and premium, if any, on any Bond shall be payable upon maturity or redemption to the holder thereof upon surrender thereof at the principal office of the Authority, or the Paying Agent appointed therefor, as determined in the Supplemental Resolution authorizing such Bond. The interest on any Bond when due and payable shall be paid to the holder by check or draft mailed to the holder thereof at his address as shown on the books of registry maintained pursuant to Section 2.5 hereof; provided that with respect to any particular Series of Bonds, the Supplemental Resolution authorizing the issuance of such Series of Bonds, may provide alternative methods or procedures for the payment of interest.

All Bonds upon the payment thereof at maturity or upon redemption shall, as directed by the Authority, either be cancelled by the Authority or a Paying Agent therefor and if by a Paying Agent therefor such cancelled Bonds and a certificate evidencing such cancellation transmitted to the Authority or be destroyed by a Paying Agent therefor and a certificate evidencing such destruction transmitted to the Authority.

SECTION 2.4. Redemption or Purchase of Bonds.

The Bonds of a Series may be subject to purchase at the option of the registered owners thereof and mandatory purchase and redemption prior to the stated maturity thereof, upon such terms and conditions and at such dates and redemption prices or premiums or purchase prices as shall be set forth in the Supplemental Resolution authorizing the issuance of such Series of Bonds. Unless or except as may otherwise be provided in the Supplemental Resolution authorizing the issuance of a Series of Bonds:

(1) Notice of redemption of Bonds shall state: the designation, date and maturities of the Bonds called for redemption; the redemption premium, if any, payable upon such redemption; the date of redemption; if less than all the Bonds then Outstanding of the Series of Bonds of which the Bonds called for redemption are a part are called for redemption the numbers of the Bonds called for redemption; that the interest on the Bonds, or on the principal amount thereof to be redeemed, designated for redemption shall cease to accrue and be payable from and after such redemption date; and that on said redemption date there will become due and payable on each said Bond the principal amount thereof to be redeemed, the then applicable redemption premium, if any, and the interest accrued on such principal amount to the redemption date.

(2) Notice of the redemption of any Bonds shall be mailed not less than thirty (30) days prior to the redemption date, by registered mail, to the holder of such Bond at his address as it appears on the books of registry or at such address as he may have filed with the Authority for that purpose.

(3) Each notice of redemption mailed to the holder of Bonds to be redeemed shall, if less than the entire principal sum thereof is to be redeemed, also state the principal amount thereof to be redeemed and that such Bond must be surrendered in exchange for the payment of the principal amount thereof to be redeemed and the issuance of a new Bond or Bonds equalling in principal amount that portion of the principal sum not to be redeemed of the Bond to be surrendered.

(4) The Authority, at any time it shall call Bonds for redemption, shall mail a copy of the notice of redemption of the Bonds so called to the respective Paying Agents for each Series of Bonds of which such Bonds are a part, if any, at least forty-five (45) days prior to the redemption date, or such shorter time as shall be acceptable to it.

(5) Whenever provision is made for the selection by lot of Bonds to be redeemed, the particular Bonds to be redeemed shall be selected from among the Bonds then subject to redemption and selection by lot for such redemption, such selection to be made by the Authority in any manner which it deems fair.

(6) In the event that only part of the principal sum of a Bond shall be called for redemption or prepaid, payment of the amount to be redeemed or prepaid shall be made only upon surrender of such Bond. Upon surrender of such Bond, the Authority shall execute and deliver, or cause to be delivered, to the registered owner thereof, at the expense of the Authority, a new duly executed Bond or Bonds of authorized principal sums equal in aggregate principal amount to, and of the same Series, maturity and interest rate as, the unredeemed portion of the Bond surrendered.

If a Bond is subject by its terms to prior redemption and has been duly called for redemption and notice of the redemption thereof has been duly given as aforesaid and moneys for the payment of the principal amount thereof to be redeemed, the applicable redemption premium, if any, which is payable upon such redemption and the interest to accrue on such principal amount to the redemption date, are held for purposes of such payment by a Paying Agent for the Series of Bonds of which such Bond is

one, then on the redemption date designated in such notice, such Bond (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable at the principal amount to be redeemed and the applicable redemption premium, if any, thereon; interest on said Bond (or the principal amount thereof to be redeemed) so called for redemption shall cease to accrue.

All Bonds surrendered or redeemed pursuant to the provisions of this section, shall be cancelled.

The Authority may assign any duties imposed upon it by this section with respect to any Bond to a trustee. In the event of such an assignment of the duties imposed upon the Authority by paragraph (5) above, the selection by lot of Bonds to be redeemed shall be made in any manner deemed fair by a trustee.

SECTION 2.5. Registration, Transfer, Exchange and Ownership of Bonds. The Paying Agent for a Series of Bonds will keep at its principal office, sufficient books for the registration and transfer of the Bonds (the Paying Agent keeping such books being hereinafter in this section referred to as the "Registrar"). The Authority may designate a Co-Registrar for a particular Series of Bonds in the Supplemental Resolution authorizing the issuance thereof and, in such event such Co-Registrar shall perform all of the functions and duties of the Registrar provided in this Resolution and such Supplemental Resolution. Such books shall at all times be open to inspection by the Authority. The Registrar, upon presentation to it for such purpose shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said register, as hereinafter set forth, Bonds for which it serves as such Registrar.

The Authority may provide in the Supplemental Resolution authorizing the issuance of a particular Series of Bonds that such Series shall be in book entry form and setting forth the terms and conditions in connection therewith. In the event that a Series of Bonds is issued in book-entry form the Authority may act as Paying Agent and Registrar in accordance with the provisions hereof and as determined in the Supplemental Resolution authorizing the issuance of such Series of Bonds.

Unless or except as may otherwise be provided in the Supplemental Resolution authorizing the issuance of a Series of Bonds, any Bond may, in accordance with its terms, be transferred upon the books of registry required pursuant to the provisions of this section to be kept therefor, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond, accompanied by delivery of a written instrument of transfer

duly executed and in form satisfactory to the Registrar therefor. Whenever any Bond shall be surrendered for transfer, the Authority shall execute and deliver, or cause to be delivered, a new Bond or Bonds of the same Series, date, tenor and maturity and for a like aggregate principal sum. Unless or except as may otherwise be provided in the Supplemental Resolution authorizing the issuance of such Bond, the Registrar may charge a sum not exceeding the actual cost thereof for each new Bond delivered upon any such transfer and shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charges required to be paid with respect to such transfer. All Bonds surrendered pursuant to this section shall be cancelled. Unless otherwise provided in the Supplemental Resolution providing for the issuance of a Series of Bonds, no transfers of Bonds shall be required to be made subsequent to the Record Date for such Bonds.

Unless or except as otherwise provided in the Supplemental Resolution authorizing the issuance of a Series of Bonds, any Bond may be exchanged at the principal office of the Registrar therefor for a like aggregate principal amount of Bonds of the same Series, date, tenor and maturity (or for a like aggregate principal amount of Bonds in other authorized principal sums of the same Series, date, tenor and maturity), and the Authority shall execute, the Registrar shall authenticate, and the Registrar shall deliver, or cause to be delivered, a new Bond or Bonds of the same Series and maturity and for a like aggregate principal sum as the Bond or Bonds surrendered for exchange. Unless or except as may otherwise be provided in the Supplemental Resolution authorizing the issuance of such Bonds, the Registrar may charge a sum not exceeding the actual cost thereof for each new Bond delivered upon any exchange (except in the case of an exchange of temporary Bonds for definitive Bonds, the first exchange of a Bond and such other free exchanges of Bonds as may be provided in the Supplemental Resolution authorizing their issuance, all of which exchanges shall be at the expense of the Authority). The Registrar shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charges required to be paid with respect to such exchange. No such exchange shall be required to be made subsequent to the Record Date for such Bonds.

All Bonds surrendered pursuant to this section shall be cancelled.

In the event the Authority is acting as Paying Agent and Registrar for a Series of Bonds no authentication of Bonds of such Series shall be required.

If so requested by the holder of a Bond, any Registrar in lieu of delivering such Bond to such holder as

above provided, may mail the same to such holder at his risk and expense.

The Authority and any Paying Agent hereunder and any other person may deem and treat the person in whose name any Bond shall at the time be registered on the books of registry kept therefor pursuant to this section, as the absolute owner of such Bond for all purposes whatsoever, including payment thereof, and neither the Authority nor any Paying Agent hereunder shall be affected by any notice to the contrary. The payment of or on account of principal to or upon the order of the person in whose name a Bond shall at the time be registered on said books of registry and the payment of interest to or upon the order of any person in whose name any Bond shall at the time be registered on said books of registry, shall be valid and effectual fully to satisfy and discharge all liability of the Authority and any Paying Agent upon such Bond to the extent of the sum or sums so paid.

SECTION 2.6. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Authority may execute and the Registrar therefor authenticate and deliver a new Bond of like Series, date, tenor, maturity and denomination as the Bond mutilated, lost, stolen or destroyed, provided that, in all cases there shall be first furnished to the Authority and the Registrar therefor indemnity and evidence of ownership of such Bond satisfactory therefor to it, and in the case of any mutilated Bond such mutilated Bond shall be surrendered to the Authority and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Authority evidence of such loss, theft, or destruction satisfactory to it. In the event any such mutilated, lost, stolen or destroyed Bond shall have matured, or would have matured within sixty (60) days, or has been called for redemption and the redemption date has arrived or will arrive within sixty (60) days, instead of issuing a substitute Bond the Authority upon being furnished with indemnity and evidence of mutilation, loss, theft or destruction, as aforesaid, may direct the Paying Agent to pay the same without surrender thereof. The Authority may charge the holder of such Bond with its reasonable fees and expenses in this connection. Any Bond issued under the provisions of this section shall be equally and proportionately entitled in accordance with its terms to the security and benefits of this Resolution with the Bonds then Outstanding of the Series of Bonds of which such mutilated, lost, stolen or destroyed Bond was one. All mutilated Bonds surrendered pursuant to this section shall be cancelled.

SECTION 2.7. Temporary Bonds. Until the definitive Bonds of any Series are prepared, the Authority may execute, and, upon the request of the Authority, the

Registrar therefor shall authenticate and deliver, in lieu of definitive Bonds but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds, the Registrar therefor shall authenticate and, without charge to the holder of such Bond, deliver in exchange therefor definitive Bonds of the same Series, date, tenor, aggregate principal amount and maturity as the temporary Bonds surrendered. Until so exchanged each temporary Bond shall in all respects be equally and proportionately entitled in accordance with its terms to the same benefits and security of this Resolution as definitive Bonds authenticated and issued pursuant to this Resolution.

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

SECTION 2.8. Execution and Authentication of Bonds. The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of the President of the Authority and the seal of the Authority (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Secretary of the Authority, or in such other manner as may be required or permitted by law. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Registrar therefor, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the Authority by such persons as at the time of the execution of such Bonds shall be duly authorized or hold the proper office in the Authority, although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

Unless and except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, the Bonds of each Series shall bear thereon a certificate of authentication in such form as provided in the Supplemental Resolution authorizing the issuance of such Series of Bonds and executed manually by an authorized officer of the Registrar therefor as registration agent for the Authority. Unless and except as otherwise provided in a

Supplemental Resolution authorizing the issuance of a Series of Bonds, only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by an authorized officer of the Registrar therefor. Any such certificate of the Registrar therefor upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Resolution and the holder of such Bond is entitled to the benefits and security of this Resolution.

SECTION 2.9. Appointment of Paying Agents; Each Paying Agent to Hold Money in Trust. The Authority may appoint a Paying Agent or Agents for each Series of Bonds, which shall be a bank or trust company in the city or cities specified in the Supplemental Resolution authorizing the issuance of such Series of Bonds, and the Bonds of each such Series and the interest thereon shall be payable in the manner prescribed herein and in any Supplemental Resolution, at the principal offices of each such Paying Agent or Paying Agents in such cities. Each Paying Agent shall hold in trust for the benefit of the Bondholders all sums held by such Paying Agent for the payment of the principal of and interest on the Bonds. Anything in this paragraph to the contrary notwithstanding, the Authority may at any time, or for any reason, appoint a successor Paying Agent. Except as otherwise expressly provided in this Resolution, any request, consent, certificate, demand, notice, order, appointment or other direction made or given by the Authority to the Paying Agents shall be deemed to have been sufficiently made or given by the proper party or parties if executed on behalf of the Authority by an officer of the Board. 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 Paying Agents pursuant to the provisions of this Resolution or any Supplemental Resolution, and the Authority will pay or reimburse the Paying Agents upon request for all expenses, disbursements and advances incurred or made by the Paying Agents in accordance with any of the provisions hereof (including the reasonable compensation and expenses and disbursements of counsel for the Paying Agents and of any persons not regularly in the employ thereof).

ARTICLE III

CONSTRUCTION FUNDS

SECTION 3.1. Creation of Construction Funds. The Authority shall create in the Supplemental Resolution authorizing the first Series of Bonds hereunder a Construction Fund for such first Series of Bonds for the purposes of paying the Costs of Construction of the airport projects to be financed thereby and shall provide for the deposit in such fund of that amount of the proceeds of such Series of Bonds which are to be applied to the payment of such Costs. In the event of the issuance of a Series of Additional Bonds hereunder for the purposes of paying the Costs of Construction of Airport projects, the Authority shall in the Supplemental Resolution authorizing such Series of Additional Bonds create a Construction Fund hereunder from which such Costs shall be paid (unless there shall then be in existence a Construction Fund pertaining to such projects), and shall provide for the deposit in such fund of that amount of the proceeds of such Series of Additional Bonds which are to be applied to the payment of such Costs. In the event that the interest on a Series of Bonds is to be provided from the proceeds of such Bonds, the Authority in the Supplemental Resolution authorizing such Series of Bonds shall specify the amount of such proceeds to be applied to the payment of such interest or the formula for determining such amount, and shall create a Construction Interest Account in such Construction Fund (unless such account shall then already be in existence in such fund), to which shall be credited the amount of the proceeds so specified.

The moneys on deposit from time to time in a Construction Fund shall be held under and subject to this Resolution; shall be subject to the liens, pledges, charges, assignments and trusts created hereby for the security and benefit of the holders of the Bonds; and shall be used and applied solely to the payment of Costs of Construction of the Airport, in accordance with the remaining provisions of this section.

