

Consolidated Bonds - Establishment of Issue

WHEREAS, by Chapter 48 of the Laws of New York of 1931, as amended, and Chapter 5 of the Laws of New Jersey of 1931, as amended, The Port of New York Authority (hereinafter called the Authority) has been authorized and empowered to establish and maintain a certain General Reserve Fund, and to pledge said fund as security for certain of its bonds or other securities or obligations, and

WHEREAS, there are now outstanding several issues of bonds of the Authority, which although secured by said General Reserve Fund, nevertheless differ as to form, security, terms and conditions, and

WHEREAS, the Authority has determined to authorize and establish an issue of Consolidated Bonds, and to use such Bonds (and the proceeds derived from the sale thereof) from time to time for the purpose of refunding bonds heretofore or hereafter issued and to serve as a unified medium for financing for any and all purposes for which the Authority is or shall be authorized to issue bonds secured by a pledge of the General Reserve Fund, to the exclusion of bonds of prior issues,

NOW, THEREFORE, after due consideration had, be it resolved by The Port of New York Authority:

SECTION 1. Interpretation.

As used in this resolution, the following words and phrases shall have the meanings hereinafter set forth unless the context shall clearly indicate that another meaning is intended:

The term "additional facilities" shall mean facilities other than the Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Bayonne Bridge, the Goethals Bridge, the Outerbridge Crossing, Port Authority Inland Terminal No. 1 (also known as the Port Authority Building), the New York Union Motor Truck Terminal, the Newark Union Motor Truck Terminal, the Port Authority Bus Terminal, La Guardia Airport, New York International Airport, Newark Airport, Teterboro Airport, the Port Authority Grain Terminal, Port Newark and the Hoboken-Port Authority Piers.

The term "bond" shall include a bond, a note and any other evidence of indebtedness.

The terms "bonds of prior issues" and "prior issues of bonds" shall mean General and Refunding Bonds issued pursuant to the Authority's Basic Resolution adopted March 18, 1935, as amended; Air Terminal Bonds issued pursuant to its Air Terminal Bond Resolution adopted June 18, 1948; Marine Terminal Bonds issued pursuant to its Marine Terminal Bond Resolution adopted November 23, 1948; General Reserve Fund Notes, Series X, issued pursuant to its resolution adopted November 8, 1951; General Reserve Fund Notes issued pursuant to its resolution adopted October 9, 1952; and Marine Terminal Notes issued pursuant to its resolution adopted August 14, 1952.

The term "Consolidated Bond Resolution" shall mean this resolution.

The term "Consolidated Bonds" shall mean bonds of the issue established by this resolution.

The term "debt reserve funds" shall mean the Consolidated Bond Reserve Fund established by Section 7 of this resolution, the General Reserve Fund and all other funds which the Authority is obligated to establish or maintain as security for or for the benefit of any of its bonds secured by a pledge of the General Reserve Fund, the moneys in which are available for the payment of debt service upon such bonds.

The term "debt service," as used with reference to bonds, shall mean the interest payable thereon and the amounts which the Authority is obligated by agreements with the holders of such bonds to pay or set aside for the amortization and/or retirement thereof.

The term "facility" shall mean one or more improvements, structures, projects, works, buildings or properties owned, leased or operated, or to be owned, leased or operated by the Authority, including such appliances, appurtenances and equipment as the Authority may deem necessary or desirable for the proper operation or maintenance thereof, except that the Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Bayonne Bridge, the Goethals Bridge, the Outerbridge Crossing, Port Authority Inland Terminal No. 1 (the Port Authority Building), the New York Union Motor Truck Terminal, the Newark Union Motor Truck Terminal, the Port Authority Bus Terminal, La Guardia Airport, New York International Airport, Newark Airport, Teterboro Airport, the Port Authority Grain Terminal, Port Newark and the Hoboken-Port Authority Piers shall each be deemed to be a separate facility.

The term "General Reserve Fund" shall mean the General Reserve Fund of the Authority authorized by Chapter 5 of the Laws of New Jersey of 1931 and Chapter 48 of the Laws of New York of 1931, as amended; and said statutes are hereinafter called the "General Reserve Fund Statutes."

The term "income from sources other than operation" shall include but not be limited to interest on investments, capital gains and any moneys collected by the Authority (or paid by others to meet its expenses, including debt service on its bonds, or to reimburse it for its payment of such expenses) pursuant to rights created or vested in the Authority by contract and/or statute.

