
MASSACHUSETTS PORT AUTHORITY

TO

STATE STREET BANK AND TRUST COMPANY

As Trustee

TRUST AGREEMENT

Dated as of August 1, 1978

(As amended through the Twenty-Third Supplemental Agreement, dated and effective July 17,
2023)

(UNOFFICIAL VERSION WITH ANNOTATIONS)

Editor's Note

This document is an unofficial composite of the 1978 Trust Agreement of the Massachusetts Port Authority as amended by supplements adopted through the date of preparation. All effective amendments are included in this document. . Prior to the date of this unofficial composite, U.S. Bank Trust Company, National Association succeeded State Street Bank and Trust Company and U.S. Bank National Association as Trustee under the 1978 Trust Agreement of the Massachusetts Port Authority.

July 17, 2023

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THIS AGREEMENT, dated for convenience of reference as of the 1st day of August, 1978,
by and between

MASSACHUSETTS PORT AUTHORITY

(hereinafter sometimes called the "Authority"), a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (hereinafter sometimes called the "Commonwealth") duly created by the act hereinafter mentioned, and

STATE STREET BANK AND TRUST COMPANY

a banking corporation duly organized and existing under the laws of The Commonwealth of Massachusetts and having its principal office in the City of Boston, Massachusetts, which is authorized under such laws to exercise corporate trust powers, as trustee (said bank and any bank or trust company becoming successor trustee under this Agreement being hereinafter sometimes called the "Trustee"), WITNESSETH:

WHEREAS, by Chapter 465 of the Acts of 1956 of the Commonwealth (said Chapter 465, as heretofore amended and supplemented, being hereinafter sometimes called the "Enabling Act"), the Authority was duly created a body politic and corporate and a public instrumentality of the Commonwealth; and

WHEREAS, among the powers granted by the Enabling Act, the Authority was authorized and empowered to refund any bonds then outstanding which shall have been issued under the provisions of the Enabling Act; and

WHEREAS, the Authority presently has issued and outstanding Fifty-Eight Million, Nine Hundred and Ninety-Five Thousand Dollars (\$58,995,000) principal amount of Revenue Refunding and Improvement Bonds dated July 1, 1964; Fifty-Six Million, One Hundred and Eighty-Five Thousand Dollars (\$56,185,000) principal amount of Revenue Bonds dated January 1, 1969; Seventy Million, One Hundred and Seventy Thousand Dollars (\$70,170,000) principal amount of Revenue Bonds dated October 1, 1971; and One Hundred Million, Eight Hundred Thousand Dollars (\$100,800,000) principal amount of Revenue Bonds dated April 1, 1973 for a total of Two Hundred and Eighty-Six Million, One Hundred and Fifty Thousand Dollars (\$286,150,000) principal amount of Revenue Bonds outstanding; and

WHEREAS, the Authority has determined that it is in the best interests of the Authority to provide for the issuance at this time of revenue refunding bonds of the Authority for the purpose of refunding all its currently outstanding revenue bonds; and

WHEREAS, to provide funds for refunding all such outstanding revenue bonds, the Authority has by resolution duly authorized the issuance of revenue refunding bonds of the Authority in the aggregate principal amount of Two Hundred and Forty-Two Million, Four Hundred and Eighty Thousand Dollars (\$242,480,000), to be designated "Revenue Refunding Bonds, Series 1978," to be dated as of the 1st day of August, 1978, and to bear interest and mature, subject to the right of prior redemption, all as hereinafter set forth (all additional bonds at any time issued under this Agreement being hereinafter sometimes called the "Bonds"); and

WHEREAS, the Authority has determined that the coupon Bonds to be issued hereunder and the interest coupons to be attached thereto and the provisions for registration to be endorsed thereon, the registered Bonds without coupons to be issued hereunder, and the certificate of authentication by the Trustee to be endorsed on all such Bonds shall have the forms set forth in Article XIV hereof, with such variations, omissions and insertions as are required or permitted by this Agreement; and

WHEREAS, by virtue of the Enabling Act, the Authority is authorized to issue revenue refunding bonds of the Authority as hereinafter provided, to enter into this Agreement and to do or cause to be done all the acts and things herein provided or required to be done as hereunder covenanted; and

WHEREAS, the execution and delivery of this Agreement have been duly authorized by resolution of the Authority; and

WHEREAS, as required by the Enabling Act, the Authority has appointed a financial advisor, whose appointment has been approved by the Governor, and said financial advisor has certified in a writing as required by the Enabling Act that this Agreement fully protects the public interest affected by its provisions; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the Commonwealth and by the by-laws of the Authority to happen, exist and be performed precedent to and in the execution and delivery of this Agreement have happened, exist and have been performed as so required, in order to make this Agreement a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms; and

WHEREAS, the Trustee has accepted the trusts created by this Agreement and in evidence thereof has joined in the execution hereof:

NOW, THEREFORE, THIS AGREEMENT WITNESSETH, that in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the holders thereof, and also for and in consideration of the sum of One Dollar to the Authority in hand paid by the Trustee at or before the execution and delivery of this Agreement, the receipt of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become holders thereof, and in order to secure the payment of all the Bonds at any time issued and outstanding hereunder and the interest and the redemption premium, if any, thereon according to their tenor, purport and effect, and in order to secure the performance and observance of all the covenants, agreements and conditions therein and herein contained, the Authority has executed and delivered this Agreement and has pledged and does hereby pledge the Revenues of the Projects (hereinafter defined) under the control of the Authority to the extent provided in this Agreement as security for the payment of the principal of the Bonds and the interest, Amortization Requirements and the redemption premium, if any, thereon and as security for the satisfaction of any other obligation assumed by the Authority in connection with the Bonds or under this Agreement, and it is mutually agreed and covenanted by and between the parties hereto, for the equal and proportionate benefit and security of all and singular the present and future holders of the Bonds issued and to be issued under this

Agreement, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided and in particular with respect to the Series 1978 Bonds, of any one Bond over any other Bond, by reason of priority in the issue, sale or negotiation thereof or otherwise, as follows:

ARTICLE I

DEFINITIONS.

SECTION 101. The following words and terms as used in this Agreement shall have the following means, unless some other meaning is plainly intended or is required by the Enabling Act as in effect on the date of this Agreement:

The word “Accountants” shall mean the independent public accountant or firm of independent public accountants at the time employed under the provisions of Section 706 of this Agreement to perform and carry out the duties imposed on the Accountants by this Agreement.

The words “Additional Facility” shall mean any revenue producing facility which serves a public purpose and the acquisition or construction and the financing of which by the Authority may hereafter be authorized by the General Court of the Commonwealth, excluding, however, any extension, enlargement or improvement of a Project then under the control of the Authority and any building, structure or other facility financed or refinanced by the Authority by obligations not issued under the provisions of this Agreement.

The words “Additional Improvements” shall mean any extension, enlargement or improvement of any Project then under the control of the Authority, including all equipment, appurtenances, property rights, easements and interests acquired or leased in connection with the construction or operation thereof, other than the extension, enlargement or improvement of any building, structure or other facility financed or refinanced by the Authority by obligations not issued under the provisions of this Agreement.

The word “Agreement” shall mean this Trust Agreement, dated as of the 1st day of August, 1978, together with all agreements supplemental thereto as herein permitted.

The term “Airport Consultants” shall mean the person, firm or corporation at the time employed by the Authority under the provisions of Section 706 of this Agreement to perform and carry out the duties imposed on the Airport Consultants by this Agreement.

The term “Airport Properties” shall include the Edward Lawrence Logan International Airport (hereinafter called the “Logan Airport”) at East Boston (excluding that part of Logan Airport which on the effective date of said Chapter 465 of the Acts of 1956 was under lease to the United States of America and that part of Logan Airport which on said date was used or controlled by the military division of the Commonwealth for purposes of the air national guard) and Laurence G. Hanscom Field, together with all buildings and other facilities and all equipment, appurtenances, property, rights, easements and interests acquired or leased by the Commonwealth in connection with the construction or the operation thereof and which on February 17, 1959 were

in the charge of the State Airport Management Board of the Commonwealth, and all extensions, enlargements, improvements, renewals and replacements thereof thereafter made.

As applied to any term Bonds of a Series, the term “Amortization Requirement” for any fiscal year shall mean the amount fixed for such fiscal year as hereinafter set forth for the retirement of such term Bonds by purchase or redemption.

The Amortization Requirements for the term Bonds of each Series shall be in the respective amounts for the respective fiscal years as fixed in the resolution of the Authority authorizing the issuance of the Bonds of such Series. The Amortization Requirements for the term Bonds of each Series shall begin in the fiscal year determined by the Authority and shall end not later than the fiscal year immediately preceding the maturity of such term Bonds.

The term “Annual Budget” shall mean the budget adopted or in effect for each fiscal year as provided in Section 505 of this Agreement.

The term “Authority” shall mean the Massachusetts Port Authority, a body politic and corporate and a public instrumentality created by the Enabling Act.

The term “Available Funds” shall mean for any period of time, (i) the amount of PFC Revenues and/or CFCs to be received by the Authority during such period and not previously pledged or irrevocably committed to payment of principal of, interest on or premium, if any, on a Series of Bonds, and (ii) the amount of any other future income or revenue source not then included in the definition of “Revenues” that the Authority designates as “Available Funds” in a future resolution duly adopted by the Members of the Authority supplementing the Agreement; provided, however, that any such resolution shall also establish a corresponding account and the functional provisions for the receipt, deposit and application of such source of income or revenue.

The term “Bond Counsel” shall mean an attorney or firm of attorneys of national repute in the field of law relating to municipal securities.

The term “Bond Registrar” shall have the meaning set forth in Section 206 of this Agreement.

The term “bondholder of record” shall mean (i) the registered owner of outstanding fully registered Bonds or Bonds registered as to principal alone, in either case in an aggregate principal amount of at least \$500,000, or (ii) any holder of outstanding Bonds who shall have filed with the Secretary-Treasurer of the Authority a request in writing setting forth his name and address and the particular reports, notices or other documents which he desires to receive and which are required to be mailed under the provisions of this Agreement.

The term “Bonds” shall mean any Bonds at any time issued under this Agreement.

The term “Bridge Properties” shall mean the Tobin Memorial Bridge and all extensions, enlargements and improvements thereof.

The term “Bullet Maturities” shall mean, with respect to any Series of Bonds 25% or more of the principal of which matures on the same date or within a fiscal year, that portion of such

Series which matures on such date or within such fiscal year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Bonds scheduled to be amortized by prepayment or redemption prior to their stated maturity date. Notes shall be deemed to be Bullet Maturities for purposes of the Agreement.

The term “Capital Budget” shall mean that portion of the Annual Budget adopted or in effect for such fiscal year establishing the amount of the deposits to the Capital Budget Fund.

The term “Capital Budget Fund” shall mean the Massachusetts Port Authority Capital Budget Fund, a special fund created and designated by the provisions of Section 503 of this Agreement.

The term “Construction Fund” means the Massachusetts Port Authority Construction Fund created by the provisions of Section 401 hereof.

The term “Consultant” shall mean any Independent consultant, consulting firm (including the Airport Consultants), engineer (including the Consulting Engineers), architect, engineering firm, architectural firm, accountant or accounting firm (including the Accountants), financial advisory or investment banking firm, or other expert recognized to be well-qualified for work of the character required and retained by the Authority to perform acts and carry out the duties provided for such consultant in the Agreement.

The term “Consulting Engineers” shall mean the person, firm or corporation at the time employed by the Authority under the provisions of Section 706 of this Agreement to perform and carry out the duties imposed on the Consulting Engineers by this Agreement.

The word “cost”, as applied to any Additional Facility or Additional Improvements, shall embrace, without intending thereby to limit or restrict any proper definition of such word under the provisions of the Enabling Act, the cost of construction or acquisition and all charges and expenses and all items of cost which are set forth in Section 403 of this Agreement.

The term “Current Expenses” shall mean the Authority’s reasonable and necessary current expenses of maintaining, repairing and operating the Projects and shall include, without limiting the generality of the foregoing, all administrative expenses, insurance premiums and payments into the Self-Insurance Account pursuant to Section 506 of this Agreement, fees and expenses of the Trustee except as otherwise provided for in clause (d) of Section 403, engineering expenses relating to operation and maintenance, legal expenses, charges of the Paying Agents, payments of the Authority’s annual pension expense pursuant to Section 507 of this Agreement, payments of the Authority’s annual expense in respect of postretirement health benefits pursuant to Section 507A of this Agreement, any taxes of general applicability which may be lawfully imposed on the Authority or its income or operations or the property under its control and reserves for such taxes, any payments made by the Authority in lieu of taxes and reserves for such payments, ordinary and usual expenses of maintenance and repair, which may include expenses not annually recurring, and any other expenses required to be paid by the Authority under the provisions of this Agreement or by law on account of the operation or ownership of such Projects, but shall not include any reserves for operation, maintenance or repair, whether current or non-annually recurring, or any allowance for depreciation, or any deposits or transfers to the credit of any of the Funds or Accounts created hereunder except deposits into the Self-Insurance Account and deposits into any

pension account or special account for postretirement health benefits established in the Operating Fund.

The terms “Customer Facility Charges” or “CFCs” shall mean all amounts received by the Authority from the charges imposed by car rental companies upon car rental customers arriving at Boston Logan International Airport and renting a vehicle from a car rental company serving such Airport, which charges are established by the Authority by resolution, as the same may be amended from time to time, and shall be collected by the car rental companies for the benefit of the Authority, together with any interest thereon.

The term “daily newspaper” shall mean a newspaper regularly published in the English language on each business day in each calendar week excluding Saturdays.

The word “Depository” shall mean any bank or trust company duly authorized by law to engage in the banking business and selected by the Authority as a depository of moneys under the provisions of this Agreement, which may include the Trustee.

The term “Designated Debt” shall mean any Series of Bonds, or portion thereof, with respect to which there shall be in effect a Qualified Hedge Facility.

The term “Effective Date” means the date on which sufficient consents of holders of Bonds are received pursuant to Section 1102 of the Agreement and the 21st Amendment adopted by the Authority on June 23, 2016, becomes effective.

The term “EMMA” means the Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board, or any successor thereto designated as a nationally recognized municipal securities information repository by the United States Securities and Exchange Commission.

The term “Enabling Act” shall mean Chapter 465 of the Acts of 1956 of the Commonwealth, as amended from time to time.

The term “event of default” shall have the meaning set forth in Section 802.

The term “fiscal year” shall mean the period commencing on the first day of July of any year and ending on the last day of June of the following year.

The term “General Counsel” shall mean the chief legal officer of the Authority or such other attorney or firm of attorneys as the Authority may designate from time to time, either generally or for some specific purpose under this Agreement.

The term “Government Obligations” shall mean the securities referred to in clause (i) of the definition of Investment Securities.

The term “Improvement and Extension Fund” shall mean the Massachusetts Port Authority Improvement and Extension Fund, a special fund created and designated by the provisions of Section 503 of this Agreement, there being such separate accounts in said Fund as may be hereafter created by resolution of the Authority

The term “Independent” shall mean, when used with respect to any specified firm or individual, such a firm or individual that (a) does not have any direct financial interest or any material indirect financial interest in the operations of the Authority, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the Authority as an official, officer or employee.

The term “Interest and Sinking Fund” shall mean the Massachusetts Port Authority Revenue Bonds Interest and Sinking Fund, a special fund created and designated by the provisions of Section 503 of this Agreement, there being separate Accounts in said Fund designated “Bond Service Account,” “Redemption Agreement”, “Reserve Account” and one or more Term Bond Investment Accounts each created by resolution of the Authority adopted pursuant to Section 209.

The term “Investment Securities” means any of the following which at the time of investment are legal investments under the laws of The Commonwealth of Massachusetts for the moneys 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;

(ii) Bonds, debentures or notes or other evidences of indebtedness issued or guaranteed by any of the following: Bank for Cooperatives; Federal Intermediate Credit Banks; the Federal Home Loan Mortgage Corporation; Federal Home Loan Banks; the Federal National Mortgage Association; the United States Postal Service; the Government National Mortgage Association; the Federal Financing Bank; or any agency or instrumentality of the United States of America now existing or hereafter created;

(iii) New Housing Authority Bonds or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by, respectively, a pledge of annual contributions under an annual contributions contract or contracts or requisition or payment agreements with the United States of America;

(iv) Negotiable or non-negotiable bank deposits issued by banks, trust companies, national banking associations (which may include the Trustee) which are members of the Federal Deposit Insurance Corporation (“FDIC”) and savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation, provided that such deposits are insured by FDIC or secured by obligations described in clauses (i), (ii) or (iii) of this definition or by full faith and credit obligations of (a) the Commonwealth or (b) any state of the United States rated in the three highest grades by a nationally recognized rating agency, provided such obligations at all times have a market value at least equal to the maturity value of the deposits so secured, including accrued interest on such deposits;

(v) Repurchase agreements with banks (which may include the Trustee) described in clause (iv) of this definition or government bond dealers reporting to, trading with, and recognized as primary dealers by, a Federal Reserve Bank, the underlying securities of which are obligations described in clauses (i) and (ii) of this definition, provided that the underlying securities are required to be continuously maintained at a market value not less than the amount so invested;

(vi) Any bonds or other obligations of any state of the United States of America or of any local government unit of any such state which (1) are rated in the highest rating category, without regard to gradations within such category, by any two Nationally Recognized Statistical Rating Organizations (as defined by the U.S. Securities and Exchange Commission), (2) are not callable unless irrevocable instructions have been given to the trustee for such bonds to give due notice of redemption and to call such bonds for redemption on the date(s) specified in such instructions, and (3) are secured by cash and Government Obligations;

(vii) Direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided such obligations are rated in either of the two highest rating categories, without regard to gradations within categories, by any two Nationally Recognized Statistical Rating Organizations;

(viii) Obligations of any state of the United States of America or any political subdivision thereof which shall be rated in one of the two highest rating categories, without regard to gradations within categories, by any two Nationally Recognized Statistical Rating Organizations;

(ix) Certificates that evidence ownership of the right to payments of principal of or interest on Government Obligations, provided that (1) such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under the Trust Agreement, (2) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations, and (3) the underlying Government Obligations are held in a special account separate from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated;

(x) Commercial paper rated at the time of purchase in the highest rating category, without regard to gradations within such category, by any two Nationally Recognized Statistical Rating Organizations;

(xi) Investments or deposits in the Massachusetts Municipal Depository Trust;

(xii) Money market funds rated in the highest rating category, without regard to gradations within such category, by any two Nationally Recognized Statistical Rating Organizations;

(xiii) Investment contracts with banks (which may include the Trustee) or other financial institutions whose long-term unsecured debt or claims-paying ability is rated in one of the two highest rating categories, without regard to gradations within such categories, by any two Nationally Recognized Statistical Rating Organizations;

(xiv) Banker's acceptances that are rated at the time of purchase in the highest short-term rating category, without regard to gradations within such category, of any two Nationally Recognized Statistical Rating Organizations;

(xv) Any other investment authorized pursuant to an amendment or supplement hereto pursuant to Section 1101(g) of this Agreement;

(xvi) Advance-refunded municipal bonds rated in the highest rating category, without regard to gradations within such category, by any two Nationally Recognized Statistical Rating Organizations;

(xvii) U.S. dollar denominated debt offerings of a multilateral organization of governments rated in the highest rating category, without regard to gradations within such category, by any two Nationally Recognized Statistical Rating Organizations;

(xviii) U.S. dollar denominated corporate bonds, notes or other debt obligations issued or guaranteed by a domestic or foreign corporation, financial institution, non-profit or other entity rated in one of the three highest rating categories, without regard to gradations within such categories, by any two Nationally Recognized Statistical Rating Organizations; and

(xix) Negotiable bank certificates of deposit, deposit notes or other deposit obligations issued by a nationally or state chartered bank, credit union or savings association, or by a federally or state-licensed branch of a foreign bank or financial institution, in each case rated in one of the three highest rating categories, without regard to gradations within such categories, by any two Nationally Recognized Statistical Rating Organizations; and.

(xx) Short-term or long-term obligations that are rated in any of the two highest rating categories, without regard to gradations within such categories, by any two Nationally Recognized Statistical Rating Organizations, or shares of investment companies registered under the federal Investment Company Act of 1940 that are authorized to invest primarily in such obligations.

The term “Maintenance Reserve Fund” shall mean the Massachusetts Port Authority Maintenance Reserve Fund, a special fund created and designated by the provisions of Section 503 of this Agreement.

The term “Moody’s Investors Service” shall mean Moody’s Investors Service, Inc. and its successors.

The term “Net Revenues” for any particular period shall mean the amount of the excess of the Revenues over the Operating Expenses during such period.

The term “Notes” shall have the meaning set forth in subdivision (I) of Section 216 of this Agreement.

The term “obligations” shall mean any Bonds of the Authority and any other obligations of the Authority, including, without limitation, any Notes or Subordinated Obligations, or other indebtedness of the Authority incurred in respect of borrowed money.

The term “Operating Expenses” for any particular period shall mean and include the Current Expenses incurred for such period (less any payments in lieu of taxes), expenditures incurred for maintenance and repairs necessary to sustain the then useful life of any Project or to keep any Project in its present operational status and all such other costs of maintenance and repairs as the Authority may determine to include in Operating Expenses in accordance with sound business practice applied on a consistent basis, but shall not include (i) any reserves for unusual or

extraordinary maintenance or repair, or (ii) costs payable from the Maintenance Reserve Fund as provided in Section 516 hereof.

The term “Operating Fund” shall mean the Massachusetts Port Authority Operating Fund, a special fund created and designated by the provisions of Section 503 of this Agreement.

The term “outstanding” means, as of any date of calculation, all Bonds which have been duly authenticated and delivered by the Trustee except: (a) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation; (b) Bonds for the payment or redemption of which cash funds or Investment Securities shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds), provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the provisions of this Agreement or arrangements satisfactory to the Trustee shall have been made for giving such notice, or waivers of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; (c) Bonds in exchange for which or in lieu of which other bonds have been authenticated or delivered pursuant to the terms of Article III, unless they are coupon Bonds which have been redelivered upon subsequent exchanges of fully registered Bonds for coupon Bonds as permitted by this Agreement; (d) Bonds in coupon form then retained by the Trustee for subsequent re-delivery pursuant to Section 206 or other Bonds theretofore purchased or otherwise held by or for the account of the Authority; and (e) Bonds paid or deemed to have been paid pursuant to Section 1201 of this Agreement.

The terms “Passenger Facility Charges” or “PFCs” means the passenger facility charges authorized to be charged by the Authority pursuant to the Aviation Safety and Capacity Expansion Act of 1990, as amended (now codified in Section 40117 of the United States Code).

The term “Paying Agents” shall mean the banks or trust companies at which the principal of coupon bonds (unless registered otherwise than to bearer) and the interest on coupon bonds shall be payable pursuant to Section 203.

The term “Payment in Lieu of Taxes Fund” shall mean the Massachusetts Port Authority Payment in Lieu of Taxes Fund, a special fund created and designated by the provisions of Section 503 of this Agreement.

The term “Pension Consultants” shall mean the actuarial consulting organization employed under the provisions of Section 706 of this Agreement to perform and carry out the duties imposed on the Pension Consultants by this Agreement.

The term “Pension Trustee” shall mean the institution acting as trustee of pension funds of the Authority in accordance with Section 507.

The term “PFC Revenues” means amounts derived by the Authority from the imposition of PFCs, exclusive of the amounts retained by the air carriers collecting the PFCs pursuant to Section 158.53 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158), as amended from time to time or any successor provision thereto.

The term “Pooled Reserve Subaccount” means the subaccount within the Reserve Account established pursuant to Section 503 of this Agreement securing all Bonds outstanding prior to the Effective Date and, on and after the Effective Date, securing those Bonds designated as secured by the Pooled Reserve Subaccount pursuant to a resolution adopted by the Authority.

The term “Port Properties” shall embrace all lands, piers and other structures and facilities and all equipment, appurtenances, property, rights, easements and interests acquired or leased by the Commonwealth in the Port of Boston (as defined in the Enabling Act as in effect on February 17, 1959) which on said date were in the charge of the Port of Boston Commission, and any extensions, enlargements, improvements, renewals and replacements financed from funds made available from the proceeds of the Refunded Bonds, bonds issued under the provisions of the 1959 Trust Agreement or Bonds issued under the provisions of this Agreement, but shall not include any land, building, structure or other facility financed or refinanced by the Authority by obligations not issued under the provisions of the 1959 Trust Agreement, the 1964 Trust Agreement or this Agreement, and for the purposes of Section 508 of this Agreement shall not include any land, building, structure or other facility in the Port of Boston financed or refinanced under the provisions of this Agreement which is not a part of the Port Properties as constituted on February 17, 1959 unless the Authority shall by resolution provide otherwise or which is or is permitted to be excluded from the Port Properties by any law now or hereinafter enacted.

The term “Principal and Interest Requirements” for any fiscal year, as applied to the Bonds of any Series, shall mean the sum of:

(a) the amount required to pay the interest on all Bonds of such Series then outstanding which accrues in such fiscal year, except interest for such period paid or to be paid from moneys in the Construction Fund,

(b) the amount required to pay the principal of all serial Bonds of such Series, if any, then outstanding which is payable on any date commencing with July 2 in such fiscal year and ending with July 1 in the following fiscal year, both inclusive,

(c) the Amortization Requirements for the term Bonds of such Series, if any, for such fiscal year, plus an amount equal to the premium, if any, which would be payable on any date referred to in subparagraph (b) of this definition on a like principal amount of Bonds if such principal amount of Bonds should be redeemed on such date from moneys in the Interest and Sinking Fund, and

(d) the amount required to be deposited in the Term Bond Investment Account for such fiscal year by the resolution of the Authority adopted pursuant to Section 209 authorizing the issuance of such Series of Bonds, less the amount of income received or to be received during such fiscal year on investments in the Term Bond Investment Account purchased or to be purchased from deposits of moneys to, or income on investments in, the Term Bond Investment Account for the term Bonds of such Series, if such an Account were established; provided, that interest income for future periods may only be considered with respect to (i) Government Obligations actually held in such Term Bond Investment Account on the date of calculation, and (ii) specified Government Obligations that the Authority is unconditionally obligated to acquire, and with respect to which a maximum purchase price is established by contract or option; and provided further that interest

income may only be considered to the extent such interest income is required by the resolution authorizing the Bonds of such Series to be retained in the Term Bond Investment Account or deposited into the Bond Service Account or into the Redemption Account.

In computing the Principal and Interest Requirements for any fiscal year for the Bonds of any Series, it shall be assumed that the serial Bonds, if any, will be retired according to their stated maturities, and that the Amortization Requirement payment for the term Bonds of such Series for such fiscal year will be made on July 1 in the following fiscal year.

For the purposes of computing Principal and Interest Requirements on any Series of Bonds then outstanding, then being issued or any future Series of Bonds to be issued which will bear interest at a variable rate or rate that is otherwise not subject to definite determination over the period of any calculation required by this Trust Agreement, the amount required to pay interest on such Series of Bonds shall be calculated as if the interest rate for such Bonds was the rate estimated by a nationally known investment banking firm selected by the Authority (which firm may be an owner or underwriter of any Bonds) to be the rate at which such Bonds would bear interest if issued at par with a fixed rate of interest on the date of such calculation with the same final maturity; provided that for purposes of calculating the maximum annual Principal and Interest Requirements with respect to deposits required to be made to the Reserve Account, the fixed rate so determined for such Series of Bonds at the time of issuance thereof shall thereafter continue to be used for purposes of any subsequent calculation.