For the purpose of this Resolution: (i) the word "construction" shall include acquisition, construction, reconstruction, purchase, establishment, development, expansion, remodeling, renovating, adding to or improving; (ii) the word "acquisition" shall include the remodeling or renovation of buildings and facilities acquired; and (iii) the term "Costs of Construction" shall include any and all of the following pertaining to the construction (as above defined) of properties included or to be included in the Airport:

(a) the cost of acquiring any building or facility and the site thereof;

(b) costs of acquiring such land, rights, rights of way, leases, easements or other interest in land or other properties (real, personal or mixed) as may be deemed necessary or convenient by the Authority for the construction or operation of the Airport, including costs of options and partial payments, escrow deposits, preliminary and final awards or judgments and settlements or compromises, with respect to the foregoing; costs of reclaiming land; costs of dredging or filling incurred in the creation of land; and site preparation, including the costs of demolishing, removing or relocating any building or facility and the costs of any land to which such building or facility may be removed or relocated;

(c) costs of acquiring any rights, interests or franchises deemed necessary or convenient by the Authority for the construction or operation of the Airport;

(d) costs of labor, services, material, supplies, machinery, equipment and apparatus, including payments to contractors, builders and materialmen in connection therewith, and of restoration of property damaged or destroyed in connection with construction work;

(e) costs of installation of utility services or connections thereto or relocation thereof;

(f) costs and expenses of all preliminary work necessary or incidental to construction;

(g) costs and expenses of planning, engineering and other studies, architectural drawings, surveys, simulations, tests and specifications, whether preliminary or otherwise; and costs of other engineering and architectural services;

(h) costs of supervision and inspection;

(i) costs of builders, risk or other insurance on the buildings and facilities being constructed, or a reasonably allocated share thereof;

(j) costs of indemnity and fidelity bonds and expenses of administration properly chargeable to such construction;

(k) costs and expenses of financing, including Trustee's and Paying Agent's fees and expenses during such period, if any, as shall be determined by the Authority, but not to exceed the actual period of construction and twelve months thereafter; and costs incurred in issuing the Bonds,

including bond insurance premiums, printing, engraving and advertising; and other similar costs;

(l) costs of initial furnishings of any building, or structure;

(m) costs of publication, advertising, filing and recording;

(n) taxes and assessments;

(o) expenses incurred in enforcing any remedy against a contractor or subcontractor in respect of any default;

(p) costs of estimates of costs and economic feasibility reports whether preliminary or otherwise; fees, costs and expenses of appraising, printing, advice, accounting and fiscal services, airport consultants, financial consultants, attorneys (including bond counsel), clerical help and other independent contractors, agents and employees;

(q) the payment and discharge of the principal of and interest and premium, if any, on any interim or temporary construction financing or loans, including the reimbursement to the Authority of moneys advanced for such construction from other funds with interest;

(r) if and to the extent (i) permitted by law and (ii) determined by the Authority, interest on the Bonds issued to finance the construction of any project during the actual period of construction and for up to one year after the estimated completion thereof; and

(s) any and all other costs and expenses necessary or desirable and pertaining or incident to construction of any project, as estimated or otherwise ascertained by the Authority.

The payment of all such Costs of Construction to be made from the proceeds of Bonds shall be made by the Authority only upon occurrence of the following:

1. A written requisition for such payment signed by an authorized officer of the Authority.

2. A certificate by the persons signing such requisition certifying:

(i) that obligations in the stated amount have been incurred by or on behalf of the Authority;

(ii) that the payments are a proper charge against the Construction Fund and have not theretofore been paid, or have been paid from moneys advanced by the Authority pending reimbursement, and specifying the purposes and circumstances of such obligations in reasonable detail and to whom such obligations are owed, accompanied by a bill or statement of account for such obligations;

(iii) with respect to Bonds the interest on which is excludable from gross income for federal income tax purposes, that of the total amount of the proceeds of the Bonds theretofore applied and the amount then being requisitioned, no less than ninety-five percent (95%) has been or will be expended as of the date of such requisition for the qualified cost of the Airport within the meaning of Section 142(a)(1) of the Internal Revenue Code of 1986, as amended;

(iv) that none of the persons signing has notice of any vendor's, mechanic's, or other liens or rights to liens, chattel mortgages or conditional sales contracts, or other contracts or obligations which should be satisfied or discharged before such payment is made; and

(v) that such requisition contains no item representing payment on account of any retained percentages in excess of those provided in a construction contract.

3. With respect to any such requisition for payment for labor, services, materials, supplies or equipment, a certificate, signed by the project supervisor or the alternate project supervisor, certifying that such labor or services were actually performed or such materials, supplies or equipment were actually used in or about the construction of the project or delivered at the site of the project or at some other place for that purpose, or if not so used or delivered, that an obligation therefor has been incurred in connection with the project and an advance payment therefor is required by the supplier thereof.

Pending withdrawals for such purposes the Authority shall invest the moneys in a Construction Fund in Investment Securities, and, except to the extent the next succeeding paragraph requires otherwise, all interest or income derived from such investments shall be deposited in such Construction Fund and used and applied as are all other moneys in that Fund.

With respect to Bonds the interest on which is excludable from gross income for federal income tax purposes, the Authority will maintain records to enable the

Authority to cause to be made the computations necessary to determine whether the Bonds meet the requirements of Section 148 of the Internal Revenue Code of 1986 and the regulations thereunder, including, but not limited to, records showing, the dates and amounts of all investments of funds held in the Construction Fund and the dates and amounts of the receipts of the earnings, sales proceeds and maturities of such investments.

All moneys and securities remaining in a Construction Fund after the completion of any project shall be applied by the Authority for one or more of the following purposes:

- (i) rebate to the extent required by the preceding paragraph; or

- (ii) deposit to the Airport Improvement Bond Fund for purchase and cancellation of Bonds or redemption of Bonds at the earliest practicable redemption date, as provided in Section 4.2 hereof; or

- (iii) payment of the cost of any additional exempt facilities (as that term is defined in Section 142(a)(1) of the Internal Revenue Code of 1986, as amended), provided that the Authority shall have adopted such resolutions as may be necessary to provide for the financing of such facilities and provided further that the Authority shall have obtained a written opinion of a firm of nationally recognized bond counsel satisfactory to the Trustee that such application will not impair the exemption from federal income taxation of the interest on any of the Bonds; or

- (iv) for any other purpose which in the opinion of a firm of nationally recognized bond counsel satisfactory to the Trustee will not impair the exemption from federal income taxation of interest on any of the Bonds.

ARTICLE IV
CREATION OF FUNDS AND ACCOUNTS;
FLOW OF FUNDS

SECTION 4.1. Revenue Fund and Other Funds
Established Pursuant to the General Revenue Bond
Resolution. The special fund of the Authority created by
Section 12 of the General Revenue Bond Resolution and known
as the "Memphis-Shelby County Airport Authority Airport
Revenue Fund" (herein defined and referred to as the
"Revenue Fund") shall be continued for so long as any of the
General Revenue Bonds and the Bonds are Outstanding. The
Revenue Fund shall be held in trust and administered by the
Authority.

The moneys deposited, or to be deposited, in the
Revenue Fund shall not be commingled with any other moneys
of the Authority; shall be used and applied only in the
manner and for the purposes hereinafter provided in this
Article; and shall be withdrawn from said fund for said
purposes only in accordance with such procedure as is
provided by law. Until used and applied as hereinafter
provided in this section, all moneys in the Revenue Fund and
the securities in which such moneys may from time to time be
invested shall be held in trust for the benefit and security
of all the General Revenue Bonds and the Bonds and shall be
subject to the liens, pledges and charges created by the
General Revenue Bond Resolution and this Resolution.

The Authority covenants and agrees that all the
Revenues collected by or for the account of the Authority
shall be set aside as collected and, except as is
specifically provided otherwise herein, shall be deposited
in the Revenue Fund. There shall also be deposited in the
Revenue Fund the moneys otherwise required to be deposited
in the Revenue Fund by the General Revenue Bond Resolution
and this Resolution.

The moneys in the Revenue Fund shall be applied on
the last business day of each month at the times, in the
amounts and for the purposes as provided or permitted by the
General Revenue Bond Resolution and this Resolution, and in
the following order of priority:

First, so long as any of the General Revenue Bonds
are Outstanding, there shall be deposited each month
into the Debt Service Account created by the General
Revenue Bond Resolution the amount required by the
General Revenue Bond Resolution to be used for the
purposes specified therein;

Second, there shall be applied each month the amount which the Authority determines to be required to pay Costs of Operation and Maintenance;

Third, there shall be deposited each month into the Airport Improvement Bond Fund and the accounts therein the amounts required by this Resolution to be used for the purposes specified herein;

Fourth, so long as the Authority shall be required to make payments to the City of Memphis or the County of Shelby or other municipality for the payment by such city, county or other municipality of principal, interest and premiums on bonds, notes or other evidences of indebtedness issued by it for the Airport, there shall be set aside in each month in the separate account of the Authority referred to in Clause 2 of Section 12 of the General Revenue Bond Resolution and continued under this Resolution that amount which together with other moneys credited to such Account, if the same amount were set aside in such account in each month thereafter prior to the next date on which the Authority is required to make payments to the City of Memphis or the County of Shelby or other municipality, as the case may be, for the payment by such city, county or other municipality of the principal of and interest and premium on the bonds, notes or other evidences of indebtedness issued by it for the Airport, the aggregate of the amounts so set aside in such separate account will on such next date be equal to the payment required to be made on such date by the Authority to the City of Memphis or the County of Shelby or such other municipality, as the case may be; and

Fifth, any moneys remaining may be used by the Authority for any lawful purpose of the Authority.

In the event Revenues are insufficient to make all of the deposits required by paragraph Third above such Revenues shall be deposited in the Airport Improvement Bond Fund and the accounts therein without regard to the existence of Debt Service Reserve Accounts for respective Series of Bonds.

SECTION 4.2. Creation of Airport Improvement Bond Fund and Accounts therein; Payment Thereto. There is hereby created and established a separate special trust fund of the Authority to be known and designated as the "Airport Improvement Bond Fund" to be held and administered by the Authority. The moneys deposited in the Airport Improvement Bond Fund shall not be commingled with any other moneys of the Authority; shall be used and applied only in the manner and for the purposes hereinafter provided in this section;

and shall be withdrawn from said Fund for said purposes only in accordance with such procedure as is provided by law. Until used and applied as hereinafter provided in this section, all moneys in the Airport Improvement Bond Fund and the securities in which such moneys may, from time to time be invested shall be held hereunder in trust for the equal and ratable benefit and security of all the Bonds and shall be subject to the liens, pledges and charges created by Section 2.1 hereof.

The Authority is hereby obligated to, and shall, set aside and deposit in the Airport Improvement Bond Fund from the Revenues, an amount necessary to provide for the punctual payment of the principal of and interest and premium, if any, on the Bonds as and when the same become due, whether such due date be by reason of stated maturity or by redemption or otherwise, after making provision for the payments to be made (a) into the Debt Service Account in the Revenue Fund heretofore created by the General Revenue Bond Resolution, so long as any General Revenue Bonds shall be Outstanding under the General Revenue Bond Resolution, and (b) for Costs of Operation and Maintenance.

The moneys on deposit to such Fund shall be used solely for the payment of principal and interest and premium, if any, due upon the Bonds. The Authority shall make whatever arrangements with the Paying Agent of a Series of Bonds that may be necessary so that the Bonds and interest thereon may be paid as and when the same become due.

Supplemental to the foregoing provisions of this section, there shall be deposited in the Airport Improvement Bond Fund (i) any moneys required to be transferred from the Airports Improvement Fund, Special Reserve Fund and the International Park Fund as provided in Section 2.1 hereof; (ii) accrued interest on a Series of Bonds from the date thereof to and including the date of issuance thereof for credit to the Interest Account; (iii) any amounts which, at the option and in the discretion of the Authority, may be applied to the purchase or redemption of Bonds, to the extent the Authority has determined that such moneys shall be applied to such purposes and such application is permitted by the provisions of the General Revenue Bond Resolution and the provisions hereof; and (iv) Revenues, subject to the prior payments as aforesaid, in the following amounts and at the following times:

Interest Account. There shall be created a separate account in the Airport Improvement Bond Fund for each Series of Bonds issued hereunder, each to be known as an "Interest Account" which shall be disbursed by the Authority solely for the purpose of paying interest on the Bonds of the Series for which such Interest Account was

created as the same becomes due and may not be applied to the payment of interest on any other Series of Bonds.

In each month, commencing with the last business day of the month which follows the month for which interest on such Series of Bonds, if any, is provided from moneys credited to the Construction Interest Account for such Series of Bonds, or, if no interest on such Series of Bonds is provided from moneys credited to a Construction Interest Account, commencing with the last business day of the month which follows the month in which the Series of Bonds is delivered and paid for, there shall be deposited in each Interest Account (a) with respect to each Series of Bonds other than Variable Rate Bonds which have Interest Payment Dates occurring at intervals of one month or less, commencing with the last business day of the month which follows the month in which such Series of Bonds are delivered and paid for, and continuing on the last business day of each month thereafter so long as any of the Bonds of each such Series are Outstanding, an amount such that, if the same amount were so credited to each such Interest Account on the last business day of each succeeding month thereafter, the aggregate of such amounts on credit to each such Interest Account on the last business day of the month preceding an Interest Payment Date would be equal to the amount required to pay, or to reimburse the Financial Institution for a draw on the Support Facility made to provide funds for the payment of, the installment of interest falling due on each Series of Bonds on the Interest Payment Date therefor, and (b) with respect to Variable Rate Bonds which have Interest Payment Dates occurring at intervals of one month or less, on the last business day prior to each Interest Payment Date to and including the last business day prior to a date on which the interest rate may be fixed, if any, the amount required to be credited to the Interest Account established for such Variable Rate Bonds together with other funds available therefor in the Interest Account, to pay, or to reimburse the Financial Institution for a draw on the Support Facility made to provide funds for the payment of, the interest payable on the Outstanding Variable Rate Bonds on each Interest Payment Date.

In making the foregoing credits to the Interest Account, consideration shall be given to and allowance made for accrued interest received upon the sale of a Series of the Bonds deposited in the Airport Improvement Bond Fund and credited to the Interest Account and for credits made or to be made to the Interest Account from moneys credited to the Construction Interest Account.