The term "net operating revenues," as used with reference to any facility or group of facilities, shall mean the amount remaining after deducting the following amounts from the gross operating revenues thereof:

i. All expenses incurred for the operation, maintenance, repair and administration thereof (including renewals and replacements of and expenditures for equipment, and minor capital expenditures deemed necessary by the Authority for the proper and economical operation or maintenance thereof, and an appropriate allowance for depreciation of ancillary equipment, and debt service upon underlying mortgage bonds, and payments into reserves for operating or maintenance contingencies, all as computed in accordance with sound accounting practice), and

ii. In the case of a facility under operation by the Authority, a proper proportion of the general expenses of the Authority;

without allowance for depreciation other than of ancillary equipment, and without including any income from sources other than operation; *provided, however*, that in computing the aggregate amount of the aforesaid expenses for the purpose of this definition, there shall be excluded the amount of any such expenses which are paid (or reimbursed to the Authority) out of income from sources other than operation in case such income is not included in the net revenues of such facility or group of facilities.

The term "net revenues," as used with reference to any facility or group of facilities, shall mean the net operating revenues thereof, together with all net income pertaining thereto derived from sources other than operation which may be pledged or applied to the payment of debt service upon bonds issued for purposes in connection with such facility or group of facilities.

The term "outstanding," as used with reference to bonds of the Authority, shall include bonds held in any capacity by the Authority (as well as those held by others), and shall include bonds which the Authority may be obligated to issue and sell pursuant to a contract for the purchase thereof by and the sale thereof to the other party to such contract, but shall not include any past due bonds not presented for payment or any bonds called for redemption but not presented for redemption if the moneys for such payment or redemption shall have been duly provided; *provided, however*, that in the event the Authority shall enter into a contract with the holders of any of its bonds (hereinafter in this definition called "convertible bonds") to issue other bonds (hereinafter in this definition called "exchange bonds") and to exchange such convertible bonds for such exchange bonds upon the happening of specified events, then the convertible bonds shall be deemed outstanding until but not beyond the time at which such events shall have happened, and the exchange bonds shall be deemed outstanding beginning with but not prior to such time.

The term "refunding," as used with reference to bonds, shall mean the retirement and cancellation thereof, after their acquisition by the Authority (before, at or after maturity) either in exchange for other bonds or by payment, purchase or redemption with the proceeds of the sale of other bonds; and the term "refunded," as used with reference to bonds, shall mean the refunding thereof accomplished.

The term "short-term bonds" shall mean bonds which mature no more than three years from their date and which do not form part of a series of bonds which includes bonds which mature more than three years from their date.

The term "surplus revenues," as used with reference to any facility, shall mean the surplus revenues thereof as defined in the General Reserve Fund statutes.

The term "underlying mortgage bonds" in respect of a facility shall mean bonds secured by mortgage on or pledge of all or any part of the property constituting such facility.

## SECTION 2. Establishment and Issuance.

An issue of bonds of the Authority to be known as "Consolidated Bonds" is hereby authorized and established. The bonds of said issue shall be direct and general obligations of the Authority and the full faith and credit of the Authority are hereby pledged for the prompt payment of the debt service thereon and for the fulfillment of all other

undertakings of the Authority assumed by it to or for the benefit of the holders thereof. This resolution shall constitute a contract with the holders of such bonds.

Said Consolidated Bonds shall be issued only for purposes for which at the time of issuance the Authority is authorized by law to issue bonds secured by a pledge of the General Reserve Fund and only in such amounts as are permitted by Section 3 of this resolution. Said Consolidated Bonds shall be secured by revenues of the facilities of the Authority in the manner and to the extent provided in Sections 4 and 5 of this resolution and by the General Reserve Fund of the Authority in the manner and to the extent provided in Section 6 of this resolution and by the Consolidated Bond Reserve Fund in the manner and to the extent provided in Section 7 of this resolution.

Said Consolidated Bonds may be issued from time to time in such series as the Authority may hereafter determine. The bonds of each series may be issued in one or more installments as the Authority may hereafter determine.

All Consolidated Bonds constituting a particular series shall be uniform in respect of (a) dates of payment of interest, (b) place or places of payment of principal and interest, (c) medium of payment, (d) whether issuable as coupon bonds, or as registered bonds without coupons, or both, (e) provisions, if any, in respect of their exchangeability for bonds of different denominations, and of the interchangeability of coupon bonds and registered bonds without coupons, and (f) provisions, if any, for redemption and the terms and conditions thereof, *provided, however*, that bonds constituting a particular series may be made redeemable either in the direct or the inverse order of their maturities if such bonds have differing dates of maturity or by lot. All bonds constituting the whole or a part of a particular series and maturing on the same date shall be uniform in respect of interest rate or rates. All bonds of a series consisting only of bonds having the same date of maturity shall be uniform in respect of provisions, if any, in respect of amortization and retirement of bonds of such series.