For purposes of computing Principal and Interest Requirements on any Series of Bonds then being issued or any future Series of Bonds to be issued as to which interest is deferred and compounded rather than being paid currently during any period of calculation required by this Trust Agreement, such calculation shall be made as if interest on such Bonds accrued and was deemed paid at a rate determined on the date of such calculation by a nationally known investment banking firm selected by the Authority (which firm may be an owner or underwriter of any Bonds) to be the rate which, if earnings at such rate were compounded on the initial public sale price as set forth in the resolution authorizing such Bonds in the manner required by the terms of such Bonds through the maturity date or earlier date on which such compounding is scheduled to cease, would produce the amount of such Bonds scheduled to mature on such maturity date or the accrued value of such Bonds scheduled to exist on such earlier date, as the case may be. For purposes of computing Principal and Interest Requirements at any time with respect to any such Series of Bonds then outstanding, such calculation shall be made in accordance with the provisions of the resolution authorizing the issuance of such Series of Bonds.

In computing the Principal and Interest Requirements, Designated Debt which bears interest at a variable rate and with respect to which there exists a Qualified Hedge Facility obligating the Authority to pay a fixed interest rate or a different variable interest rate shall be deemed (for the period during which such Qualified Hedge Facility is reasonably expected to remain in effect and notwithstanding the third paragraph of this definition) to bear interest at the fixed interest rate or different variable rate payable by the Authority pursuant to the Qualified Hedge Facility relating thereto. In computing Principal and Interest Requirements, Designated Debt which bears interest at a fixed rate and with respect to which there exists a Qualified Hedge Facility obligating the Authority to pay a floating rate shall be deemed (for the period during which such Qualified Hedge Facility is reasonably expected to remain in effect) to bear interest equal to

the interest payable on the Designated Debt, minus the fixed amounts received or to be received by the Authority under the Qualified Hedge Facility, plus the amount of the floating payments made or to be made by the Authority under the Qualified Hedge Facility (such floating payments not yet made to be determined as provided in the third paragraph of this definition).

In computing the Principal and Interest Requirements, if all or any portion or portions of any outstanding Series of Bonds constitute Bullet Maturities, then each maturity which constitutes Bullet Maturities shall, unless a shorter term was otherwise provided in the resolution of the Authority pursuant to which such Bullet Maturities were issued or unless the next succeeding paragraph of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than thirty (30) years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Bullet Maturities were issued, and extending not later than thirty (30) years from the date such Bullet Maturities were originally issued. The interest rate used for such computation shall be that rate determined by a Consultant selected by the Authority to be a reasonable market rate for fixed-rate Bonds of a corresponding term and tenor issued under this Agreement on the date of such calculation, with no credit enhancement. With respect to any Series of Bonds only a portion of which constitutes Bullet Maturities, the remaining portion shall be treated as described in such other provision of this definition as shall be applicable and, with respect to any such Series of Bonds, or that portion of a Series thereof which constitutes Bullet Maturities, all funding requirements of principal and interest becoming due prior to the year of the stated maturity of the Bullet Maturities shall be treated as described in such other provision of this definition as shall be applicable.

In computing the Principal and Interest Requirements, if any maturity of Bonds which constitutes Bullet Maturities as described in the immediately preceding paragraph of this definition and for which the stated maturity date occurs within twelve (12) months from the date such calculation of Principal and Interest Requirements is made, such maturity shall be assumed to become due and payable on the stated maturity date and the immediately preceding paragraph shall not apply thereto unless there is delivered to an officer of the Authority or Consultant making the calculation of Principal and Interest Requirements a certificate of an authorized officer of the Authority stating that the Authority intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Authority is sufficient to successfully complete such refinancing; and upon the receipt of such certificate, such Bullet Maturities shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Principal and Interest Requirements, provided that such assumption shall not result in an interest rate lower than that which would be assumed under the immediately preceding paragraph and shall be amortized over a term of not more than thirty (30) years from the date of refinancing.

If Available Funds (including state and/or federal grants) have been irrevocably committed or are held by the Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal of, interest or premium, if any, on specified Bonds pursuant to a resolution of the Authority (and are not otherwise required for payment of another Series of Bonds), then the principal, interest and/or premium to be paid from such Available Funds or from earnings thereon shall be disregarded and not included in calculating Principal and Interest Requirements.

The word “Project” shall mean any of the Bridge Properties, the Airport Properties, the Port Properties, or any Additional Facility financed or refinanced, either in whole or in part, under the provisions of this Agreement, either from the proceeds of Bonds or other available funds, including in the case of each such Project all equipment, appurtenances, extensions, enlargements, improvements, renewals and replacements thereof, and all property, rights, easements and interests pertaining thereto or acquired for the construction or the operation thereof, but shall not include any land, building, structure or other facility financed or refinanced by the Authority by obligations not issued under the provisions of this Agreement.

The term “Qualified Hedge Facility” shall mean any interest rate exchange, interest rate cap or other transaction which is intended to convert or limit the interest rate payable with respect to all or part of a particular Series of Bonds and which (a) is with a Qualified Hedge Provider and (b) has been designated in writing to the Trustee by the Authority as a Qualified Hedge Facility with respect to all or part of a particular Series of Bonds.

The term “Qualified Hedge Provider” shall mean a financial institution (a) whose senior long-term obligations are rated not lower than “A1” or the equivalent by Moody’s Investors Service and not lower than “A+” or the equivalent by Standard & Poor’s Ratings Services or (b) whose obligations under each Qualified Hedge Facility (i) are guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations are rated not lower than “A1” or its equivalent by Moody’s Investors Service and not lower than “A+” or its equivalent by Standard & Poor’s Ratings Services or (ii) are fully secured by investments described in clause (i) or (ii) of the definition of “Investment Securities” in this Section 101 which (A) are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 100% of the Authority’s exposure in respect of such Qualified Hedge Facility, (B) are held by the Trustee or a custodian other than the Qualified Hedge Provider and (C) are subject to a perfected lien in favor of the Authority or the Trustee free and clear of all third-party liens.

The term “Regularly Scheduled Qualified Hedge Payments” shall mean the regularly scheduled payments payable by the Authority under the terms of a Qualified Hedge Facility which are due absent any termination, default or dispute in connection with such Qualified Hedge Facility.

The term “Replacement Cost” as of any date of calculation shall mean the then present day cost to replace or reconstruct all of the physical facilities of the Authority to their current use or operational status with materials then used in accordance with sound construction practice, but shall exclude (a) the cost to reconstruct or replace all below-ground or below-water foundations and utility improvements and the cost of land, landfill and site improvements and (b) if and to the extent that the Authority shall have so notified the Trustee in writing, the cost to reconstruct or replace any facility financed with the proceeds of obligations issued pursuant to subdivision (III) of Section 216 of this Agreement.

The term “Reserve Requirement” means (a) with respect to the Pooled Reserve Subaccount, the maximum annual Principal and Interest Requirements on all of the outstanding Bonds secured by the Pooled Reserve Subaccount, and (b) with respect to each Series of Bonds issued on and after the Effective Date and not secured by the Pooled Reserve Subaccount, as of any date of calculation for a particular subaccount within the Reserve Account other than the

Pooled Reserve Subaccount, the amount of money, if any, required by the resolution adopted by the Authority authorizing the issuance of such Series of Bonds to be maintained in a subaccount in the Reserve Account with respect to such Series of Bonds pursuant to Section 210(IV)(d) hereof, which amount shall be available for use only with respect to such Series of Bonds. Notwithstanding anything to the contrary contained herein, prior to the issuance of any Series of Bonds such Bonds may be secured by the Pooled Reserve Subaccount, or another specified subaccount within the Reserve Account pursuant to the resolution authorizing such Bonds, if the resolution adopted by the Authority that initially established such account provided for securing more than one Series of Bonds with such subaccount, or the Authority may elect not to establish a subaccount within the Reserve Account to secure such Series of Bonds.

The term “Revenue Fund” shall mean the Massachusetts Port Authority Revenue Fund, a special fund created and designated by the provisions of Section 503 of this Agreement.

The word “Revenues” shall mean all moneys derived or to be derived by the Authority in payment of the tolls, rates, fees, rentals and other charges for the use of, and for the services and facilities furnished by, the Projects, any proceeds of use and occupancy and liability insurance, the proceeds of all leases, licenses, permits and concessions derived or to be derived with respect to the Projects, and income derived or to be derived by the Authority from the operation or ownership of the Projects, including the income accrued from investments under the provisions of Section 602 of this Agreement of moneys held for the credit of all Funds and Accounts created under the provisions of this Agreement except the Construction Fund, the Port Properties Fund, the Self-Insurance Account, any pension or postretirement health benefit account established in the Operating Fund and any Term Bond Investment Account (to the extent income from investments in any Term Bond Investment Account is required by a resolution adopted by the Authority authorizing the issuance of a Series of Bonds to be retained in the Term Bond Investment Account for such Series or deposited to the Bond Service Account or Redemption Account); provided, however, that Revenues shall not include (i) moneys derived from facilities hereafter financed with the proceeds of obligations issued pursuant to subdivision (III) of Section 216 to finance a facility for a particular person to the extent that such moneys are pledged to the payment of such obligations pursuant to a supplemental agreement adopted under clause (f) of Section 1101 of this Agreement, (ii) proceeds of casualty insurance or awards for damages, (iii) proceeds of the sale of Bonds, (iv) proceeds of the sale or other disposition of property of the Authority in accordance with the provisions of Section 714 of this Agreement or (v) except to the extent from time to time provided by the Authority by resolution, the proceeds of any passenger facility charge or similar tax levied by or on behalf of the Authority pursuant to the federal Aviation Safety and Capacity Expansion Act of 1990, as from time to time amended, and any successor thereto and the proceeds of any other charge or tax from time to time levied by or on behalf of the Authority pursuant to any federal statute or regulation enacted or promulgated after May 15, 2003 which restricts the use of such proceeds to purposes identified in or pursuant to such statute or regulation; and provided, further, that the word “Revenues” as applied to the Port Properties under the provisions of Section 210 of this Agreement shall not exceed an amount equal to the total of the amount of the Operating Expenses of the Port Properties and the amounts referred to in clauses (a), (b), (c), (d) and (e) of Section 508 of this Agreement until payments shall have been made to the State Treasurer in the aggregate amounts required by Section 6 of the Enabling Act. Notwithstanding the foregoing to the contrary, Revenues shall also include Available Funds in the amount, for the period and subject to such conditions as may be provided by a resolution of the Authority.

The term “Risk Management Consultant” shall mean the person, firm or corporation at the time employed by the Authority under the provisions of Section 706 of this Agreement.

The term “Secretary-Treasurer” shall have the meaning specified in the Enabling Act.

The term “Self-Insurance Account” shall mean the Account so designated in the Operating Fund.

The term “serial Bonds” shall mean the Bonds of a Series issued under the provisions of this Agreement which shall be stated to mature in annual installments. The term “term Bonds” shall mean the Bonds of a Series so designated issued under the provisions of this Agreement which are subject to retirement by operation of the Redemption Account for which deposits are required to be made to the Term Bond Investment Account for the Bonds of such Series.

The word “Series” as applied to any Bonds issued under this Agreement shall mean the Bonds delivered at any one time under the provisions of Section 210 of this Agreement for paying all or any part of the cost of any one or more Additional Facilities or Additional Improvements, or the revenue refunding Bonds issued at any one time under the provisions of Section 212 of this Agreement, and any Bonds issued in exchange or substitution therefor; provided, however, that Bonds issued for paying the cost of any Additional Facilities shall be of a different Series from Bonds issued for paying the cost of any Additional Improvements.

The terms “Standard & Poor’s Corporation” and “Standard & Poor’s Ratings Services” each shall mean Standard & Poor’s, a Division of The McGraw-Hill Companies, and its successors.

The words “State Treasurer” shall mean the Treasurer and Receiver-General of the Commonwealth or his successor.

The term “Subordinated Obligations” shall mean obligations of the Authority permitted to be issued under subdivision (II) of Section 216 of this Agreement.

The term “Term Bond Investment Account” for a Series of Bonds shall mean each Account so designated which is established in the Interest and Sinking Fund for the term Bonds of such Series pursuant to the resolution of the Authority authorizing the issuance of such Series of Bonds.

The words “Tobin Memorial Bridge” shall mean the bridge heretofore constructed and financed by the Mystic River Bridge Authority under the provisions of Chapter 562 of the Acts of 1946 of the Commonwealth, as amended, together with its approaches and approach facilities and all buildings and other facilities constructed, and all equipment, appurtenances, property, rights, easements and interests acquired or leased, in connection with the construction or the operation thereof.

The term “Traffic Engineers” shall mean the engineer or engineering firm or corporation at the time employed by the Authority under the provisions of Section 706 of this Agreement to perform and carry out the duties imposed on the Traffic Engineers by this Agreement.

The word “Trustee” shall mean the Trustee for the time being, whether original or successor.

The term “1959 Trust Agreement” shall mean the trust agreement dated as of the first day of February, 1959 by and between the Authority and Merchants National Bank of Boston (now New England Merchants National Bank), as Trustee.

The term “1964 Trust Agreement” shall mean the trust agreement dated as of the first day of July, 1964, as amended and supplemented, by and between the Authority and New England Merchants National Bank, as trustee.

The term “1964 Trustee” shall mean New England Merchants National Bank as trustee under the 1964 Trust Agreement.

SECTION 102. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words “bond”, “coupon”, “owner”, “holder”, “person”, “engineer”, “firm” and “corporation” shall include the plural as well as the singular number, the word “person” shall include corporations, firms, associations and public bodies, as well as natural persons, the word “month” shall mean calendar month, and the word “holder” or “bondholder” when used herein with respect to Bonds issued hereunder shall mean the holder or registered owner, as the case may be, of Bonds at the time issued and outstanding hereunder. The word “registered” when used herein with respect to a coupon Bond shall mean registered as to principal in the name of an owner and shall not apply to a Bond registered to bearer.

SECTION 103. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Agreement shall be deemed to be and shall constitute a contract between the Authority and the holders from time to time of the Bonds and coupons; and the pledge and lien on the Revenues and the covenants and agreements set forth in the Agreement to be performed on behalf of the Authority shall be for the equal benefit, protection and securities of the holders of any and all of the Bonds and coupons, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds or coupons over any other thereof except as expressly provided in or permitted by this Agreement.

The provisions of this Agreement are made with the intention that the purchasers and holders from time to time of Bonds outstanding hereunder shall rely thereon in purchasing and holding such Bonds.

ARTICLE II

FORM, EXECUTION, AUTHENTICATION, DELIVERY AND REGISTRATION OF BONDS.

SECTION 201. The Authority may from time to time issue Bonds under and subject to the terms of this Agreement and other obligations to the extent provided in Section 216 of this Agreement.

SECTION 202. Definitive Bonds are issuable as coupon Bonds, registrable as to principal alone, in the denomination of \$5,000 each, and as registered Bonds without coupons in denominations of \$5,000 or any multiple thereof. The Bonds in definitive form issued under the provisions of this Agreement shall be substantially in the forms set forth in Article XIV hereof, with such appropriate variations, omissions and insertions, as are permitted or required by this Agreement and with such additional changes as may be necessary or appropriate to conform to the provisions of the resolution or resolutions authorizing the issuance of such Bonds. All Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

SECTION 203. Each Bond of a Series shall be dated, shall bear interest until its payment at such rate or rates not exceeding the maximum rate permitted by law (which rate or rates may be simple or compound, fixed, variable or otherwise not subject at the time of issuance to definite determination over the term of such Bond), shall be payable on such date or dates, and shall be stated to mature on such date or dates in such year or years, not later than forty (40) years from its date (subject to the right of prior redemption or repurchase), all as shall be consistent with the provisions of this Agreement and as otherwise provided in the resolution authorizing the issuance of such Bond.

Each coupon Bond shall bear interest from its date. Each registered Bond without coupons shall bear interest from its date or the interest payment date next preceding the date on which it is authenticated, whichever date shall be the later, unless authenticated upon an interest payment date, in which case it shall bear interest from such interest payment date; provided, however, that if at the time of authentication of any registered Bond without coupons interest is in default, such Bond shall bear interest from the date to which interest has been paid.

The Bonds of each Series shall bear the facsimile signatures of the Chairman or Vice Chairman of the Authority, unless the Authority by resolution adopted prior to each issuance of such Bonds shall provide for the manual signature of a member or officer of the Authority, but it shall not be necessary that the same member or officer sign all of the Bonds that may be issued hereunder at any one time. A facsimile of the official seal of the Authority shall be imprinted on the Bonds of each Series. The coupons attached to the coupon Bonds shall be substantially in the form herein set forth and shall bear the facsimile signature of the Chairman or Vice Chairman of the Authority.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds or coupons shall cease to be such officer before the delivery of such Bonds, such signature

or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and also any Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of coupon Bonds (unless registered) and the interest on all coupon Bonds of each Series shall be payable, at the option of the holder, at the principal office of such bank or trust company in the City of Boston, Massachusetts, or at the principal office of such bank or trust company in the Borough of Manhattan, City and State of New York, or at the principal office of such additional bank or trust company, if any, in such other city in the United States of America, as shall be designed by the Authority by resolution prior to the issuance of such Bonds (herein sometimes called the "Paying Agents").¹ The principal of all registered Bonds without coupons and of all coupon Bonds registered as to principal alone shall be payable at the principal office of the Trustee, and payment of the interest on each registered Bond without coupons shall be made by the Trustee on each interest payment date to the person appearing on the registration books of the Authority hereinafter provided for as the registered owner thereof, by check or draft mailed to such registered owner at his address as it appears on such registration books. Payment of the principal of all Bonds shall be made only upon the presentation and surrender of such Bonds as the same shall become due and payable. Payment of the interest on the coupon Bonds shall be made only upon the presentation and surrender of the coupons, if any, representing such interest at the same respectively become due and payable. Notwithstanding the foregoing, the Authority may provide in the resolution authorizing the issuance of any Series of Bonds for any other manner of payment of such Bonds.

SECTION 204. Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth in Article XIV of this Agreement, duly executed by the Trustee, shall be entitled to any right or benefit under this Agreement. No Bond and no coupon appertaining to any coupon Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Agreement. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. Before authenticating or delivering any coupon Bonds the Trustee shall detach and cancel or destroy all matured coupons, if any, appertaining thereto, except any coupons which represent unpaid interest.

SECTION 205. Coupon Bonds, upon surrender thereof at the principal office of the Trustee with all unmatured coupons and all matured coupons in default, if any, appertaining thereto, may, at the option of the holder or registered owner thereof, be exchanged for an equal aggregate principal amount of registered Bonds without coupons, of any denomination or

¹ Use by the Trustee of an office in New York City has been authorized. See Addendum No. 1.

denominations authorized by this Agreement, of the same Series and maturity, bearing interest at the same rate, and, with the exception of the differences between the form of coupon Bonds and the form of registered Bonds without coupons which are set forth in Article XIV of this Agreement, in the same form as the coupon Bonds surrendered for exchange. If such coupon Bonds shall be registered as to principal alone, they shall be accompanied by an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee.

Registered Bonds without coupons, upon surrender thereof at the principal office of the Trustee, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of coupon Bonds of the same Series and maturity, bearing interest at the same rate and having attached thereto coupons representing all unpaid interest due or to become due thereon, or of registered Bonds without coupons of the same Series and maturity, of any denomination or denominations authorized by this Agreement, and bearing interest at the same rate, and in either case, with the exception of the differences between the form of coupon Bonds and the form of Registered Bonds without coupons which are set forth in Article XIV of this Agreement, in the same form as the registered Bonds without coupons surrendered for exchange.

The Authority shall make provision for such exchanges of Bonds at the principal corporate trust office of the Trustee.

SECTION 206. Title to any coupon Bond, unless such bond is registered in the manner hereinafter provided, and title to any interest coupon shall pass by delivery in the same manner as a negotiable instrument payable to bearer. The Trustee is hereby appointed as Bond Registrar and as such shall keep books for the registration and for the transfer of Bonds as provided in this Agreement. At the option of the bearer, any coupon Bond (but not any temporary Bond unless the Authority shall so provide) may be registered as to principal alone on such books upon presentation thereof to the Bond Registrar which shall make notation of such registration thereon. Any such Bond registered as to principal alone may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, such transfer to be made on such books and endorsed on the Bond by the Bond Registrar. Such transfer may be to bearer and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of any coupon Bond registered as to principal alone and the principal of any registered Bond without coupons shall be payable only to or upon the order of the registered owner or his legal representative, but the coupons appertaining to any coupon Bond registered as to principal alone shall remain payable to bearer notwithstanding such registration.

Any registered Bond without coupons may be transferred only upon the books kept for the registration and transfer of Bonds upon surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such transfer the Authority shall execute and the Trustee shall authenticate and deliver in exchange for such bond a new registered Bond or Bonds without coupons, registered in the name of the transferee, of any denomination or denominations authorized by this Agreement, or, at the option of the transferee, coupon Bonds

with coupons attached representing all unpaid interest due or to become due thereon, in an aggregate principal amount equal to the principal amount of such registered Bond, of the same Series and maturity, and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or registered Bonds without coupons shall be transferred hereunder, the Authority shall execute and the Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Agreement. All registered Bonds surrendered in any such exchange or transfer shall forthwith be canceled by the Trustee. All coupon Bonds surrendered for exchange shall have attached thereto all unmatured coupons appertaining thereto together with any matured coupons in default appertaining thereto. Upon receiving coupon Bonds in exchange for a fully registered Bond, the Trustee shall retain coupon Bonds in a safe place, available, after detaching coupons representing interest which has been paid, for re-delivery in exchange for a fully registered Bond, until all Bonds of the same Series and maturity shall have been paid and canceled. The Authority or the Trustee may make a charge for every such exchange or transfer of Bonds sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, but shall make no other charge therefor. Neither the Authority nor the Trustee shall be required to make any such exchange or transfer of Bonds during the fifteen (15) days next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, during the fifteen (15) days next preceding the first publication of notice of redemption.

SECTION 207. As to any coupon Bond registered as to principal alone or any registered Bond without coupons, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond and the interest on any such registered Bond without coupons shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond including the interest thereon to the extent of the sum or sums so paid. The Authority, the Trustee, the Bond Registrar and the Paying Agents may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal alone, and the bearer of any coupon appertaining to any coupon Bond whether such Bond shall be registered as to principal alone or not, as the absolute owner of such Bond or coupon, as the case may be, whether such Bond or coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and except as otherwise provided by law, neither the Authority, the Trustee, the Bond Registrar nor the Paying Agents shall be affected by any notice to the contrary.

Any person in possession of any coupon Bond or of any coupon appertaining to any coupon Bond, regardless of the manner in which he shall have acquired possession, is hereby authorized to represent himself as the absolute owner of such Bond or coupon, as the case may be, and is hereby granted power to transfer absolute title thereto by delivery thereof to a bona fide purchaser for value (present or antecedent) without notice of prior defenses or equities or claims of ownership enforceable against his transferor or any person in the chain of title and before the maturity of such Bond. Any registered owner of any registered Bond without coupons is hereby granted power to transfer absolute title thereto by assignment thereof to a bona fide purchaser for value (present or antecedent) without notice of prior defenses or equities or claims of ownership enforceable against his assignor or any person in the chain of title and before the maturity of such Bond. Every prior holder or owner of any Bond or of any coupon appertaining to any coupon Bond shall be deemed

to have waived and renounced all of his equities or rights therein in favor of every such bona fide purchaser, and every such bona fide purchaser shall acquire absolute title thereto and to all rights represented thereby. The Trustee, the Authority and any Paying Agent shall be entitled to treat the person in possession of any coupons or coupon Bond not registered as to principal as the absolute owner thereof for all purposes and the registered owner of any registered Bond as the absolute owner thereof for all purposes.

SECTION 208. Reserved.

SECTION 209. Additional Bonds of the Authority may be issued under and secured by this Agreement at any time or times, subject to the conditions hereinafter provided in this Article, for the purpose (i) of paying all or a part of the cost of any Additional Facilities or Additional Improvements, including refunding Notes issued in anticipation of the issuance of such Bonds, (ii) of providing additional funds for the completion of such Additional Facilities or Additional Improvements, including the payment of Notes issued in anticipation of the issuance of such Bonds, (iii) of refunding Bonds issued under the provisions of this Agreement, or (iv) of refunding Subordinated Obligations, or other obligations not issued under the provisions of this Agreement.

Before any Bonds shall be issued under the provisions of this Article the Authority shall adopt a resolution authorizing the issuance of such Bonds, fixing the amount and the details thereof and complying with the additional provisions, if any, required by any other Section of this Article dealing specifically with the Bonds in question. Subject to the special provisions with respect to Series designation of the first paragraph of Section 211, the Bonds of each Series issued under the provisions of this Section shall be designated by an identifying series designation, shall be dated, and shall be stated to mature, all as may be provided by the resolution authorizing the issuance of such Bonds. Subject to the special provisions of the first paragraph of Section 211, if any of the Bonds of any Series issued under the provisions of this Section shall be serial Bonds, the maturities of such Bonds shall begin on the date fixed in the resolution authorizing the issuance of such Bonds, and in case the Bonds of any such Series shall consist of term Bonds or of both serial Bonds and term Bonds, the resolution authorizing the issuance of such Bonds shall fix the Amortization Requirements for such term Bonds which shall begin in each case in a fiscal year not earlier than the fiscal year following the date of delivery of such Bonds. Such resolution may, if the Authority so determines, create and establish a Term Bond Investment Account for the Bonds of such Series and fix the amounts to be deposited in each fiscal year in such Term Bond Investment Account. The Bonds of each such Series shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall bear the facsimile signatures of, or shall be manually signed by, such officer or officers, shall be payable at such places, and may be made redeemable at such times and prices (subject to the provisions of Article III of this Agreement), all as shall be provided by resolution adopted by the Authority authorizing the issuance of such Series of Bonds. The Bonds of each such Series shall be executed substantially in the form and manner herein set forth and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Series of Bonds by the Trustee, there shall be filed with the Trustee the following:

(a) a copy, certified by the Secretary-Treasurer of the Authority, of each of the resolutions mentioned above;

(b) a copy, certified by the Secretary-Treasurer of the Authority, of the resolution adopted by the Authority awarding such Bonds, specifying the interest rate of each of such Bonds and directing the authentication and delivery of such Bonds to or upon the order of the purchasers thereof upon payment of the purchase price therein set forth;

(c) an opinion of Bond Counsel for the Authority stating that the issuance of such Series of Bonds has been duly authorized and that said Bonds are valid and binding obligations of the Authority;

(d) a certificate signed by the Executive Director or Secretary-Treasurer of the Authority to the effect that (i) no event of default is then existing under this Agreement and (ii) the amount required to be deposited into the Reserve Account pursuant to clause (a) of subdivision (IV) of Section 210 has been so deposited; and

(e) except in the case of additional Bonds issued under Section 211 or of a Series of refunding Bonds issued under Section 212, a certificate of the Consulting Engineer or a Consultant to the effect that all approvals, permits, licenses, consents or other action by all governmental agencies having jurisdiction in the premises required for the acquisition, construction or operation of the Additional Facilities or the Additional Improvements being financed with the proceeds of such Series of Bonds either (i) have been obtained or (ii) are reasonably expected to be obtained in the normal course.