Serial Principal Account. There is hereby created a separate account in the Airport Improvement Bond Fund to be known as the "Serial Principal Account". In the event of

the issuance of any Series of Bonds hereunder maturing serially, for the purpose of paying the principal of, or to reimburse the Financial Institution for a draw on the Support Facility made to provide funds for the payment of, such Bonds maturing serially and with respect to each Series of such Bonds so maturing, commencing with the last business day of the month which is twelve (12) months prior to the first principal payment date of any Bonds maturing serially and continuing on the last business day in each month thereafter so long as any Bonds so maturing are Outstanding the Authority shall credit to the Serial Principal Account an amount such that, if the same amount were so credited to the Serial Principal Account on the last business day of each succeeding month thereafter, the amounts on credit to the Serial Principal Account will on each such principal payment date be equal to the principal amount of all such Bonds so maturing becoming due on such principal payment date.

Sinking Fund Account. There is hereby created a separate account in the Airport Improvement Bond Fund to be known as the "Sinking Fund Account". In the event of the issuance of Bonds hereunder in the form customarily known as "term bonds", commencing with the last business day of the month which is twelve (12) months prior to the first mandatory retirement of any term bonds and on the last business day of each month thereafter, so long as any term bonds are Outstanding, the Authority shall transfer to the Sinking Fund Account an amount such that, if the same amount were so credited to the Sinking Fund Account on the last business day of each succeeding month thereafter, the aggregate of the amounts on credit to the Sinking Fund Account will, on the last business day of the month next preceding a mandatory retirement date, be sufficient to retire such term bonds in the principal amounts and at the times specified in the Supplemental Resolution providing for the issuance thereof. Unless and except as is otherwise provided in a Supplemental Resolution with respect to a Series of Bonds, the Authority may also apply the moneys credited to this Account for the retirement of Bonds of a particular Series issued in term form to the purchase of those Bonds, in which event the principal amount of such Bonds required to be redeemed on the next respective ensuing amortization installment date shall be reduced by the principal amount of the Bonds so purchased; provided, however, that no Bonds shall be purchased during the interval between the date on which notice of redemption of said Bonds from such amortization installment is given and the date of redemption set forth in such notice, unless the Bonds so purchased are Bonds called for redemption in such notice or are purchased from moneys other than those credited to this Account; and provided, further, that no purchases of Bonds shall be made if such purchase would require the sale at a loss of securities credited to the

Sinking Fund Account unless the difference between the actual purchase price (including accrued interest and any brokerage or other charge) paid for such Bonds and the then maximum purchase price (plus accrued interest) permitted to be paid therefor, is greater than the loss upon the sale of any such securities. Any purchase of Bonds pursuant to this paragraph may be made with or without tenders of Bonds and at either public or private sale, but in any event at a purchase price (including accrued interest and any brokerage or other charge) not to exceed the then applicable redemption price of such Bonds, plus accrued interest. All Bonds purchased or redeemed pursuant to this paragraph shall be cancelled and not reissued.

The moneys on deposit in the Airport Improvement Bond Fund on credit to the Interest Account, Serial Principal Account and the Sinking Fund Account shall be transferred to the respective Paying Agents for said Bonds in such amounts and at such times as shall be necessary to pay, or to reimburse the Financial Institution for a draw on the Support Facility made to provide funds for the payment of, the principal, premium, if any, and interest on said Bonds as the same become due and payable, whether upon their maturity or upon the redemption or the purchase thereof from the moneys credited to the Sinking Fund Account.

In addition, any moneys applied to the purchase or redemption of Bonds shall be credited to the Sinking Fund Account and applied as provided in the Supplemental Resolution authorizing the issuance thereof.

Debt Service Reserve Account. There shall be created a separate account in the Airport Improvement Bond Fund for each Series of Bonds issued hereunder, each such account to be known and designated as a "Debt Service Reserve Account, Series ____" using the Series designation of the Bonds to which such account relates, the moneys on credit to which shall constitute a reserve for the payment of the principal of and interest and premium, if any, on the Series of Bonds for which it was created. The Debt Service Reserve Account Requirement for each Series of Bonds shall be that amount provided in the Supplemental Resolution providing for the issuance of such Series of Bonds. The moneys in the Airport Improvement Bond Fund on credit to a Debt Service Reserve Account shall be used and applied solely for the purpose of paying the principal of and interest and premium, if any, on the respective Series of Bonds for which the account was created when due, whether at their maturity or upon the redemption or purchase thereof from moneys credited to the Sinking Fund Account, and shall be so used and applied whenever there are insufficient moneys on credit to the Interest Account, Serial Principal Account and Sinking Fund Account for such purposes. No Bonds other than the Series for which such account has been created shall have any right to be paid from such account.

In the event of the issuance of a Series of Variable Rate Bonds, the Debt Service Reserve Account Requirement shall be calculated as if the Series of Variable Rate Bonds bore interest at the lesser of the Revenue Bond Index or the maximum interest rate permitted by the Supplemental Resolution providing for the issuance of such Series of Variable Rate Bonds.

Whenever the total of the moneys on credit to the Airport Improvement Bond Fund (regardless of the account therein to which such moneys are credited) which are not required for the payment of principal and interest and premium, if any, which has theretofore become due (whether by maturity or upon redemption or by purchase or by declaration as hereinafter provided, or otherwise), but is unpaid, is sufficient to retire at maturity, or to redeem prior to maturity in accordance with their respective terms, all of the Bonds then Outstanding, together with interest thereon to their maturity date or the date fixed for the redemption thereof, no further credits need be made to the Airport Improvement Bond Fund, and the Authority shall call all Bonds which may be redeemed by their terms, for redemption on the next succeeding redemption date for which the required redemption notice may practicably be given, and shall apply such total to such retirement or redemption.

SECTION 4.3. Investment of Moneys in Revenue Fund and Airport Improvement Bond Fund. Any moneys in the Revenue Fund and Airport Improvement Bond Fund shall be invested and reinvested by the Authority or an authorized agent of the Authority, in Investment Securities to the extent reasonable and practicable so as to permit moneys to be available when required (or estimated to be required), but not later than the final maturity date of any Bonds then Outstanding. Moneys on credit to the Debt Service Reserve Account in the Airport Improvement Bond Fund shall be invested in Investment Securities so as to mature by no later than the earlier of eight (8) years from the date of investment or the final maturity date of the Series of Bonds then Outstanding for which the Account was created. All earnings and income from investment of moneys in the Revenue Fund shall be deposited in the Revenue Fund, for use and application as are all other moneys deposited in that Fund. Unless required to be set aside for rebate to the United States, investment earnings on the Debt Service Reserve Account in the Airport Improvement Bond Fund shall be applied as set forth in the third paragraph of Section 2.1. Investment earnings on the Interest Accounts, Serial Principal Account and Sinking Fund Account in the Airport Improvement Bond Fund shall be deposited in the Revenue Fund and shall constitute Revenues.

The Authority will maintain records to enable it to cause to be made the computations necessary to determine whether a Series of Bonds meets the requirements of Section 148 of the Internal Revenue Code of 1986 and the regulations thereunder, including, but not limited to, records showing the dates and amounts of all investments of funds held in the Airport Improvement Bond Fund and the dates and amounts of the receipts of the earnings, sales proceeds and maturities of such investments.

ARTICLE V

PARTICULAR COVENANTS OF THE AUTHORITY

Particular Covenants. The Authority hereby covenants and agrees with the purchasers and holders of all Bonds issued pursuant to this Resolution and any Supplemental Resolution as follows:

SECTION 5.1. Compliance with General Revenue Bond Resolution; Amendments Thereof; Incurring of Debt Thereunder. Until such time as the lien of the General Revenue Bond Resolution has been discharged in accordance with the provisions of Section 28 thereof, the Authority shall comply in all respects with each of the provisions, covenants and agreements of or contained in the General Revenue Bond Resolution.

In the event of any irreconcilable conflict between the provisions of this Resolution and the provisions of the General Revenue Bond Resolution, so long as any General Revenue Bond shall remain Outstanding under the General Revenue Bond Resolution, the provisions of the General Revenue Bond Resolution shall control and the Authority shall comply with such provisions.

The Authority will not hereafter consent to or agree to any change, amendment or modification of the General Revenue Bond Resolution which would in any way or manner prejudice or affect adversely the rights or interests of the holders of the Bonds.

As provided in Section 2.1 hereof, upon issuance of the first Series of Bonds hereunder, no further obligation of any kind may be issued pursuant to the provisions of the General Revenue Bond Resolution.

SECTION 5.2. Covenant as to Rates, Fees and Charges. The Authority shall impose and prescribe, or cause to be imposed or prescribed such schedule of rates, rentals, fees and charges for the use and services of and the facilities and commodities furnished by the Airport, and shall revise, or cause to be revised, the same from time to time whenever necessary, and collect, or cause to be collected, the income, receipts and other moneys derived therefrom, so that the Airport shall be and always remain financially self-sufficient and self-sustaining. The rates, rentals, fees and charges imposed, prescribed and collected shall be such as will produce Revenues, together with other available funds, at least sufficient (i) to pay the principal of and interest and premium, if any, on any General Revenue Bonds or Bonds as and when the same become due (whether at maturity or upon required redemption prior to maturity or otherwise); (ii) to pay to the City of

Memphis and the County of Shelby or other municipality as and when the same are due all amounts required to be paid to any of them by reason of the payment by them of the principal of and interest and premium on bonds, notes or other evidences of indebtedness issued by them to finance all or any portion of the Airport; (iii) to pay as and when the same become due all Costs of Operation and Maintenance; (iv) to pay as and when the same become due any and all other claims, charges or obligations payable from the Revenues, and (v) to carry out all provisions and covenants of this Resolution. In the event there are Outstanding any Variable Rate Bonds, in determining the rates, rentals, fees and charges the payment of the principal of and interest on such Variable Rate Bonds shall be calculated at the maximum interest rate borne by such Series of Variable Rate Bonds for the twelve month period then ended at the time of calculation.

The Authority shall adopt such resolutions and prescribe and enforce such rules and regulations, or impose such contractual obligations, for the payment of such rates, rentals, fees and charges, including, without limitation, the imposition of penalties for any defaults, to the end that the Authority shall at all times be in compliance with the provisions of this section.

SECTION 5.3. To Pay Principal of and Premium and Interest on Bonds. The Authority will duly and punctually pay, or cause to be paid, but solely from the Revenues and other moneys pledged hereunder, the principal of and interest and premium, if any, on each and every Bond at the place, on the dates and in the manner provided herein and in such Bonds according to the true intent and meaning hereof and thereof.

SECTION 5.4. Possession of Land. The Authority covenants (i) that it lawfully owns and is lawfully possessed of the Airport as currently existing and that it has good and indefeasible title and estate therein, subject to Permitted Encumbrances as defined hereinafter in this section, and (ii) that it will continually defend the title to the Airport and every part thereof for the benefit of the holders of the Bonds against the claims and demands of all persons whomsoever. If any defect (other than such Permitted Encumbrances) shall be discovered in the title to the Airport, the Authority shall promptly take such action as may be necessary or proper to remedy or cure the same. For the purposes of this paragraph "Permitted Encumbrances" means, as of any particular time, (i) liens for ad valorem taxes, if any, not then delinquent; (ii) utility, access and other easements and rights of way, restrictions and exceptions that will not interfere with or impair the operations being conducted at the Airport; (iii) mechanics', materialmen's and other liens as and to the extent permitted

by and referred to in Section 5.18 hereof; (iv) encumbrances or restrictions imposed in any conveyances to the Authority of Airport properties or interests therein by the Federal Government or the City of Memphis or the County of Shelby or other governmental body conveying properties to the Authority; and (v) such defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the Airport and as do not, in the Opinion of Counsel (who may be counsel to the Authority), materially impair the use of the property affected thereby for the purpose for which it was acquired or is held by the Authority. Nothing contained in this Section 5.4 shall be construed as an acknowledgement that property owned or operated by the Authority is subject to any ad valorem taxes or mechanics' or materialmen's liens.

SECTION 5.5. Filing and Recording of Resolution; Instruments of Further Assurance. The Authority will adopt such Supplemental Resolutions, and do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such further acts, instruments and transfers, including, without limiting the generality of the foregoing, such filing, registration, recording, re-filing, re-registration or re-recording of this Resolution and any Supplemental Resolution, and financing statements and any other instruments, as may be required for the better assuring, pledging, charging, assigning and confirming unto the holders of the Bonds, the Revenues and other moneys pledged hereunder to the payment of the principal of and interest and premium, if any, on the Bonds issued under this Resolution and all Supplemental Resolutions.

Promptly after any filing, registration or recording or any re-filing, re-registration or re-recording of this Resolution or any Supplemental Resolution or any filing, registration, recording, re-filing, re-registration or re-recording of any financing statements or other instruments of further assurance or of any supplement to the foregoing which is required by the preceding paragraph, the Authority will obtain an Opinion of Counsel (who may be counsel to the Authority) to the effect that such filing, registration, recording, re-filing, re-registration or re-recording has been duly accomplished and setting forth the particulars thereof.

Promptly after the adoption of this Resolution, the Authority shall obtain an Opinion of Counsel (who may be counsel to the Authority) either stating that in the opinion of such counsel this Resolution has been properly recorded and filed, and all other instruments (including financing statements) have been registered, recorded or filed, so as to make effective the lien and pledges intended to be created hereby, and reciting the details of such action, or

stating that in the opinion of such counsel no such action is necessary to make such lien and pledges effective.

On or before the first day of the Fiscal Year which next follows the delivery of the issuance of the initial Series of Bonds issued hereunder and on or before the first day of each Fiscal Year thereafter, so long as any Bonds shall be Outstanding, the Authority shall obtain an Opinion of Counsel (who may be counsel to the Authority) stating that no filing, registration or recording and no re-filing, re-registration or re-recording of any instrument (including this Resolution, all Supplemental Resolutions, all financing statements and all other instruments of further assurance) is necessary during the annual period immediately succeeding the date of such opinion in order to maintain the liens, pledges and charges of this Resolution, or if such filing, registration or recording or re-filing, re-registration or re-recording is necessary, setting forth the requirements with respect thereto, and the Authority shall cause such requirements to be met and, within thirty (30) days thereafter, shall obtain an Opinion of Counsel (who may be counsel to the Authority) showing that they have been met.