Any resolution establishing a series or authorizing the issue of an installment of bonds of a series may contain terms and provisions not inconsistent with this resolution.

### SECTION 3. Limitations on Amount.

The Authority shall not issue new Consolidated Bonds at any time unless one or another of the following four conditions shall exist, either

(Condition 1) Unless the new Consolidated Bonds are to be issued (a) for the acquisition, rehabilitation or improvement of an additional facility or group of additional facilities which is or are in operation at the time of issuance of such bonds and/or (b) for the purpose of refunding bonds which constitute or are secured by a lien or charge upon the revenues of such additional facility or group of additional facilities and/or which constitute underlying mortgage bonds in respect of such additional facility or group of additional facilities; and unless the net revenues (computed as hereinafter set forth in this Section 3) derived from such additional facility or group of additional facilities during any period of twelve consecutive months selected by the Authority out of the thirty-six months next preceding such time of issuance shall have amounted to at least one and three-tenths times the prospective debt service (computed on the assumptions hereinafter set forth in this Section 3) for the calendar year after such time of issuance for which the combined debt service (so computed) upon the following bonds would be at a maximum, to wit:

i. The new Consolidated Bonds, and

ii. All Consolidated Bonds outstanding at such time of issuance which shall have been issued for purposes in connection with such additional facility or group of additional facilities not including, however, any bonds which the resolution authorizing the issuance of the new Consolidated Bonds shall specifically designate are to be refunded by the new Consolidated Bonds, *provided, however*, that if any of the bonds otherwise included under this subdivision ii shall have been issued for several purposes including but not restricted to purposes in connection with such additional facility or group of additional facilities (hereinafter in this paragraph called "multi-purpose bonds"), then only such proportion of such multi-purpose bonds shall be included under this subdivision ii in computing the aforesaid maximum prospective debt service as is equal to the ratio between (a) the principal amount of those multi-purpose bonds the proceeds of which the Authority shall determine have been expended for purposes in connection with the additional facility or group of additional facilities, plus those the proceeds of which the Authority shall estimate will be expended for purposes in connection with the additional facility or group of additional facilities and

(b) the principal amount of all of such multi-purpose bonds;

or, in the alternate,

(Condition 2) Unless at the time of issuance of such new Consolidated Bonds the sum of the net revenues specified in the following subdivisions, i, ii, iii and iv (computed as hereinafter set forth in this Section 3) of all facilities upon the net revenues of which all Consolidated Bonds shall constitute a first lien and charge after the fulfillment of the purposes for which the new Consolidated Bonds are to be issued, to wit:

i. In the case of facilities which have been in operation during the entire period of thirty-six months next preceding such time of issuance,—the combined net revenues derived from all such facilities during any period of twelve consecutive months selected by the Authority out of the thirty-six months next preceding such time of issuance, plus

ii. In the case of facilities which have been in operation during the entire period of twelve months but not during the entire period of thirty-six months next preceding such time of issuance,—the net revenues derived from each such facility during any period of twelve consecutive months (which need not necessarily be the same for each such facility) selected by the Authority out of such period of operation, plus

iii. In the case of facilities which have not been in operation during the entire period of twelve months next preceding such time of issuance (including facilities under construction at such time or which are to be acquired, established or constructed with the proceeds of the sale of the new Consolidated Bonds),—the average annual net revenues which the Authority estimates will be derived from each of such facilities during the first thirty-six months after such time of issuance, but if in the opinion of the Authority any such facility will not be placed in operation until after such time of issuance, then as to each such facility, the average annual net revenues which the Authority estimates will be derived during the first thirty-six months of operation thereof after such time of issuance; *provided, however*, that no revenues estimated under this subdivision iii shall be included in the sum of all net revenues computed under this Condition 2 unless at the time of issuance of the new Consolidated Bonds there shall be in or available for payment into the General Reserve Fund an amount equal to the full amount prescribed in the General Reserve Fund statutes, calculated without the new Consolidated Bonds, and *provided, further*, that the amounts of any revenues estimated under this subdivision iii plus the amounts of any revenues estimated under the next following subdivision iv shall in no event exceed twenty-five per centum of the sum of all net revenues computed under the preceding subdivisions i and ii of this Condition 2, plus