When the documents mentioned in clauses (a) through (e) of this Section shall have been filed with the Trustee and when the Bonds described in the resolution mentioned in clause (b) of this Section shall have been executed and authenticated as required by this Agreement, and when the conditions set forth in any other Section of this Article dealing specifically with the Bonds in question shall have been complied with, the Trustee shall deliver such Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in said clause (b), but only upon payment to the Authority of the purchase price for such Bonds. The Trustee shall be entitled to rely upon such resolution as to the names of the purchasers and the amount of such purchase price.

SECTION 210. In addition to the general provisions of Section 209, the conditions hereinafter provided in this Section shall specifically govern the issuance of additional Series of Bonds for the purposes set forth in items (i), (ii) or (iv) of the first paragraph of Section 209.

(I) Before any Series of Bonds shall be issued under the provisions of this Section, the Authority shall adopt a resolution describing in brief and general terms the Additional Facilities or Additional Improvements to be acquired or constructed or under construction and specifying the obligations, if any, to be refunded from the proceeds thereof. The resolution authorizing the issuance of such Series of Bonds shall specify separately the principal amount of such Bonds, if any, issued for paying the cost of Additional Improvements of the Port Properties and may set forth an initial schedule of transfers to be made to the Bond Service Account by the Trustee pursuant to Section 404 of this Agreement. Prior to or simultaneously with the authentication and delivery of such Bonds by the Trustee, there shall be filed with the Trustee:

(a) except in the case of a Series of Bonds issued under clause (f) of subdivision (II) of this Section, the following statements:

(i) a statement, signed by the Traffic Engineers, giving their estimates of the average amount of the annual Revenues to be received by the Authority from all traffic facilities of the Authority,

(ii) a statement, signed by the Airport Consultants or a Consultant, giving their estimates of the average amount of the annual Revenues to be received by the Authority from all airport facilities (which for this purpose and the purpose of Section 702 of this Agreement shall mean and include all facilities of any airport under the control of the Authority including, without limitation, air traffic, surface traffic, passenger and freight terminals, lodging and restaurant facilities) of the Authority, and

(iii) a statement or statements, signed by one or more independent experts or firms of experts of recognized ability and standing, other than the Consulting Engineers, in the field of estimating revenues of a facility or component or element of a facility of the type to which each statement relates, each of which experts shall be chosen by the Authority, giving his or their estimates of the average amount of the annual Revenues to be received by the Authority from all other facilities of the Authority,

computed in each instance by dividing by three (3) the estimated Revenues to be received during the first three (3) full fiscal years of the Authority immediately following the estimated date of placing the last of such Additional Facilities or Additional Improvements in operation as set forth in the statement of the Consulting Engineers or a Consultant referred to in item (i) of clause (b) of this subdivision (I); provided, however, that none of the estimates referred to in items (i) through (iii) of this clause (a) shall include any income from investments made under the provisions of Section 602 of this Agreement to the extent such income from investments would otherwise be included in Revenues; and provided, further, that such estimates may take into consideration (x) any increases in tolls, rates, fees, rentals and other charges on and as of the respective dates such increases are to take effect, which have been adopted by resolutions of the Authority to take effect on or after such estimated date of placing such Additional Facilities or Additional Improvements in operation or during the course of construction thereof and (y) any increases in tolls, rates, fees, rentals and other charges which are reasonably expected to be adopted pursuant to any cost-recovery pricing policy utilized by the Authority in the normal course of its business;

(iv) a statement signed by the Secretary-Treasurer of the Authority giving his estimates of the average amount of annual Revenues representing income from investments made under the provisions of Section 602 of this Agreement; and which estimated amount of annual Revenues shall be computed by dividing by three (3) the estimated income from investments so to be received during the first three (3) full fiscal years of the Authority immediately following the estimated date of placing the last of such Additional Facilities or Additional Improvements in operation as set forth in the statement of the Consulting Engineers or a Consultant referred to in clause (b) of subdivision (II) of this Section; and

(b) a statement signed by the Consulting Engineers or a Consultant, giving their estimates of the following:

(i) the date on which the last of such Additional Facilities or Additional Improvements will be placed in operation:

(ii) in case such Additional Facilities or Additional Improvements are to be constructed in whole or in part, the date on which such construction will be completed;

(iii) the cost of such Additional Facilities or Additional Improvements pursuant to Section 403, including estimated financing charges and interest payable during construction, and estimates of (A) any other funds reasonably anticipated to become available to pay such cost from moneys in the Improvement and Extension Fund, proceeds of grants, or otherwise, (B) the aggregate amount of Bonds required to be issued to pay such cost, (C) the amount of Bonds previously issued and then being issued to pay such cost and (D) the amount of additional Bonds remaining to be issued to pay such cost, accompanied by a schedule for such construction, provided, that in estimating financing charges, interest payable during construction and any other funds anticipated to become available, the Consulting Engineers may rely upon information furnished to them by the Authority; and

(iv) the average amount of the annual Operating Expenses on account of all the Projects, computed by dividing by three (3) the estimated Operating Expenses during the first three (3) full fiscal years immediately following the estimated date of placing the last of such Additional Facilities or such Additional Improvements in operation.

(II) Except as otherwise provided in subdivision (III) of this Section and subject to the provisions of clause (b) of Section 710, the Trustee shall not authenticate and deliver such Series of Bonds unless:

(a) with respect to any Series of Bonds for which a certificate of the Secretary-Treasurer is required to be filed under clause (b) or (d) of this subdivision (II), there shall also be filed with the Trustee a certificate of the Secretary-Treasurer, confirmed by the Accountants or a Consultant, stating that the Net Revenues in any 12 consecutive months out of the most recent 18 months preceding the issuance of such Series of Bonds were not less than 125% of the Principal and Interest Requirements on all outstanding Bonds over such 12 month period;

(b) in the event that the Series of Bonds is being issued to finance all or the first portion of the estimated cost of Additional Improvements, there shall be filed with the Trustee a certificate of the Secretary-Treasurer stating that the estimated average annual Net Revenues (based upon the estimates contained in the statements filed with the Trustee pursuant to clauses (a) and (b) of subdivision (I) of this Section) for the first three (3) full fiscal years immediately following the latest estimated date of placing in operation any Additional Improvements or Additional Facilities for which any Series of Bonds (including the Series of Bonds then being issued) has been or is then being issued will equal at least 130% of the estimated maximum annual Principal and Interest Requirements on all outstanding Bonds, the Series of Bonds then being issued and any future Series of Bonds to be issued for the financing of the cost of all Additional Facilities for which any Series of Bonds has been issued and of all such Additional Improvements (as set forth in the statements of the Consulting Engineers or a Consultant filed with the Trustee pursuant to clause (b) of subdivision (I) of this Section). For purposes of computing the Principal and Interest Requirements on such future Series of Bonds, such future Series of Bonds shall be assumed to

mature over such period as the Authority shall determine and shall be assumed to bear interest at a rate at least equal to the average interest rate on the Series of Bonds then being issued;

(c) if only the first portion of the estimated cost of Additional Improvements was financed by a Series of Bonds issued under clause (b) of this subdivision (II), then in the event that any future Series of Bonds referred to in clause (b) of this subdivision (II) is being issued, there shall be filed with the Trustee a certificate of the Secretary-Treasurer of the character described in clause (b) of this subdivision (II), except that the percentage of estimated average annual Net Revenues referred to in said clause (b) may be 125% in lieu of 130%;

(d) in the event that the Series of Bonds is being issued to finance all or the first portion of the estimated cost of Additional Facilities there shall be filed with the Trustee a certificate of the Secretary-Treasurer stating that the estimated average annual Net Revenues (based upon the estimates contained in the statements filed with the Trustee pursuant to clauses (a) and (b) of subdivision (I) of this Section) for the first three (3) full fiscal years immediately following the latest estimated date of placing in operation any Additional facilities or Additional Improvements for which any Series of Bonds (including the Series of Bonds then being issued) has been or is then being issued will equal at least 140% of the estimated maximum annual Principal and Interest Requirements on all outstanding Bonds, the Series of Bonds then being issued and any future Series of Bonds to be issued for the financing of the cost of all Additional Improvements for which any Series of Bonds has been issued and all such Additional Facilities (as set forth in the statements of the Consulting Engineers or a Consultant filed with the Trustee pursuant to clause (b) of subdivision (I) of this Section). For purposes of computing the Principal and Interest Requirements on such future Series of Bonds, such future Series of Bonds shall be assumed to mature over such period as the Authority shall determine and shall be assumed to bear interest at a rate at least equal to the average interest rate on the Series of Bonds then being issued;

(e) if only the first portion of the estimated cost of Additional Facilities was financed by a Series of Bonds issued under clause (d) of this subdivision (II), then in the event that any future Series of Bonds is being issued for the payment of the cost of such Additional Facilities, there shall be filed with the Trustee a certificate of the Secretary-Treasurer of the character described in clause (d) of this subdivision (II), except that the percentage of estimated average annual Net Revenues referred to in said clause (d) may be 135% in lieu of 140%.

(f) notwithstanding the foregoing clauses (a) through (e), the Authority may issue a Series of Bonds to finance all or any portion of the estimated cost of Additional Improvements or Additional Facilities if in lieu of the certificates required pursuant to such clauses there shall be filed with the Trustee a certificate of the Secretary-Treasurer, confirmed by the Accountants or a Consultant, stating that the Net Revenues in any 12 consecutive months out of the most recent 18 months preceding the issuance of such Series of Bonds were not less than 125% of the maximum annual Principal and Interest Requirements on all outstanding Bonds, the Series of Bonds then being issued and the estimated amount of additional Bonds required to be issued for the financing of Additional Improvements or Additional Facilities the financing of which had been commenced with the proceeds of a Series of Bonds already issued based upon a certificate filed with the Trustee under clause (b) or (d), respectively, of this subdivision (II), the amount of such estimated additional Bonds to be set forth in the statement or statements of the Consulting Engineers or a Consultant filed with the Trustee pursuant to clause (b) of subdivision (I) of this Section which

relates to such Additional Improvements or such Additional Facilities. The Principal and Interest Requirements on any estimated additional Bonds remaining to be issued shall be assumed to mature over such period as the Authority shall determine and shall be assumed to bear interest at a rate at least equal to the average interest rate on the Series of Bonds then being issued.

(III) In the event that a Series of Bonds has been issued under clause (b) or (d) of subdivision (II) of this Section 210 to finance all of the then-estimated cost of Additional Improvements or Additional Facilities, respectively, an additional Series of Bonds may be issued to complete the financing of the cost of such Additional Improvements or Additional Facilities without the filing of any certificate of the Secretary-Treasurer pursuant to any of the clauses of said subdivision (II).

In the event that a Series of Bonds has been issued under clause (f) of subdivision (II) of this Section 210 to finance all or any portion of the estimated cost of Additional Improvements or Additional Facilities, any future series of Bonds to finance such Additional Improvements or Additional Facilities may only be issued upon filing the certificate of the Secretary-Treasurer pursuant to said clause (f).

(IV) The Authority shall deposit the proceeds of any Series of Bonds issued under this Agreement as follows:

(a) The Authority shall deposit into the Pooled Reserve Subaccount from the proceeds of any Series of additional Bonds secured by such subaccount, or from such other moneys of the Authority as may be available and which the Authority elects to apply for such purpose, an amount at least equal to one-half the amount equal to

(x) the increase in the maximum annual Principal and Interest Requirements on all then-outstanding Bonds and on the Series of additional Bonds then being issued secured by such subaccount, less

(y) the amount of moneys, if any, in the Reserve Account in excess of the maximum annual Principal and Interest Requirements on all then-outstanding Bonds secured by such subaccount.

(b) In the event that a portion of the proceeds of a Series of additional Bonds are to be applied to the refunding of Notes issued in anticipation of the issuance of such Bonds, the Authority shall deposit such portion with the paying agent for such Notes to be issued solely for the payment of such Notes.

(c) The Authority shall deposit the balance of the proceeds (excluding accrued interest) of such Series of Bonds with the Trustee to the credit of the appropriate Project Account in the Construction Fund designated by the Authority, to be applied as provided in Article IV hereof; provided, however, that in the case of acquisition of any Additional Facilities or Additional Improvements, a part or all of such proceeds shall be applied by Bonds to the payment of the purchase price of such Additional Facilities or Additional Improvements if and to the extent that the resolution authorizing the issuance of such Series of Bonds shall so provide.

(d) Notwithstanding the foregoing provisions of this Subsection 210(IV) to the contrary, there may be created within the Reserve Account by the resolution of the Authority authorizing a Series

of Bonds a separate subaccount for such Series of Bonds; provided that (i) the Authority may elect in such resolution that any then-existing subaccount within the Reserve Account (including without limitation the Pooled Reserve Subaccount) shall secure such additional Series of Bonds on a parity basis (if permitted by the resolution of the Authority which established such subaccount); and (ii) with respect to any Series of Bonds, the Authority may elect in the resolution that such Series of Bonds shall not be secured by any subaccount in the Reserve Account and, accordingly, not to establish any subaccount in the Reserve Account to secure such Series of Bonds. Any resolution of the Authority providing for the issuance of a Series of Bonds which establishes a separate subaccount within the Reserve Account shall specify (a) whether such subaccount shall secure only such Series of Bonds or may secure additional Series of Bonds and (b) the Reserve Requirement applicable to such subaccount.

Notwithstanding anything herein to the contrary, the Authority shall not be required to fully fund a subaccount in the Reserve Account at the time of issuance of a Series of Bonds hereunder, if it elects, by the resolution of the Authority authorizing issuance of such Series of Bonds, to fully fund the applicable subaccount in the Reserve Account over a period specified in such resolution, not to exceed sixty (60) months, commencing with the next succeeding fiscal year of the Authority, during which it shall make substantially equal monthly installments in order that the amounts on deposit therein at the end of such period shall equal the Reserve Requirement for such Series of Bonds.

(V) (a) Prior to the authentication and delivery of any Series of Bonds, the Authority shall adopt a resolution which shall specify or shall delegate, within specified parameters to an authorized officer of the Authority, the ability to determine the Reserve Requirement, if any, with respect to such Series of Bonds to be deposited in or credited to a subaccount in the Reserve Account with respect to such Series of Bonds designated by such resolution and any other terms with respect to the funding of such Reserve Requirement.

(b) Prior to the authentication and delivery of any Series of Bonds, the Authority may approve a resolution which shall specify, or shall delegate within specified parameters to an authorized officer of the Authority the ability to determine, whether and to what extent any Available Funds (including state and/or federal grants), will either (x) be pledged to secure and irrevocably committed to or (y) be included in the definition of Revenues and, in either case, be used to pay principal of, premium, if any, and interest on such Series of Bonds; provided, however, that Available Funds pledged to one or more Series of Bonds shall be applied to pay principal of, premium, if any, and interest on only such designated Series of Bonds.

SECTION 211. In addition to the general provisions of Section 209, the conditions hereafter provided in this Section 211 shall specifically govern the issuance of additional Bonds in order to provide moneys to refund at their maturity all or part of the serial Bonds of any Series which will mature within six (6) months thereafter. Before any Bonds shall be issued under the provisions of this paragraph the Authority shall adopt a resolution describing the Bonds to be refunded. Such revenue refunding Bonds shall be deemed to constitute a part of the Bonds of the Series to be refunded. In case the other Bonds of such Series shall consist entirely of serial Bonds, such revenue refunding Bonds shall be stated to mature one year after the last maturing installment of the Bonds of such Series and shall be deemed to be a part of such serial Bonds, and in case the Bonds of such Series shall consist of both serial Bonds and term Bonds, such revenue refunding

Bonds shall be stated to mature on the same date as the latest maturing term Bonds of such Series and shall be deemed to be a part of such term Bonds, and the Amortization Requirement for all term Bonds of such Series for each fiscal year after the issuance of such revenue refunding Bonds shall be increased in proportion, as nearly as practicable, to the increase in the principal amount of such term Bonds then outstanding. Such revenue refunding Bonds shall bear the same date and be designated by the same series designation as the other Bonds of such Series and shall be payable at the same place or places of payment.

Simultaneously with the delivery of such revenue refunding Bonds, the Trustee shall withdraw from the Bond Service Account in the Interest and Sinking Fund (if the serial Bonds being refunded are part of an additional Series of Bonds) an amount equal to the sum of the amounts deposited to the credit of said respective account on account of the interest which is payable on the Bonds to be refunded on the next interest payment date of such Bonds and on account of the next maturing installment of principal of serial Bonds, if any, to be refunded. The amount so withdrawn and the proceeds of such revenue refunding Bonds (excluding accrued interest but including any premium) shall be held by the Trustee or deposited with the Paying Agents of the Bonds to be refunded to be held in trust for the sole and exclusive purpose of paying such principal, redemption premium and interest. All expenses incurred by the Authority in connection with the issuance of such revenue refunding Bonds shall be paid from the Operating Fund.

SECTION 212. In addition to the general provisions of Section 209, the conditions hereinafter provided in this Section shall specifically govern the issuance of a Series of additional refunding Bonds for the purpose of providing funds to pay or provide for the payment of all or any part of any Series of Bonds and any costs in connection with the issuance of such Series of refunding Bonds.

The Trustee shall not authenticate and deliver such Series of refunding Bonds unless there is filed with the Trustee, in addition to the documents required by Section 209, the following:

(a) An opinion of Bond Counsel that the Series of Bonds being refunded has been paid or provision for payment has been made in accordance with the provisions of Article XII hereof; and

(b) A certificate of the Secretary-Treasurer, confirmed by the Accountants or a Consultant, stating either that (i) the Principal and Interest Requirements on all outstanding Bonds, for each fiscal year until the fiscal year following the fiscal year that any Bonds not being refunded with the proceeds of such Series of refunding Bonds mature, will not be increased after giving effect to the issuance of such Series of refunding Bonds; or (ii) the Net Revenues during any 12 consecutive months out of the most recent 18 months preceding the issuance of such Series of refunding Bonds were not less than 125% of the maximum annual Principal and Interest Requirements on all outstanding Bonds after giving effect to the issuance of the Series of refunding Bonds and the estimated amounts of any additional Bonds remaining to be issued as set forth in the statement or statements of the Consulting Engineers or a Consultant filed with the Trustee pursuant to clause (b) of subdivision (I) of Section 210; or (iii) (A) the Net Revenues during any 12 consecutive months out of such 18 months period were not less than 125% of the Principal and Interest Requirements on all outstanding Bonds during such 12 months, and (B) the estimated average annual Net Revenues for the three (3) fiscal years commencing immediately following the latest

estimated date of placing in operation any Additional Improvements or Additional Facilities for which any Series of Bonds has been issued will be at least 135% of the estimated maximum Principal and Interest Requirements for any year (after giving effect to the issuance of such Series of refunding Bonds and any Bonds to be issued for the completion of such Additional Improvements and Additional Facilities).

SECTION 213. The amount received as accrued interest on all Bonds issued under the provisions of this Agreement shall be deposited with the Trustee to the credit of the Bond Service Account.

SECTION 214. Until the definitive Bonds of any Series are ready for delivery, there may be executed, and upon request of the Authority the Trustee shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, temporary, handwritten, typewritten, printed, engraved or lithographed Bonds, in the form either of coupon Bonds in the denomination of \$5,000 each, with or without coupons and with or without the privilege of registration as to principal alone, or registered Bonds without coupons in denominations of \$5,000 or any multiple thereof, or both, as the Authority may provide, substantially of the tenor herein set forth and with such appropriate omissions, insertions and variations as may be required.

Until the definitive Bonds of any Series are ready for delivery, any temporary Bond of such Series may, if so provided by the Authority by resolution, be exchanged at the principal office of the Trustee, without charge to the holder thereof, for an equal aggregate principal amount of temporary coupon Bonds or of temporary registered Bonds without coupons, or both, of like tenor, of the same Series and maturity and bearing interest at the same rate.

If temporary Bonds shall be issued, the Authority shall cause the definitive Bonds to be prepared and to be executed and deposited with the Trustee, and the Trustee, upon presentation to it as its principal office of any temporary Bonds accompanied by all coupons, if any, representing all unpaid interest due or to become due thereon shall cancel the same and authenticate and deliver in exchange therefor, without charge to the holder thereof, a definitive Bond or Bonds of an equal aggregate principal amount, of the same Series, maturing on the same date and bearing interest at the same rate as the temporary Bond surrendered. Upon any such exchange all coupons appertaining to definitive coupon Bonds and representing interest theretofore paid shall be detached and cancelled by the Trustee. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefit of this Agreement as the definitive Bonds to be issued and authenticated hereunder, except that temporary coupon Bonds shall not be entitled to the privilege of registration as to principal alone unless so provided by the Authority. If the definitive Bonds shall not be ready for exchange when interest is due and payable on temporary coupon Bonds, such interest shall be paid on presentation of such temporary coupon Bond and notation of such payment shall be endorsed thereon, or such interest shall be paid upon the surrender of the appropriate coupons if coupons representing such interest shall be attached to such temporary Bonds.

SECTION 215. In case any Bond secured hereby shall become mutilated or be destroyed or lost, the Authority shall cause to be executed, and the Trustee shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond and its interest coupons, if any, or in lieu of and in substitution for such Bonds and

its coupons, if any, destroyed or lost, upon the holder's paying the reasonable expenses and charges of the Authority and of the Trustee in connection therewith and, in the case of a Bond destroyed or lost, his filing with the Trustee evidence satisfactory to it and to the Authority that such Bond and coupons, if any, were destroyed or lost, and of his ownership thereof, and furnishing the Authority and the Trustee with indemnity satisfactory to them.

SECTION 216. (I) Notwithstanding any other provision contained in this Agreement, the Authority is authorized, subject to the conditions and limitations of this Section, to borrow money at any time or times for any purpose for which additional Bonds may now or hereafter be issued by the Authority, evidenced by the issuance of notes or other obligations rather than Bonds. The term "Notes" shall mean any notes or other obligations issued under the provisions of this subdivision (I). The aggregate principal amount so borrowed by the Authority and evidenced by such Notes (but excluding the aggregate principal amount borrowed which is contemporaneously to be repaid from the proceeds of Notes then to be issued) shall not exceed that amount permitted by law at the time such borrowing is made. The principal and interest of all Notes of the Authority so issued in no event, except as herein specifically provided, be payable from Revenues of the Authority but shall be payable solely (i) from the proceeds of Bonds subsequently issued, or (ii) from the proceeds of subsequent borrowings which comply with the provisions of this Section, or (iii) if the Notes evidencing such borrowing so provide, from moneys held for the credit of the Improvement and Extension Fund, if such moneys, to the extent permitted by the proceedings of the Authority authorizing the issuance of such Notes, are pledged by the Authority to the payment of the principal of and interest on such Notes and if such Notes were issued by the Authority for any purpose for which the moneys held for the credit of such Fund may be disbursed. Notes may be issued without compliance with the provisions of Section 209 and 210, but before any Notes shall be issued under the provisions of this subdivision (I) the Authority shall adopt a resolution authorizing the issuance of such Notes, fixing the amount and the details thereof, and describing in brief and general terms the use of the proceeds thereof, describing the source or sources of payment therefor and establishing the security therefor, if any. Notes issued under the provisions of this subdivision (I) shall be designated, dated and stated to mature, all as may be provided by the resolution authorizing the issuance of such Notes. Such Notes or any issue thereof and any resolution or resolutions authorizing such Notes or any issue thereof may contain such additional provisions, conditions, covenants or limitations as may then be authorized by law. The Notes shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall be signed by such officer or officers, shall be payable at such places, and may be made redeemable at such times and prices, all as shall be provided by resolution adopted by the Authority prior to the issuance of such Notes. The Authority may issue such Notes in such manner either publicly or privately and on such terms as it may determine to be in the best interests of the Authority.

Prior to or simultaneously with the delivery of such Notes, there shall be filed with the Authority an opinion of Bond Counsel for the Authority stating that the issuance of such Notes has been duly authorized, that all conditions precedent to the delivery of such Notes have been fulfilled and that said Notes are valid and binding obligations of the Authority.

When the documents mentioned in this Section have been executed and delivered, and when the Notes described in the resolutions mentioned above shall have been executed, the Authority shall deliver such Notes at one time or upon the order of the purchasers thereof, but only upon payment to the Authority of the purchase price of such Notes.

(II) The Authority may, at any time and from time to time, issue Subordinated Obligations the principal of and redemption premium, if any, and interest on which is payable from and secured by a pledge of and lien on the Revenues which is junior and subordinate to the pledge and lien thereon created by this Agreement for the benefit and security of the Trustee and the holders of the Bonds; provided, however, that (i) such Subordinated Obligations shall be payable solely from moneys in the Improvement and Extension Fund, from additional issues of Subordinated Obligations or (if such Subordinated Obligations were issued for purposes for which Bonds could be issued) from the proceeds of Bonds thereafter issued under Section 210 of this Agreement, and (ii) any such pledge and lien on the Revenues securing such Subordinated Obligations shall be, and shall be expressed to be, subordinate in all respects to the pledge of and lien on the Revenues and the Funds and Accounts created by this Agreement.

(III) Notwithstanding any other provision of this Agreement, the Authority may issue obligations for any lawful purpose which are not secured by any pledge, lien or charge on, nor payable from, the Revenues or any of the Funds and Accounts created by this Agreement.

ARTICLE III

REDEMPTION OF BONDS.

SECTION 301. (I) Any additional Series of Bonds issued under the provisions of this Agreement may be made subject to redemption, both in whole and in part and at such times and prices, as may be provided by resolution adopted by the Authority prior to the issuance of such Bonds.

(II) If less than all of the serial Bonds of a Series of any one maturity or less than all of the term Bonds of a Series of any one maturity and delivered at any one time shall be called for redemption, the particular Bonds or portions of registered Bonds without coupons to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may determine; provided, however, that the portion of any registered Bond without coupons to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof, and that, in selecting Bonds for redemption, the Trustee shall treat each registered Bond without coupons as representing that number of coupon Bonds which is obtained by dividing the principal amount of such registered Bond by \$5,000.

SECTION 302. Not less than thirty (30) and not more than sixty (60) days before (unless the publication herein specified is repeated not more than (60) days before) the redemption date of any Bonds, the Trustee shall cause a notice of any such redemption, signed by the Trustee, (a) unless otherwise provided with respect to any Series of Bonds by the resolution of the Authority authorizing such Series of Bonds, notice of redemption for each Series of Subordinated Bonds shall be given by the Trustee following receipt of written notice from the Authority contained the information required by Article III by filing a notice of such redemption with EMMA, not more

than sixty (60) and not less than thirty (30) days prior to the redemption date, (b) to be filed with Paying Agents of such Bonds and (c) to be mailed, postage prepaid, to all bondholders of record of Bonds or portions of Bonds to be redeemed at their addresses as they appear on the registration books hereinabove provided for or on the list of bondholders of record maintained pursuant to Section 712, but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the term Bonds of a Series or less than all of the serial Bonds of any one maturity of a Series then outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed and, in the case of registered Bonds without coupons to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In addition, if the condition set forth in the proviso to Section 303 hereof shall apply, notice of an optional redemption may, if the Authority so elects, state that it is conditional on the deposit not later than one business day prior to the redemption date of moneys sufficient to redeem the Bonds subject to such notice. In case any registered Bond without coupons is to be redeemed in part only, the notice or redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new registered Bond without coupons in principal amount equal to the unredeemed portion of such Bond will be issued.