SECTION 5.6. To Complete Acquisitions and Constructions Promptly. The Authority will proceed with all reasonable dispatch to complete the acquisition, purchase, construction, improvement, betterment, extension, addition, reconstruction, restoration, equipping and furnishing of any properties the costs of which are to be paid from the proceeds of Bonds, from moneys in the Revenue Fund, from any other moneys held hereunder or from the proceeds of bonds, notes or other evidences of indebtedness of any city, county or other municipality for the payment of principal or interest, or both, of which reimbursement is required from the Revenues.

SECTION 5.7. To Keep Airport in Good Repair and to Make Improvements and Betterments Thereto. The Authority will maintain, preserve, keep and operate, or cause to be maintained, preserved, kept and operated, the properties constituting the Airport (including all additions, improvements and betterments thereto and extensions thereof and every part and parcel thereof) in good and efficient repair, working order and operating condition in conformity with standards customarily followed in the aviation industry for airports of like size and character. The Authority will from time to time make all necessary and proper repairs, renewals, replacements and substitutions to such properties, and construct additions and improvements thereto and extensions and betterments thereof which are economically sound, so that at all times the business carried on in connection therewith shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost.

SECTION 5.8. To Operate and Maintain Airport.

The Authority shall operate and maintain the Airport as a revenue-producing enterprise and shall manage the same in an efficient manner consistent with sound economy and public advantage and consistent with the protection of the holders of the Bonds and so as to assure that the same shall be financially self-sufficient and self-sustaining.

SECTION 5.9. Agreements with Creating and Participating Municipalities; Airport Lease Agreements. The Authority shall comply with, and enforce its rights under, the agreements between it and its creating and participating municipalities (within the meaning of "creating municipality" and "participating municipality" as defined in the Metropolitan Airport Authority Act). The Authority shall not consent to any amendments to airport use agreements now existing, or, such agreements having expired or otherwise having terminated, enter into new airport use agreements, or consent to any amendments to its agreements with said creating and participating municipalities, which would impair or diminish the security and payment of the Bonds.

SECTION 5.10. Leases and Contracts. The Authority shall perform all contractual obligations undertaken by it under leases or agreements pertaining to or respecting the Airport and shall enforce its rights thereunder. The Authority shall not enter into any contract or lease pertaining to the Airport which would impair or diminish the security and payment of the Bonds.

SECTION 5.11. Governmental Approval. The Authority will perform any construction, reconstructions and restorations of, any improvements, betterments and extensions to, and any equipments and furnishings of, and will operate and maintain the Airport, or cause the same to be operated and maintained, at standards required in order that the same may be approved by the proper and competent Federal Government authority or authorities for the landing and taking off of aircraft operating in scheduled service, and as a terminal point for the receipt and dispatch of passengers, freight, property and mail by aircraft.

SECTION 5.12. Compliance with Terms of Grants-in-Aid; Application Thereof. The Authority shall comply with the terms of the Federal Government or other granting governmental authority with respect to grants-in-aid accepted by the Authority. All such grants-in-aid shall be applied, if consistent with and not in conflict with the terms and provisions of the grant-in-aid, (1) to pay the Costs of Construction (as defined in Section 3.1 hereof) of properties included or to be included in the Airport, whether such construction has been completed and the Costs of Construction thereof not yet paid or such construction has not been commenced or

completed, in which events the amounts of such grant-in-aid to be applied to the payment of such Costs of Construction shall be credited to the particular construction fund from which such Costs of Construction are to be paid; (2) to reimburse any fund or account of the Authority to the extent the Costs of Construction of properties included or to be included in the Airport and to which such grant-in-aid applies were advanced from such fund or account, in which event the amount of such grant-in-aid to be applied to such reimbursement shall be deposited or credited to the proper fund or account; (3) to redeem or purchase General Revenue Bonds or Bonds, such purchases to be made subject to the same conditions set forth in Section 13 of the General Revenue Bond Resolution for the purchase of General Revenue Bonds from moneys credited to the Term Bond Principal Subaccount in the Debt Service Account created therein or in Section 4.2 of this Resolution for the purchase of Bonds from moneys credited to the Sinking Fund Account in the Airport Improvement Bond Fund; and (4) to any other lawful purpose of the Authority.

SECTION 5.13. To Employ Competent Personnel; Fidelity Bonds. The Authority will at all times employ competent supervisory personnel for the operation and management of the properties constituting the Airport, and will establish and enforce, or cause to be established and enforced, reasonable rules, regulations and standards governing the employment of operating personnel at reasonable compensation, salaries, fees and charges, and all persons employed by the Authority will be qualified for their respective positions; provided, however, that the provisions of this paragraph shall be subject to any Civil Service Law or any other law of the State of Tennessee applicable to the appointment or employment of personnel and employees of the Authority or the salary, wages or compensation thereof, and also to the terms and provisions of any agreements between the Authority and its creating and participating municipalities (within the meaning of "creating municipality" and "participating municipality" as defined in the Act).

The Authority shall cause to be bonded, in such amount as it may deem sufficient, each commissioner, officer or employee of the Authority handling or having custody of or having in his possession Revenues or other moneys, including the proceeds of Bonds, held hereunder or required hereby to be deposited or held hereunder, which bond shall be conditional upon the proper application of the Revenues and other moneys, including the proceeds of Bonds, held hereunder or required hereby to be deposited or held hereunder, but such application need not necessarily be limited thereto.

SECTION 5.14. Books and Accounts; Audits. The Authority shall maintain and keep proper books, records and accounts in accordance with generally accepted accounting principles in which complete and correct entries shall be made of all dealings and transactions relating to the Airport. Such accounts shall show the amount of Revenues available for the purposes of this Resolution, and the application of such Revenues to the purposes specified in this Resolution and all financial transactions in connection therewith.

The Authority shall cause such financial accounts to be audited by an independent certified public accountant or a firm of independent certified public accountants of recognized standing (hereinafter referred to as the "Accountant") employed by the Authority, but who is in fact independent and not under the control of the Authority, such period of appointment or employment to be from year to year. Such Accountant shall be selected with special reference to his general knowledge, skill and experience in auditing books and accounts. Such audit shall be made annually and shall be completed within one hundred twenty days (120) after the close of each Fiscal Year. Each such audit report shall contain the Accountant's opinion of the Authority's financial accounts and schedules contained in the audit report. A copy of each such annual audit report shall be open for public inspection, and shall be mailed to the Trustee and any holder of Bonds filing with the Authority a request for the same. Each recipient of an audit report shall have the right to discuss with the Authority or the Accountant the contents thereof and to ask for such additional information as he may reasonably require.

Each audit report, in addition to whatever matters may be thought proper by the Accountant to be included therein, shall include the following: (a) a statement in detail of the income and expenditures pertaining to the Airport for the audit period, including but not limited to a statement of the amounts of Revenues, Cost of Operation and Maintenance and capital expenditures; (b) a balance sheet as of the end of the Fiscal Year, including, without limitation, the amounts on hand, both cash and investments, in each of the funds and accounts created hereunder or in any Supplemental Resolution, and the Bonds Outstanding; (c) a list of the insurance policies in force at the end of the audit period, setting out as to each policy the amount of the policy, and the amounts of self-insurance, if any, and the risks to which such self-insurance pertains; and (d) the Accountant's comments, if any, regarding the Authority's accounting practices and the manner in which the Authority has carried out the requirements of this Resolution.

The Accountant shall audit the financial accounts prescribed by this Resolution notwithstanding any inconsistency between such accounting procedures and generally accepted accounting principles; provided that nothing contained in this Section 5.14 shall prevent the Authority from directing the Accountant to audit the books of accounts of the Authority both in accordance with this Resolution and generally accepted accounting principles.

SECTION 5.15. No Superior or Equal Lien Bonds; Junior Lien Obligations Permitted. Except for the Bonds issued hereunder in compliance with Sections 2.1 and 2.2 hereof, the Authority will not hereafter create or permit the creation of or issue any bonds, notes, warrants or other obligations or evidences of indebtedness or create any additional indebtedness which will be payable as to principal or interest, or both, from the Revenues prior to or on a parity with the payment therefrom of the principal of or interest on the Bonds, or prior to or on a parity with the payments and credits from the Revenues to be made pursuant to the provisions of Section 4.2 hereof to the Interest Account, the Serial Principal Account, the Sinking Fund Account and the Debt Service Reserve Account in the Airport Improvement Bond Fund, or which will be secured as to principal or interest, or both, by a lien and charge on the Revenues superior or equal to the lien and charge of the Bonds and the interest thereon, or superior or equal to the lien and charge on the Revenues or the payments and credits therefrom to be made pursuant to the provisions of Section 4.2 hereof to the Interest Account, the Serial Principal Account, the Sinking Fund Account and the Debt Service Reserve Account in the Airport Improvement Bond Fund.

Nothing in this Resolution, and particularly nothing in the preceding paragraph, shall prevent the Authority from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness which as to principal or interest, or both, are payable from the Revenues after and subordinate to the payment from the Revenues of the principal of and interest on the Bonds and after and subordinate to the payments and credits from the Revenues to be made pursuant to the provisions of Section 4.2 hereof to the Interest Account, the Serial Principal Account, the Sinking Fund Account and the Debt Service Reserve Account in the Airport Improvement Bond Fund and which are secured as to principal or interest, or both, by a lien and charge on the Revenues junior and inferior to the lien and charge on the Revenues of the Bonds and interest thereon and junior and inferior to the lien and charge on the Revenues of the payments and credits therefrom to be made pursuant to the provisions of Section 4.2 hereof to the Interest Account, the Serial Principal Account, the Sinking Fund Account and the Debt Service Reserve Account in the Airport Improvement Bond Fund.

SECTION 5.16. Not to Encumber or Dispose of Airport Properties; Condemnation. The Authority shall not create or give, or cause to be created or given, or permit to be created or given, any mortgage, lien, pledge, charge or other encumbrance upon any real or personal property constituting the Airport or upon the Revenues and the moneys held hereunder, other than the liens, pledges and charges specifically created herein or specifically permitted hereby.

The Authority shall not sell, lease, sublease, or otherwise dispose of all, or substantially all, of the properties constituting the Airport without simultaneously with such sale, lease, sublease or other disposition depositing pursuant to and in accordance with the provisions of Section 9.1 hereof, cash or Government Obligations (as defined in such Section 9.1 hereof) in an amount sufficient so that no Bonds are any longer deemed Outstanding hereunder as provided by and in accordance with said Section 9.1 hereof.

The Authority may, however, execute leases, licenses, easements and other agreements of or pertaining to properties constituting the Airport in connection with the operation of the Airport in the normal and customary course of business thereof, according to the schedule of rates, rentals, fees and charges of the Airport, but any such leasing shall not be inconsistent with the provisions of this Resolution, and no lease shall be entered into by which the security of and payment for the Bonds might be impaired or diminished. The Authority may also enter into Special Facility Leases pursuant to and in accordance with the provisions of Article X hereof.

The Authority also may from time to time sell, sublease or otherwise dispose of any portion of the properties and facilities (real or personal) comprising a part of the Airport which are surplus. Surplus properties or facilities shall be those the disposal of which will not impede or prevent the use of the Airport or its facilities and which the Authority has determined have become unserviceable, unsafe or no longer required or which have been replaced by other property of substantially equal revenue-producing capability and of substantially equal utility. Any moneys received by the Authority as the proceeds of any such sale, lease, sublease or other disposition of such surplus properties or facilities shall so long as General Revenue Bonds are Outstanding become Revenues and be deposited in the Revenue Fund, and thereafter be applied to any lawful purpose of the Authority.

In the event any Airport properties shall be taken by the exercise of the power of eminent domain, the amount of the award received by the Authority as a result of such

taking shall be held separate and apart in a special fund and applied to any lawful purpose, including to the redemption or purchase of Bonds (such purchases to be made subject to the same conditions that purchases of Bonds may be made pursuant to Section 4.2 hereof from moneys credited to the Sinking Fund Account in the Airport Improvement Bond Fund) and to acquire or construct revenue producing properties to constitute a part of the Airport.

SECTION 5.17. Insurance. The Authority will carry insurance with generally recognized responsible insurers with policies payable to the Authority, against risks, accidents or casualties at least to the extent that similar insurance is usually carried by airport operators operating properties similar to the Airport. The Authority shall seek the advice and counsel from time to time of an independent insurance consultant or consultants to advise and assist the Authority with respect to the insurance program of the Airport, and the Authority shall take into consideration the advice of such insurance consultant or consultants in the placement of insurance and the establishment of self-insurance fund or funds of the Authority as hereinafter provided.

Any insurance carried by the Authority pursuant hereto may be procured and maintained as part of or in conjunction with any other policy or policies carried by it. The Authority may create and establish special funds for self-insurance.

The proceeds of all insurance shall be held by the Authority under and subject to the General Revenue Bond Resolution and this Resolution and applied as follows: (i) the proceeds of fire and extended coverage insurance and war damage insurance shall be held separate and apart in the Revenue Fund and applied to the repairing, replacing or reconstruction of the damaged or destroyed property as hereinafter provided; (ii) the proceeds of loss of use insurance shall be deposited in the Revenue Fund for use and application as are all other moneys deposited in that Fund; and (iii) the proceeds of personal injury insurance and workmen's compensation insurance shall be held separate and apart in the Revenue Fund and applied toward extinguishing or satisfying or remedying the liability, loss or damage with respect to which such proceeds may be paid.

Immediately after any loss or damage to the Airport, the Authority will promptly commence, and proceed to completion, with the repair, replacement or reconstruction of the damaged or destroyed property, and apply to the costs thereof the proceeds of the fire and extended coverage insurance and war damage insurance received with respect to such damage or destruction; provided that no such repair, replacement or construction

shall be required if the Authority finds that repair, replacement or reconstruction of the damaged or destroyed property is not in the best interest of the Authority and, based on an opinion of an Airport Consultant, that the failure to repair, replace or reconstruct the damaged or destroyed property will not cause the Revenues in any future Fiscal Year to the Authority to be less than an amount sufficient to enable the Authority to comply with all covenants and conditions of this Resolution or which would impair the security of the payment of the Bonds. If the Authority elects to undertake the repair, replacement or reconstruction of the damaged or destroyed property and such proceeds of the aforesaid insurance are insufficient for such purpose, the amount of such insufficiency may be satisfied from moneys available held hereunder for any lawful purpose of the Authority. If the proceeds of such insurance are more than sufficient for the purpose of repair, replacement or reconstruction of the damaged or destroyed property or the Authority elects not to undertake such repair, replacement or reconstruction the excess amount of such proceeds or all such proceeds, as the case may be, shall so long as the General Revenue Bonds are Outstanding be applied as provided in the General Bond Resolution and thereafter be applied to any lawful purpose of the Authority.