iv. In the case of each capital improvement to any of such facilities if such capital improvement is either under construction at such time of issuance or has been completed less than twelve months prior to such time or, in case it has not yet been commenced, if the Authority has either issued bonds or has entered into a contract for the issuance of bonds or has authorized the issuance of the new Consolidated Bonds for the financing of all or part of such capital improvement,—the average annual amount which the Authority estimates that the net revenues of the facility to which such improvement appertains will be increased during the first thirty-six months after the completion of such improvement, over and above the amount of net revenues included for such facility in the foregoing subdivisions i, ii or iii of this Condition 2; *provided, however*, that no revenues estimated under this subdivision iv shall be included in the sum of all net revenues computed under this Condition 2 unless at the time of issuance of the new Consolidated Bonds there shall be in or available for payment into the General Reserve Fund an amount equal to the full amount prescribed in the General Reserve Fund statutes, calculated without the new Consolidated Bonds; and *provided, further*, that the amounts of any revenues estimated under this subdivision iv plus the amounts of any revenues estimated under the next preceding subdivision iii shall in no event exceed twenty-five per centum of the sum of all net revenues computed under the preceding subdivisions i and ii of this Condition 2,

shall have amounted to at least one and three-tenths times the prospective debt service (computed on the assumptions hereinafter set forth in this Section 3) for the calendar year after such time of issuance for which the combined debt service (so computed) upon the following bonds would be at a maximum, to wit:

i. The New Consolidated Bonds,

ii. All Consolidated Bonds outstanding at such time of issuance not including, however, any bonds which the resolution authorizing the issuance of the new Consolidated Bonds shall specifically designate are to be refunded by the new Consolidated Bonds, and

iii. Additional Consolidated Bonds having annual debt service in amounts estimated by the Authority, if estimated revenues and/or estimated revenue increases in connection with any facility or capital improvement have been included under the next preceding subdivisions iii and/or iv in the computation of the sum of the net revenues under this Condition 2 in connection with the particular new Consolidated Bonds to be issued and if the Authority is of the opinion at the time of issuance of such new Consolidated Bonds that such additional Consolidated Bonds will be issued in connection with such facility or improvement and will be outstanding during the thirty-six months for which the revenues and/or revenue increases have been estimated under said subdivisions iii and/or iv;

or, in the alternate,

(Condition 3) Unless at the time of issuance of such new Consolidated Bonds the sum of the net revenues specified in the following subdivisions i, ii, iii and iv (computed as hereinafter set forth in this Section 3) in the case of all facilities the surplus revenues of which shall be payable into the General Reserve Fund after the fulfillment of the purposes for which the new Consolidated Bonds are to be issued, to wit:

i. In the case of facilities which have been in operation during the entire period of thirty-six months next preceding such time of issuance,—the combined net revenues derived from all such facilities during any period of twelve consecutive months selected by the Authority out of the thirty-six months next preceding such time of issuance, plus

ii. In the case of facilities which have been in operation during the entire period of twelve months but not during the entire period of thirty-six months next preceding such time of issuance,—the net revenues derived from each such facility during any period of twelve consecutive months (which need not necessarily be the same for each such facility) selected by the Authority out of such period of operation, plus

iii. In the case of facilities which have not been in operation during the entire period of twelve months next preceding such time of issuance (including facilities under construction at such time or which are to be acquired, established or constructed with the proceeds of the sale of the new Consolidated Bonds),—the average annual net revenues which the Authority estimates will be derived from each of such facilities during the first thirty-six months after such time of issuance, but if in the opinion of the Authority any such facility will not be placed in operation until after such time of issuance, then as to each such facility, the average annual net revenues which the Authority estimates will be derived during the first thirty-six months of operation thereof after such time of issuance; *provided, however*, that no revenues estimated under this subdivision iii shall be included in the sum of all net revenues computed under this Condition 3 unless at the time of issuance of the new Consolidated Bonds there shall be in or available for payment into the General Reserve Fund an amount equal to the full amount prescribed in the General Reserve Fund statutes, calculated without the new Consolidated Bonds; and *provided, further*, that the amounts of any revenues estimated under this subdivision iii plus the amounts of any revenues estimated under the next following subdivision iv shall in no event exceed twenty-five per centum of the sum of all net revenues computed under the preceding subdivisions i and ii of this Condition 3, plus

iv. In the case of each capital improvement to any of such facilities if such capital improvement is either under construction at such time of issuance or has been completed less than twelve months prior to such time or, in case it has not yet been commenced, if the Authority has either issued bonds or has entered into a contract for the issuance of bonds or has authorized the issuance of the new Consolidated Bonds for the financing of all or part of such capital improvement,—the average annual amount which the Authority estimates that the net revenues of the facility to which such improvement appertains will be increased during the first thirty-six months after the completion of such improvement, over and above the amount of net revenues included for such facility in the foregoing subdivisions i, ii or iii of this Condition 3; *provided, however*, that no revenues estimated under this subdivision iv shall be included in the sum of all net revenues computed under this Condition 3 unless at the time of issuance of the new Consolidated Bonds there shall be in or available for payment into the General Reserve Fund an amount equal to the full amount prescribed in the General Reserve Fund statutes, calculated without the new Consolidated Bonds; and *provided, further*, that the amount of any revenues estimated under this subdivision iv plus the amounts of any revenues estimated under the next preceding subdivision iii shall in no event exceed twenty-five per centum of the sum of all net revenues computed under the preceding subdivisions i and ii of this Condition 3,