SECTION 303. On the date so designated for redemption, notice having been published in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Trustee or by the Paying Agents of such Bonds in trust for the holders of the Bonds or portions thereof to be redeemed, all as provided in this Agreement, the Bonds or portions of registered Bonds without coupons so called for redemption it shall become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date, interest on the Bonds or portions of Bonds so called for redemption shall thereafter cease to accrue, the coupons for interest on any coupon bonds so called for redemption payable subsequent to the redemption date shall be void, and the holders or registered owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in Section 305 of this Article, to receive Bonds for any unredeemed portions of registered Bonds without coupons; provided, that if at the time of notice of any optional redemption of Bonds moneys sufficient to redeem all of such Bonds shall not have been deposited in the Bond Service Account, the Redemption Account or any other Fund or Account established hereunder or set aside under Section 1201(b) hereof, then the notice of redemption under Section 302 hereof may state that it is conditional on the deposit of sufficient moneys by not later than one business day prior to the redemption date, and if the deposit is not timely made the notice shall be of no effect.

SECTION 304. All unpaid interest coupons which appertain to coupon Bonds so called for redemption and which shall have become payable on or prior to the date of redemption designated in such notice shall continue to be payable to the bearers severally and respectively upon the presentation and surrender of such coupons.

SECTION 305. In case part but not all of an outstanding registered Bond without coupons shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present such Bond to the Trustee for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount, and the Authority shall execute and the Trustee shall authenticate and deliver to or upon the order of such registered owner

or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the registered Bond so surrendered a registered Bond without coupons of the same Series and maturity and bearing interest at the same rate. The Authority shall pay as an Operating Expenses any charges in connection with the foregoing.

SECTION 306. Coupon Bonds so redeemed and all unmatured coupons appertaining thereto, and registered bonds without coupons so presented and surrendered, shall be canceled upon the surrender thereof.

ARTICLE IV

CONSTRUCTION FUND.

SECTION 401. There is hereby created a special fund of the Authority, to be held in trust by the Trustee, designated as the "Massachusetts Port Authority Construction Fund" (herein sometimes called the "Construction Fund"). Whenever Bonds or Notes are issued pursuant to the terms of this Agreement to provide funds for any Additional Improvement or any Additional Facility, there shall be created in the Construction Fund separate Accounts as appropriate, designated with the description of the Project and the Series of Bonds or issue of Notes the proceeds of which are to be deposited therein (each such Account being herein referred to as a "Project Account"), to the credit of which such deposits shall be made as are required by the provisions of Section 210 of this Agreement or the resolutions authorizing such Bonds or Notes. Subject to the provisions of Section 409 of this Article, moneys deposited to the credit of a Project Account shall be applied to the payment of the cost of the Additional Improvements or Additional Facilities to which such Account related. There may also be deposited to the credit of a Project Account any moneys received from any other source for the construction of such Additional Improvements or Additional Facilities.

SECTION 402. Payment of the cost of Additional Improvement or Additional Facilities shall, to the extent not otherwise paid, be made from the appropriate Project Account in the Construction Fund. All such payments shall be subject to the provisions and restrictions set forth in this Article, and the Authority covenants that it will not cause or permit to be paid from any such Project Account any sums except in accordance with such provisions and restrictions.

SECTION 403. For the purposes of this Agreement the cost of Additional Improvements or Additional Facilities shall embrace the cost of acquisition or construction and all other items of cost incident to such acquisition or construction and the financing thereof, and, without intending thereby to limit or restrict any proper definition of such cost under the provisions of the Enabling Act, shall include the following:

(a) obligations incurred for labor and materials and to contractors, builders and materialmen in connection with the construction of such Additional Improvements or Additional Facilities for machinery and equipment, for the restoration or relocation of property damaged or destroyed in connection with such construction and for the removal or relocation of any public utilities facilities and structures:

(b) the cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in or any settlement or compromise of any proceeding to acquire by eminent domain, such lands, property, rights, rights of way, franchises, easements and other interests as may be deemed necessary or convenient by the Authority for the construction and operations of such Additional Improvements or Additional Facilities, options and partial payments thereon, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, and the amount of any damages incident to or consequent upon the construction and operation of such Additional Improvements or Additional Facilities;

(c) to the extent provided by resolutions of the Authority adopted under the provisions of Section 209 of this Agreement authorizing the issuance of a Series of Bonds, interest on the principal amount of the bonds issued for paying the cost of such Additional Improvements or Additional Facilities prior to the commencement of and during construction and to the second interest payment date after completion of construction (or to such later date as may be permitted under the Enabling Act as in effect at the time of issuance of such Bonds) and the reasonable fees of the Trustee and the Paying Agents for the payment of such interest;

(d) the fees and expenses of the Trustee and of the Paying Agents for their services under this Article and Article II of this Agreement, legal expenses and fees, financing charges, costs of audits and consultants, costs of preparing and issuing the Bonds, taxes or other municipal or governmental charges lawfully levied or assessed during construction upon such Additional Improvements or Additional Facilities or any property acquired therefor, and premiums on insurance (if any) in connection with such Additional Improvements or Additional Facilities during construction;

(e) the cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing such Additional Improvements or Additional Facilities, and fees and expenses of engineers for making traffic studies, surveys and estimates costs and of revenues and other estimates and for preparing plans and specifications and supervising construction, as well as for the performance of all other duties of engineers and architects set forth herein in relation to the construction of such Additional Improvements or Additional Facilities and the issuance of Bonds therefor;

(f) expense of administration properly chargeable to such Additional Improvements or Additional Facilities until the same are in operation and all other items of expense not elsewhere in this Section specified incident to the construction and equipment of such Additional Improvements or Additional Facilities and the placing of the same in operation and to the acquisition of lands, rights of way, property, rights, franchises, easements and interests therefor, including abstracts of title, title insurance, costs of surveys and other expenses in connection with such acquisition;

(g) any undertaking or expense heretofore or hereafter incurred by the Authority, and any amounts heretofore or hereafter advanced to the Authority, for any of the foregoing purposes, and any undertaking or expense heretofore or hereafter incurred at the request of the Authority by the State Department of Public Works, the Metropolitan District Commission, the Public Works

Department of the City of Boston, or by any other governmental agency or by the Authority or any member or officer thereof for any of the foregoing purposes; and

(h) the payment (including the refunding under items (i), (ii) or (iv) of the first paragraph of Section 209) of the principal of and premium, if any, on any Note, Subordinated Obligation or other obligation, the proceeds of which have been applied to the payment of any of the foregoing items of cost, together with interest thereon for the same period which could have been capitalized if such Notes, Subordinated Obligations or other obligations had been issued as Bonds.

SECTION 404. It shall be the duty of the Trustee, without requisition from the Authority or other or further authority than is contained herein, not earlier than one (1) day prior to the first interest payment date following the delivery of a Series of Bonds under the provisions of Section 210 of this Agreement (except upon instructions of the Secretary-Treasurer of the Authority specifying an earlier date) and not earlier than one (1) day prior to each succeeding interest payment date (except upon instructions of the Secretary-Treasurer of the Authority specifying an earlier date) for a period extending not later than the second interest payment date after the completion of construction (as certified pursuant to Section 409 of this Agreement) of the last of the Additional Improvements or Additional Facilities for which such Series of Bonds was issued (or such later date referred to in clause (c) of Section 403), to transfer to the credit of the Bond Service Account in the Interest and Sinking Fund from any moneys on deposit to the credit of the appropriate Project Account in the Construction Fund, an amount equal to the interest which will become due and payable on the next succeeding interest payment date on the principal amount of Bonds issued under the provisions of said Section 210 for paying the cost of such Additional Improvements or Additional Facilities; provided, however, that such transfers shall be made only to the extent, if any, provided by the Resolution authorizing the issuance of such Series of Bonds, and that the Resolution providing for making such transfers may be modified by the Authority from time to time in respect of any subsequent transfers; and provided, further, that in determining the amount to be so transferred prior to the first interest payment date on any Bonds issued under the provisions of this Agreement the Authority shall take into account the amount received as accrued interest on such Bonds at the time of their delivery.

SECTION 405. Payments from each Project Account in the Construction Fund, except the transfers which the Trustee is authorized to make under the provisions of Section 404 of this Article, shall be made in accordance with the provisions of this Section. Before any such payment shall be made the Authority shall file with the Trustee:

(a) a requisition, signed by the Secretary-Treasurer or an Assistant Treasurer or by such officer or employee of the Authority as shall be designated by the Authority by Resolution for such purpose, setting forth the particular Project Account from which such payments are to be made and stating in respect of each such payment:

- (1) the item number of the payment,
- (2) the name of the person, firm or corporation to whom payment is due,
- (3) the amount to be paid, and

- (4) the purpose by general classification for which the obligation to be paid was incurred;

(b) a certificate, signed by such member or by such officer or employee of the Authority as shall be designated by the Authority by resolution for such purpose and attached to the requisition, certifying:

- (1) that obligations in the stated amounts have been incurred by the Authority and are presently due and payable and that each item thereof is a proper charge against such Account and has not been paid,
- (2) that there has not been filed with or served upon the Authority notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons, firms or corporations named in such requisition which has not been released or will not be released simultaneously with the payment of such obligation, and
- (3) that such requisition contains no item representing payment on account of any retained percentage which the Authority is at the date of such certificate entitled to retain, unless payment of such retained percentage shall be approved by the Consulting Engineers; and

(c) a certificate, signed by an architectural or engineering firm or corporation meeting the standards established by Section 706 of this Agreement, designated by the Authority, and attached to such requisition, certifying its approval thereof.

Upon receipt of each requisition and accompanying certificates, the Trustee shall withdraw from the Project Account referred to in such requisition and deposit to the credit of a special checking account in its commercial department in the name of the Authority an amount equal to the total of the amounts to be paid as set forth in such requisition, the amount so deposited to be used solely for the payment of the obligations set forth in such requisition. In making such withdrawals and deposits the Trustee may rely upon such requisitions and accompanying certificates. Each such obligation shall be paid by check, automated clearinghouse or wire transfer (or such other means as may be approved in writing by the Secretary-Treasurer or an Assistant Treasurer of the Authority) drawn upon such checking account and signed or otherwise authorized by the Secretary-Treasurer or an Assistant Treasurer of the Authority and by such other officer or employee as shall be designated by the Authority by resolution for such purpose and having the same identifying number as the number stated in the requisition for such obligation. Moneys deposited to the credit of such checking account shall be deemed to be a part of such Project Account in the Construction Fund until paid out as above provided, but, any other provision of this Article IV to the contrary notwithstanding, such account shall not be deemed to be held or administered by the Trustee except as otherwise provided by law relating to deposit accounts. If for any reason the Authority should decide prior to the payment of any item in a requisition not to pay such item, the Authority shall give notice of such decision to the Trustee and restore the amount of such item to such Project Account.

In addition to such transfers, the Trustee shall pay from each Project Account in the Construction Fund to the Authority upon its requisition therefor, signed by the Secretary-Treasurer or an Assistant Treasurer of the Authority, at one time or from time to time, a sum or sums aggregating not more than One Hundred Thousand Dollars (\$100,000) from each Project Account exclusive of reimbursements as hereinafter in this Section authorized, the moneys so paid from each such Project Account to be used by the Authority as a revolving fund for the payment of items of cost and expenses referred to in Section 403 of this Agreement which can not conveniently be paid as herein otherwise provided. The moneys in each such revolving fund shall be deemed to be a part of such Project Account until paid out, but, any other provision of this Article IV to the contrary notwithstanding, such account shall not be deemed to be held or administered by the Trustee except as otherwise provided by law relating to deposit accounts. Each such revolving fund shall be reimbursed by the Trustee from time to time for such items of cost and expenses so paid by payments from the appropriate Project Account in the Construction Fund upon requisitions of the Authority, filed with the Trustee and similarly signed, specifying the payee, the amount and the purpose by general classification of each payment from the revolving fund for which such reimbursement is requested, accompanied by a certificate, similarly signed, certifying that each such item of cost or expense so paid was a necessary item of cost or expense within said Section 403 and that such cost or expense could not conveniently be paid except from such revolving fund. In making such reimbursements the Trustee may rely upon such requisitions and accompanying certificates.

SECTION 406. If any requisition contains any item for the payment of the purchase price or cost of any lands, rights, easements, franchises or interests in or relating to lands, there shall be attached to such requisition, in addition to the certificates mentioned in Section 405 of this Article:

(a) A certificate, signed by the Chairman or Vice Chairman of the Authority or by such other officer or employee as shall be designated by the Authority by Resolution for such purpose, stating that such lands, rights, easements, franchises or interests are being acquired in furtherance of the construction or the operation of the Additional Improvements or Additional Facilities being financed.

(b) (i) In all cases, a written opinion of General Counsel for the Authority stating that the Authority is authorized under the provisions of the Enabling Act and by Resolution of the Authority to acquire such lands, rights, easements or other interests in land.

(ii) In cases where the Authority is acquiring a fee simple or a perpetual easement or a consent to the use of lands as provided in Section 4 of the Enabling Act (whether or not a lesser interest in such lands has previously been acquired by the Authority), a written opinion of General Counsel for the Authority stating either (1) that upon the payment of such item the Authority will acquire title in fee simple to, or perpetual easements for the purposes of the Authority over or under, such lands, or will obtain consents to the use of such lands approved as provided in Section 4 of the Enabling Act, in each case free from all liens or encumbrances except liens, charges, encumbrances or other defects of title which do not have a materially adverse effect upon the Authority's right to use such lands or properties for the purposes intended or which have been adequately guarded against by a bond or other form of indemnity, or (2) that the Authority has received a firm undertaking by a title insurance company of recognized standing to issue its title insurance policy covering such acquisition and that any objections or exceptions to be noted in

such policy are not of a material nature in the light of such use. In giving the opinions required by this item (ii) such General Counsel may rely on a certificate of the Authority as to the purpose for which the Authority proposes to use such lands.

(iii) In cases where the Authority is acquiring an interest in land other than that described in item (ii) above, a written opinion of General Counsel for the Authority as set forth below:

- (1) If such payment is to be for the acquisition of a right or interest in land not described below, such opinion shall state that upon such payment the Authority will acquire the interest purported to be conveyed.
- (2) If such payment is to be for a release, such opinion shall briefly describe the interest asserted by the releasor in the land which is the subject of the release and state that any interest of the releasor in such land will be conveyed by such release.
- (3) If such payment is to be made under a lease other than a lease of office space, such opinion shall state that such payment is required by such lease and that such lease is a valid obligation of the lessor.

(iv) No opinion need be given under this clause (b) with respect to leases of office space, contracts to purchase land or options related thereto.

In any case where more than one payment is to be made by the Authority under a lease or under a contract, the opinion called for by item (iii) above shall also state that a subsequent payment or payments will be required by the lease or contract and shall specify the amount or amounts thereof if practicable. Such opinion need be submitted with only the first requisition for payment in connection therewith.

Whenever the Authority shall decide to acquire any such property by the exercise of the power of eminent domain as provided in the Enabling Act and shall adopt an order of taking with respect thereto, it shall also file with the Trustee the following documents:

(x) a copy of such order, certified by the Secretary-Treasurer of the Authority, containing a description of such property sufficiently accurate for identification and stating the interest therein taken, the purpose for which such property is taken, and the amount fixed by the Authority as the value thereof, and

(y) a certificate, signed by the Consulting Engineers or a Consultant, approving such taking.

If then required by law to protect the rights of the owner of the land taken or if deemed desirable by the Trustee, the Trustee is authorized to withdraw the amount so fixed as the value of the interest taken from the appropriate Project Account in the Construction Fund and deposit and hold the same in a segregated account to be used only to pay such owner until such time as the Trustee is satisfied that the claim of such owner has been satisfied, at which time any balance in such segregated account shall be transferred to the Improvement and Extension Fund.

SECTION 407. All requisitions, certificates and opinions received by the Trustee, as required in this Article as conditions of payment from each Project Account in the Construction Fund, may be relied upon by, and shall be retained in the possession of, the Trustee, subject at all reasonable times to the inspection of the Authority and the Consulting Engineers. Except as otherwise provided by agreement between the parties hereto and by law relating to deposit accounts, the Trustee shall not be responsible for the application of any funds deposited with its commercial department under the provisions of Section 405 of this Agreement.

SECTION 408. The Authority covenants that, at least once in each six (6) months after the delivery of a Series of Bonds under the provisions of Section 210 of this Agreement and until the construction of the Additional Improvements or Additional Facilities for which such Bonds have been issued shall have been completed, it will cause the Consulting Engineers to prepare a progress report in connection with such construction, including their current estimates of:

(a) the respective dates on which the construction of said Additional Improvements or Additional Facilities will be completed, and

(b) the respective costs of said Additional Improvements or Additional Facilities (showing separately the amount for each general classification set forth in the estimates of cost prepared in connection with the statement required by clause (b) of subdivision (I) of Section 210), exclusive of contingencies, financing charges and interest during construction,

and comparisons between such times and amounts and the estimated times and amounts set forth in said progress report and in the statement filed under the provisions of clause (b) of subdivision (I) of said Section 210. Copies of such progress reports shall be filed with the Trustee and the Authority and mailed by the Authority to all bondholders of record.

SECTION 409. When the construction of all Additional Improvements or Additional Facilities which have been funded by the issuance of a given Series of Bonds shall have been completed, which fact shall in each case be evidenced to the Trustee by a certificate stating the date of such completion, signed by the Chairman, Vice Chairman or the Executive Director of the Authority and approved by the Consulting Engineers, the balance in the appropriate Project Account in the Construction Fund, including any amount in the revolving fund for such Account, not reserved by the Authority with the approval of the Consulting Engineers for the payment of any remaining part of the cost of such Additional Improvements or Additional Facilities, shall be transferred by the Trustee to the Authority for deposit, or deposited by the Authority, as the case may be, to the credit of the Improvement and Extension Fund.

In making any such transfer the Trustee may rely upon (a) a certificate filed with it by the Authority, signed by the Chairman, Vice Chairman or Executive Director of the Authority and approved by the Consulting Engineers, as to any items of such cost then remaining unpaid and as to any estimate in such certificate of the amount of any items of such cost the actual amount of which is not finally determined, and (b) a certificate signed by the General Counsel for the Authority, as to the status and amount of any claim then outstanding affecting such cost. The Trustee may require the filing of such certificates as a condition of such transfer.

ARTICLE V

REVENUES AND FUNDS.

SECTION 501. (I) The Authority covenants that it will charge tolls, rates, fees, rentals and other charges as may be necessary or proper in order that the Revenues in each fiscal year will at least equal the greater of:

(a) an amount sufficient

(i) to provide funds for the payment of Operating Expenses during such fiscal year, plus

(ii) to provide an amount equal to 125% of the Principal and Interest Requirements on all outstanding Bonds during such fiscal year (excluding interest payable from the Construction Fund pursuant to clause (c) of Section 403),

or

(b) an amount sufficient

(i) to provide funds for the payment of Operating Expenses during such fiscal year, plus

(ii) to provide for making deposits to the credit of the Interest and Sinking Fund required on all outstanding Bonds (exclusive of (x) interest payable from the Construction Fund pursuant to clause (c) of Section 403 and (y) Available Funds deposited to the Interest and Sinking Fund as provided in Section 510(I)(a), (b) and (c)) under the provisions of this Article, plus

(iii) to provide for making the deposits to the credit of the Maintenance Reserve Fund, the Payment in Lieu of Taxes Fund and the Capital Budget Fund required under the provisions of this Article, plus

(iv) to provide for making deposits to the Improvement and Extension Fund, to the extent, if any, required pursuant to a supplemental agreement made pursuant to clause (e) of Section 1101.

The Authority further covenants that if the total amount of Revenues in any fiscal year shall be less than the amounts referred to in clauses (a) and (b) of this subdivision (I) of this Section for such fiscal year, it will, before the first day of October of the following fiscal year, request independent experts or firms of experts of recognized ability and standing, other than the Consulting Engineers, in the field of estimating revenues of a facility or component or element of a facility of the type to which the recommendations of each relate, to make their recommendations as to a revision of the tolls, rates, fees, rentals and other charges, and copies of such request and of the recommendations of such experts shall be filed with the Trustee. Anything in this Agreement to the contrary notwithstanding, if the Authority shall comply with all recommendations of such experts in respect of tolls, rates, fees, rentals and other charges, it will not constitute an event of default under the provisions of clause (h) of Section 802 of this Agreement if the Revenues are not sufficient to provide moneys for the purposes set forth in clauses (a) and (b) of this subdivision (I) of this Section for such fiscal year. The Authority further covenants that forthwith upon the adoption of any revision of the tolls, rates, fees, rentals or other charges certified copies thereof

will be filed with the Trustee and that it will give at least ten (10) days' notice of any new schedule of tolls for the Tobin Memorial Bridge in a daily newspaper of general circulation in the City of Boston, Massachusetts.

(II) The Authority further covenants:

(a) that in the event a Series of Bonds shall be issued under the provisions of Section 210 of this Agreement for paying all or a part of the cost of any Additional Facilities, it will, before such Additional Facilities shall be placed in operation, fix and place in effect tolls, rates, fees, rentals and other charges for the use of, and for the services and facilities furnished by, such Additional Facilities which will be in substantial conformity with the tolls, rates, fees, rentals and other charges used by the Traffic Engineers, the Airport Consultants or a Consultant or other experts in preparing the statement required by clause (a) of subdivision (I) of said Section 210 in connection with such Additional Facilities;

(b) that it will, before any Additional Improvements for paying the cost of which a Series of Bonds shall be issued under the provisions of said Section 210 shall be placed in operation and for the use of which a charge would ordinarily be made, fix and place in effect the tolls, rates, fees, rentals and other charges for the use of, and for the services and facilities furnished by, any such Additional Improvements which will be in substantial conformity with the tolls, rates, fees, rentals and other charges used by the Traffic Engineers, Airport Consultants or a Consultant or other experts making the estimates referred to in clause (a) of subdivision (I) of said Section 210 for the Project for the extension, enlargement or improvement of which said Additional Improvements are constructed; and

(c) that it will place in effect on the date or dates specified any increase in rates and charges that have been adopted by the Authority and taken into account by the Traffic Engineers, the Airport Consultants or a Consultant or the experts who sign the statement required by clause (a) of subdivision (I) of Section 210 in connection with the issuance of an additional Series of Bonds, provided that such increase need not be imposed to the extent set forth in a certificate of the Secretary-Treasurer to be filed with the Trustee at or prior to such specified effective dates, confirmed by certificates filed concurrently therewith of the character described in clauses (a) and (b) of subdivision (I) of Section 210, that such additional Series of Bonds could then be issued under the same clause of subdivision (II) of Section 210 as was used for the issuance of such Series of Bonds.

(III) Reserved.

(IV) Notwithstanding any of the foregoing provisions of this Section, the Authority shall not be required to revise any leases and other agreements and contracts for the use of any services or facilities of any Project, except in accordance with their terms, and the Authority may enter into new leases or other agreements or contracts for the use of such services or facilities on such terms and for such periods of time as the Authority shall determine to be proper.

SECTION 502. The Authority covenants that, subject to the provisions of the Enabling Act, tolls for traffic over the Tobin Memorial Bridge will be classified in a reasonable way to cover all traffic, so that the tolls may be uniform in application to all traffic falling within any reasonable

class regardless of the status or character of any person, firm or corporation participating in the traffic, that no reduced rate of toll may be allowed within any such class, except that, subject to the provisions of Section 501 of this Article, provision may be made for the use of commutation or other tickets or privileges based upon frequency or volume, and that no free vehicular passage will be permitted over the Tobin Memorial Bridge except to members, officers and employees of the Authority and those engaged in the performance of duties in connection with the operation thereof and except such vehicles of the United States as the Authority may determine from time to time.

SECTION 503. The following special funds are hereby created and designated: (i) "Massachusetts Port Authority Revenue Fund" (herein sometimes called the "Revenue Fund"); (ii) "Massachusetts Port Authority Operating Fund" (herein sometimes called the "Operating Fund"), which shall include a special separate account known as the "Self-Insurance Account" and may include a special separate pension account and a special separate postretirement health benefits account; (iii) "Massachusetts Port Authority Interest and Sinking Fund" (herein called the "Interest and Sinking Fund") which shall include separate accounts known as the "Bond Service Account", "Redemption Account", "Reserve Account" and one or more Term Bond Investment Accounts hereafter established by resolution of the Authority adopted pursuant to Section 209 of this Agreement; (iv) within the Reserve Account there is hereby created the "Pooled Reserve Subaccount" and one or more additional subaccounts hereafter established by resolution of the Authority adopted pursuant to Section 210(IV)(d) of the Agreement; (v) "Massachusetts Port Authority Maintenance Reserve Fund" (herein called the "Maintenance Reserve Fund"); (vi) "Massachusetts Port Authority Payment in Lieu of Taxes Fund" (herein called the "Payment in Lieu of Taxes Fund"); (vii) "Massachusetts Port Authority Capital Budget Fund" (herein called the "Capital Budget Fund"); and (viii) "Massachusetts Port Authority Improvement and Extension Fund" (herein called the "Improvement and Extension Fund"), which shall include such other accounts as the Authority may from time to time establish by resolution. The moneys in each of said Funds and Accounts shall be applied as hereinafter provided with respect to each such Fund or Account. All Funds and Accounts will be held and administered by the Trustee except that the Authority will hold and administer in trust the Revenue Fund, the Operating Fund (but not including the Self-Insurance Account and any special separate pension account or postretirement health benefits account held and administered by a separate trustee) and the Improvement and Extension Fund.

SECTION 504. The Authority covenants that all Revenues arising from the operation or ownership of each Project (excluding any land, building, structure or facility hereafter acquired or constructed and financed or refinanced by obligations not issued under the provisions of this Agreement) will be collected by the Authority and deposited daily as practicable as follows:

All Revenues will be deposited in the Revenue Fund, the moneys in the Revenue Fund shall be held by the Authority and applied as hereinafter provided in this Article.

SECTION 505. (I) The Authority covenants that on or before the first day of each fiscal year it will adopt a budget for the ensuing fiscal year (hereinafter sometimes called the "Annual Budget") and file copies of each such Annual Budget with the Trustee and mail copies thereof to the Consulting Engineers and each bondholder of record. Each Annual Budget shall set forth (i) the Operating Expenses which relate directly to each Project then under the control of the Authority

and also the Operating Expenses which relate to two or more Projects, including the overhead costs of the Authority, (ii) the anticipated Revenues and Net Revenues of the Authority as a whole and of the Port Properties for such fiscal year, and (iii) deposits to the Interest and Sinking Fund, Maintenance Reserve Fund, Payment in Lieu of Taxes Fund, Capital Budget Fund and Improvement and Extension Fund, if any, required by this Agreement. The Authority further covenants that it shall on a yearly basis conduct a planning review of the feasibility and desirability of enlarging, extending, reconstructing or improving the Projects or acquiring or constructing any Additional Facilities and shall adopt, as part of each Annual Budget, a Capital Budget setting forth the amounts anticipated to be expended for the ensuing fiscal year for such purposes.