SECTION 5.18. Payment of Taxes and Claims by the Authority. The Authority shall, from time to time, duly pay and discharge, or cause to be paid or discharged, any taxes, assessments or other governmental charges lawfully imposed upon the Airport or any part thereof or upon the Revenues, or any required payments in lieu thereof, as well as lawful claims for labor, materials and supplies furnished or supplied to the Airport or any part thereof, when the same shall become due and payable, and keep the Airport and all parts thereof and the Revenues free from judgments, mechanics' and materialmen's liens, and free from all other liens, claims, demands or encumbrances of whatsoever prior nature or character; provided that the Authority may, in good faith, contest, or permit or cause to be contested, by appropriate proceedings, duly prosecuted, the applicability or validity of any such tax, assessment of governmental charge or payment in lieu thereof, as well as any claim for labor, material or supplies for work completed or materials or supplies furnished and in such event may permit the items so contested to remain unpaid, unsatisfied and undischarged during the period of any such contest and appeal therefrom, even though such contest or proceeding may result in a judgment or lien against the Airport or any part thereof or the Revenues, if and so long as such contest or proceeding shall stay the execution or enforcement of any such tax, assessment, charge, claim, judgment or lien so that pending the determination of such contest or proceeding the Airport and all parts thereof and the Revenues are not affected

thereby, and if and so long as such contest or proceeding does not impair the security or the payment of the Bonds. If any such execution or enforcement is so stayed and such stay shall thereafter expire, the Authority shall forthwith pay or discharge, or cause to be paid and discharged, any such tax, assessment or governmental charge or payment in lieu thereof or claim for labor, material or supplies or judgment.

SECTION 5.19. Prosecution and Defense of Suits.

The Authority will promptly from time to time take such action as may be necessary and proper to remedy or cure any defect in or cloud upon the title to the Airport or any part thereof (except for Permitted Encumbrances as defined in Section 5.4 hereof), whether now existing or hereafter developing; shall prosecute and defend all such suits, actions and other proceedings as may be appropriate for such purposes, including the defense of its title to the Airport; and shall indemnify and save every Bondholder harmless from all loss, cost, damage and expense, including attorneys' fees, which they may incur by reason of any such defect, cloud, suit, action or proceeding.

The Authority shall defend, or cause to be defended, against every suit, action or proceeding at any time brought against any Bondholder by a person other than the Authority upon any claim arising out of the receipt, application or disbursement of any of the Revenues or any other moneys received, applied or disbursed under this Resolution, or involving the Airport or the rights of any Bondholder under this Resolution and shall indemnify and save harmless all Bondholders against any and all liability claimed or asserted by any person whomsoever, arising out of such receipt, application or disbursement of the Airport; provided, however, that any Bondholder at his election may appear in and defend any suit, action or proceeding. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect, even though the Bonds are no longer Outstanding hereunder and all indebtedness and obligations secured hereby may have been fully paid and satisfied and the lien, pledge and charge of this Resolution may have been released and discharged.

SECTION 5.20. Protection of Security.

The Authority shall not take any action in such manner or to such an extent as might prejudice the security or the payment of the Bonds according to the terms thereof. The Authority will maintain, preserve and renew all the rights, powers, privileges and franchises now owned by it or hereafter acquired by it with respect to the Airport. The Authority shall not take any action by which the rights, payment or security of the Bonds might be impaired or diminished.

SECTION 5.21. Obeying Laws; Performance of All Obligations and Covenants Under this Resolution. The Authority shall comply promptly, fully and faithfully with and abide by any statute, law, ordinance, order, rule or regulation, judgment, decree, direction or requirement now in force or hereafter enacted, adopted or entered by any competent governmental authority or agency applicable or with respect to or affecting the acquisition, construction or reconstruction of the Airport or any part or parcel thereof or applicable or with respect to or affecting the operation, manner or use or condition of the Airport or any part or parcel thereof or adjoining public ways; provided that the Authority need not comply with any such statute, law, ordinance, rule, regulation, judgment, decree, direction or requirement if and so long as the Authority in good faith shall be contesting or permitting or causing to be contested the applicability or validity thereof by appropriate proceedings diligently prosecuted, even though such contest may result in the imposition of a lien or charge against the Airport or the Revenues if (1) the Authority shall effectively prevent foreclosure or enforcement of any such lien or charge and (2) the foreclosure or enforcement of any such lien or charge shall be stayed, and if such stay thereafter expires, the Trustee (after receiving notice by the Authority of (1) or (2) above) shall forthwith discharge such lien or charge or cause the same to be discharged, so that pending such proceedings the Airport and the Revenues thereof shall not be affected thereby, and the security of the Bonds shall not be impaired.

The Authority shall comply with and perform, or cause to be complied with and performed, all acts, things, covenants, agreements, obligations, duties and provisions, express or implied, required to be done or performed by or on its behalf under this Resolution and any Supplemental Resolution and the Bonds, in accordance with the terms hereof and thereof.

SECTION 5.22. Taking Any Further Action Required for the Purposes of this Resolution. The Authority shall, at any and all times, adopt, make, do, execute, acknowledge, deliver, register, file and record all such other and further ordinances, resolutions, acts, deeds, demands, conveyances, assignments, transfers, assurances and instruments and give such further notices and do such further acts, as may be reasonably necessary, proper or desirable for the better assuring, pledging and assigning the Revenues and other moneys pledged, assigned or charged hereunder or intended so to be, or which the Authority may hereafter become bound to pledge, assign or charge, or for the carrying out more effectively the purposes and intent, and the facilitating of the performance, of this Resolution.

SECTION 5.23. Covenant Regarding Leases. The Authority covenants to obtain from each nongovernmental lessee of property financed with the proceeds of Bonds at the time the lease in question is executed an election by such nongovernmental lessee not to claim depreciation or an investment credit with respect to such property. Such election need not be obtained if the Authority shall obtain an Opinion of Counsel (who may be bond counsel to the Authority) that any failure to obtain such election will not cause the interest on the Bonds, which at the time of issuance thereof was not subject to federal income taxation, to be subject to federal income taxation.

ARTICLE VI

APPOINTMENT, QUALIFICATION, RESIGNATION, REMOVAL, POWERS, DUTIES AND LIABILITIES OF THE TRUSTEE

SECTION 6.1. Trustee; Removal of Trustee; Successor Trustee; Qualifications of Successor Trustee.
First Tennessee Bank, N.A., in Memphis, Tennessee, is hereby appointed Trustee hereunder. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Resolution as such Trustee by executing and delivering to the Authority a written acceptance of the provisions of this Resolution.

The Trustee may be removed at the request of and upon the affirmative vote of the holders of more than fifty per cent (50%) of the principal amount of Bonds Outstanding.

In the event of the removal, resignation as provided in Section 6.2 hereof, disability or refusal to act of the Trustee, a successor may be appointed by the holders of more than fifty per cent (50%) of the principal amount of Bonds Outstanding, excluding any Bonds held by or for the account of the Authority, and such successor shall have all the powers and obligations of the Trustee under this Resolution theretofore vested in its predecessor; provided, that unless a successor Trustee shall have been appointed by the holders of Bonds as aforesaid, the Authority by a duly executed written instrument signed by a majority of the Board shall forthwith appoint a Trustee to fill such vacancy until a successor shall be appointed by the holders of Bonds as authorized in this section. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the holders of Bonds.

A successor Trustee shall be a bank or trust company having its principal office in the State of Tennessee which has capital stock and surplus of at least Ten Million Dollars (\$10,000,000), or a bank or trust company having its principal office in the City of New York, State of New York which has capital and surplus of at least Fifty Million Dollars (\$50,000,000).

SECTION 6.2. Resignation of Trustee. The Trustee may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than sixty (60) days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in the Bond Buyer, in New York, New York, within ten (10) days following notice to the Authority, and such resignation shall take effect upon

the day specified in such notice unless previously a successor shall have been appointed by the Authority or the Bondholders as above provided, in which event such resignation shall take effect immediately on the appointment of such successor.

SECTION 6.3. Duties and Obligations of the Trustee. Prior to the occurrence of an Event of Default, as defined in Section 8.1 hereof, of which the Trustee has actual knowledge, and after the curing or waiving of all such Events of Default, the Trustee shall have no duties or obligations under this Resolution or any Supplemental Resolution, except to receive the annual audit report of the Authority required by Section 5.14 hereof and to review such report to determine that it is in the form required by said Section 5.14. The duties and obligations of the Trustee appointed by or pursuant to the provisions of this Resolution subsequent to the occurrence of an Event of Default (hereinafter defined), shall be determined solely by the express provisions of this Resolution, and the Trustee shall not 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 as defined in Section 8.1 hereof has occurred which has not been cured, the Trustee shall exercise such of the rights and powers vested in it by this Resolution and use the same degree of care and skill in the exercise thereof as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Trustee shall not be deemed to have knowledge of any Event of Default not known to the Trustee.

SECTION 6.4. Evidence on Which Trustee May Act. Subject to the provisions of Section 6.3 hereof, the Trustee may conclusively rely, as to the correctness of the statements, conclusions and opinions expressed therein, upon any certificate, report, opinion or other document furnished to the Trustee pursuant to any provisions of this Resolution. Except as otherwise expressly provided in this Resolution, any request, consent, certificate, demand, notice, order, appointment or other direction made or given by the Authority to the Trustee or the Paying Agents shall be deemed to have been sufficiently made or given by the proper party or parties if executed on behalf of the Authority by an officer of the Board.

SECTION 6.5. When Trustee Not Required to Act. None of the provisions contained in this Resolution shall require the Trustee to spend or risk its own funds or otherwise incur individual financial responsibility in the

performance of any of its duties or in the exercise of any of its rights or powers, if there are reasonable grounds for believing that the repayment thereof is not reasonably assured to it under the terms of this Resolution.

SECTION 6.6. Compensation of Trustee. The Trustee shall be entitled to reasonable compensation for all services rendered by it in the execution, exercise and performance of any of the powers and duties to be exercised or performed by the Trustee, pursuant to the provisions of this Resolution or any Supplemental 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 upon request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions hereof (including the reasonable compensation and expenses and disbursements of counsel for the Trustee, and of any persons not regularly in the employ thereof). Subject to the provisions of Section 6.3 hereof, the Trustee shall be entitled to indemnity from the Authority against any loss, liability or expense incurred on the part of the Trustee arising out of or in connection with the acceptance or administration of the powers and duties of the trust created pursuant to the provisions of this Resolution, including the cost and expense of defending against any claim or liability in the premises, and, to the extent permitted by law, the Trustee shall have a lien or claim for payment of such compensation, expenses and disbursements of counsel, losses, liabilities and expenses prior to that of the holders of the Bonds upon any funds held by it under this Resolution.

SECTION 6.7. No Liability of Trustee for Correctness of Recitals. The Trustee shall not be responsible in any manner whatsoever for the correctness of the recitals, statements and representations herein or in the Bonds, all of which are made by the Authority solely. The Trustee makes no representations as to the value or condition of the Airport or any part thereof, or as to any other addition or improvement to the Airport, or as to the right, title and interest of the Authority in the Airport or any other addition or improvement to the Airport, or as to the lien created by this Resolution, or as to the validity of this Resolution or of the Bonds issued hereunder, and the Trustee shall incur no liability or responsibility in respect of any such matters. The Trustee shall not have any responsibility as to the amount of Bonds issued or Outstanding at any time.

SECTION 6.8. Evidence on Which Trustee may Rely; Rights of Trustee to Deal in Bonds and Any Other Obligations of the Authority. Subject to the provisions of Section 6.3, in case at any time it shall be necessary or desirable for

the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything, and in any case in which this Resolution provides for permitting or taking any action, the Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Resolution, and any such certificate shall be evidence of such fact to protect it in any action that it may or may not take or in respect of anything it may or may not do, by reason of the supposed existence of such fact.

The Trustee and its directors, officers, employees or agents, may in good faith buy, sell, own and hold any of the Bonds issued under the provisions of this Resolution, and may join in any action which any Bondholder may be entitled to take with like effect as if such Trustee were not the Trustee under the Resolution. The Trustee may in good faith hold any other form of indebtedness of the Authority; own, accept or negotiate any drafts, bills or exchange, acceptances or obligations thereof; make disbursements therefor and enter into any commercial or business arrangement therewith. The Trustee shall not be deemed to have any conflict of interest solely by reason of any such transaction.

ARTICLE VII

AMENDING AND SUPPLEMENTING THIS RESOLUTION EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND OWNERSHIP OF BONDS; MEETINGS OF BONDHOLDERS; BONDS NOT OUTSTANDING HEREUNDER

SECTION 7.1. Amending and Supplementing This Resolution Without Consent of Bondholders. The Authority, from time to time and at any time and without the consent or concurrence of any Bondholder, may adopt a Supplemental Resolution, (i) for the purpose of authorizing the issuance of Bonds pursuant to the provisions of Article II hereof; (ii) to make any changes, modifications, amendments or deletions to this Resolution that may be required to permit this Resolution to be qualified under the Trust Indenture Act of 1939 of the United States of America or (iii) if the provisions of such Supplemental Resolution shall not adversely affect the rights of the Bondholder, for any one or more of the following purposes:

(a) to make any changes or corrections in this Resolution or any Supplemental Resolution as to which the Authority shall have been advised by counsel that the same are verbal corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in this Resolution or Supplemental Resolution, or to insert in this Resolution such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable;

(b) to add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds;

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

(d) to confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provisions of this Resolution or any Supplemental Resolution;

(e) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them, or to grant to or to confer upon the Trustee for the benefit of the Bondholders any additional rights, duties, remedies, power or authority; and

(f) to provide for the issuance of Bonds in book-entry or coupon form, if at the time permitted by applicable law.

Except for Supplemental Resolutions authorizing the issuance of Bonds pursuant hereto, or required to permit this Resolution to be qualified under the Trust Indenture Act of 1939 of the United States of America, no Supplemental Resolution shall be adopted unless in the Opinion of Counsel (which opinion may be combined with the opinion required by Section 7.4 hereof) the adoption of such Supplemental Resolution is permitted by the foregoing provisions of this Section and the provisions of such Supplemental Resolution do not adversely affect the rights of the Bondholders of the Bonds then Outstanding.