shall have amounted to at least one and three-tenths times the prospective debt service (computed on the assumptions hereinafter set forth in this Section 3) for the calendar year after such time of issuance for which the combined debt service (so computed) upon the following bonds would be at a maximum, to wit:

i. The new Consolidated Bonds,

ii. All bonds outstanding at such time of issuance which are secured by a pledge of the General Reserve Fund, not including, however, any bonds which the resolution authorizing the issuance of the new Consolidated Bonds shall specifically designate are to be refunded by the new Consolidated Bonds, and

iii. Additional bonds secured by a pledge of the General Reserve Fund and having annual debt service in amounts estimated by the Authority, if estimated revenues and/or estimated revenue increases in connection with any facility or capital improvement have been included under the next preceding subdivisions iii and/or iv in the computation of the sum of the net revenues under this Condition 3 in connection with the particular new Consolidated Bonds to be issued and if the Authority is of the opinion at the time of issuance of such new Consolidated Bonds that such additional bonds will be issued in connection with such facility or improvement and will be outstanding during the thirty-six months for which the revenues and/or revenue increases have been estimated under said subdivisions iii and/or iv;

or, in the alternate,

(Condition 4) Unless such new Consolidated Bonds are to be issued for the purpose of refunding other Consolidated Bonds and/or bonds of prior issues.

The time of issuance of new Consolidated Bonds, as used in this Section 3, shall mean the time at which such bonds are delivered upon original issue to the initial purchaser thereof, *provided, however*, that if a contract is entered into by the Authority, prior to the delivery of such bonds, for their sale to and purchase by the other party to such contract upon original issue, in such event the time of issuance of such bonds, as used in this Section 3, shall mean the time at which such contract is entered into; and *provided, further*, that in the event the Authority is required by statute or contract to exchange any bonds for the new Consolidated Bonds upon the happening of specified events, then the time of issuance of the new Consolidated Bonds so to be exchanged, as used in this Section 3, shall mean the time at which such events shall have happened. The exchanges designated in the next preceding proviso clause shall not include exchanges of interim certificates or temporary bonds for definitive bonds evidencing the same debt and shall not include exchanges of bonds for bonds of other denominations evidencing the same debt. Nothing herein contained shall be construed to limit the right of the Authority to issue and deliver Consolidated Bonds at any time if any one of the above four numbered conditions in this Section 3 exists at the time of issuance as above defined notwithstanding that none of such conditions may exist at the time of delivery of such bonds if such time of delivery is subsequent to such time of issuance.

Whenever, in connection with the issuance of any new Consolidated Bonds, it is necessary for the purposes of this Section 3 to compute or estimate the amount of the net revenues of any facility or group of facilities, such net revenues shall be computed or estimated

(a) without deducting from the gross operating revenues any taxes, assessments or other governmental charges, or any other charges, which may have been paid in connection with such facility or group of facilities prior to their acquisition by the Authority, but which, in the opinion of the Authority or its General Counsel, the Authority would not have been required to pay had it been the owner or operator of such facility or facilities during the time for which such charges were levied or made;

(b) without deducting from gross operating revenues debt service upon underlying mortgage bonds which are to be refunded by the new Consolidated Bonds, and in the case of other underlying mortgage bonds without deducting the actual debt service thereon, but with the deduction (in substitution for such actual debt service) of the debt service (whether it be more or less than such actual debt service) which would have been payable or which would be payable upon such underlying mortgage bonds if they had the following characteristics: date—the first day of the period for which the computation or estimate of net revenues is to be made; maturity—thirty years from the assumed date; interest—at the same rate as borne by such underlying mortgage bonds and payable semi-annually beginning six months from their assumed date; amortization—in such annual amounts as would be required to retire the principal amount of the underlying mortgage bonds outstanding at the time of issuance of the new Consolidated Bonds or, in the case of estimated net revenues, to retire the maximum principal amount of the underlying mortgage bonds to be outstanding during the

period for which the estimate of net revenues is to be made, by the thirtieth anniversary of such assumed date if such annual retirement were effected at par at each anniversary of such assumed date and if the annual debt service thereon would be equal for all years thereafter until such thirtieth anniversary; and