If for any reason the Authority shall not have adopted the Annual Budget before the first day of any fiscal year, the budget for the preceding fiscal year, shall, until the adoption of the Annual Budget, be deemed to be in force and shall be treated as the Annual Budget under the provisions of this Article. The Annual Budget for the period ending June 30, 1979, heretofore adopted by the Authority shall be deemed to be in force under the provisions of this Agreement, unless amended or supplemented as hereinafter provided.

The Authority may at any time adopt an amended or supplemental Annual Budget for the remainder of the then current fiscal year, and the Annual Budget as so amended or supplemented, shall be treated as the Annual Budget under the provisions of this Article.

The Authority covenants that the Operating Expenses incurred in any fiscal year will not exceed the reasonable and necessary amount thereof, and that it will not expend any amount or incur any obligations for maintenance, repair and operation in excess of the amounts provided for Operating Expenses in the Annual Budget, except amounts payable from the Maintenance Reserve Fund. Nothing in this Section contained shall limit the amount which the Authority may expend in any fiscal year provided any amounts expended therefor in excess of the Annual Budget shall be received by the Authority from some source other than Revenues and the Authority shall not make any reimbursement therefor from Revenues.

SECTION 506. (I) As soon and as often as practicable and in addition on the seventh (7th) business day of each month the Authority shall transfer from the Revenue Fund to the credit of the Operating Fund all moneys deposited into the Revenue Fund as of such day pursuant to clause (ii) of Section 504. The Authority may deposit to the credit of the Operating Fund any sums received by the Authority from any other source for paying any part of the cost of maintaining, repairing or operating any Project. The Authority shall pay when due all Operating Expenses from the Operating Fund.

The Authority covenants that it will set up such internal procedures and controls in accordance with good business practice as are necessary or desirable to enable it to identify, record, relate to the Annual Budget and control the payment of Operating Expenses.

(II) On the seventh (7th) business day of each month the Authority shall (i) transfer from the Operating Fund to the Pension Trustee or to a special separate pension account the amount computed as provided in Section 507 and transfer from the Operating Fund to a separate trustee or to a special separate postretirement health benefit account the amount computed as provided in Section 507A, (ii) transfer from the Operating Fund to the Trustee to be deposited to the credit of

the Self-Insurance Account the amounts required to be deposited therein by subdivision (III) of this Section, (iii) retain in the Operating Fund as working capital such amount as the Authority may determine necessary to make the balance therein (excluding from such computation amounts on deposit in the Self-Insurance Account or in any special separate pension account) not in excess of 15% of the amount of the annual Operating Expenses established in the Annual Budget, and (iv) transfer the balance in the Operating Fund to the Trustee to be applied as provided in Section 510.

(III) The separate account in the Operating Fund designated as the Self-Insurance Account shall be held in trust by the Trustee. The Authority shall transfer from time to time to the credit of the Self-Insurance Account moneys in the Operating Fund substantially as may be recommended by the Risk Management Consultant pursuant to Section 706. The moneys held for the credit of the Self-Insurance Account shall be paid upon the instructions of the Authority signed by the Secretary-Treasurer or such other officer or employee of the Authority as may be designated by the Authority by resolution for such purpose, for the same purpose as the proceeds of insurance under the provisions of Article VII of this Agreement, for paying the cost of losses arising from casualty, negligence or other cause not insured against, including self-insured losses or that part of any loss which is self-insured. The Authority may, by requisition, signed by the Secretary-Treasurer or such other officer or employee of the Authority as may be designated by the Authority by resolution for such purpose, withdraw amounts from the Self-Insurance Account substantially in accordance with any revised or additional recommendations for a reduced self-insurance program or reduced self-insurance reserves made by the Risk Management Consultant.

SECTION 507. The Authority may by resolution determine to pay into trust an amount equal to its annual pension expense as computed by the Pension Consultants or by actuarial certificate as referred to in Section 706. The annual pension expense may include (a) payments required to be made on account of service to the Authority, the Mystic River Bridge Authority, the Port of Boston Commission or the State Airport Management Board of past or present employees of the Authority to any pension fund or system as required by general or special law, plus (b) to the extent not included in the foregoing, the Authority's normal pension cost as determined under the entry age normal actuarial cost method with frozen initial liability (or any substitute method having comparable acceptance among pension actuaries), plus (c) to the extent not included in either of the foregoing, the amount necessary to amortize in equal annual installments over a period of twenty years the unfunded past service liability of the Authority* (that is, the excess of the present value of all future pension benefits payable to past and present employees of the Authority as determined under the entry age normal actuarial cost method with frozen initial liability over the present value of all future normal costs). The Pension Trustee shall be a person, firm or corporation designated as provided by any general or special law to serve as trustee for retirement funds of the Authority's employees, or in the absence of such provision, designated by resolution of the Authority. If not otherwise provided by law, such funds may be held as a special account to be hereafter established in trust by resolution of the Authority within the Operating Fund, provided, however, that upon the occurrence of an event of default under this Agreement such funds held in trust shall in any event first be applied to present and accrued pension benefits of the

*Determined as of January 1, 1978 to be approximately \$19,000,000.

Authority's employees. The Authority shall transfer each month to any such special account one-twelfth (1/12th) of its annual pension expense as required by subdivision (II) of Section 506, unless transfers in respect of the Authority's annual pension expense are required by any governing general or special law to be made on some basis other than one-twelfth (1/12th) each month, in which case transfers shall be made in accordance with such law.

SECTION 507A. The Authority may by resolution determine to pay into trust an amount equal to its annual expense in respect of obligations to pay postretirement health benefits to present and former employees as computed by the Pension Consultants or by actuarial certificate as referred to in subdivision (III) of Section 706. The annual postretirement health benefit expense may include (a) postretirement health benefits required to be made on account of service to the Authority, the Mystic River Bridge Authority, the Port of Boston Commission or the State Airport Management Board of past or present employees of the Authority as required by general or special law, plus (b) to the extent not included in the foregoing, the Authority's normal postretirement health benefit cost as determined under any method generally accepted among pension actuaries, plus (c) to the extent not included in either of the foregoing, the amount necessary to amortize in equal annual installments over such period of years as the Authority by resolution may determine the unfunded past service liability of the Authority (that is, the excess of the present value of all future postretirement health benefits payable to past and present employees of the Authority as determined under any method generally accepted among pension actuaries). If not otherwise provided by law, such funds may be transferred to a trustee or other entity selected by the Authority to administer its postretirement health benefits plan or may be held as a special account to be hereafter established in trust by resolution of the Authority within the Operating Fund, provided, however, that upon the occurrence of an event of default under this Agreement such funds held in trust shall in any event first be applied to present and accrued postretirement health benefits of the Authority's employees. The Authority shall transfer each month to any such special account one-twelfth (1/12th) of its annual postretirement health expense as required by subdivision (II) of Section 506, unless transfers in respect of the Authority's annual postretirement health expense are required by any governing general or special law to be made on some basis other than one-twelfth (1/12th) each month in which case transfers shall be made in accordance with such law.

SECTION 508. Reserved.

SECTION 509. Reserved.

SECTION 510. It shall be the duty of the Trustee, on receipt of the transfers by the Authority of the balance of the Operating Fund required by clause (v) of subdivision (II) of Section 506, to apply such balance on the seventh (7th) business day of each month as in this Section provided:

(I)

(a) to deposit to the credit of the Bond Service Account, such amount thereof (or the entire sum so withdrawn if less than the required amount) as may be required (including any amounts deposited under the provisions of Section 213 of this Agreement or transferred from any Construction Fund to the credit of the Bond Service Account under the provisions of Section 404 of this Agreement or Available Funds deposited for the payment of a Series of Bonds pursuant to Section 210(V)(b) of this Agreement) to make the amount then to the credit of the Bond Service Account equal to the amount of interest accrued and to accrue until the first day of the ensuing month on all Bonds then outstanding and the principal accrued and to accrue until the first day of the ensuing month of all serial Bonds, if any, which will become payable within the next ensuing twelve (12) months, which principal amount shall be deemed to accrue in equal monthly installments from the next preceding due date for such Bonds, or if for a particular Series of Bonds there shall be no such preceding due date, from a date one year preceding such due date or the date of the issuance of the Bonds of such Series, whichever is later;

(b) to deposit to the credit of the Redemption Account, such amount, if any, of any balance remaining after making the deposits under clause (a) above (or the pro-rata share of such balance, if less than the required amount, determined in accordance with the proviso to clause (c) below) as may be required to make the total of the amounts deposited in the then current fiscal year in the Redemption Account under the provisions of this clause (b) equal to the portion of the Amortization Requirement, if any, for such fiscal year for the term Bonds of each Series then outstanding, accrued and to accrue until the first day of the next ensuing month, which portion of the Amortization Requirement shall be deemed to accrue in the manner in which principal accrues as set forth in clause (a) above, plus an amount equal to the premium, if any, which would be payable on any date commencing with July 2 in such fiscal year and ending with July 1 in the following fiscal year, both inclusive, on a like principal amount of Bonds if such principal amount of Bonds should be redeemed on such date from moneys in the Interest and Sinking Fund accrued or to accrue to the first day of the ensuing month less the amount of Available Funds deposited in the Redemption Account for the payment of a Series of Bonds pursuant to Section 210(V)(b) of this Agreement;

(c) to deposit to the credit of the Term Bond Investment Account, such amount, if any, of any balance remaining after making the deposits under clause (a) above (or the pro-rata share of such balance, if less than the required amount, determined in accordance with the proviso to this clause (c)), as may be required to make the amount deposited in the then current fiscal year in the Term Bond Investment Account equal to the portion of the amount required to be deposited therein for such fiscal year by the resolution of the Authority referred to in clause (d) of the definition of Principal and Interest Requirements accrued and to accrue until the first day of the next ensuing month, which portion of such amount shall be deemed to accrue in the manner set forth in clause (a) above less the amount of Available Funds deposited in the Term Bond Investment Account for the payment of a Series of Bonds pursuant to Section 210(V)(b) of this Agreement; provided, that if the balance remaining in the Operating Fund after making the transfers required by clause (a) above shall be less than the sum required to make the deposits to the Redemption Account and the Term Bond Investment Account required by clause (b) above and by this clause (c) (without regard to this proviso), then such deposits shall be made pro-rata in accordance with the respective amounts required to be so deposited;

(d) to deposit to the credit of the Pooled Reserve Subaccount and each other subaccount within the Reserve Account, on a *pari passu* basis, such amount, if any, of any balance remaining after making the deposits under clauses (a), (b) and (c) above (or the entire balance if less than the required amount) as is equal to one-sixtieth (1/60th) of the amount equal to the difference between (x) the Reserve Requirement on account of all Bonds then outstanding secured by any subaccount within the Reserve Account (including the Pooled Reserve Subaccount) less (y) the sum of (A) the amount deposited into such subaccount pursuant to Section 210(IV) of this Agreement upon issuance of an additional Series of Bonds pursuant to said Section and (B) any amount in such subaccount in excess of the applicable Reserve Requirement for such subaccount; provided, however, that:

- (i) Any moneys that may be withdrawn at any time from any subaccount within the Reserve Account for paying interest, maturing principal or meeting Amortization Requirements or deposits to any Term Bond Investment Account shall be restored to the applicable subaccount or subaccounts within the Reserve Account and any deficiency in deposits to any subaccount within the Reserve Account theretofore required to be made shall be made good before making any deposits under clause (e) of this subdivision (I) or clauses (a) or (b) of subdivision (II) of this Section; and
- (ii) If at any time the amount on deposit in any subaccount in the Reserve Account (including the Pooled Reserve Subaccount) is greater than the Reserve Requirement for such subaccount, then the Trustee shall transfer the excess to the Authority for deposit to the credit of the Improvement and Extension Fund; and

(e) to deposit to the credit of the Funds and Accounts specified under subdivision (II) below, in the order and amount there specified, the entire balance, if any, remaining after making the deposits under clauses (a), (b), (c) and (d) of this subdivision (I).

(II) After making any deposits required under subdivision (I):

(a) to the credit of the Maintenance Reserve Fund, such amount, if any, of the balance remaining after making the deposits required under subdivision (I) of this Section (or the entire balance if less than the required amount) as may be required to make the amount deposited in such Fund during such month equal to one-twelfth of 1% of the Replacement Cost of all Projects of the Authority as determined by the Consulting Engineer or a Consultant for the then-current fiscal year, or such greater amount as may have been specified by the Authority in the Annual Budget for such fiscal year; provided that the amount at any time on deposit to the credit of such Fund and not theretofore obligated shall not exceed five percent (5%) of the Replacement Cost of all Projects of the Authority;

(b) to the credit of the Payment in Lieu of Taxes Fund, such amount, if any, of the balance remaining after making the deposits required under clause (a) of this subdivision (II) (or the entire balance if less than the required amount) as is required to make the amount then to the credit of the Payment in Lieu of Taxes Fund equal to the cumulative amount which should then be on

deposit therein, assuming that the amounts payable on the respective next following payment dates pursuant to the in-lieu-of tax agreements referred to in Section 517 were paid in equal monthly installments from each respective preceding payment dates; and

(c) to the credit of the Capital Budget Fund, such amount, if any, of the balance remaining after making the deposits required under clauses (a) and (b) of this subdivision (II) (or the entire balance if less than the required amount) as is required to make the amount then to the credit of the Capital Budget Fund equal to the sum of such portion of the Capital Budget for the then-current fiscal year as is budgeted to be paid from the Capital Budget Fund less amounts thereof already expended plus all amounts in the Capital Budget Fund obligated with respect to prior fiscal years but not yet expended; provided, that the Authority by resolution may increase or reduce the amount otherwise required to be deposited in the Capital Budget Fund pursuant to this clause (c).

The Trustee shall retransfer to the Authority the balance, if any, remaining after making the deposits under clauses (a), (b) and (c) of this subdivision (II) and the Authority shall deposit such balance to the credit of the Improvement and Extension Fund.

SECTION 511. The Trustee shall, on the date when such payments are to be made, withdraw from the Bond Service Account, and

(a) remit by mail to each owner of registered Bonds without coupons the amounts required for payment interest on such Bonds as such interest becomes due and payable,

(b) set aside in trust in a separate account or deposit in trust in a separate account with the Paying Agents of the Bonds of each Series sufficient moneys for paying the interest on the coupon Bonds of such Series as such interest becomes due and payable and for paying at their respective maturities the principal of all coupon Bonds of such Series not registered as to principal alone, and

(c) set aside an amount equal to the amount of, and for the sole and exclusive purpose of paying at their respective maturities, the principal of all coupon Bonds registered as to principal alone and of all registered Bonds without coupons.

SECTION 512. (I) Moneys held for the credit of the Redemption Account shall be applied to the retirement of Bonds, issued under the provisions of this Agreement as follows:

(a) Subject to the provisions of clause (c) of this subdivision (I) with respect to priority of application, the Trustee shall upon instructions of the Secretary-Treasurer of the Authority endeavor to purchase Bonds or portions of Bonds then outstanding hereunder, whether or not such Bonds or portions shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, such price not to exceed either the maximum price theretofore fixed by the Authority by resolution or the principal amount of such Bonds plus the amount of the premium, if any, which would be payable on the next redemption date to the holders of such Bonds under the provisions of Article III of this Agreement if such Bonds or portions of Bonds should be called for redemption on such date from moneys in the Interest and Sinking Fund. The Trustee shall pay the interest accrued on such Bonds or portions of Bonds to the date of delivery thereof from the Bond Service Account and the purchase price from the Redemption Account, but no such purchase shall be made within the period of forty-five (45) days next preceding any interest payment date

on which such Bonds are subject to call for redemption, except from moneys other than moneys set aside or deposited for the redemption of Bonds.

(b) Subject to said provisions of clause (c) of this subdivision (I), the Trustee shall call for redemption on July 1 of each year on which Bonds are subject to redemption from moneys in the Interest and Sinking Fund such amount of Bonds or portions of Bonds then subject to redemption as is required to meet the Amortization Requirement on such July 1 for the term Bonds of each Series then outstanding, and for which moneys held for the credit of the Redemption Account have not been applied to the purchase of Bonds by the close of business on the May 14 preceding such July 1 as provided in clause (a) of this subdivision (I). Such redemption shall be made pursuant to the provisions of Article III of this Agreement. On the redemption date the Trustee shall withdraw from the Bond Service Account and from the Redemption Account and set aside in trust in separate accounts or deposit with the Paying Agents the respective amounts required for paying the interest on, and the principal and redemption premium, if any, of, the Bonds or portions of Bonds so called for redemption.

(c) Moneys in the Redemption Account shall be applied by the Trustee to the purchase or redemption of Bonds in the following order:

first, term Bonds of each Series, if any, issued under the provisions of this Agreement in accordance with the Amortization Requirement, if any, for the then current fiscal year for the term Bonds of each such Series plus the applicable premium, if any; and

second, at the option of the Authority as directed in writing by the Secretary-Treasurer, any Bonds then outstanding hereunder, whether or not such bonds shall then be subject to redemption.

(II) Moneys held for the credit of a Term Bond Investment Account for any Series of Bonds shall be applied by the Trustee:

(i) for the retirement of any term Bonds of such Series required to be retired by redemption under the provisions of the resolution authorizing such Bonds either by redemption or, at the direction of the Authority, by purchase at a price not exceeding the next applicable redemption price from moneys in such Account, or

(ii) for the purchase of Government Obligations including purchase pursuant to any agreement made by the Authority for purchase of Government Obligations under the provisions of the resolution authorizing such Bonds, the proceeds of which Government Obligations shall be applied on or prior to the maturity date of such Bonds to the payment of such Bonds.

(III) Upon the retirement of any Bonds by purchase or redemption the Trustee shall file with the Authority a statement briefly describing such Bonds, and setting forth the date of their purchase or redemption, the amount of the purchase price of the redemption price of such Bonds, and the amount paid as interest thereon. All expenses in connection with the purchase or redemption of Bonds shall be paid by the Authority from the Operating Fund.

SECTION 513. Reserved.

SECTION 514. Moneys held for the credit of each subaccount within the Reserve Account shall be used for paying interest, maturing principal of serial Bonds and Amortization Requirements for Term Bonds, and for deposits to a Term Bond Investment Account, on the Bonds secured by such subaccount whenever and to the extent that the moneys held for the credit of the Bonds that are so secured within the Bond Service Account or moneys held for the credit of the Redemption Account or moneys held for the credit of such Term Bond Investment Account shall be insufficient for such purpose.

SECTION 515. Subject to the terms and conditions set forth in this Agreement, moneys held for the credit of the Interest and Sinking Fund shall be held and disbursed by the Trustee for the benefit of the holders of Bonds of any Series for (a) the payment of interest on the Bonds issued hereunder as such interest becomes due and payable, (b) the payment of the principal or Amortization Requirements of such Bonds at their respective maturities or (c) the payment of the purchase or redemption price of such Bonds before maturity, and such moneys are hereby pledged to the payments mentioned in this Section.

SECTION 516. Except as hereinafter provided in this Section and in Sections 519 and 707 of this Agreement, moneys held for the credit of the Maintenance Reserve Fund shall be disbursed only for the purpose of paying the costs of the following items pertaining to the operation of the Projects:

- (a) renewals, reconstruction and replacements of any facilities of the Authority,
- (b) acquiring and installing or replacing equipment,
- (c) unusual or extraordinary maintenance or repairs,
- (d) any additional amount necessary to repair, replace or reconstruct damaged or destroyed property over and above any proceeds of insurance covering such property; and
- (e) transfers to the Bond Service Account and Redemption Account pursuant to Section 519.

Payments from the Maintenance Reserve Fund, except the withdrawals which the Trustee is authorized to make pursuant to Section 519 hereof, shall be made in the same manner as payments from the Construction Fund under the provisions of Section 405 of this Agreement insofar as such provisions shall be applicable: provided, however, that each requisition for payments from the Maintenance Reserve Fund shall set forth the Project on account of which each such payment is to be made.

Any other provision of this Section notwithstanding, moneys held in the Maintenance Reserve Fund in excess of the amount required to be on deposit therein pursuant to clause (a) of subdivision (II) of Section 510 may at the direction of the Authority be transferred to the Improvement and Extension Fund.

SECTION 517. Moneys held for the credit of the Payment in Lieu of Taxes Fund shall be disbursed only for the making of payments in lieu of taxes pursuant to agreements entered into by the Authority pursuant to an Act of the General Court of the Commonwealth and transfers to the Bond Service Account or Redemption Account pursuant to Section 519. The amounts so payable

shall be certified by the Authority to the Trustee promptly after the computation thereof and the Trustee shall make payment of such amounts on the due date thereof. Any adjustments made to such amounts as originally computed and certified shall be promptly reported to the Trustee by an amended or supplementary certificate and deposits thereafter made adjusted accordingly.

SECTION 517A. Moneys held for the credit of the Capital Budget Fund shall be disbursed in accordance with any Capital Budget adopted by resolution of the Authority. Notwithstanding the foregoing, the Authority may as often as it sees fit, by resolution, withdraw from the Capital Budget Fund any moneys then held for the credit of said Fund and not theretofore obligated. The amount so withdrawn may either be held in the Improvement and Extension Fund, including in any separate account thereof established pursuant to resolution of the Authority, or may be transferred to any other Fund or Account created under the provisions of this Agreement. Amounts to be disbursed or withdrawn as provided herein shall be certified by the Authority to the Trustee promptly after the computation thereof and the Trustee shall make payment of such amounts on the due date thereof as the Authority shall direct. The Authority may as often as it sees fit, by resolution, transfer from the Improvement and Extension Fund to the credit of the Capital Budget Fund such amounts as such resolution specifies.

SECTION 518. Moneys held for the credit of the Improvement and Extension Fund may be disbursed for any lawful purpose of the Authority, including, without limitation, by way of transfer to any Fund or Account established pursuant to the Agreement or as set forth in Section 1308 of this Agreement.

The Authority may deposit to the credit of the Improvement and Extension Fund any sum received by the Authority from any other source for any purpose for which the moneys in said Fund may be expended.

If then permitted by law, moneys held for the credit of the Improvement and Extension Fund may be pledged by the Authority to the payment of the principal of and the interest on any Notes or other obligations issued by the Authority for any purpose for which the moneys held for the credit of such Fund may be disbursed.

Payments from the Improvement and Extension Fund shall be made by the Authority in such manner as it may from time to time determine.

SECTION 519. If on any interest or principal payment date the moneys held for the credit of the Bond Service Account or the Redemption Account in the Interest and Sinking Fund shall be insufficient for the purpose of paying the principal or premium of, or interest or Amortization Requirements on, the Bonds, or for making required deposits to any Term Bond Investment Account, in each case as the same becomes due, the Authority or the Trustee, as the case may be, shall transfer to the credit of the Bond Service Account or Redemption Account an amount equal to such deficiency first, from the applicable subaccount within the Reserve Account pursuant to Section 514, second, from the Improvement and Extension Fund, third, from the Capital Budget Fund, fourth from the Payment in Lieu of Taxes Fund and fifth, from the Maintenance Reserve Fund.

If on any payment date referred to in clause (b) of subdivision (II) of Section 510 the moneys held for the credit of the Payment in Lieu of Taxes Fund shall be insufficient for the purpose of making payments required to be made therefrom, the Authority shall transfer an amount equal to such deficiency first from moneys in the Improvement and Extension Fund not theretofore obligated and second from moneys in the Capital Budget Fund not theretofore obligated.

In the event that on the eighth (8th) business day of any month, after making the deposits and transfers required by subdivision (II) of Section 506 and by Section 510 of this Agreement there is a deficiency in moneys then required to be held for the credit of the Interest and Sinking Fund, Maintenance Reserve Fund, Payment in Lieu of Taxes Fund or Capital Budget Fund, the Authority shall transfer an amount equal to such deficiency from moneys in the Improvement and Extension Fund not theretofore obligated. In the event that on such day after making such transfers there is a deficiency in moneys held for the credit of the Interest and Sinking Fund or Maintenance Reserve Fund, the Trustee shall transfer an amount equal to such deficiency first from moneys in the Capital Budget Fund not theretofore obligated and second from the Payment in Lieu of Taxes Fund. In the event that on such day after making such transfers there is a deficiency in moneys held for the credit of the Interest and Sinking Fund, the Trustee shall transfer an amount equal to such deficiency from moneys in the Maintenance Reserve Fund not theretofore obligated.

The Trustee may from time to time transfer any moneys from the Maintenance Reserve Fund not theretofore obligated to the credit of the Redemption Account or the Improvement and Extension Fund upon the receipt of a certified copy of a resolution duly adopted by the Authority directing such transfer and a certificate of the Consulting Engineers certifying that the amount so to be transferred is not required for the purposes for which the Maintenance Reserve Fund has been created.

SECTION 520. All moneys which the Trustee shall have withdrawn from any account in the Interest and Sinking Fund or shall have received from any other source and set aside, or deposited with the Paying Agents, for the purpose of paying any of the Bonds outstanding hereunder, either at the maturity thereof or upon call for redemption, or for the purpose of paying any maturing coupons appertaining to any of the coupon Bonds outstanding hereunder, shall be held in trust for the respective holders of such Bonds or coupons. But any moneys which shall be so set aside or deposited by the Trustee and which shall remain unclaimed by the holders of such Bonds or of such coupons for the period of six (6) years after the date on which such Bonds or such coupons shall have become payable shall upon request in writing be paid to the Authority and deposited to the credit of the Revenue Fund or shall be paid to such officer, board or body as may then be entitled by law to receive the same, and thereafter the holders of such Bonds or coupons shall look only to the Authority or to such officer, board or body, as the case may be, for payment and then only to the extent of the amounts so received without any interest thereon, and the Trustee and the Paying Agents shall have no responsibility with respect to such moneys.

SECTION 521. All Bonds paid, redeemed or purchased, either at or before maturity, shall be delivered to the Trustee when such payment, redemption or purchase is made, together with all unmatured coupons, if any, appertaining thereto, and such Bonds and coupons shall thereupon be cancelled. All interest coupons shall be cancelled upon their payment and delivered to the Trustee. All Bonds and coupons cancelled under any of the provisions of this Agreement shall be held by the Trustee until this Agreement shall be released; provided, however, that Bonds and coupons so

cancelled may at any time be destroyed by the Trustee, which shall execute a certificate of destruction in duplicate describing the Bonds and coupons so destroyed, except that the numbers of the Bonds to which such coupons appertain may be omitted unless otherwise directed by the Authority, and one executed certificate shall be filed with the Secretary-Treasurer of the Authority and the other executed certificate shall be retained by the Trustee.

SECTION 522. In lieu of making deposits to the Reserve Account as and at the times required by Section 210 and Section 510, the Authority, at its option, may satisfy all or any portion of such deposit requirement by providing to the Trustee (a) an irrevocable, unconditional letter of credit issued by a bank, savings and loan association or other provider of such letters of credit whose long-term debt obligations are rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's Corporation, or (b) an insurance policy providing substantially equivalent liquidity as an irrevocable, unconditional letter of credit and issued by a municipal bond or other insurance company that is of sufficient credit quality to entitle debt backed by its insurance policy or surety bond to be rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's Corporation, in either case, in a principal amount and on terms which will make available to the Trustee when any withdrawal from the Reserve Account is required a sum or sums equal to the amount which otherwise would have been deposited pursuant to Section 210 and Section 510.

ARTICLE VI

DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS.