SECTION 7.2. Amendment of Resolution with Consent of Bondholders. With the consent of the Bondholders of not less than fifty-one percent (51%) in principal amount of the aggregate amount of Bonds then Outstanding, the Authority from time to time and at any time may adopt a Supplemental Resolution for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Resolution, or modifying or amending the rights and obligations of the Authority hereunder, or modifying or amending in any manner the rights of the Bondholders; provided that, without the specific consent of the holders of all Bonds Outstanding which would be affected thereby, no Supplemental Resolution amending or supplementing the provisions hereof shall: (a) change the fixed maturity date for the payment of the principal of any Bond, or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any Bond or the rate of interest thereon or the premium payable upon the redemption or prepayment thereof; or (b) reduce the aforesaid percentage of Bonds, the Bondholders of which are required to consent to any Supplemental Resolution amending or supplementing the provisions of this Resolution; or (c) give to any Bond any preference over any other Bond secured hereby. A modification or amendment of the provisions of Article IV hereof with respect to the Airport Improvement Bond Fund or any other funds or accounts established hereby shall not be deemed a change in the terms of payment; provided that no such modification or amendment shall, except upon the consent of the holders of all Outstanding Bonds affected thereby, reduce the amount or amounts required to be deposited in the Airport Improvement Bond Fund. Nothing in this paragraph contained, however, shall be construed as making necessary the approval of the Bondholders of the adoption of any Supplemental Resolution authorized by the provisions of Section 7.1 hereof.

The proof of the giving of any consent required by this Section and of the ownership of Bonds for the purpose

of giving consents shall be made in accordance with the provisions of Section 7.6 hereof. It shall not be necessary that the consents of the Bondholders approve the particular form of wording of the proposed amendment or supplement or of the Supplemental Resolution effecting such amendment or supplement, but it shall be sufficient if such consents approve the substance of the proposed amendment or supplement, as determined by the Authority (which may consult with, and rely upon, advice of legal counsel in making such determination). After the Bondholders of the required percentage of Bonds shall have filed their consents to the amending or supplementing hereof pursuant to this section, the Authority shall mail notice setting forth the substance of the proposed amendment or supplement, postage prepaid to each holder of Bonds then Outstanding at his address, if any, appearing upon the books of registry. Nothing in this paragraph contained, however, shall be construed as requiring the giving of notice of any amending or supplementing of this Resolution authorized by this section. A record consisting of the papers required by this section shall be filed with the Authority and shall be proof of the matters therein stated until the contrary is proved. No action or proceeding to set aside or invalidate such Supplemental Resolution or any of the proceedings for its adoption shall be instituted or maintained unless such action or proceeding is commenced within sixty (60) days after the mailing of the notice required by this paragraph.

SECTION 7.3. Notation upon Bonds; Bonds Delivered upon Amendments. Bonds delivered after the effective date of any action taken as provided in this Article may bear a notation as to such action, by endorsement or otherwise and in form approved by the Authority. In that case, upon demand of the Bondholder of any Bonds Outstanding at such effective date and the presentation of his or her Bonds at the principal office of the transfer agent or registrar hereunder for such Bonds and at such additional offices, if any, as the Authority may select and designate for that purpose, a suitable notation shall be made on such Bonds.

SECTION 7.4. Effectiveness of Supplemental Resolution. Upon the adoption pursuant to this Article and of applicable law by the Authority of any Supplemental Resolution amending or supplementing the provisions of this Resolution and the delivery of an Opinion of Counsel that such Supplemental Resolution is in due form, that it has been duly adopted in accordance with the provisions hereof and applicable law, that the provisions thereof are valid, and that any consents required hereunder from Bondholders have been duly obtained, or upon such later date as may be specified in such Supplemental Resolution, (i) this Resolution and the Bonds shall be modified and amended in accordance with such Supplemental Resolution; (ii) the respective rights, limitations of rights, obligations,

duties and immunities under this Resolution of the Authority, any Paying Agent and the Bondholders shall thereafter be determined, exercised and enforced under this Resolution subject in all respects to such modifications and amendments; and (iii) all of the terms and conditions of any such Supplemental Resolution shall be a part of the terms and conditions of the Bonds and of this Resolution for any and all purposes.

SECTION 7.5. Supplemental Resolution Affecting Trustee or Paying Agent. No Supplemental Resolution changing, amending or modifying any of the rights, duties and obligations of the Trustee or any Paying Agent may be adopted by the Authority or be consented to by Bondholders without written consent of such Trustee or Paying Agent, respectively.

SECTION 7.6. Consents, etc., of Bondholders; Proof of Ownership of Bonds. Any consent, request, direction, approval, objection or other instrument required by this Resolution to be signed or executed by the holders of Bonds may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such holders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and, subject to the provisions of Section 2.5 hereof, of the ownership of Bonds, if made in the manner hereinafter in this section set forth shall be sufficient for any of the purposes of this Resolution and shall be conclusive in favor of the Authority with regard to any action taken under such request or other instrument. The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgements within such jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution. The fact of ownership by any person of Bonds shall be proved by the registration books maintained pursuant hereto. For all purposes of this Resolution and of the proceedings for the enforcement hereof, such persons shall be deemed to continue to be the holder of such Bonds until the Authority shall have received notice in writing to the contrary.

Nothing contained in this section shall be construed as limiting the Authority in its discretion, to the proof above specified, it being intended that the Authority in its discretion may accept any other evidence of the matters herein stated which to it may seem sufficient. Any consent, request, direction, approval or vote of the holder of any Bond shall bind and be conclusive upon the holder of such Bond giving such consent, request,

direction or approval or casting such vote and upon every future holder of the same Bond in respect of anything done or suffered to be done by the Authority or otherwise or by the holders of other Bonds, in pursuance of such consent, request, direction, approval or vote, and whether or not such future holder has knowledge of or information as to such consent, request, direction, approval or vote; provided that any consent, request, direction, approval or vote of the holder of a Bond required by any of the provisions hereof may be revoked by the holder giving such consent, request, direction, approval or vote or by a subsequent holder if such revocation in writing is filed with the Authority prior to the time when the consent, request, direction, approval or vote of the percentage of the holders of the Bonds required by such provision shall have been given and action taken by the Authority or otherwise, or by the holders of other Bonds.

SECTION 7.7. Meetings of Bondholders. The Authority or the holders of not less than twenty per cent (20%) in principal amount of the Bonds then Outstanding may at any time call a meeting of the holders of the Bonds for any one or more of the following purposes: (1) to consent to, approve, request or direct any action required to be consented to or approved by the holders of the Bonds hereunder (including, without limitation to consent to amendments or supplements hereto or to waive any default or Event of Default or its consequences) or which they may request or direct hereunder to be taken; (2) to give any notices to the Authority or the Trustee; (3) to take any other action that holders of the Bonds may take hereunder; and (4) for any other purposes concerning the payment, security or enforcement of the Bonds.

Every such meeting of the holders of the Bonds shall be held at such place, in the City of New York, State of New York, or in the City of Chicago, State of Illinois, or in the City of Memphis, State of Tennessee, as may be specified in the notice of such meeting, stating the place and time of the meeting and in general terms the business to be submitted and such notice shall be mailed by the Authority or the holders of the Bonds calling such meeting, at least thirty (30) days preceding the meeting to the holders of the Series 1988 Bonds at their addresses as they appear on the books of registry or at such addresses as they may have filed with the Authority for that purpose.

Attendance and voting by holders of Bonds at meetings thereof may be in person or by proxy. Bondholders may, by an instrument in writing under their hands, appoint any person or persons, with full power of substitution, as their proxy to attend and vote at any meeting for them. The right of a proxy for a holder of a Bond to attend a meeting and act and vote thereat may be proved (subject to the right

of the Authority or the Trustee to require additional proof) by the written instrument executed by such holder.

Any holder of a Bond shall be entitled in person or by proxy to attend and vote at such meeting as holder of the Bond or Bonds registered in his name without producing such Bond or Bonds (unless the Bond or Bonds described in any such certificate shall be registered in the name of or be produced by some other person at such meeting). Such person and their proxies shall, if required, produce such proof of personal identity as shall be satisfactory to the Secretary of the meeting. All other persons seeking to attend or vote in such meeting must produce the Bond or Bonds claimed to be owned or represented at such meeting.

Persons named by the Authority, or elected by the holders of a majority in principal amount of the Bonds represented at the meeting in person or by proxy in the event the Authority is not represented at such meeting, shall act as temporary Chairman and temporary Secretary of any meeting of holders of Bonds. A permanent Chairman and a permanent Secretary of such meeting shall be elected by the holders of a majority in principal amount of the Bonds represented at such meeting in person or by proxy. The permanent Chairman of the meeting shall appoint two Inspectors of Votes. All instruments appointing proxies presented at such meeting shall be delivered to the Inspectors of Votes and filed with the Secretary of the meeting. The Inspectors of Votes shall count all votes cast at such meeting except votes on the election of Chairman and Secretary as aforesaid, and shall make and file with the Secretary of the meeting and the Authority their verified report of all such votes cast at the meeting.

Officers or nominees of the Authority may be present or represented at any meeting of the holders of the Bonds and take part therein, but shall not be entitled to vote thereat, except for such officers or nominees who are holders of Bonds or proxies for holders of Bonds.

The holders of the same principal amount of the Bonds required by other provisions hereof to consent to, approve, request or direct any action proposed to be taken at a meeting of holders of the Bonds, or required by other provisions hereof to take any other action proposed to be taken at such meeting, must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of such business, less than a quorum, however, having power to adjourn the meeting from time to time without other notice of such adjournment than the announcement thereof at the meeting; provided, however, that if such meeting is adjourned by less than a quorum for more than ten (10) days, notice of such adjournment shall be published once by the Authority or the holders of the Bonds

calling the meeting at least five (5) days prior to the adjourned date of the meeting in The Bond Buyer, in New York, New York, or in lieu of publication in The Bond Buyer, in The Wall Street Journal or some other newspaper or journal specializing in financial matters printed in the English language and customarily published on each business day and having circulation in the City of New York, New York.

The votes of the holders of the same principal amount of the Bonds required by other provisions hereof to consent to, approve, request or direct any action hereunder shall be required to consent to, approve, request or direct any such action taken at a meeting of the holders of the Bonds. The vote at any such meeting of the holder of any Bond, or his proxy, entitled to vote thereat, shall be binding upon such holder and upon every subsequent holder of such Bond (whether or not such subsequent holder has notice thereof) if the voters of the required percentage of the holders of the Bonds have been cast and action taken by the Authority, the Trustee or by the holders of other Bonds under authority of such votes.

SECTION 7.8. Certain Bonds Deemed Not Outstanding Hereunder. In determining whether the holders of the requisite aggregate principal amount of Bonds have consented to the amending or supplementing of this Resolution as provided in Section 7.2 hereof or have concurred in any waiver of an Event of Default as defined in Section 8.1 hereof, or have concurred in any other direction or consent regarding this Resolution, Bonds which are owned or controlled directly or indirectly by the Authority or by any creating or participating municipality (within the meaning of the terms "creating municipality" and "participating municipality" as defined in the Metropolitan Airport Authority Act) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that for the purpose of determining whether the Authority shall be protected in relying on any such waiver, direction or consent, only Bonds which the Authority knows are so owned shall be so disregarded.

ARTICLE VIII

DEFAULTS AND REMEDIES

SECTION 8.1. Events of Default; Notice to Bondholders; Declaration of Principal and Interest Due. The happening of one or more of the following events shall constitute an "Event of Default":

(a) if default shall be made in the due and punctual payment of the principal of or interest or premium (if any) on any Bond when and as the same shall become due and payable;

(b) if the Authority shall have defaulted in the performance or observance of any of the other covenants, agreements or conditions contained in this Resolution or in the Bonds, and such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Outstanding Bonds;

(c) if the Authority shall (i) admit in writing its inability to pay its debts generally as they come due, (ii) file a petition in bankruptcy or take advantage of any insolvency act, (iii) make an assignment for the benefit of its creditors (iv) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (v) on a petition in bankruptcy filed against the Authority, be adjudicated as bankrupt;

(d) if the Authority shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any State thereof, or if a court of competent jurisdiction shall enter an order, judgment or decree appointing, without the consent of the Authority, a receiver of the Authority, or of the whole or any substantial part of its property, or approving a petition filed against the Authority seeking reorganization of the Authority under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof; or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall

assume custody or control of the Authority or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within sixty (60) days from the date of assumption of such custody or control.

The Trustee shall give written notice by mail to all the holders of Bonds as their names and addresses appear upon the books of registry of all Events of Default known to the Trustee, within thirty (30) days after the occurrence thereof, unless the Event of Default shall have been cured before the giving of such notice.

In each and every case of an Event of Default, and during the continuance of such Event of Default, unless cured by the Authority within thirty (30) days after written notice thereof, and unless the principal of all the Bonds shall have already become due and payable, the Trustee by notice in writing to the Authority, may, and upon the written request of the holders of not less than twenty-five (25%) in principal amount of the Outstanding Bonds shall, declare the principal of all the Outstanding Bonds, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Resolution or in the Bonds contained to the contrary notwithstanding.

The aforesaid declaration, however, is subject to the condition that if at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered as hereinafter provided, the Authority shall pay to or shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all Bonds, with interest at the rate borne by the Bonds on such overdue principal and premium, if any, and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal and of interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured or adequate provisions shall have been made therefor, then and in every case, the holders of at least a majority in aggregate principal amount of the Outstanding Bonds, by written notice to the Authority and the Trustee, may, on behalf of the holders of all the Bonds, rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon.

SECTION 8.2. Action of Trustee in Event of Default. Upon the occurrence of an Event of Default of which the Trustee has actual knowledge and at all times thereafter while such default shall continue, the Trustee shall become vested with all the estate, properties, rights, trusts, duties and obligations of the Trustee hereunder and shall enter into and take possession of, or supervision over, the funds and accounts continued or created under this Resolution, including a Construction Fund created under any Supplemental Resolution, and collect and receive and apply all Revenues and other moneys held hereunder in the same manner as the Authority itself might do, and shall act in place of the Authority in the exercise of all rights and duties of the Authority hereunder.