(c) without including in net income from sources other than operation any moneys collected or to be collected by the Authority (or paid or to be paid by others to meet its expenses or to reimburse it for its payment of such expenses) pursuant to rights created or vested in the Authority by contract and/or statute in excess of the average annual amount prescribed by such contract and/or statute to be so collected or paid during the fifteen years next succeeding the time of issuance of said new Consolidated Bonds in case such contract and/or statute prescribes a limitation on the annual amounts so to be collected or paid; but in case such contract and/or statute prescribes such a limitation in terms of percentages of annual deficits or expenses or valuations or other quantities, then said net revenues shall be computed or estimated without including in net income from sources other than operation any such moneys so collected or paid or to be collected or paid in excess of the sum derived by multiplying the average of the annual limiting percentages during such fifteen years by the amount of such deficits, expenses, valuations or other quantities during the twelve months for which such computation is to be made (or by the average annual amount of such quantities estimated for the thirty-six months for which such estimate is to be made).

In computing the aforesaid maximum prospective debt service upon any short-term bonds under any of the above Conditions 1, 2 or 3 of this Section 3, there may at the Authority's option be substituted for the actual prospective debt service upon such short-term bonds the debt service which would be payable if such short-term bonds were forthwith refunded by bonds having the following characteristics: maturity—thirty years from the time of issuance of the aforesaid new Consolidated Bonds; interest—at one and one-half times the rate upon such short-term bonds and payable semi-annually beginning six months from such time of issuance; amortization—in such annual amounts as would be required to retire the principal amount of the short-term bonds outstanding at such time of issuance (or, in the case of the new Consolidated Bonds if they are short-term bonds, the principal amount thereof to be issued) by the thirtieth anniversary of such time of issuance if such annual retirement were effected at par at each anniversary of such time of issuance and if the annual debt service thereon would be equal for all years thereafter until such thirtieth anniversary; *provided, however*, that if the new Consolidated Bonds are short-term bonds such substitution for their actual debt service shall not be made with respect to such portion thereof (designated by the Authority) the principal amount of which when added to the principal amount of all short-term bonds outstanding at the time of issuance of the new Consolidated Bonds and secured by a pledge of the General Reserve Fund (including any remaining portion of the new Consolidated Bonds but not including bonds to be refunded by the new Consolidated Bonds) shall result in an aggregate principal amount exceeding five per centum of the principal amount of all bonds outstanding at such time which are secured by a pledge of the General Reserve Fund (including all the new Consolidated Bonds and all other short-term bonds of the Authority so secured but not including any bonds to be refunded by the new Consolidated Bonds).

Prospective debt service upon any bonds shall be computed for the purpose of determining the calendar year for which such debt service will be at a maximum and the amount of such debt service for such year, within the meaning of this Section 3, upon the assumptions that the principal amount of such bonds will not be paid prior to maturity except in fulfillment of contractual obligations by the Authority to the holders thereof for the redemption thereof prior to maturity, and that in those cases such redemption will be effected at the latest date permitted by such agreement.

#### SECTION 4. Pledge of Revenues.

The payment of the debt service upon all Consolidated Bonds, regardless of the series or installment of which they form a part, and regardless of the dates of their issuance or maturity or the purposes for which issued, shall be secured equally and ratably by the net revenues of the Authority from each of the following:

i. The Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Bayonne Bridge, the Goethals Bridge, the Outerbridge Crossing, Port Authority Inland Terminal No. 1 (also known as the Port Authority Building), the New York Union Motor Truck Terminal, the Newark Union Motor Truck Terminal, the Port Authority Bus Terminal, La Guardia Airport, New York International Airport, Newark Airport, Teterboro Airport, the Port Authority Grain Terminal, Port Newark and the Hoboken-Port Authority Piers, and

ii. Any additional facilities, the establishment, acquisition, effectuation, construction, rehabilitation or improvement of which is financed or refinanced in whole or in part by the issuance of Consolidated Bonds;

and, except as otherwise provided herein, the net revenues of each of said facilities are hereby irrevocably pledged to the payment of the debt service upon all Consolidated Bonds as the same may fall due, and shall be applied as provided in Section 5 hereof, and all Consolidated Bonds shall constitute a lien and charge thereon.