SECTION 601. All moneys received by the Authority from whatever source shall be held by it in trust until deposited with or in the name of the Trustee if so required by this Agreement. The moneys in all Funds and Accounts created under this Agreement which are held by the Authority shall be subject to a lien and charge in favor of the Trustee and the holders of the Bonds issued and outstanding under this Agreement to the same extent as hereinafter provided with respect to moneys deposited with the Trustee. All moneys deposited with the Trustee as required by this Agreement shall be held by the Trustee in trust and applied as provided in this Agreement and, pending such application, shall be subject to a lien and charge in favor of the Trustee and the holders of the Bonds issued and outstanding under this Agreement on the terms and conditions set forth herein and for the further security of such holders until finally disbursed by the Trustee to persons other than the Authority or by the Authority as herein provided, regardless of the department of the Trustee or the name in which such funds are held, and shall not be subject to lien or attachment by any creditor of the Authority.

All moneys deposited with the Trustee or any other Depositary hereunder shall be continuously secured, for the benefit of the Authority and the holders of the Bonds, by Investment Securities, having a market value (exclusive of accrued interest) not less than the amount of such deposit; provided, however, that it shall not be necessary for the Paying Agents to give security for the deposit of any moneys held by them for the payment of the principal of or the redemption premium or the interest on any Bonds issued hereunder, or for the Trustee to give security for any moneys which shall be represented by obligations purchased under the provisions of this Article as an investment of such moneys.

All moneys deposited with the Trustee or any other Depository shall be credited to the particular Fund or Account to which such moneys belong.

SECTION 602. Moneys held for the credit of any Project Account in the Construction Fund shall, as nearly as may be practicable upon direction of the Authority, be invested and reinvested by the Trustee in Investment Securities which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates on which the moneys held for the credit of each such Account will be required for the construction of the Additional Improvements or Additional Facilities to which such Project Account relates. Any moneys held for the credit of any such Project Account after the completion of such Additional Improvements or Additional Facilities shall, as nearly as may be practicable, be invested and reinvested by the Trustee in Investment Securities which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than twelve (12) months after the date of such investment.

Moneys held for the credit of the Self-Insurance Account in the Operating Fund in excess of the amount needed to pay claims against such account currently due shall, as nearly as may be practicable upon direction of the Authority, be invested and reinvested by the Trustee in Investment Securities.

Moneys held for the credit of any special separate pension account in the Operating Fund shall be invested and reinvested in such manner as provided in the resolution of the Authority establishing such account.

Moneys held for the credit of the Operating Fund (excluding the Self-Insurance Account and any special separate pension account, if established), the Revenue Fund and the Improvement and Extension Fund shall, as nearly as may be practicable, be invested and reinvested by the Authority in Investment Securities which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when the moneys held for the credit of each such Fund will be required for the purpose intended and any uninvested balance of the moneys held for the credit of such Funds may be deposited in an interest bearing checking account in the commercial department of the Trustee.

Moneys held for the credit of the Bond Service Account and the Redemption Account in the Interest and Sinking Fund, shall, as nearly as may be practicable, upon direction of the Authority, be invested and reinvested by the Trustee in Investment Securities which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when the moneys held for the credit of each such Account and such Fund will be required for the purpose intended.

Moneys held for the credit of the Term Bond Investment Account shall be invested in Government Obligations in accordance with the provisions of the resolution authorizing such Bonds.

Moneys held for the credit of the Reserve Account in the Interest and Sinking Fund shall, as nearly as may be practicable upon direction of the Authority be invested and reinvested by the Trustee in Investment Securities such that the average maturity of the Investment Securities held

in such Account (being the stated maturity or the first date on which such Investment Securities will be subject to redemption by the holder thereof at the option of such holder) will be not more than seven (7) years after the date of such investment.

Moneys held for the credit of the Maintenance Reserve Fund shall, as nearly as may be practicable, upon direction of the Authority be invested and reinvested by the Trustee in Investment Securities such that the average maturity of the Investment Securities held in such account (being the stated maturity date or the first date on which such Investment Securities will be subject to redemption by the holder thereof at the option of such holder) will be not more than five (5) years after the date of such investment.

Moneys held for the credit of the Payment in Lieu of Taxes Fund shall, as nearly as may be practicable, upon the direction of the Authority be invested and reinvested by the Trustee in Investment Securities which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when the moneys held for the credit of each such Fund will be required for the purpose intended.

In making investments required by this Agreement to be made by it hereunder, the Trustee shall follow, and shall be protected in following, any directions of the Executive Director or Secretary-Treasurer of the Authority (or any other official or employee of the Authority designated by the Executive Director or the Secretary-Treasurer from time to time by written notice signed by the Executive Director or the Secretary-Treasurer and delivered to the Trustee) as to the nature, amount and, within the limits prescribed by this Section, maturity of Investment Securities acquired. Such Investment Securities shall be sold by the Trustee at any time that the Executive Director or the Secretary-Treasurer of the Authority (or any other such designated official or employee) shall direct the sale thereof. Subject to the limits prescribed by this Section, any moneys held by the Trustee and the Authority may be pooled by the Trustee and the Authority, respectively, for the purpose of investments made by each thereof.

Investment Securities so purchased as an investment of moneys in any Fund or Account created hereunder shall be deemed at all times to be a part of such Fund or Account, and, after giving effect to any bond discount or premium, the interest received thereon and any profit realized from such investment shall, in the case of the Construction Fund, the Self-Insurance Account and the special separate pension account in the Operating Fund, if established, be credited to such Fund or Account, and any loss resulting from any such investment shall be charged to such Fund or Account. Investment income on each Term Bond Investment Account created by resolution adopted by the Authority pursuant to Section 209 of this Agreement shall be applied as provided in such resolution. The net investment income of any other Fund or Account created hereunder, as it is from time to time determined, shall be paid over to the Authority to be credited to the Revenue Fund. The Trustee, on the instructions of the Authority, or the Authority shall sell at the best price reasonably obtainable or present for redemption any Investment Securities so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from such Fund or Account and in order to make the payments required by Section 1201 of this Agreement. Neither the Trustee nor the Authority shall be liable or responsible for any loss resulting from any such investment.

For the purpose of determining the amount on deposit to the credit of any such Fund or Account, Investment Securities in which moneys in such Fund or Account shall have been invested shall be valued at their amortized cost. As used herein the term “amortized cost”, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (1) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (2) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price.

SECTION 603. Anything in this Agreement to the contrary notwithstanding, any moneys not required to be invested under any other provision of this Agreement held by the Trustee hereunder, including any moneys set aside or held by it under Section 520 hereof (all such moneys being hereafter sometimes called for convenience the “Unpaid Moneys Fund”) shall, as nearly as may be practicable, be invested and reinvested by the Trustee in Government Obligations or interest bearing deposits with the Trustee which shall mature, or which shall be subject to redemption or withdrawal by the Trustee as the holder or depositor at the option of such holder or depositor, not later than the respective dates when it is estimated by the Trustee that the moneys held for the credit of such Fund will be required for the various purposes intended; provided, however, that the Trustee is authorized to deposit in a demand deposit in its commercial department or in the commercial department of any paying agent or agents such portion of the Unpaid Moneys Fund as it estimates will be required to be paid out over so short a time that the investment thereof as otherwise required hereby would not be practicable or advisable. Further, at any time when the Trustee deems the continued holding of Government Obligations in the Unpaid Moneys Fund to be prejudicial to the interests of the holders of Bonds of the Authority for the payment of which moneys are set aside or held in the Unpaid Moneys Fund, the Trustee shall sell all or any part of the same and the proceeds of such sale shall be held by the Trustee in like manner and subject to the same conditions as the cash used by it to purchase the direct obligations so sold. If, for any reason, including, without limitation, losses resulting from sales of such direct obligations by the Trustee pursuant to the provisions of this or the preceding sentence, there are at any time insufficient immediately available moneys set aside or held by it to meet any claim for payment or transfer by the person or persons entitled thereto from the moneys which would otherwise be set aside or on deposit under Section 520 or any other provision hereof, the Trustee is hereby authorized, singly or in any combination, (i) to sell at the best price obtainable any Government Obligations in the Unpaid Moneys Fund, or (ii) in addition to any withdrawals authorized by Section 506 hereof, to direct the Authority to withdraw funds from the Operating Fund, or (iii) to advance its own funds (without any obligation to do so), in amounts in the aggregate necessary to make good the insufficiency. Upon the sale, maturity or redemption of Government Obligations held in the Unpaid Moneys Fund first occurring after any such withdrawal or advance and not required to be applied otherwise hereunder, from the proceeds thereof an amount equal to any withdrawal under clause (ii) above shall be promptly retransferred to the Authority for deposit to the Operating Fund without interest and an amount equal to any advance under clause (iii) above shall be promptly restored to the commercial department of the Trustee together with interest thereon at the lowest rate then charged by the Trustee to customers of its commercial department of the highest credit standing. The net income of such Unpaid Moneys Fund for the period ending with the last business day of June and December of each year, being the amounts credited to such

Fund in the manner provided by the eleventh paragraph of Section 602 less any charges thereto as in that paragraph provided, shall be withdrawn therefrom by the Trustee on or before the fifth (5th) business day succeeding such last business day of June and December, respectively, and deposited by it to the credit of the Revenue Fund. The Trustee shall not be liable for any error in any estimate made under this Section in the absence of bad faith. To the extent not inconsistent herewith, the other provisions of this Article VI shall apply to said Unpaid Moneys Fund.

ARTICLE VII

PARTICULAR COVENANTS.

SECTION 701. The Authority covenants that it will promptly pay the principal of and the interest on every Bond issued under the provisions of this Agreement at the places, on the dates and in the manner provided herein and in said Bonds and in any coupons appertaining to said Bonds, and any premium required for the retirement of said Bonds by purchase or redemption, according to the true intent and meaning thereof. Except as in this Agreement otherwise provided, the principal, interest and premiums on the Bonds are payable solely from Revenues derived from the ownership or operation of the Projects, which Revenues are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified, and nothing in the Bonds or coupons or in this Agreement shall be construed as obligating the Commonwealth or any political subdivision thereof to pay the Bonds or the interest thereon except from Revenues of the Projects or as pledging the faith and credit or taxing power of the Commonwealth or of any such political subdivision.

The Authority covenants that so long as Bonds of any Series shall be outstanding it will cause offices or agencies where any coupon Bonds of such Series (unless registered) and coupons may be presented for payment to be maintained in the City of Boston, Massachusetts, in the Borough of Manhattan, City and State of New York, and in any other city in which the Bonds of such Series shall be payable.

SECTION 702. The Authority covenants that it will, forthwith after the issuance of a Series of Bonds under Section 210 to provide funds for any Additional Improvements or Additional Facilities, proceed with the construction or acquisition of such Additional Improvements or Additional Facilities, as the case may be, substantially as described in any engineering report or other document describing such Additional Improvements or Additional Facilities. The Authority further covenants that all such Additional Improvements or Additional Facilities, as the case may be, will be constructed in accordance with plans and specifications which shall have been approved by the Consulting Engineers or a Consultant, that all such Additional Improvements or Additional Facilities, as the case may be, will be constructed or acquired in conformity with law and all requirements of all governmental authorities having jurisdiction thereover, and that it will complete such construction or acquisition with reasonable expedition. If, however, the Authority shall determine by resolution that there have occurred since the commencement of construction or acquisition of any Additional Improvements or Additional Facilities such changes in financial, economic or other conditions as to make it imprudent as a matter of sound business judgment to continue construction or acquisition of such Additional Improvements or Additional Facilities, then construction or acquisition of such Additional Improvements or Additional Facilities may be suspended or abandoned notwithstanding the

provisions of this Section and without compliance with the particular provisions of this Section with respect to changes or revisions generally in an improvement program for which a Series of Bonds has been issued but, in such event, any funds provided from the issuance of a Series of Bonds for such Additional Improvements or Additional Facilities as are not then expended shall be transferred from the appropriate Project Account in the Construction Fund to another Project Account in the Construction Fund or to the Redemption Account, as the Authority shall determine. If the Authority shall determine by resolution not to acquire or construct, or to reduce the scope of, any of such Additional Improvements or such Additional Facilities with respect to which a Series of Bonds has been issued under Section 210, and if the Consulting Engineers or a Consultant shall revise their engineering report to reflect the reduction in estimated cost of acquisition or construction resulting from such determination, the Authority may determine by resolution to acquire or construct other Additional Facilities or further extensions, enlargements, or improvements of the Airport Properties, Bridge Properties, Port Properties or other Project, as the case may be, or to broaden the scope of such Additional Improvements or Additional Facilities, if the Consulting Engineers or a Consultant shall certify that, in their opinion, the total increase in net cost resulting from such determination (taking into account other funds which shall have become available) will not exceed such reduction in cost, and if the Airport Consultants or a Consultant in the case of the Airport Properties, the Traffic Engineers in the case of traffic facilities and the experts referred to in item (iii) of clause (a) of subdivision (I) of Section 210 of this Agreement in the case of other facilities shall certify that, in their opinion, such changes and revisions are necessary or desirable and will not materially adversely affect the estimated Net Revenues or impair the operating efficiency of the Projects taken as a whole from what they would be if such changes or revisions should not be made.

Notwithstanding the foregoing provisions of this Section, if, with respect to a Series of Bonds for which a certificate of the Secretary-Treasurer was required to be filed under clause (f) of subdivision (II) of Section 210, the Authority shall determine by resolution not to acquire or construct, or to reduce the scope of, any Additional Improvements or Additional Facilities to provide funds for which such a Series of Bonds was issued, then construction or acquisition of such Additional Improvements or such Additional Facilities, as the case may be, may be suspended or abandoned notwithstanding the provisions of this Section and without compliance with the particular provisions of this Section with respect to changes or revisions generally but, in such event, any funds provided from the issuance of a Series of Bonds for such Additional Improvements or Additional Facilities as are not then expended shall be transferred from the appropriate Project Account in the Construction Fund to another Project Account in the Construction Fund or to the Redemption Account, as the Authority shall determine.

Copies of all resolutions, reports and certificates required by the foregoing provisions of this Section, certified by the Secretary-Treasurer of the Authority, shall be filed with the Trustee. The Authority further covenants and agrees that upon placing in operation any Additional Facilities or any Additional Improvements, it will deliver to the Trustee a certificate, signed by the Chairman or Vice Chairman of the Authority, stating the date upon which such placing in operation occurred.

The Authority further covenants and agrees that before entering into any contract or incurring any liability which will become a charge on the Construction Fund in excess of Two Hundred Fifty Thousand Dollars (\$250,000) it will secure the approval of the Consulting Engineers or a Consultant of such contract or the incurring of such liability and of the plans and

specifications referred to in any such contract, that it will require each person, firm or corporation with whom it may contract for labor and materials in connection with such construction to furnish a performance bond in the full amount of any contract exceeding Two Hundred Fifty Thousand Dollars (\$250,000) in amount to insure completion and performance, or, in lieu thereof, to deposit with the Trustee a letter of credit, in form satisfactory to the Trustee, for not less than 25% of the amount of such contract or marketable securities having a market value equal to the amount of such contract and eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States, and that in the event of any default under any such contract and the failure of the surety to complete the contract the proceeds of such performance bond or securities shall forthwith, upon receipt of such proceeds, be applied toward the completion of the contract in connection with which such performance bond, letter of credit or securities shall have been furnished.

The Authority further covenants and agrees that each such contract for labor or materials of construction will provide that payments thereunder shall not be made by the Authority in excess of current estimates approved by the Consulting Engineers or a Consultant, less the maximum retained percentage thereof then permitted by applicable law, except for final payment of any such contract and except as otherwise provided in Section 405 of this Agreement.

The Authority further covenants that no part of any Additional Facility or Additional Improvements will be constructed on or under lands other than lands good and marketable title to which is owned or can be acquired by the Authority in fee simple or over or under which the Authority shall have acquired or can acquire perpetual easements for the purposes of the Authority or lands the right to use and occupy which shall be vested in the Authority by valid franchises, licenses, easements or rights of way or by Section 4 of the Enabling Act or, if such lands are not so owned and are not subject to condemnation by the Authority, lands the right to use and occupy which shall be vested in the Authority for the lesser of the useful life of such Additional Facilities or Additional Improvements or as long as any Bonds shall be outstanding under this Agreement.

SECTION 703. The Authority covenants that it will establish and enforce reasonable rules and regulations governing the use of each Project under its control and the operation thereof, that all payments under contracts entered into by it, all compensation and conditions of employment, and all salaries, fees and wages paid by it, in connection with the maintenance, repair and operation of each such Project will be reasonable, that no more persons will be employed by it than are necessary, that it will maintain and operate each such Project in an efficient and economical manner, that it will at all times maintain the Projects in good repair and in sound operating condition and will make all necessary repairs, renewals and replacements, consistent with sound business judgment, and that it will observe and perform all of the provisions of the Enabling Act.

SECTION 704. The Authority covenants that it will not create or suffer to be created any lien or charge upon any Project or any part thereof or upon the Revenues therefrom except the liens and charges created by this Agreement upon the Revenues, and that, from such Revenues or other available funds, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within a reasonable period of time after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon any Project or any part thereof or the Revenues therefrom; provided, however, that nothing in this Section contained shall require the Authority to pay or cause to be discharged,

or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings. In the case of any judgment, settlement or award terminating such proceedings the Authority shall promptly provide in a supplemental budget for paying such judgment, settlement or award.

Nothing contained in this Section shall be deemed to limit the right of the Authority to issue obligations to the extent permitted under the provisions of Section 216.

SECTION 705. Notwithstanding any other provision of this Agreement, the Authority may permit the United States of America, operating through any office or agency thereof, the Commonwealth or any of its agencies or departments or any city, town or political subdivision of the Commonwealth or any agency thereof, or any other person, firm or corporation to pay the cost of extending, maintaining, repairing and operating such Project, provided that such payment is made without any obligation on the part of the Authority to repay the same, and may deposit any grant from any source to the credit of any Fund or Account from which the charges for which such grant was made are to be paid, rather than depositing such grant to the credit of the Revenue Fund.

SECTION 706. (I) The Authority covenants that it will, as soon as practicable, for the purpose of performing and carrying out the duties imposed on the Accountants by this Agreement, employ a firm of independent public accountants of recognized ability and standing nationwide, that it will, as soon as practicable, for the purpose of performing and carrying out the duties imposed on the Consulting Engineers by this Agreement, employ an independent engineer or engineering firm or corporation having a nationwide and favorable repute for skill and experience in such work, that it will, as soon as practicable, for the purpose of performing and carrying out the duties imposed on the Airport Consultants, on the Traffic Engineers, and on the experts referred to in item (iii) of clause (a) of subdivision (I) of Section 210, employ in each case an independent engineer or engineering firm or corporation, other than the Consulting Engineers, having a nationwide and favorable repute for skill and experience in such work; provided, however, that the Authority may employ one or more architectural or engineering firms or corporations having a nationwide and favorable repute for skill and experience in such work to perform the duties imposed on the Consulting Engineers by this Agreement which are directly connected with the construction of any building or structure constituting Additional Improvements of any Project other than the Port Properties or any Additional Facilities other than a port facility, and may employ an independent engineering firm or corporation having a nationwide and favorable repute for skill and experience in such work to perform the duties imposed on the Consulting Engineers by this Agreement which are directly connected with the construction of any Additional Improvements of the Port Properties or any Additional Facilities relating to a port facility, including in each case the preparation of estimates of cost of times of construction, preparation of plans and specifications, supervising construction and approving requisitions for paying costs of construction, and other duties during construction.

Except as otherwise specifically provided in this subdivision (I) of Section 706 of this Agreement, the Authority may employ the same independent engineer, engineering firm or corporation to perform all or any portion of the duties set forth herein.

(II) The Authority further covenants that it will cause the Consulting Engineers employed by it under the foregoing provisions of this Section 706, among such other duties as may

be imposed upon them by the Authority or by this Agreement, to make an inspection of the Projects at least once in each year and, on or before the first day of April in each year, to submit to the Authority a report setting forth with respect to each Project (a) their conclusions as to the state of repair, working order and condition of the Project and (b) their recommendations as to any substantial maintenance and repair of the Project during the ensuing fiscal year, an estimate of the amount of money necessary for such purposes and the Replacement Cost of all Projects in the Authority for the ensuing fiscal year. Copies of each such report and amended or supplemental report shall be filed with the Trustee and mailed by the Authority to each bondholder of record.

The Authority covenants that, if any such report of the Consulting Engineers shall set forth that the properties of any Project have not been maintained in good repair and sound operating condition, to the extent consistent with sound business judgment it will promptly restore the Project to good repair and sound operating condition with all expedition practicable and will make adequate provision therefor in the next Annual Budget.

(III) The Authority further covenants that it will, as soon as practicable, for the purposes of performing and carrying out the duties imposed on the Risk Management Consultant by this Agreement, employ a firm of risk management consultants of recognized ability and standing nationwide, and that it will, as soon as practicable, for the purpose of determining its annual pension expense under Section 507 and its annual postretirement health benefit expense under Section 507A, employ as Pension Consultants an independent actuarial consulting organization having a nationwide and favorable repute for skill and experience in such work; provided, however, that in lieu of employment of a Pension Consultant the Authority may rely upon a professional actuary's certification of its pension expense and postretirement health benefit expense in the event that such certification is expressly provided for by any general or special law.

(IV) The Authority further covenants that it will cause the Risk Management Consultant to submit its report on or before the first day of April in each year setting forth the insurance recommended to be carried or program of self-insurance recommended in accordance with Section 707 to be undertaken by the Authority in respect of the Projects in the next succeeding fiscal year.

The Authority covenants that it will cause the Pension Consultants to submit their report on or before the fifteenth (15th) day of December in each year setting forth the amount required to be transferred to the Pension Trustee, in the next succeeding fiscal year.

SECTION 707. The Authority covenants that it will carry upon all of its facilities such insurance against direct physical damage or loss against hazards, in amounts, with deductibles and exclusions, as are in substantial conformity with the recommendations in the report of the Risk Management Consultant referred to in Section 706. Such insurance will be placed with responsible insurers qualified to assume the risk thereof. The Authority further covenants that it will substantially comply with the recommendations of the Risk Management Consultant with respect to self-insurance, provided that if the Authority determines in the exercise of sound business judgment to undertake a reduced program of self-insurance from that so recommended, it may direct the Risk Management Consultant to make additional recommendations with respect to such a reduced program.

The Authority further covenants that it will carry business interruption insurance in amounts in substantial conformity with the recommendations contained in the report of the Risk Management Consultant referred to in Section 706 against loss of revenue due to physical loss or damage arising out of specified hazards at all the Projects of the Authority.

The Authority covenants that it will carry such liability insurance in connection with all Projects of the Authority against such other hazards and in such amounts in substantial conformity with such recommendations.

The Authority further covenants that, immediately after any substantial damage to or destruction of any part of any Project, it will cause the Consulting Engineers to prepare an estimate of the cost of repairing, replacing or reconstructing the damaged or destroyed property including the cost of preparing plans and specifications therefor, and it will cause its engineers to prepare (either in accordance with the original or a different design) such plans and specifications unless it shall, with the concurrence of the Consulting Engineers, determine that such repair, replacement or reconstruction of such property would not be desirable or necessary for the efficient operation of the Project. Copies of such estimate shall be filed with the Authority and the Trustee.

The proceeds of all insurance referred to in this Section other than insurance against loss of revenue shall be available for the repair, replacement or reconstruction of the damaged or destroyed property, and shall be disbursed in the manner and upon the showings hereinabove provided in Section 405 of this Agreement for payments from any Project Account in the Construction Fund. If such proceeds are more than sufficient for such purpose, the balance remaining shall be deposited to the credit of the Maintenance Reserve Fund or the Improvement and Extension Fund, as the Authority by resolution may determine. If such proceeds shall be insufficient for such purpose, the deficiency shall be supplied by the Trustee upon requisition of the Authority from any moneys in the Maintenance Reserve Fund. The proceeds of insurance against loss of revenue shall be deposited as received in the Revenue Fund.

The Authority further covenants that, in the case of any substantial damage to or destruction of any part of any Project, if the cost of repairing, replacing or reconstructing the damaged or destroyed property as estimated by the Consulting Engineers shall not exceed the proceeds of insurance and other moneys available for such purpose, it will forthwith commence and diligently proceed with the repair, replacement or reconstruction of the damaged or destroyed property according to plans and specifications prepared or approved by the Consulting Engineers, unless the Authority, with the concurrence of the Consulting Engineers, shall certify to the Trustee that such repair, replacement or reconstruction would not be desirable or necessary for the efficient operation of the Project, in which event the proceeds of any such insurance shall be deposited to the credit of the Improvement and Extension Fund, unless the Authority shall otherwise direct.

The report of the Risk Management Consultant shall, in recommending insurance coverage, take into consideration the availability of coverage at reasonable rates and upon reasonable terms and conditions. The report of the Risk Management Consultant, if it recommends deductible limits on the coverage carried, shall make such recommendation in accordance with prudent practice for similar projects or facilities. The Authority may at any time deposit in reserve amounts in substantial conformity with those specified in the report from the Operating Fund to the credit of the Self-Insurance Account.

The Authority further covenants that it will provide such worker's compensation benefits or employer's liability protection as may be required by law but may on its own determination self-insure such benefits and protection to the full extent permitted by law and in connection therewith, anything to the contrary in this Agreement notwithstanding, may, to the extent provided by law in connection with such self-insurance, deposit any moneys not otherwise obligated to the credit of a special subaccount to be established and designated in the Self-Insurance Account.

SECTION 708. Within the first three (3) months of each fiscal year the Authority shall file with the Trustee and shall mail to the Consulting Engineers a schedule of all insurance policies referred to in Section 707 of this Article which are then in effect, stating with respect to each policy the name of the insurer, the amount, number and expiration date, and the hazards and risks covered thereby. All such insurance policies shall be open to the inspection of the bondholders and their agents and representatives.

Any appraisalment or adjustment of any loss or damage under any policy and any settlement or payment of indemnity under any such policy which may be agreed upon by the Authority and any insurer shall be evidenced by a certificate, signed by the Secretary-Treasurer of the Authority and, in the case of appraisalment, approved by the Consulting Engineers. All such certificates shall be filed with the Trustee. The Trustee shall in no way be liable or responsible for any such appraisalment, adjustment or settlement or for the collection of insurance moneys in case of any loss or damage.

SECTION 709. The Authority covenants that it will not take or permit to be taken on its behalf any action which would adversely affect the exemption from federal income taxation of the interest payable on the Bonds (except Bonds issued as taxable Bonds the interest on which is subject to federal income taxation) and will take or require to be taken such acts as may be reasonably within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on such Bonds and to continue the exemption from state income taxation of the interest on all of the Bonds. Without limiting the generality of the foregoing, the Authority covenants that it will restrict the use and investment of the proceeds of the Bonds (except Bonds issued as taxable Bonds the interest on which is subject to federal income taxation) in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time the Bonds are delivered to the original purchaser or purchasers thereof so that they will not constitute arbitrage bonds under Section 103(b) of the Internal Revenue Code.