The Trustee in case of an Event of Default may, and upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, shall, exercise any or all of the following remedies to the extent that the same shall then be legally available:

(a) The Trustee may proceed to protect and enforce its rights and the rights of the holders of the Bonds by a suit or suits in equity, in bankruptcy or at law, either in mandamus or for the specific performance of any covenant or agreement contained herein or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, may deem most effectual to protect and enforce any of the rights or interests under the Bonds and/or this Resolution. The Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered (i) to institute any action or proceedings at law or in equity for the collection of all fees and charges, rents or sums, as the case may be, due and unpaid under any lease or other agreement to which the Authority is a party, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the other party to such lease or other agreement and collect in the manner provided by law out of the property of such party wherever situated the moneys adjudged or decreed to be payable, and (ii) 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 Bonds allowed in any equity, receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization or other similar proceedings relative to the Authority or any party to a lease or agreement with the Authority. All rights of action under this Resolution or under any of the Bonds may be enforced by the Trustee without the possession of any

of the Bonds or the production thereof on any trial or other proceeding relative thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, and any recovery of judgment shall be for the ratable benefit of the holders of the Bonds;

(b) The Trustee may proceed by appropriate proceedings in any court of competent jurisdiction in the Event of Default in the payment of principal or of interest on any Bonds, to obtain the appointment of a receiver for the Airport, which receiver may enter upon and take possession of the Airport and fix rates and charges and collect all Revenues arising therefrom in as full a manner and to the same extent as the Authority itself might do. The receiver shall collect and dispose of Revenues in accordance with the terms and conditions of this Resolution or as the court shall direct.

The Trustee is hereby appointed, and the holders of the Bonds from time to time shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney in fact of the respective holders of the Bonds, with authority to make or file, in the respective names of the holders of the Bonds, with or on behalf of all holders of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other documents; to receive payment of all sums becoming distributable on account thereof; and to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of all holders of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claims of the holders of the Bonds against the Authority allowed in any equity receivership, insolvency, liquidation, bankruptcy or other proceedings to which the Authority shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers.

SECTION 8.3. Effect of Delay or Omission; Waiver of Default. No delay or omission of the Trustee or of any holder of any of the Bonds to exercise any right or power arising from any default on the part of the Authority shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Trustee or Bondholders of any such default, whether such waiver be full or partial, shall extend to or be taken to effect any subsequent default, or to impair the rights resulting therefrom, except as may be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing.

SECTION 8.4. Suits or Actions by Bondholders.

Except as otherwise specifically permitted hereby, no Bondholder shall have any right to institute or prosecute any suit or proceeding at law or in equity for the appointment of a receiver of the Authority, for the enforcement of any of the provisions hereof or of any remedies hereunder unless the Trustee, after a request in writing by the holders of twenty-five per cent (25%) in aggregate principal amount of the Outstanding Bonds, and after the Trustee shall have been assured such reasonable indemnity as it may require, shall have neglected for sixty (60) days to take such action; provided, however, that the right of any holder of any Bond to receive payment of principal or interest, or both, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the consent of such holder.

SECTION 8.5. Bondholders' Meeting in Event of Default. In the event that the Trustee shall have failed or refused to comply with the written request or direction of the holders of Bonds in accordance with Section 8.4 hereof, the holders of not less than twenty per cent (20%) in principal amount of the Bonds then Outstanding may call a meeting of the holders of Bonds for the purpose of electing a committee of Bondholders (hereinafter referred to as "Bondholders' Committee"). Such meeting shall be called and proceedings thereat shall be conducted as provided for other meetings of Bondholders pursuant to Section 7.7 hereof. At such meeting the holders of not less than a majority in principal amount of the Bonds 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 such meeting the Bondholders present in person or by proxy may, by a majority of the votes cast, elect one or more persons, who may or may not be Bondholders, to the Bondholders' Committee which shall act as trustee for all Bondholders. The Bondholders present in person or by proxy at such meeting, or at any adjourned meeting thereof, (i) shall prescribe the manner in which the successors of the persons elected to the Bondholders' Committee at such meeting shall be elected or appointed; (ii) may prescribe rules and regulations governing the exercise by the Bondholders' Committee of the power conferred upon it herein, and (iii) may provide for the termination of the existence of the Bondholders' Committee. The Bondholders' Committee elected by the Bondholders in the manner herein provided, and their successors, as a committee, are hereby declared to be trustees for the holders of all the Bonds then Outstanding, and are empowered to exercise in the name of the Bondholders' Committee as trustee all the rights and powers conferred in this Article VIII on the Trustee or any Bondholder.

ARTICLE IX

DEFEASANCE; MONEYS HELD FOR PAYMENT OF DEFEASED BONDS

SECTION 9.1. Discharge of Liens and Pledges;
Bonds No Longer Deemed to Be Outstanding Hereunder. The obligations of the Authority under this Resolution (including all Supplemental Resolutions) and the liens, pledges, charges, trusts, covenants and agreements of the Authority herein made or provided for, shall be fully discharged and satisfied as to any Bond and such Bond shall no longer be deemed to be Outstanding hereunder:

(a) when such Bond shall have been cancelled, or shall have been surrendered for cancellation and is subject to cancellation; or shall have been purchased by the Authority from moneys in the Airport Improvement Bond Fund;

(b) as to any Bond not cancelled or so purchased or so surrendered for cancellation and subject to cancellation, when (i) payment of the principal and the applicable premium of such Bond, plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or otherwise) shall have been made or caused to be made in accordance with the terms thereof, or (ii) payment of the principal and the applicable premium of such Bond, plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or otherwise) shall have been provided by irrevocably depositing with a Paying Agent, in trust, and irrevocably appropriating and setting aside exclusively for such payment (1) moneys sufficient to make such payment or (2) Government Obligations as hereinafter defined 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, or (3) a combination of both such moneys and Government Obligations, and (4) payment of all necessary and proper fees, costs, and expenses of the Paying Agents and Registrar for such Bonds satisfactory to the Paying Agents and Registrar shall have been made in connection with the Bonds.

Notwithstanding the foregoing, in the case of a Bond which by its terms may be redeemed or otherwise prepaid prior to the stated maturity thereof, and which the Authority elects to redeem or prepay, no deposit under clause (ii) of subparagraph (b) above shall constitute such payment, discharge and satisfaction as aforesaid until such

Bond shall have been irrevocably called or designated for redemption or prepayment and proper notice of such redemption or prepayment shall have been previously mailed in accordance with Section 2.4 of this Resolution or any applicable provision of the Supplemental Resolution authorizing the issuance of such Bonds, or irrevocable provision shall have been made for the giving of such notice; provided that nothing in this Article shall require or be deemed to require the Authority to elect to redeem or prepay any such Bond. In the event the Authority elects to redeem or prepay any such Bond, nothing in this Article shall require or be deemed to require the redemption or prepayment as of any particular date or dates.

Any moneys deposited with a Paying Agent as provided in this section may also be invested and reinvested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of a Paying Agent pursuant to this section which is not required for the payment of the Bonds and interest and premium thereon with respect to which such moneys shall have been so deposited shall be paid to the Authority.

Notwithstanding any provision of any other Article of this Resolution which may be contrary to the provisions of this Article, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest and premium, if any, thereof) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof) with respect to which such moneys and Government Obligations have been so set aside in trust.

Anything in Article VII hereof to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with a Paying Agent pursuant to this section for the payment of Bonds and such Bonds shall be deemed to have been paid in full, no amendment to the provisions of this Article shall be made without the consent of the holders of each Bond affected thereby.

The Authority may at any time cause to be cancelled any Bonds previously executed and delivered, which the Authority may have acquired in any manner whatever, and such Bonds upon such surrender for cancellation shall be deemed to be paid and no longer Outstanding hereunder. Bonds shall continue to be Outstanding under this Resolution notwithstanding that they have been tendered for purchase and remarketing in accordance with proceedings relating to the issuance thereof unless such Bonds shall be surrendered by the Authority for cancellation as provided herein.

For purposes of this section Government Obligations shall mean (a) any of the Investment Securities defined in clauses (i), (ii), (iii) or (iv) of Section 1.1 hereof, (b) Refunded Municipal Obligations, and (c) evidences of ownership of a proportionate interest in specified Refunded Municipal Obligations, which Refunded Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state or possession thereof in the capacity as custodian. Such Government Obligations shall be either (i) non-callable, or (ii) not subject to redemption prior to the stated maturity date of Bonds being defeased or (iii) have theretofore been irrevocably called such that the redemption date is the equivalent of the stated maturity of Bonds being defeased.

Anything in the Resolution to the contrary notwithstanding, the payment of (i) the purchase price of any Variable Rate Bonds not then due in accordance with their terms and tendered for purchase pursuant to the terms of the Remarketing Agreement, or similar agreement, or (ii) any Bonds not then due in accordance with their terms and with a draw, borrowing or payment under a Support Facility shall not be deemed payment pursuant to Article IX hereof and such Bonds shall be and remain Outstanding; provided, however, that with respect to (ii) above, a reimbursement or other payment by the Authority with respect to a draw, borrowing or payment under a Support Facility for a Bond then due in accordance with its terms may be deemed to be payment for the purposes of Article IX.

SECTION 9.2. Release of Resolution. Subject to Section 9.1 hereof, when all the Bonds shall be deemed to be paid in accordance with the provisions of Section 9.1 hereof, then and in that case all right, title and interest of the Bondholders under this Resolution shall thereupon cease, determine and become void, and the Paying Agent shall turn over to the Authority any surplus moneys and balances remaining in any of the Funds and Accounts created in or held under this Resolution, other than moneys and Government Obligations held by it pursuant to Section 9.1 hereof or the provisions of Section 9.3 hereof for the redemption, payment or prepayment of Bonds; otherwise, this Resolution shall be, continue and remain in full force and effect.

SECTION 9.3. Bonds Not Presented for Payment When Due; Moneys Held for the Bonds after Due Date of Bonds. Subject to the provisions of the next sentence of this paragraph, if any Bond shall not be presented for payment when the principal thereof shall become due, whether at maturity or at the date fixed for the redemption or prepayment thereof or otherwise, and if moneys or Government Obligations (which for the purposes of this Section shall have the meaning as used in Section 9.1) shall at such due

date be held by a Paying Agent therefor, in trust for that purpose sufficient and available to pay the principal of and premium, if any, on such Bond, together with all interest due on such Bond to the due date thereof or to the date fixed for redemption thereof, all liability of the Authority for such payment shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold said moneys or Government Obligations without liability to the holder of such Bond for interest thereon, in trust for the benefit of such holder who thereafter shall be restricted exclusively to said moneys or Government Obligations for any claim of whatever nature on his part on or with respect to such Bond including for any claim for the payment thereof. Any such moneys or Government Obligations held by a Paying Agent for the Bondholders of such Bonds for three (3) years after the principal of the respective Bonds with respect to which such moneys or Government Obligations have been so set aside has become due and payable and remains unpaid (whether at maturity or upon redemption or prepayment or otherwise) shall be paid to the Authority and unless demand for the payment of such Bonds shall have been made, the obligation thereon shall be extinguished and such Bonds shall be deemed no longer Outstanding; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Paying Agent may (at the cost of the Authority) first mail to the Bondholders of any Bonds remaining unpaid at the addresses shown on the books of registry maintained by the Registrar a notice, in such form as may be deemed appropriate by the Paying Agent, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the repayment thereof.

ARTICLE X

SPECIAL FACILITY BONDS

SECTION 10.1. Special Facility Bonds and Special Facility Leases. Anything in this Resolution to the contrary notwithstanding, the Authority may enter into contracts, leases or other agreements pursuant to which the Authority will agree to construct a hangar, overhaul, maintenance or repair building or shop, or other aviation or space or airport or air navigation facility, including hotels, garages and other buildings and facilities incident or related to the Airport, on land constituting part of the Airport or will agree to acquire or construct a hangar, overhaul, maintenance or repair building or shop, or other aviation or space or airport or air navigation facility, including hotels, garages and other buildings and facilities incident or related to the Airport, on land not then constituting part of the Airport (which land if not then owned by the Authority may be acquired for such purpose), or to acquire and remodel, renovate or rehabilitate a building, structure, or other facility (including the site thereof) for aviation or space or airport or air navigation purposes (all said hangars, buildings, shops, or other structures and facilities being referred to in this section as the "Special Facility"), and lease such Special Facility under the following conditions:

1. No Special Facility will be constructed or acquired and leased for use or occupation under this section: (a) if the Special Facility would provide services, facilities, commodities or supplies which then may be adequately made available through the Airport as then existing, and (b) if the use or occupation of such Special Facility under the contract, lease or agreement therefor would result in an estimated reduction of Revenues below the minimum amount of Revenues covenanted to be produced and maintained in accordance with Section 5.2 hereof;

2. A Special Facility Lease (hereinafter defined in this subparagraph) shall be entered into between the Authority, as lessor, and the user or occupier of such Special Facility, as lessee, pursuant to which the lessee shall agree to pay the Authority in each year during the term thereof, which term shall not extend beyond the useful life of the Special Facility as estimated by the Authority: (i) fixed rentals (referred to in this section as the "fixed rentals") in periodic installments which will be sufficient to pay during such term as the same respectively becomes due the principal of and interest on all Special Facility Bonds to be issued pursuant to this section to pay the

cost of construction or acquisition of the Special Facility; (ii) such further rentals as shall be necessary or required to provide or maintain all reserves required for such Special Facility Bonds and to pay all trustee's, fiscal agents' and paying agents' fees and expenses in connection therewith; and (iii) unless a ground rental shall be provided for in accordance with and pursuant to the next subparagraph of this section, additional rental payable in periodic installments and free and clear of all charges under such Special Facility Lease, in an amount equal to a properly allocable share of the administrative costs of the Authority arising out of such Special Facility Lease and the issuance and servicing of such Special Facility Bonds; provided that, if the Authority shall determine that payment, other than payments under the Special Facility Lease, adequately compensate the Authority for administrative costs arising out of such Special Facility and the issuance and servicing of such Special Facility Bonds, no such rental need be imposed;

3. If the land on which the Special Facility is to be constructed constitutes a part of the Airport, the Special Facility Lease referred to in subparagraph 2 above of this section shall provide for payment to the Authority of a ground rental for the ground upon which such Special Facility is or is to be located. Such ground rental shall be payable in periodic installments in amounts not less than shall be required pursuant to the schedule for rental of ground space in the Airport as fixed from time to time by the Authority; shall be free and clear of all charges under said Special Facility Lease; shall be in addition to the rentals required by subparagraph 2 above of this section; and shall constitute Revenues and be paid into the Revenue Fund, to be used and applied as are other moneys deposited therein; provided that, if the Authority shall determine that payments by the lessee, other than payments under the Special Facility Lease, adequately compensate the Authority for administrative costs arising out of such Special Facility and the issuance and servicing of such Special Facility Bonds, no such rental need be imposed; and

4. If the Special Facility is located on land included in the Airport, the Special Facility Lease shall provide that all rentals payable thereunder pursuant to subparagraph 2 above of this section which are not required to pay the Special Facility Bonds issued for the Special Facility leased thereby (including reserves for such Special Facility Bonds) or required to pay trustee's, fiscal agents' and paying agents' fees and expenses in connection therewith, or required to pay the aforesaid administrative costs of

the Authority, shall be paid to the Authority for its own use and purposes. To the extent permitted by law, such excess amounts shall constitute Revenues and be paid into the Revenue Fund, to be used and applied as are other moneys deposited therein.