The foregoing pledge and lien are, however, subject to and shall be subordinate to (but only to) the following prior pledges and liens:

(a) In the case of the revenues of the Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Bayonne Bridge, the Goethals Bridge, the Outerbridge Crossing, Port Authority Inland Terminal No. 1 (the Port Authority Building), the New York Union Motor Truck Terminal, the Newark Union Motor Truck Terminal, the Port Authority Bus Terminal and the Port Authority Grain Terminal,—to pledges heretofore made and liens heretofore created in favor of the aforesaid General and Refunding Bonds;

(b) In the case of the revenues of La Guardia Airport, New York International Airport, Newark Airport and Teterboro Airport,—to pledges heretofore made and liens heretofore created in favor of the aforesaid Air Terminal Bonds;

(c) In the case of the revenues of Port Newark,—to pledges heretofore made and liens heretofore created in favor of the aforesaid Marine Terminal Bonds.

Consolidated Bonds shall not be issued for any purpose in connection with any facility unless after the accomplishment of such purpose the debt service upon all Consolidated Bonds shall constitute a first lien and charge upon the net revenues of the Authority from such facility subject, however, to (but only to) the prior liens recited in the preceding paragraph.

#### SECTION 5. Application of Revenues.

Subject to the prior pledges and liens described in Section 4 of this resolution, all net revenues pledged as security for Consolidated Bonds shall be applied to the following purposes in the following order:

(a) To the payment of debt service upon all Consolidated Bonds;

(b) All remaining balances of net revenues pledged as security for Consolidated Bonds shall be paid into the Consolidated Bond Reserve Fund established by Section 7 of this resolution, except such amounts as may be necessary to maintain the General Reserve Fund in the amount prescribed by the General Reserve Fund statutes.

The pledge of net revenues made in Section 4 of this resolution (and the lien and charge of Consolidated Bonds upon such net revenues) shall be subject to the right of the Authority to make payments into the General Reserve Fund to the extent above provided in this Section 5, and to that extent only.

#### SECTION 6. General Reserve Fund.

The payment of the debt service upon all Consolidated Bonds, regardless of the series or installment of which they form a part, and regardless of the dates of their issuance or maturity or the purposes for which issued, shall be further secured equally and ratably by the General Reserve Fund; and the pledge thereof and of the moneys which may be or become part thereof, contained in the resolution of the Authority, adopted March 9, 1931, establishing said General Reserve Fund, as amended May 5, 1932, is hereby expressly extended to and made applicable to (and for such purpose the General Reserve Fund is hereby irrevocably pledged as security for) all Consolidated Bonds for the benefit of the holders thereof, in the manner and to the extent set forth in the aforesaid resolution of March 9, 1931, as amended May 5, 1932, *pari passu* with bonds heretofore issued by the Authority and with the holders of such bonds; *provided*, that nothing herein shall be construed to grant or confer greater rights in or to said General Reserve Fund upon the holders of Consolidated Bonds than are now granted or conferred upon the holders of the bonds of prior issues.

The foregoing pledge is subject to (but only to) the following separate rights which the Authority hereby reserves to itself:

(a) The right to pledge said General Reserve Fund as security for any bonds whatsoever hereafter issued by the Authority as security for which it may at the time be authorized by law to pledge the General Reserve Fund; and

(b) The right to use the moneys in said General Reserve Fund to meet, pay or otherwise fulfill any of the undertakings which it has assumed, does now assume by this resolution or shall hereafter assume to or for the benefit of the holders of any bonds as security for which said General Reserve Fund has heretofore been or is now pledged, or for which said General Reserve Fund may hereafter be pledged as above provided;

*provided*, that no greater rights in or to the General Reserve Fund shall hereafter be granted to or conferred upon the holders of any bonds now outstanding or any bonds hereafter issued than are granted to and conferred upon the holders of all Consolidated Bonds.

Except as provided in the next sentence of this paragraph, the moneys in the General Reserve Fund shall not be used for any purpose at any time if there are any other moneys of the Authority available for that purpose at such time, and shall not be used for the payment of debt service prior to the time when the interest, sinking fund payments, redemption prices, principal amounts and other items constituting such debt service shall be required to be paid or set aside by the Authority; and the moneys in said General Reserve Fund shall be deposited in such depositories as the Authority may designate or invested in obligations of or guaranteed by the United States. If, however, there shall at any time be in or available for payment into all debt reserve funds of the Authority an aggregate amount of moneys in excess of an amount equal to two years' debt service upon all those bonds of the Authority which are secured by a pledge of the General Reserve Fund and which are outstanding at that time, to the extent that such moneys in or available for payment into such debt reserve funds will be available to pay debt service upon such bonds during the ensuing twenty-four calendar months, then and in any such event such excess moneys may be used at such time for any purpose for which said moneys may be used under the General Reserve Fund statutes, whether or not there are other moneys available for that purpose; and such excess moneys may be deposited in such depositories as the Authority may designate or invested in bonds, notes or other obligations of or guaranteed by the United States, the State of New York or the State of New Jersey, and any bonds of the Authority theretofore actually issued and negotiated and secured by a pledge of the General Reserve Fund. Two years' debt service, when used in this paragraph with respect to bonds outstanding at any time shall mean the amounts which the Authority is obligated by contract with the holders of such bonds to pay as debt service upon such bonds during the ensuing twenty-four calendar months; *provided, however*, that in computing such two years' debt service on any such outstanding bonds which are short-term bonds there shall be substituted for the actual debt service on such short-term bonds during said ensuing twenty-four calendar months the debt service which would be payable during said twenty-four calendar months if such short-term bonds were forthwith refunded by bonds having the following characteristics: maturity—thirty years from such time; interest—at the same rate as upon the short-term bonds and payable semi-annually beginning six months from such time; amortization—in such annual amounts as would be required to retire the principal amount of the short-term bonds outstanding at such time by the thirtieth anniversary of such time if such annual retirement were effected at par at each anniversary of such time and if the annual debt service thereon would be equal for all years thereafter until such thirtieth anniversary.