SECTION 710. The Authority covenants that:

(a) none of the Revenues will be used for any purpose other than as provided in this Agreement;

(b) it will not construct or acquire, or consent to the construction of, or operate, any building, structure or other facility unless there shall be filed with the Secretary-Treasurer of the Authority a statement, signed by the Consulting Engineers or a Consultant, to the effect that in their opinion the operation of such facility will not materially adversely affect the Net Revenues or impair the operating efficiency of the Projects taken as a whole; provided, however, that such a statement shall not be required in the event that such building, structure or other facility is being financed by

a Series of Bonds issued under the provisions of classes (b), (c), (d) or (e) of subdivision (II) of Section 210 of this Agreement; and

(c) no contract or contracts will be entered into or any action taken by which the rights of the Trustee or of the bondholders might be impaired or diminished.

Except to the extent provided in subdivision (III) of Section 216, the Authority covenants that it will not construct or acquire any additional airport facilities or any extension, enlargement or improvement of any Airport Properties other than such airport facilities or such extensions, enlargements or improvements of Airport Properties as shall be financed by obligations of the Authority issued under the provisions of this Agreement.

SECTION 711. The Authority covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purpose of this Agreement.

SECTION 712. The Authority covenants that it will keep accurate records and accounts of the total cost to the Authority of each Project, of the Revenues of the Authority, and of the application of such Revenues. The Authority further covenants that annually within sixty (60) days of the end of its fiscal year it will cause to be filed with the Trustee and mailed to the Consulting Engineers and all bondholders of record a report setting forth in respect of the preceding fiscal year:

(a) the number of motor vehicles in each class using each traffic facility under the control of the Authority, and in reasonable detail information as to the use of other Projects,

(b) the amount of all deposits or transfers to the credit of and the amount of all withdrawals or transfers from each Fund and Account created under the provisions of this Agreement,

(c) the details of all Bonds issued, paid, purchased or redeemed,

(d) the amount on deposit at the end of such year to the credit of each such Fund and Account and the details of any investments thereof,

(e) the amounts of the proceeds received from any sale of property pursuant to the provisions of Section 714 of this Article, and

(f) the amounts of the proceeds of insurance received and in reasonable detail information as to the use of such amounts.

The Authority further covenants that promptly after the close of each fiscal year it will cause an audit to be made of its books and accounts by the Accountants. The Trustee shall make available to the Accountants all its books and records pertaining to each Project. Within the first three (3) months of each fiscal year reports of each such audit shall be filed with the Authority and the Trustee and copies of such reports shall be mailed by the Authority to the Consulting Engineers and all bondholders of record. Each such audit report shall contain a statement of Revenues and Operating Expenses and the transfers to the several Funds and Accounts created under the provisions of this Agreement, and a balance sheet both for the period under review and for the

previous fiscal year, whether any liabilities for Operating Expenses were incurred in the preceding fiscal year in excess of the amount appropriated for Operating Expenses in the Annual Budget for such fiscal year and whether the Authority is in default in the performance of any of the covenants contained in Section 501 of this Agreement. Such audit reports shall be open to the inspection of the bondholders and their agents and representatives. The Authority shall maintain or cause to be maintained a list of the names and addresses of all bondholders of record and may, not more frequently than every three (3) years, send a notice to each bondholder of record at his address set forth on such list to ascertain if each such bondholder wishes to continue to receive the documents required to be sent to bondholders of record hereunder and, if such a bondholder of record fails to reply or replies in the negative, the Authority need not continue to send reports to such bondholder.

The Authority further covenants that it will cause any reports or audits relating to the Projects to be made as required by law and that as often as may be requested, it will furnish to the Trustee such other information concerning the Projects or the operation thereof as it may reasonably request.

The cost of such reports and audits shall be treated as an Operating Expense.

SECTION 713. The Authority covenants that all the accounts and records of the Authority will be kept according to recognized accounting practices consistent with the provisions of this Agreement.

SECTION 714. (I) The Authority covenants that, except as in this Section otherwise permitted, it will not sell or otherwise dispose of or encumber any Project or any part thereof. The Authority may, however, from time to time, sell or otherwise dispose of any machinery, fixtures, apparatus, tools, instruments or other movable property if the Authority shall determine that such articles are no longer needed or are no longer useful in connection with the construction or operation and maintenance of the Projects, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of or shall be deposited to the credit of the appropriate Project Account in the Construction Fund, the Maintenance Reserve Fund, the Improvement and Extension Fund or the Redemption Account, as the Authority by resolution may determine. Subject to the provisions of the Enabling Act, the Authority may from time to time (a) sell or as practicable otherwise dispose of lands or rights or interests in lands or other property forming part of any Project as the Authority by resolution shall declare, with the approval of the Consulting Engineers or a Consultant, is not needed or is no longer useful in connection with the maintenance and operation of such Project and the proceeds of any sale or other disposition of real estate shall be disposed of as provided in the Enabling Act, or (b) exchange such lands or rights or interests in lands or other property forming part of any Project for other lands or rights or interests in lands or other property, if the Authority by resolution shall declare, with the approval of the Consulting Engineers or a Consultant, that such exchange is advantageous and in the best interests of the Authority; provided, however, that the approval of the Consulting Engineers or a Consultant shall not be necessary in any case where the aggregate value of any parcel of property sold or exchanged and the value of any contiguous parcel or parcels of property sold or exchanged within two years of such sale or exchange does not exceed Five Hundred Thousand Dollars (\$500,000). Property so acquired by exchange shall become part of the Project to which its use by the Authority relates.

(II) Notwithstanding the provisions of subdivision (I) of this Section 714, the Authority may, if permitted by law, sell or exchange all or any part of a Project other than any property necessary for the efficient operation of Logan Airport provided that there is filed with the Trustee the following:

(a) a certificate signed by the Executive Director or Secretary-Treasurer of the Authority to the effect that no event of default is then existing under this Agreement;

(b) a certificate signed by the Secretary-Treasurer of the Authority, and approved by the Trustee, stating that the amount on deposit in each subaccount within the Reserve Account in the Interest and Sinking Fund is at least equal to the Reserve Requirement for all Bonds then outstanding;

(c) a certificate, signed by the Secretary-Treasurer of the Authority, and confirmed by statements filed with the Trustee by the Consulting Engineers, Traffic Engineers, Airport Consultants or a Consultant or other independent expert or firms of experts of recognized ability and standing, that the average annual Net Revenues for the two preceding fiscal years after giving effect to such sale or exchange would be at least equal to 140% of the maximum annual Principal and Interest Requirements for any fiscal year thereafter on account of all Bonds then outstanding.

(III) Upon any sale or other disposition of property under the provisions of this Section the Authority shall notify the Trustee of the property so sold or disposed of and the amount and disposition of the proceeds thereof.

(IV) The Authority may lease, and may grant licenses, permits and concessions for the use of, any part of a Project.

ARTICLE VIII

REMEDIES.

SECTION 801. In case the time for the payment of any coupon or the interest on any registered Bond without coupons shall be extended, whether or not such extension be by or with the consent of the Authority, such coupon or such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Agreement except subject to the prior payment in full of the principal of all Bonds then outstanding and of all coupons and interest the time for the payment of which shall not have been extended.

SECTION 802. Each of the following events is hereby declared an “event of default”:

(a) payment of the principal, Amortization Requirements and the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by call for redemption or otherwise; or

(b) payment of any installment of interest on any of the Bonds shall not be made within thirty (30) days after the same shall become due and payable; or

(c) payment of any amounts required to be deposited in a Term Bond Investment Account shall not be made in such a manner as will permit the purchase of Government Obligations with moneys in such Account in accordance with the resolution authorizing the issuance of a Series of Bonds; or

(d) the Authority shall unreasonably delay or fail to carry on with reasonable dispatch or discontinue for more than thirty (30) days, in the event that a Series of Bonds shall be issued under the provisions of Section 210 of this Agreement, the construction of the Additional Facilities or Additional Improvements, as the case may be, for which such a Series of Bonds shall be issued, except to the extent permitted by Section 702; or

(e) the Authority shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(f) an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver or receivers of any Project or any part thereof or of the Revenues therefrom, or if such order or decree, having been entered without the consent or acquiescence of the Authority, shall not be vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof; or

(g) any proceeding shall be instituted, with the consent or acquiescence of the Authority, or without the consent or acquiescence of the Authority if such proceeding shall not be dismissed within sixty (60) days of filing, for the purpose of effecting composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from Revenues; or

(h) except as otherwise provided in subdivision (I) of Section 501, the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Agreement on the part of the Authority to be performed, and such default shall continue for sixty (60) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the holders of not less than twenty-five per centum (25%) in aggregate principal amount of the bonds then outstanding.

SECTION 803. Upon the happening and continuance for the appropriate period, if any, of any event of default specified in Section 802 of this Article, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five per centum (25%) in aggregate principal amount of the Bonds then outstanding shall, by a notice in writing to the Authority, declare the principal of all of the Bonds then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in this Agreement to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Agreement, moneys shall have accumulated in the

Interest and Sinking Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all Bonds then outstanding (except the principal of any Bonds not then due by their terms and the interest accrued on such bonds since the last interest payment date to which interest has been paid), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Authority hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition, agreement or provision contained in the Bonds or in this Agreement (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five per centum (25%) in aggregate principal amount of the Bonds not then due other than by acceleration and then outstanding shall, by written notice to the Authority, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 804. Upon the happening and continuance of any event of default specified in Section 802 of this Article, then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than twenty-five per centum (25%) in aggregate principal amount of the Bonds then outstanding hereunder shall proceed, subject to the provisions of Section 902 of this Agreement, to protect and enforce its rights and the rights of the bondholders under the Enabling Act or under this Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Agreement the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Authority for principal, interest or otherwise under any of the provisions of this Agreement or of the Bonds due and unpaid, with interest on overdue payments of principal at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the bondholders, and to recover and enforce any judgment or decree against the Authority, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from moneys in the Interest and Sinking Fund, in the case of Bonds, and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

SECTION 805. Anything in this Agreement to the contrary notwithstanding, if at any time the moneys in the Interest and Sinking Fund shall not be sufficient to pay the principal of or the interest on such Bonds as the same respectively shall become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 803 of this Article), such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) If the principal of all the Bonds shall not have become or shall not have been declared due and payable, all such moneys shall be applied

first, to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments became due and payable, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

second, to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Agreement), in the order of their due dates, with interest on the principal amount of such Bonds at the respective rates specified therein from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third, to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of Article V of this Agreement.

(b) If the principal of all such Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied

first, to the payment to the persons entitled thereto of all installments of interest due and payable on or prior to maturity, if any, in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds, and then to the payment of any interest due and payable after maturity on such Bonds, ratably, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds; and

second, to the payment of the principal of such Bonds, ratably, to the persons entitled thereto, without preference or priority of any Bond over any other Bond.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 803 of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys remaining in and thereafter accruing to the Interest and Sinking Fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

The provisions of clauses (a), (b) and (c) of this Section are in all respects subject to the provisions of Section 801 of this Article.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Authority, to any bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid coupon or any Bond until such coupon or such Bond and all unmatured coupons, if any, appertaining to such Bond shall be surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

SECTION 806. In case any proceeding taken by the Trustee or bondholders on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the Authority, the Trustee and the bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

SECTION 807. Anything in this Agreement to the contrary notwithstanding, the holders of a majority in aggregate principal amount of the Bonds then outstanding hereunder shall have the right, subject to the provisions of Section 902 of this Agreement, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Agreement.

SECTION 808. No holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or for the execution of any trust hereunder or for any other remedy hereunder unless such holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the holders of not less than twenty-five per centum (25%) in aggregate

principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Agreement or to any other remedy hereunder. It is understood and intended that, except as otherwise provided in this Agreement, no one or more holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Agreement, or to enforce any right hereunder except in the manner herein provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all holders of such outstanding Bonds and coupons, and that any individual rights of action or other right given to one or more of such holders by law are restricted by this Agreement to the rights and remedies herein provided.

Notwithstanding any other provision of this Article VIII, nothing shall limit or impair the right of any bondholder to take any action to enforce the payment, when due, of the principal of, premium, if any, and interest on his Bond.

SECTION 809. All rights of action under this Agreement or under any of the Bonds outstanding hereunder, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the coupons appertaining thereto or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all of the holders of such Bonds and coupons, subject to the provisions of this Agreement.

SECTION 810. No remedy herein conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder.

SECTION 811. No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and to the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall, waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Agreement or before the completion of the enforcement of any other remedy under this Agreement, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

SECTION 812. The Trustee shall mail to all registered owners of Bonds then outstanding at their addresses as they appear on the registration books, and all other bondholders of record, written notice of the occurrence of any event of default set forth in Section 802 of this Article within thirty (30) days after the Trustee shall have notice pursuant to Section 908 hereof that any such event of default has occurred. If in any fiscal year the total amount of the deposits to the credit of the Interest and Sinking Fund shall be less than the amounts referred to in item (ii) of clause (b) of subdivision (I) of Section 501 of this Agreement, the Trustee on or before the first day of the third month of the next succeeding fiscal year shall mail all registered owners of Bonds then outstanding at their addresses as they appear on the registration books, and all other bondholders of record, written notice of such failure. The Trustee shall not, however, be subject to any liability to any bondholder by reason of its failure to mail any such notice.

ARTICLE IX

CONCERNING THE TRUSTEE.

SECTION 901. The Trustee accepts and agrees to execute the trusts imposed upon it by this Agreement, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Agreement, to all of which the parties hereto and the respective holders of the Bonds agree.

SECTION 902. The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Agreement, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Authority shall reimburse the Trustee from Revenues for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Authority shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Agreement and shall be entitled to a preference therefor over any of the Bonds or coupons outstanding hereunder.

SECTION 903. The Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Authority, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. The Trustee shall have no responsibility in respect of the validity or sufficiency of this Agreement or the due execution or acknowledgment thereof, or in respect of the validity of the Bonds or of the coupons or the due execution or issuance thereof. The Trustee shall be under no obligation, except as otherwise herein expressly required, to see that any duties herein imposed upon the Authority, the Accountants, the Consulting Engineers, the Airport Consultants, the Traffic Engineers, the Risk Management Consultants, the Pension Plan Consultants, any other accounting firm, engineering firm or corporation, any architect or firm of architects, any risk management consultants, any actuary, the

Paying Agents, any Depositary or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

SECTION 904. The Trustee shall not be liable or responsible because of the failure of the Authority or of any of its employees or agents to make any collections, deposits, or transfers in the amounts required hereunder, or the failure of the Authority to perform any act herein required of it or because of the loss of any moneys arising through the insolvency or the act, default or omission of any other Depositary in which such moneys shall have been deposited under the provisions of this Agreement. Except as provided by law relating to deposit accounts, the Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal, or transfer shall be made in accordance with the provisions of this Agreement. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

SECTION 905. Subject to the provisions of any contract between the Authority and the Trustee relating to the compensation of the Trustee, the Authority shall, from the Construction Fund or the Operating Fund, pay to the Trustee reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder, and, from Revenues only, shall indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder. If the Authority shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession under the provisions of this Agreement and shall be entitled to a preference therefor over any of the Bonds or coupons outstanding hereunder.

SECTION 906. (I) It shall be the duty of the Trustee, on or before the 15th day of each month, to file with the Authority a statement setting forth in respect of the preceding calendar month:

(a) the amount deposited with it and the amount withdrawn or transferred by it on account of each Fund or Account held by it under the provisions of this Agreement,

(b) the amount on deposit with it at the end of such month to the credit of each such Fund and Account,

(c) a brief description of all Investment Securities held by it as an investment of moneys in each such Fund and Account,

(d) the amount applied to the purchase or redemption of Bonds under the provisions of this Agreement and a description of the Bonds or portions of Bonds so purchased or redeemed, and

(e) any other information which the Authority may reasonably request.

SECTION 907. 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 as such Trustee, and in any case in which this Agreement 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 Agreement, and any such certificate shall be evidence of such fact to protect the Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Agreement, any request, notice or other instrument from the Authority to the Trustee shall be deemed to have been signed by the proper party or parties if signed by the Chairman, Vice Chairman or Executive Director and by the Secretary-Treasurer or an Assistant Treasurer of the Authority, and the Trustee may accept and rely upon a certificate signed by the Secretary-Treasurer of the Authority as to any action taken by the Authority.

SECTION 908. Except upon the happening of any event of default specified in clauses (a), (b) and (c) of Section 802 of this Agreement, the Trustee shall not be obliged to take notice or be deemed to have notice of any event of default hereunder, unless specifically notified in writing of such event of default by the holders of not less than twenty-five per centum (25%) in aggregate principal amount of the Bonds hereby secured and then outstanding.

SECTION 909. Subject to Section 23 of the Enabling Act, the bank or trust company acting as Trustee under this Agreement, for its own account or for the account of any of its fiduciary accounts, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds or coupons issued under and secured by this Agreement, and may join in any action which any bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee under this Agreement.

SECTION 910. The recitals, statements and representations contained herein and in the Bonds (excluding the Trustee's certificate of authentication on the Bonds) shall be taken and construed as made by and on the part of the Authority and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of the same.

SECTION 911. The Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Agreement, or upon the written opinion of any attorney, engineer, architect or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Trustee shall not be charged with notice of the placing in operation or the completion of construction of any Additional Facilities or Additional Improvements until it has received from the Authority a certificate to that effect. The Trustee shall not be bound to recognize any person as a holder of any coupon Bond not registered as to principal or of any coupon or to take any action at his request unless such Bond or coupon shall be deposited with it. The Trustee shall not be under any obligation to see to the recording or filing of this Agreement or otherwise to the giving to any person of notice of the provisions hereof.

The Trustee may consult with counsel and shall be fully protected in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel as to matters of law.

SECTION 912. The Trustee may resign at any time and thereby become discharged from the trusts hereby created by notice in writing to be given to the Authority and filed with EMMA not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee hereunder, if such new Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

SECTION 913. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, executed by the holders of not less than a majority in aggregate principal amount of the Bonds hereby secured and then outstanding and filed with the Authority. A photostatic copy of each such instrument shall be delivered promptly by the Authority to the Trustee. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Agreement with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the Authority or the holders of not less than twenty-five per centum (25%) in aggregate principal amount of the Bonds then outstanding under this Agreement. Notwithstanding the foregoing provisions, during the first fiscal year ending not less than six months and not more than 18 months following the effective date of this amendment of Section 913 and during each fifth fiscal year thereafter, the Authority may remove the Trustee, except during the existence of an Event of Default, upon 120 days written notice to the Trustee by filing with the Trustee an instrument signed on behalf of the Authority by its Secretary-Treasurer or other authorized officer.¹

SECTION 914. If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, the Authority shall appoint a Trustee to fill such vacancy. The Authority shall post notice of any such appointment by it made to EMMA, but failure to give such notice shall not affect the validity of such appointment, which shall become effective when made or when the vacancy occurs, whichever shall be later.

At any time within one year after any such vacancy shall have occurred, the holders of a majority in aggregate principal amount of the Bonds hereby secured and then outstanding, by an instrument or concurrent instruments in writing, executed by such bondholders or their attorneys in fact or legal representatives and filed with the Authority, may appoint a successor Trustee which shall supersede any Trustee theretofore appointed by the Authority. Photostatic copies of each such instrument shall be delivered promptly by the Authority to the predecessor Trustee and to the Trustee so appointed by the bondholders.

¹ The effective date of the amendment of Section 913 referenced herein was May 12, 2005.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, the holder of any Bond outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee hereafter appointed shall be a bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having a combined capital and surplus aggregating not less than Fifty Million Dollars (\$50,000,000).

SECTION 915. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Authority, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor; but such predecessor shall, nevertheless, on the written request of its successor or of the Authority, and upon payment of the expenses, charges and other disbursements of such predecessor which are payable pursuant to the provisions of Section 905 of this Article, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all property and moneys held by it hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Authority.

Notwithstanding any of the foregoing provisions of this Article, any bank or trust company having power to perform the duties and execute the trusts of this Agreement and otherwise qualified to act as Trustee hereunder with or into which the bank or trust company acting as Trustee may be merged or consolidated, or to which the assets and business of such bank or trust company may be sold, shall be deemed the successor of the Trustee.

ARTICLE X

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS.

SECTION 1001. Any request, direction, consent or other instrument in writing required or permitted by this Agreement to be signed or executed by bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such bondholders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Agreement and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to

before him, or by an affidavit of a witness to such execution. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such verification or affidavit shall also constitute sufficient proof of his authority.

(b) The fact of the holding of coupon Bonds hereunder by any bondholder and the amount and the numbers of such Bonds and the date of his holding the same (unless such Bonds be registered) may be proved by the affidavit of the person claiming to be such holder, if such affidavit shall be deemed by the Trustee to be satisfactory, or by a certificate executed by any trust company, bank, banker or any other depository, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with or exhibit to such trust company, bank, banker or other depository the Bonds described in such certificate. The Trustee may conclusively assume that such ownership continues until written notice to the contrary is served upon it. The ownership of coupon Bonds registered as to principal and of registered Bonds without coupons shall be proved by the registration books kept under the provisions of Section 206 of this Agreement.

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

Notwithstanding any of the foregoing provisions of this Section, the Trustee shall not be required to recognize any person as a holder of any Bond or coupon or to take any action at his request unless such Bond or coupon shall be deposited with it, except as otherwise expressly provided herein.

SECTION 1002. With respect to any Series of Bonds or any maturity within a Series of Bonds all of the principal of and interest on which is insured by a bond insurance policy, if so provided in the Resolution authorizing the issuance of such Series, the terms "holders" and "owner" of Bonds and the term "bondholder", each as used in this Agreement, for purposes of all consents, directions and notices provided for in this Agreement shall mean, with respect to the Bonds of such Series or maturity, as the case may be, the issuer of such bond insurance policy as long as such policy issuer has not defaulted under such policy; provided, however, that unless it actually is the beneficial owner of the Bonds in respect of which a consent is requested, the policy issuer shall not have the power to act on behalf of the registered owners of any Bonds to consent to amendments, supplements or waivers that would (a) extend the stated maturity of or time for paying the interest on such Bonds, (b) reduce the principal amount of, purchase price for or redemption premium or rate of interest payable on such Bonds or (c) result in a privilege or priority of any Bond over any other Bond.

ARTICLE XI

SUPPLEMENTAL AGREEMENTS.

SECTION 1101. The Authority and the Trustee may, from time to time and at any time, enter into such agreements supplemental hereto as shall not be inconsistent with the terms and provisions hereof and shall not adversely affect the interests of the bondholders hereunder (which supplemental agreements shall thereafter form a part hereof),

(a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions or obvious mistake in this Agreement or in any supplemental agreement, or

(b) to grant to or confer upon the Trustee for the benefit or the bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the bondholders or the Trustee, or

(c) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provision of this Agreement other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the Authority in this Agreement other covenants and agreements thereafter to be observed by the Authority or to surrender any right or power herein reserved to or conferred upon the Authority, or

(e) to provide for the issuance of Subordinated Obligations payable from the Improvement and Extension Fund pursuant to subdivision (II) of Section 216 hereof and, in connection therewith, to set forth a required amount to be deposited into the Improvement and Extension Fund for the purpose of item (v) of clause (b) of subdivision (I) of Section 501, or

(f) to provide for the issuance of obligations under a separate agreement pursuant to subdivision (III) of Section 216 hereof, or

(g) to modify the definition of Investment Securities in Section 101 hereof as directed by the Authority, provided that the Authority shall have provided evidence to the Trustee that the details of such modification have been provided in writing to each of Moody's Investors Service (if Moody's Investors Service is then assigning a rating to any outstanding Bonds), Standard & Poor's Ratings Services (if Standard & Poor's Ratings Services is then assigning a rating to any outstanding bonds) and each other nationally recognized rating agency, if any, then assigning a rating to any outstanding Bonds and that each such rating agency has either (i) confirmed in writing that such modification will not adversely affect the rating it assigns to outstanding Bonds or (ii) issued a rating on a Series of Bonds to be issued which is not lower than the rating assigned by such rating agency to outstanding Bonds prior to such modification, or any other evidence satisfactory to the Trustee that such modification will not adversely affect the then current ratings, if any, assigned to the Bonds by any nationally recognized rating agency.

At least thirty (30) days prior to the execution of any supplemental agreement for any of the purposes of this Section, the Trustee shall cause a notice of the proposed execution of such supplemental agreement to be mailed, postage prepaid, to all registered owners of Bonds at their

addresses as they appear on the registration books and all other bondholders of record. Such notice shall briefly set forth the nature of the proposed supplemental agreement and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all bondholders. A failure on the part of the Trustee to mail the notice required by this Section shall not affect the validity of such supplemental agreement.

SECTION 1102. Subject to the terms and provisions contained in this Section and anything contained in any other Section of this Agreement to the contrary notwithstanding, the holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then outstanding, or, in case less than all of the several Series of Bonds then outstanding are affected by such supplemental agreement, the holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then outstanding for each Series so affected, shall have the right, from time to time, to consent to and approve the execution by the Authority and the Trustee of such agreement or agreements supplemental hereto as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Agreement or in any supplemental agreement; provided, however, that without the consent of the holders of not less than one hundred percent (100%) in aggregate principal amount of the Bonds then outstanding, or in case less than all of the several Series of Bonds then outstanding are affected thereby, the holders of not less than one hundred percent (100%) in aggregate principal amount then outstanding of each Series so affected, nothing herein contained shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of Revenues ranking prior to or on a parity with those created by this Agreement, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds other than as set forth in this Agreement, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental agreement or (f) any impairment or diminution of the lien of the 1964 Trustee or the holders of the Refunded Bonds created by the Escrow Deposit Agreement. Nothing herein contained, however, shall be construed as making necessary the approval by bondholders of the execution of any supplemental agreement as authorized in Section 1101 of this Article or of the exclusion of passenger facility charges from Revenues as provided in clause (v) of the first proviso to the definition thereof in Section 101 hereof.

If at any time the Authority shall request the Trustee to enter into any supplemental agreement for any of the purposes of this Section, the Trustee shall, at the expense of the Authority, cause notice of the proposed execution of such supplemental agreement to be posted to EMMA and the Trustee shall cause a similar notice to be mailed, postage prepaid, to all registered owners of Bonds then outstanding at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental agreement and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all bondholders. The Trustee shall not, however, be subject to any liability to any bondholder by reason of its failure to mail the notice required by this Section and any such failure shall not affect the validity of such supplemental agreement when consented to and approved as provided in this Section.

Whenever the Authority shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then outstanding, or in case less than all of the several Series of Bonds then outstanding are affected by such supplemental agreement, of the holders of not less than fifty-one percent (51%) in aggregate principal amount of the holders of the Bonds then outstanding for each Series so affected, which instrument or instruments shall refer to the proposed supplemental agreement described in such notice and shall specifically state that such holders consent to and approve the execution thereof referred to in such notice, thereupon, but not otherwise, the Trustee shall execute such supplemental agreement in substantially the form of the copy thereof without liability or responsibility to any holder of any Bond, whether or not such holder shall have consented thereto.

If the holders of the Bonds shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to the execution of such supplemental agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any supplemental agreement pursuant to the provisions of this Section, this Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Agreement of the Authority, the Trustee and all holders of Bonds then outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments.

SECTION 1103. The Trustee is authorized to join with the Authority in the execution of any such supplemental agreement and to make the further agreements and stipulations which may be contained therein. Any supplemental agreement executed in accordance with the provisions of this Article shall thereafter form a part of this Agreement, and all of the terms and conditions contained in any such supplemental agreement as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes. In case of the execution and delivery of any supplemental agreement, express reference may be made thereto in the text of any Bonds issued thereafter, if deemed necessary or desirable by the Trustee.