For the purposes of this section, the term "Special Facility Lease" shall mean a lease of property encompassed within the introductory sentence of this section, under and pursuant to which the lessee agrees to pay to the Authority the rentals required by subparagraphs 2 and 3 above of this section, and to pay in addition all costs connected with the ownership, operation, maintenance, repair, renewals and rehabilitation of the leased property (including, without limitation, insurance, utilities, taxes or payments in lieu of taxes and assessments) under such conditions so that the amounts payable to the Authority pursuant to said lease (exclusive of the additional rental payable pursuant to clause (iii) of said subparagraph 2 and of the ground rental, if any, payable pursuant to said subparagraph 3) shall be certainly paid free and clear of all charges and whether or not the leased property is used and occupied, or capable of being used and occupied, by the lessee.

Anything in this Resolution to the contrary notwithstanding, the Authority may issue Special Facility Bonds for the purpose of constructing a Special Facility on ground then constituting part of the Airport or on ground not then constituting part of the Airport (which ground may then be owned by the Authority or acquired for that purpose), or to acquire and renovate and rehabilitate a Special Facility (including the acquisition of necessary land), for lease pursuant to the provisions of this section. Such Special Facility Bonds (i) shall be payable solely from the rentals payable pursuant to subparagraph 2 above of this section by the lessee under the Special Facility Lease entered into with respect to the Special Facility to be financed from such Special Facility Bonds; (ii) shall not be a charge or claim against or payable from or secured by the Revenues or any other moneys held hereunder; (iii) shall mature within both the useful life of the Special Facility (as estimated by the Authority) to be financed from such Special Facility Bonds and the term of the Special Facility Lease entered into with respect to such Special Facility; and (iv) shall not be issued unless and until the following conditions have been met:

(A) The Authority shall find and determine, and an Airport Consultant (defined in Section 2.2 hereof) shall concur in a written opinion filed with the Authority, (i) the estimated useful life of the Special Facility, the costs of acquisition or construction of

which are to be financed from such Special Facility Bonds; (ii) that the construction or acquisition and leasing for use or occupation of such Special Facility would not violate the conditions of subparagraph 1 above of this section; (iii) that the lease referred to in subparagraph 2, 3 and 4 above of this section has been entered into; (iv) that the payments to be made by the lessee pursuant to the provisions of subparagraph 2 above of this section would be sufficient to pay the principal of and interest and premium (if any) on such Special Facility Bonds as the same become due and to pay all trustee's, fiscal agents' and paying agents' fees and expenses in connection therewith; (v) that the additional rental, if any, to be paid pursuant to clause (iii) of subparagraph 2 above of this section would be fair and reasonable, and (vi) that the ground rental required by subparagraph 3 above of this section, if any, would be in compliance with the schedules established by the Authority for the rental of lands of the Airport; and

(B) There shall have been filed with the Authority an Opinion of Counsel to the Authority and of counsel to the lessee under the applicable Special Facility Lease, that the leases entered into pursuant to this section for the Special Facility to be financed from such Special Facility Bonds are valid and binding according to their terms and comply with the provisions of subparagraphs 2, 3 and 4 above of this section.

For purposes of determining the useful life of a Special Facility, if the Special Facility Lease requires the lessee thereunder to substitute and replace equipment in order to maintain a functionally useful Special Facility, the Authority and the Airport Consultant may consider that furnishings and equipment substituted and replaced during the term of the Special Facility Lease will extend the useful life thereof to the end of the term of the Special Facility Lease.

Outstanding bonds of an issue of Special Facility Bonds may be refunded by an issue of refunding Special Facility Bonds, provided that:

(1) the refunding Special Facility Bonds shall be secured by and payable solely from the rentals for that Special Facility from the rentals for which the Special Facility Bonds to be refunded were payable;

(2) the refunding will not decrease the rental, if any, for the Special Facility payable pursuant to subparagraph 3 of the first paragraph of this section;

(3) the Special Facility Lease for the Special Facility during the life of such refunding Special Facility Bonds shall comply with subparagraphs 2, 3 and 4 of the first paragraph of this section;

(4) the refunding Special Facility Bonds shall mature within the useful life of the Special Facility (as estimated by the Authority) and within the term of the new or amended lease entered into with respect to such refunding; and

(5) the provisions of paragraphs (A) and (B) above of this section shall be complied with with respect to such refunding Special Facility Bonds.

Special Facility Bonds issued pursuant to the provisions of this section may also be refunded by Additional Bonds if (i) all such Special Facility Bonds then Outstanding and unpaid pertaining to the particular Special Facility are refunded at one time from such Additional Bonds or are then otherwise retired; and (ii) the conditions contained in Sections 2.1 and 2.2 of this Resolution are complied with upon such refunding, and, for the purposes of any such refunding, such refunding shall be considered as though the Authority were acquiring such Special Facility by the issuance of such Additional Bonds.

If a Special Facility is located on land included in the Airport, upon the retirement of the indebtedness evidenced by the Special Facility Bonds issued therefor or evidenced by refunding Special Facility Bonds, all rentals and other income thereafter received by the Authority from the Special Facility for which such Special Facility Bonds were issued shall, to the extent permitted by law, constitute Revenues and be paid into the Revenue Fund, to be used and applied as are other moneys deposited therein, and if such rentals and other income shall then constitute Revenues, such Special Facility shall, unless contrary to law, then constitute part of the Airport for all purposes of this Resolution; provided, however, that if any such Special Facility Bonds are retired through the refunding thereof from the proceeds of Additional Bonds, such Special Facility in all events shall thereafter constitute part of the Airport for all purposes hereof.

ARTICLE XI

FORMS OF BONDS, ENDORSEMENT AND ASSIGNMENT PROVISIONS, CERTIFICATE OF AUTHENTICATION

SECTION 11.1. Forms of Bonds, Endorsement and Assignment Provisions, Certificate of Authentication. The form or forms of Bond for a particular series of Bonds, the form or forms of the certificate of authentication thereof, the form or forms of endorsement to appear thereon and the form or forms of assignment thereof shall be in the forms set forth in the Supplemental Resolution providing for the issuance of such series of Bonds.

ARTICLE XII

AMENDMENT OF GENERAL REVENUE BOND RESOLUTION

SECTION 12.1. Amendment of General Revenue Bond Resolution. A. Clauses 1, 2, 3 and 4 of Section 12 of the General Revenue Bond Resolution are hereby amended to read as follows (the words and terms used therein shall be as defined in the General Revenue Bond Resolution and not herein):

"1. Credits for the Debt Service Account. On the first business day of each month, commencing with the month which follows the month in which the first series of the Bonds is delivered and paid for and in each month thereafter so long as any of the Bonds are outstanding, the Authority shall credit to the Debt Service Account in the Revenue Fund the amounts required by Section 13 hereof in order to provide for the payment of the principal of and interest and premium, if any, on the Bonds.

"2. Payment of Costs of Operation and Maintenance. In each month after the credits required by the preceding clause 1 have been made, the Authority shall apply from time to time in such month to the payment of Costs of Operation and Maintenance the moneys then on deposit in the Revenue Fund (other than those on credit to the Debt Service Account therein, and also other than moneys required by the provisions hereof to be set aside and held in the Revenue Fund for use and application to specific purposes).

"3. Subordinate Indebtedness. In each month after the credits required by the preceding clause 1 have been made and the Costs of Operation and Maintenance incurred in such month or prior thereto have been paid or allowance made for such payment, and in the event the Authority has determined to issue bonds subordinate and junior to the lien on the Revenues of the Bonds, the Authority shall on the first business day of each month, commencing with the month which follows the month in which such bonds are delivered and paid for and in each month thereafter so long as any of such bonds remain outstanding, credit to a special account therefor amounts required by the Supplemental Resolution authorizing the issuance of such bonds to pay principal of, redemption premium, if any, and interest on such bonds.

"4. Reimbursement of Principal and Interest on Bonds Issued by Other Governmental Bodies. On the first business day of each month, commencing with the month which follows the month in which the first series of the Bonds is delivered and paid for and in each month thereafter so long as the Authority shall be required to make payments to the City of Memphis or the County of Shelby or other

municipality for the payment by such city, county or other municipality for the principal, interest and premium of bonds, notes or other evidences of indebtedness issued by it for the Airport, after the credits to the Debt Service Account required by the preceding clause 1 have been made, the Costs of Operation and Maintenance incurred in such month or prior thereto have been paid or allowance made for such payment and the credits to the special account required by the preceding clause 3 have been made, there shall be set aside in a separate account of the Authority under this Resolution that amount which, if the same amount were set aside in such account in each month thereafter prior to the next date on which the Authority is required to make payments to the City of Memphis or the County of Shelby or other municipality, as the case may be, for the payment by such city, county or other municipality of the principal of and interest and premium on the bonds, notes or other evidences of indebtedness issued by it for the Airport, the aggregate of the amounts so set aside in such separate account will on such next date be equal to the payment required to be made on such date by the Authority to the City of Memphis or the County of Shelby or such other municipality as the case may be.

"5. Use of Remaining Revenues. In each month after the credits required by the preceding clause 1 have been made, the Costs of Operation and Maintenance incurred in such month or prior thereto have been paid or allowance made for such payment, and the credits required by the preceding clauses 3 and 4 have been made, the Authority may apply to any of its lawful purposes any remaining moneys then on deposit in the Revenue Fund which are not on credit to the Debt Service Account therein or are not on credit to the special accounts referred to in the preceding clauses 3 and 4 or are not required for the payment of Costs of Operation and Maintenance or are not required by the provisions hereof to be set aside and held in the Revenue Fund for use and application to specific purposes; provided that in applying such remaining moneys the Authority shall at all times give due consideration to the future credits required to be made to the Debt Service Account and the special accounts referred to in the preceding clauses 3 and 4, to the Costs of Operation and Maintenance thereafter to be incurred, and to the amount of Revenues thereafter to be deposited in the Revenue Fund."

B. The last paragraph of subsection (M) of Section 16 of the General Revenue Bond Resolution is hereby amended to read as follows:

"Nothing in this Resolution, and particularly nothing in the preceding paragraph, shall prevent the Authority from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of

indebtedness: (1) which as to principal or interest, or both, are payable from the Revenues after and subordinate to the payment from the Revenues of the principal of and interest on the Bonds and after and subordinate to the payments and credits from the Revenues to be made pursuant to the provisions of Section 13 hereof to the Debt Service Account and for Costs of Operation and Maintenance and which are secured as to principal or interest, or both, by a lien and charge on the Revenues junior and inferior to the lien and charge on the Revenues of the Bonds and interest thereon and junior and inferior to the lien and charges on the Revenues of the payments and credits therefrom to be made pursuant to the provisions of Section 13 hereof to the Debt Service Account and for Costs of Operation and Maintenance; or (2) which as to principal or interest, or both, are payable from any other special fund to be maintained from the Revenues or from the Revenue Fund, if the payments into such special fund from the Revenues or from the moneys in the Revenue Fund, shall be made after and subordinate to the payment from the Revenues and the Revenue Fund of the principal of and interest on the Bonds and after and subordinate to the payments and credits from the Revenues to be made pursuant to the provisions of Section 13 hereof to the Debt Service Account and for Costs of Operation and Maintenance and which payments into such other special fund are secured by a lien and charge on the Revenues and the Revenue Fund, junior and inferior to the lien and charge thereon of the Bonds and interest thereon and junior and inferior to the lien and charge on the Revenues of the payments and credits therefrom to be made pursuant to the provisions of Section 13 hereof to the Debt Service Account and for Costs of Operation and Maintenance."

ARTICLE XIII

MISCELLANEOUS

SECTION 13.1. Resolution and Laws a Contract with Bondholders. This Resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Tennessee. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution and of said laws shall constitute a contract with the holder or holders of each Bond, and the obligations of the Authority under said laws and under this Resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the holders of any and all of said Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of said Bonds over any other thereof except as expressly provided herein.

SECTION 13.2. Benefits of Resolution Limited to Authority, Trustee, Bondholders and Paying Agents. Nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon or give to any person or corporation other than the Authority, the Trustee, the Paying Agents and the holders of the Bonds any rights, remedies or claims under or by reason of this Resolution or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in this Resolution contained by or on behalf of the the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agents and the holders of the Bonds.

SECTION 13.3. Term "Authority" Includes Successors. Whenever in this Resolution the Authority is named or referred to, it shall be deemed to include its successors and assigns, and all the covenants and agreements in this Resolution contained by or on behalf of the Authority shall bind and inure to the benefit of its successors and assigns whether so expressed or not.

SECTION 13.4. Severability. If any one or more of the covenants or agreements provided in this Resolution on the part of the Authority to be performed shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements, and

shall in no way affect the validity of the other provisions of this Resolution or of the Bonds issued hereunder.

SECTION 13.5. Article and Section Headings; Table of Contents. The headings or titles of the several Articles and sections hereof, and any table of contents appended hereto or to copies herof, shall be solely for convenience of reference and shall not affect the meaning or construction, interpretation or effect of this Resolution.

SECTION 13.6. Repealer. The General Revenue Bond Resolution shall remain in full force and effect so long as any General Revenue Bonds are Outstanding. All resolutions and parts of resolutions in conflict herewith be and the same are hereby repealed to the extent of such conflict.

SECTION 13.7. Effective Date of Resolution. This resolution shall be in effect from and after its passage.