SECTION 1104. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Authority, as evidence that any proposed supplemental agreement does or does not comply with the provisions of this Agreement, and that it is or is not proper for it, under the provisions of this Article, to join in the execution of such supplemental agreement.

ARTICLE XII

DEFEASANCE.

SECTION 1201.

(a) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds and coupons the principal of, premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Agreement, then the pledge of any Revenues, and other moneys, securities and funds pledged under this Agreement and all covenants, agreements and other obligations of the Authority to the bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority and, upon the request of the Authority, shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and all Paying Agents shall pay over or deliver to the Authority all moneys or securities held by them pursuant to this Agreement which are not required for the payment of principal, premium, if applicable, on Bonds or payments of coupons not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the holders of any outstanding Bonds and the coupons appertaining thereto the principal or premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Agreement, such Bonds shall cease to be entitled to any lien, benefit or security under this Agreement, and all covenants, agreements and obligations of the Authority to the holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) Bonds or coupons or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee and Paying Agents (through deposit by the Authority of moneys held for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section. All outstanding Bonds of any Series and all coupons appertaining to such Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article III notice of redemption of such Bonds on said date, (2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations (including any Government Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal, Amortization Requirements and premium, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to post, as soon as practicable, on EMMA a notice that the deposit required by (2) above with respect to said Bonds has been made with the Trustee and that said Bonds and

coupons are deemed to have been paid in accordance with this Section and stating that such maturity or redemption date upon which moneys are to be available for the payment of the principal, Amortization Requirements, or premium, if applicable on such Bonds. Neither Government Obligations nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Amortization Requirements, or premium, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal, Amortization Requirements or premium, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge.

Any release under this Article XII shall be without prejudice to the right of the Trustee or Paying Agent to be paid reasonable compensation for all services rendered by them under this Agreement and all their reasonable expenses, charges and other disbursements and those of their attorneys, agents and employees, incurred in and about the administration of the trusts by this Agreement created and the performance of their powers and duties under this Agreement.

Notwithstanding the satisfaction and discharge of this Agreement or the discharge of this Agreement in respect of a particular Series of Bonds, the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal and Amortization Requirements of, premium, if any, and interest on the Bonds, to pay to the holders of Bonds and coupons the funds so held by the Trustee as and when such payment becomes due, and, on demand of the Authority, shall assign and transfer to or upon the order of the Authority all property (in excess of the amounts required for the foregoing) then held by the Trustee pursuant to this Agreement (including all balances in any Fund or Account created under this Agreement and held by the Trustee) and shall execute such documents as may be reasonably required by the Authority in this regard.

ARTICLE XIII

MISCELLANEOUS PROVISIONS.

SECTION 1301. In the event that any board, body or commission shall lawfully succeed to the principal functions of the Authority under the Enabling Act or that the powers and duties given to the Authority by the Enabling Act shall be lawfully transferred to some other board, body or commission, all of the covenants, stipulations, obligations and agreements contained in this Agreement by or in behalf of or for the benefit of the Authority shall bind or inure to the benefit of the successor or successors of the Authority from time to time.

All powers conferred and all obligations and duties imposed upon the Secretary-Treasurer of the Authority under the provisions of this Agreement may be performed by such officer or employee of the Authority as may be designated by the Authority by resolution from time to time for such purpose.

SECTION 1302. Any bank or trust company with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Agreement. If the position of any Paying Agent shall become vacant for any reason, the Authority shall, within thirty (30) days thereafter, appoint a bank or trust company located in the same city as Paying Agent to fill such vacancy; provided, however, that if the Authority shall fail to appoint such Paying Agent within said period, the Trustee shall make such appointment.

SECTION 1303. Any notice, demand, direction, request, or other instrument authorized or required by this Agreement to be given to or filed with the Authority or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Agreement if and when sent by registered mail, return receipt requested, recognized overnight courier, or by hand:

to the Authority, if addressed to Massachusetts Port Authority, 99 High Street, Boston, Massachusetts; and

to the Trustee, if addressed to State Street Bank and Trust Company, 225 Franklin Street, Boston, Massachusetts, Attention: Corporate Trust Department, or to any successor Trustee, if addressed to it at its principal office.

The parties hereto may from time to time change the address to which notice shall be sent hereunder.

All documents prepared or received by the Trustee in the administration of this trust under the provisions of this Agreement, or photographic copies thereof, shall be retained in its possession, subject at all reasonable times to the inspection of the Authority, the Consulting Engineers, each bondholder of record, and the agents and representatives thereof.

SECTION 1304. If, because of the temporary or permanent suspension of publication of any newspaper or financial journal or for any other reason, the Trustee shall be unable to publish in a newspaper or financial journal any notice required to be published by any provision of this Agreement, the Trustee shall give such notice in such other manner as in the judgment of the Trustee shall most effectively approximate such publication, and the giving of such notice in such manner shall for all purposes of this Agreement be deemed to be compliance with the requirement for the publication thereof.

SECTION 1305. Except as herein otherwise expressly provided, nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the holders of the Bonds issued under and secured by this Agreement any right, remedy or claim, legal or equitable, under or by reason of this Agreement or any provision hereof, this Agreement and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders from time to time of the Bonds issued hereunder.

SECTION 1306. In case any one or more of the provisions of this Agreement or of the Bonds or coupons issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement or of said Bonds or coupons, but this Agreement and said Bonds and coupons shall be construed and enforced as if

such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

SECTION 1307. All covenants, stipulations, obligations and agreements of the Authority contained in this Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent authorized by the Enabling Act and permitted by the Constitution of the Commonwealth. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the Authority in his individual capacity, and neither the members of the Authority nor any officer thereof executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, agent or employee of the Authority shall incur any liability in acting or proceeding or in not acting or not proceeding, in good faith in accordance with the terms of this Agreement and the Enabling Act. This Agreement is executed with the intent that the laws of the Commonwealth shall govern its construction.

SECTION 1308. If then permitted by law, the Authority may enter into contracts with any municipality or political subdivision within the Commonwealth or with any public agency or instrumentality thereof or of the United States of America or of the Commonwealth to provide for (a) the construction, (b) the operation and maintenance, (c) the administration, or (d) any two or more of such purposes, by such municipality or political subdivision or by such agency or such instrumentality or by the Authority, of any facility or improvement whether or not directly connected with or made a part of any Project. In order to provide funds for paying any part of the cost which is to be paid by the Authority under the provisions of such contract, the Authority may expend or contribute funds from moneys held for the credit of the Improvement and Extension Fund; provided, however, that before making any such expenditure or contribution for construction, there shall be filed with the Authority and with the Trustee a statement, signed by the Consulting Engineers, certifying that, in their opinion, the construction of such facility or improvement will result in increasing the average annual Net Revenues during the period of sixty (60) months immediately following the placing of such facility or improvement in operation by an amount not less than five per centum (5%) of the amount of moneys to be so expended or contributed by the Authority, and will not impair the operating efficiency or materially adversely affect the Revenues of any Project. Except as otherwise provided in Section 710 of this Agreement, nothing in this Agreement expressed or implied shall be construed as preventing the Authority, if then authorized or permitted by law, from financing the acquisition or construction of any land, building, structure or other facility by the issuance of obligations which are not issued under or secured by the provisions of this Agreement.

SECTION 1309. This Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

SECTION 1310. Any headings preceding the texts of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of

reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

SECTION 1311. Bonds of any Series may be issued with interest payable only at their stated maturity date (or upon earlier redemption, purchase or acceleration) or in part at their stated maturity date (or upon earlier redemption, purchase or acceleration) and in part on stated interest payment dates, as set forth in the resolution authorizing the issuance of such Series of Bonds. Any such Bonds shall be issued in fully registered form only and shall not be converted to coupon Bonds. In the event any such Bonds are issued, the provisions of this Agreement (including, without limitation, the provisions for calculation of the principal amount of Bonds outstanding in Sections 803, 804, 808, 908, 913, 914 and 1102 hereof and the payment of principal and interest upon acceleration set forth in Section 805 hereof) shall in all cases apply to such Bonds as if the principal amount thereof was the initial public sale price as set forth in the resolution authorizing such Bonds plus the amount of interest which has been deferred and compounded rather than paid currently as of any date of calculation, in accordance with the resolution authorizing the issuance of such Series of Bonds. Notwithstanding any other provision of this Agreement, any such Bonds shall mature and be subject to prior redemption and purchase, in whole or in part, as provided in the resolution authorizing the issuance of such Series of Bonds.

ARTICLE XIV

FORMS OF BONDS.

SECTION 1401. The coupon Bonds to be issued initially hereunder, including the provisions for registration to be endorsed thereon, and the interest coupons to be attached thereto, shall be substantially in the following form with such variations, omissions and insertions as are required or permitted by this Agreement:

No. [Form of Coupon Bonds] \$5,000

UNITED STATES OF AMERICA
THE COMMONWEALTH OF MASSACHUSETTS

MASSACHUSETTS PORT AUTHORITY
REVENUE BOND, SERIES 19__

Due July 1,

MASSACHUSETTS PORT AUTHORITY (herein sometimes called the "Authority"), a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (herein sometimes called the "Commonwealth"), duly created by the Enabling Act (hereinafter mentioned), for value received, hereby promises to pay, solely from the special fund provided therefor as hereinafter set forth, to the bearer or, if this bond be registered as to principal, to the

registered owner hereof, on the 1st day of July, (or earlier as hereinafter referred to), upon the presentation and surrender hereof, the principal sum of

FIVE THOUSAND DOLLARS

and to pay, solely from said special fund, interest thereon from the date hereof at the rate of per centum (%) per annum until payment of such principal sum, such interest to the maturity hereof being payable semi-annually on the 1st days of January and July in each year upon the presentation and surrender of the attached coupons representing such interest as the same respectively become due. Both the principal of and the interest on this bond are payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of this bond (unless registered otherwise than to bearer) and the interest hereon are payable at the principal office of State Street Bank and Trust Company, in the City of Boston, Massachusetts, or at the principal office of in the Borough of Manhattan, City and State of New York, or at the principal office of _____, in the City of _____, at the option of the holder. The principal of this bond if registered otherwise than to bearer is payable at the principal office of the Trustee (hereinafter mentioned).

This bond shall not be deemed to constitute a debt of the Commonwealth or of any political subdivision thereof or a pledge of the faith and credit of the Commonwealth or of any such political subdivision, but shall be payable solely from the special fund provided therefor from . . . revenues of the Authority. Neither the Authority nor the Commonwealth nor any political subdivision thereof shall be obligated to pay this bond or the interest hereon except from such revenues and neither the faith and credit nor the taxing power of the Commonwealth or of any political subdivision thereof is pledged to the payment of the principal of or the interest on this bond.

As declared by the Enabling Act, this bond, its transfer and the income therefrom (including any profit made on the sale thereof) shall at all times be free from taxation within the Commonwealth.

This bond is one of a duly authorized series of revenue bonds (herein called the “bonds”) known as “Revenue . . . Bonds, Series _____”, consisting of bonds maturing in annual installments on July 1 in the years _____ to _____, inclusive (herein called the “serial bonds”), and of bonds maturing on July 1, _____ (herein called the “term bonds”), all of like date and issued or to be issued for the purpose of . . . paying all or part of the cost of extensions, enlargements and improvements of the Airport Properties, the Bridge Properties and the Port Properties* (as defined in the Agreement hereinafter mentioned) or of refunding bonds issued for such purposes. The authorized bonds of this series (herein called the “. . . Bonds”) aggregate _____ Dollars (\$_____) in principal amount, the proceeds of which bonds were estimated at the time of their authorization to be sufficient for such purposes.

* Delete references to any Project not being improved.

All of the bonds of this series are issued or are to be issued under and pursuant to a trust agreement, as the same may be supplemented and amended (said agreement, together with all agreements supplemental thereto as therein permitted, being herein called the "Agreement"), dated as of August 1, 1978, by and between the Authority and State Street Bank and Trust Company as trustee (said bank and any bank or trust company becoming successor trustee under the Agreement being herein called the "Trustee"), an executed counterpart of which Agreement including any supplements and amendments thereto is on file at the principal office of the Trustee. Reference is hereby made to the agreement for the provisions, among others, with respect to the custody and application of the proceeds of bonds issued under the Agreement, the collection and disposition of revenues, the fund charged with and pledged to the payment of the interest on and the principal of the bonds, the nature and extent of the security, the terms and conditions on which the bonds of each series are or may be issued, the rights, duties and obligations of the Authority and of the Trustee and the rights of the holders of the bonds, and, by the acceptance of this bond, the holder hereof assents to all of the provisions of the Agreement.

The Agreement provides for the issuance, from time to time, subject to the conditions, limitations and restrictions therein set forth, of additional series of bonds for the purpose of providing funds for paying the cost of acquiring or constructing any additional revenue producing facility the acquisition or construction and the financing of which by the Authority under the provisions of the Enabling Act may now or hereafter be authorized by the General Court of the Commonwealth, of acquiring or constructing extensions, enlargements or improvements of any Project (as defined in the Agreement) and of reimbursing the authority for payments theretofore made for such purposes, including refunding notes issued pursuant to the Agreement in anticipation of the issuance of such bonds. The Agreement also provides that, if the proceeds of the bonds of any series initially issued (other than of the 1978 Bonds) shall be less than the amount required for the purpose for which such bonds are authorized, additional bonds may be issued to provide the amount of such deficiency. The Agreement also provides for the issuance of revenue refunding bonds for the purpose of refunding any bonds then outstanding which shall have been issued by the Authority under the provisions of the Enabling Act or any act hereafter enacted by the General Court of the Commonwealth.

The Agreement provides for the fixing, revising, charging and collecting by the Authority, in accordance with and as required by the Enabling Act, of tolls, rates, fees, rentals and other charges for the use of the Projects and for adjusting the same from time to time in order that such tolls, rates, fees, rentals and other charges in respect of the aggregate thereof from the Projects will provide revenues sufficient to pay the current expense of the Authority, including payment of the Authority's annual pension expense, and to pay the principal of and the interest on all bonds issued under the Agreement as the same shall become due and payable, to create reserves for such purposes, and to provide funds for certain other purposes, including certain payments in lieu of taxes. The Agreement also provides for the deposit of a sufficient amount of such revenues, over and above the amounts necessary to pay such current expenses and to provide reserves therefor and to make certain other payments required by the Enabling Act and the Agreement, to the credit of a special fund, designated "Massachusetts Port Authority Revenue Bonds Interest and Sinking Fund" (herein called the "Interest and Sinking Fund"), which fund is pledged to the extent set forth in the Agreement to the payment of the principal of and the interest on all bonds issued under the Agreement other than the 1978 Bonds. The 1978 Bonds are entitled, instead, to the benefit of all revenues from the Tobin Memorial Bridge, all

aircraft landing fees and motor vehicle parking fees received by the Authority from the ownership and operation of the Airport Properties and certain investment income, which revenues are pledged to the extent set forth in the Agreement to the payment of the principal of and interest on the 1978 Bonds subject to the right to use such moneys first for the expenses of operation and maintenance of all Authority properties to the extent that other revenues of the Authority may be insufficient therefor. Moneys in the Interest and Sinking Fund available for the purchase or redemption of bonds shall be allocated to all series of bonds then outstanding, except the 1978 Bonds, as set forth in the Agreement.

This bond is issued and the Agreement was made and entered into under and pursuant to the Constitution and laws of the Commonwealth, particularly Chapter 465 of the Acts of 1956, as heretofore amended and supplemented (said Chapter 465, as so amended and supplemented, being herein called the "Enabling Act"), and under and pursuant to resolutions duly adopted by the Authority.

The bonds are issuable as coupon bonds, registrable as to principal alone, in the denomination of \$5,000 each, and as registered bonds without coupons in denominations of \$5,000 or any multiple thereof. At the principal office of the Trustee, in the manner and subject to the limitations and conditions provided in the Agreement, registered bonds without coupons may be exchanged for an equal aggregate principal amount of coupon bonds of the same series and maturity, bearing interest at the same rate and having attached thereto coupons representing all unpaid interest due or to become due thereon, or of registered bonds without coupons, of authorized denominations, of the same series and maturity and bearing interest at the same rate, and coupon bonds bearing coupons representing all unpaid interest due or to become due thereon may in like manner be exchanged for an equal aggregate principal amount of registered bonds without coupons, of authorized denominations, of the same series and maturing and bearing interest at the same rate.

The bonds of this series initially issued at the time outstanding may be redeemed prior to their respective maturities, at the option of the Authority, either in whole on any date on or after July 1, ____, or in part on any interest date on or after July 1, ____, by maturity as selected by the Authority, and by lot within a maturity, at the principal amount of the bonds to be redeemed, together with the interest accrued thereon to the date fixed for redemption plus a premium of ____% of such principal amount if redeemed on or prior to June 30, ____, ____% if redeemed thereafter and on or prior to June 30, ____, ____% if redeemed thereafter and on or prior to June 30, ____, ____% if redeemed thereafter and on or prior to June 30, ____, and without premium if redeemed on or after July 1, ____, and without premium if redeemed on or after July 1, ____. The term bonds maturing July 1, ____ are also subject to redemption, in part, by lot, prior to maturity to satisfy Amortization Requirements (as defined in the Agreement), on each July 1 commencing July 1, ____, at the principal amount of the bonds to be redeemed together with the interest accrued thereon to the date fixed for redemption.

If less than all of the term bonds or less than all of the serial bonds of any one maturity shall be called for redemption, the particular bonds or portions of registered bonds without coupons to be redeemed from such series shall be selected by lot as provided in the Agreement.

Any such redemption, either in whole or in part, shall be made upon at least thirty (30) and not more than sixty (60) days' (unless repeated not more than sixty (60) days' prior) prior notice by publication once in a daily newspaper of general circulation in Boston, Massachusetts and in a daily newspaper or a financial journal of general circulation in the Borough of Manhattan, New York, New York and otherwise as provided in the Agreement, and shall be made in the manner and under the terms and conditions provided in the Agreement. The registered owner of registered bonds without coupons or of coupon bonds registered as to principal alone and the holder of coupon bonds who has filed a proper request in writing with the Trustee will be mailed notice of redemption at their addresses as they appear on the records of the Trustee. Bonds and portions of registered bonds without coupons which have been duly called for redemption, or with respect to which irrevocable instructions have been given to the Trustee to call for redemption at the earliest redemption date or in accordance with the Amortization Requirements of term bonds, and for which moneys or Government Obligations (as defined in the Agreement) for payment of the redemption price are being held by the Trustee or by the paying agents, all as provided in the Agreement, shall become and be due and payable at the redemption price provided for redemption of such bonds or such portions thereof on the date designated for redemption, interest on such bonds or such portions thereof so called for redemption shall thereafter cease to accrue, the coupons for any such interest payable subsequent to the redemption date shall be void, and the holders or registered owners thereof shall have no rights in respect of such bonds or such portions thereof so called for redemption except to receive payment of the redemption price thereof so held by the Trustee or by the paying agents.

The holder of this bond shall have no right to enforce the covenants herein or the provisions of the Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Agreement and except that the holder may take action to enforce the payment, when due, of the principal of, premium, if any, and interest on this bond.

In certain events, on the conditions, in the manner and with the effect set forth in the Agreement, the principal of all the bonds then outstanding under the Agreement may become or may be declared due and payable before the stated maturity or maturities thereof, together with the interest accrued thereon.

Modifications or alterations of the Agreement or of any agreement supplemental thereto may be made by the Authority and the Trustee only to the extent and in the circumstances permitted by the Agreement. Among other things, the Agreement may be supplemented without further action of the bondholders to permit the issuance of obligations payable from the revenues of facilities constructed or acquired from the proceeds of such obligations.

This bond may be registered as to principal alone in accordance with the provisions endorsed hereon and subject to the terms and conditions set forth in the Agreement.

As declared by the Enabling Act, this bond, subject to the provisions for registration and transfer endorsed hereon and contained in the Agreement, shall be deemed to be a negotiable instrument under the laws of the Commonwealth.

This bond is issued with the intent that the laws of the Commonwealth shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the Commonwealth and the by-laws of the Authority to happen, exist and be performed precedent to and in the issuance of this bond and the execution of the Agreement have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Agreement until it shall have been authenticated by the execution by the Trustee of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, MASSACHUSETTS PORT AUTHORITY has caused this bond to bear the facsimile signature of its Chairman or Vice Chairman and a facsimile of its official seal to be imprinted hereon, and the attached interest coupons to bear the facsimile signature of said Chairman or Vice Chairman, all as of the day of , 19 .

Chairman or Vice Chairman of the
Massachusetts Port Authority

PROVISIONS FOR REGISTRATION

This bond may be registered as to principal alone on books of the Massachusetts Port Authority kept by the Trustee under the within mentioned Agreement, as Bond Registrar, upon presentation hereof to the Bond Registrar which shall make notation of such registration in the registration blank below, and this bond may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, such transfer to be made on such books and endorsed hereon by the Bond Registrar. Such transfer may be to bearer and thereby transferability by delivery shall be restored, but this bond shall again be subject to successive registrations and transfer as before. The principal of this bond, if registered otherwise than to bearer, shall be payable only to or upon the order of the registered owner or his legal representative. Notwithstanding the registration of this bond as to principal alone, the coupons shall remain payable to bearer and shall continue to be transferable by delivery.

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
_____	_____	_____
_____	_____	_____
_____	_____	_____

No. R
United States of America
The Commonwealth of Massachusetts
MASSACHUSETTS PORT AUTHORITY
Revenue . . . Bond, Series 19--

Due July 1,

MASSACHUSETTS PORT AUTHORITY (herein sometimes called the "Authority"), a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (herein sometimes called the "Commonwealth"), duly created by the Enabling Act (hereinafter mentioned), for value received, hereby promises to pay, solely from the special fund provided therefor as hereinafter set forth, to

, or registered assigns or legal representative, on the 1st day of July, (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the principal office of the Trustee (hereinafter mentioned), the principal sum of

DOLLARS

in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said special fund, to the registered owner hereof by check or draft mailed to the registered owner at his address as it appears on the bond registration books of the Authority, interest on said principal sum from or the interest payment date next preceding the date on which it is authenticated, whichever date shall be the later, unless authenticated upon an interest payment date, in which case it shall bear interest from such interest payment date (provided, however, that if at the time of authentication interest is in default, the bond shall bear interest from the date to which interest has been paid) at the rate of per centum (%) per annum until payment of such principal sum, such interest to the maturity hereof being payable semi-annually on the 1st days of January and July in each year in like coin or currency.

2. *Substitute the following for the paragraph concerning the notice of redemption and the effect thereof:*

Any such redemption, either in whole or in part, shall be made upon at least thirty (30) and not more than sixty (60) days' (unless repeated not more than sixty (60) days' prior notice by publication once in a daily newspaper of general circulation in Boston, Massachusetts and in a daily newspaper of general circulation in Boston, Massachusetts and in a daily newspaper or a financial journal of general circulation in the Borough of Manhattan, New York, New York and otherwise as provided in the Agreement, and shall be made in the manner and under the terms and conditions provided in the Agreement. The registered owner of registered bonds without coupons or of coupon bonds registered as to principal alone and the holder of coupon bonds who has filed a proper request in writing with the Trustee will be mailed notice of redemption at their addresses as they appear on the records of the Trustee. Bonds and portions of registered bonds without coupons which have been duly called for redemption, or with respect to which irrevocable instructions have been given to the Trustee to call for redemption at the earliest

redemption date or in accordance with the Amortization Requirements of term bonds, and for which moneys or Government Obligations (as defined in the Agreement) for payment of the redemption price are being held by the Trustee or by the paying agents, all as provided in the Agreement, shall become and be due and payable at the redemption price provided for redemption of such bonds or such portions thereof on the date designated for redemption, interest on such bonds or such portions thereof so called for redemption shall thereafter cease to accrue, and the holders or registered owners thereof shall have no rights in respect of such bonds or such portions thereof so called for redemption except to receive payment of the redemption price thereof so held by the Trustee or by the paying agents. If a portion of this bond shall be called for redemption, a new bond or bonds in principal amount equal to the unredeemed portion hereof will be issued to the registered owner upon the surrender hereof.

3. *Substitute the following for the paragraphs concerning registration and negotiability:*

This bond is transferable by the registered owner hereof in person or by his attorney or legal representative at the principal office of the Trustee but only in the manner and subject to the limitations and conditions provided in the Agreement, and upon surrender and cancellation of this bond. Upon any such transfer the Authority shall execute and the Trustee shall authenticate and deliver in exchange for this bond a new registered bond or bonds without coupons, registered in the names of the transferee, of authorized denominations, or, at the option of the transferee, coupon bonds with coupons attached representing all unpaid interest due or to become due thereon, in aggregate principal amount equal to the principal amount of this bond, or the unredeemed portion thereof, and of the same series, maturing on the same date and bearing interest at the same rate.

As declared by the Enabling Act, this bond, subject to the provisions for transfer stated herein and contained in the Agreement, shall be deemed to be a negotiable instrument under the laws of the Commonwealth.

4. *Substitute the following for the witnessing clause:*

IN WITNESS WHEREOF, MASSACHUSETTS PORT AUTHORITY has caused this bond to bear the facsimile signature of its Chairman or Vice Chairman and a facsimile of its official seal to be imprinted hereon, all as of the day of 19 .

5. *Omit the Provisions for Registration and the Form of Coupons.*

SECTION 1403. The Trustee shall endorse on all registered Bonds without coupons issued hereunder the following form of certificate of authentication:

Certificate of Authentication

DATED:

This bond is one of the bonds of the series designated therein and issued under the provisions of the within mentioned Agreement.

STATE STREET BANK AND TRUST
COMPANY

As Trustee

By

Authorized Officer

SECTION 1404. The Trustee shall endorse on all coupon Bonds issued hereunder the following form of certificate of authentication:

CERTIFICATE OF AUTHENTICATION

DATED:

This bond is one of the bonds of the series designated therein and issued under the provisions of the within mentioned Agreement.

STATE STREET BANK AND TRUST
COMPANY

As Trustee

By

Authorized Officer

IN WITNESS WHEREOF, Massachusetts Port Authority has caused this Agreement to be executed by its Chairman or Vice Chairman and its Secretary-Treasurer and its official seal to be impressed hereon, and State Street Bank and Trust Company has caused this Agreement to be executed in its behalf and its corporate seal to be impressed hereon by a Vice President and an Assistant Secretary, all as of the day and year first above written.

MASSACHUSETTS PORT AUTHORITY

By s/ROBERT M. WEINBERG
Chairman

[Seal]
Attest:

s/JAMES S. HOYTE
Secretary-Treasurer

STATE STREET BANK AND TRUST COMPANY

By s/R.A. HARVEY
Vice President

[Seal]
Attest:

s/MICHAEL GORDON
Assistant Secretary

ADDENDUM NO. 1

Section 1 of the First Supplemental Agreement dated as of September 16, 1985 provided as follows:

Without diminishing or altering in any respect the rights and obligations of the Authority, the Trustee or bondholders under Section 203 of the Agreement, the principal of all registered Bonds without coupons and of all coupon Bonds registered as to principal alone shall be payable at the principal office of Trustee, as provided in said Section 203, and in addition shall be payable at an office maintained by the Trustee for such purpose in the City of New York, New York. So long as the Trustee remains responsible for maintaining such an office, it may use for such office the office in New York, New York of its affiliate State Street Bank and Trust Company, N.A.