The resolution of the Authority, adopted March 9, 1931, establishing said General Reserve Fund, as amended May 5, 1932, is hereby further amended to conform to the provisions of this Section 6; *provided, however*, that nothing contained in this Section 6 shall be construed to limit, curtail or impair any pledge of the General Reserve Fund or regarding its administration, investment and use made in favor of or for the benefit of the holders of any bonds of prior issues or to prevent the Authority from doing any act or thing required to be done in the fulfillment of any such pledge.

## SECTION 7. Consolidated Bond Reserve Fund.

There is hereby established a special fund (herein called the Consolidated Bond Reserve Fund) the moneys in which are hereby pledged as additional security for all Consolidated Bonds, into which shall be paid all balances of net revenues pledged as security for Consolidated Bonds, remaining after deducting the amounts for which provision is made in subdivisions (a) and (b) of Section 5 of this resolution. The moneys in the Consolidated Bond Reserve Fund shall be accumulated or in the discretion of the Authority shall be applied to any of the following purposes and to such purposes only:

(a) To the payment of Consolidated Bonds at maturity, but in case a sinking fund has been established for the retirement of bonds of the series of which such bonds form a part only if the available moneys in such sinking fund are insufficient for such purpose, and in the case of other Consolidated Bonds, only if the net revenues pledged as security for Consolidated Bonds for the calendar year in which such payment shall be due and which are available for such payment are insufficient for such purpose.

(b) To the payment of debt service upon Consolidated Bonds then outstanding (other than the payment of such bonds at maturity), but only if the net revenues pledged as security for Consolidated Bonds for the calendar year in which such payment shall be due and which are available for such payment are insufficient for such purpose.

(c) To the purchase for retirement of Consolidated Bonds of any series as determined by the Authority at such prices as the Authority may determine to be reasonable; *provided, however*, that in case all of the bonds of such series are subject to redemption six months or less from the date on which the bonds are to be purchased for retirement, then such prices shall not exceed the highest price at which all of the bonds of such series might be redeemed at or prior to the expiration of said six months. Such purchases may be made at the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to other holders of Consolidated Bonds, and bonds theretofore issued and negotiated and then held by the Authority for investment may be purchased, as well as bonds held by others. In ascertaining whether the purchase price of any bond comes within the maximum above specified, brokerage commissions and similar items shall not be taken into consideration. The bonds so purchased shall be forthwith cancelled.

(d) To the redemption of Consolidated Bonds of any one or more series as may be determined by the Authority, if such bonds are subject to redemption. The bonds so redeemed shall be forthwith cancelled.

(e) To the payment of expenses incurred for the operation, maintenance, repair and administration of any facility the net revenues of which are pledged as security for Consolidated Bonds (including the expenses specified in the definition of net operating revenues in Section 1 of this resolution), but only to the extent that the gross operating revenues of such facility for the calendar year in which such payment shall be due, are insufficient or unavailable for such purpose.

(f) To the payment of debt service upon bonds other than Consolidated Bonds which are described in the last paragraph of this Section 7.

(g) To any other or additional purposes for which the Authority is now or may hereafter be authorized by law to expend the revenues of its facilities.

The pledge hereinbefore made of net revenues as security for Consolidated Bonds (and the lien and charge of Consolidated Bonds thereon) shall be subject to the right of the Authority to make payments into the Consolidated Bond Reserve Fund to the extent above provided in this Section 7, and said pledge and the aforesaid pledge of the moneys in the Consolidated Bond Reserve Fund shall be subject to the right of the Authority to apply said moneys as above provided in this Section 7 and to issue bonds other than Consolidated Bonds which are secured by a pledge of or lien or charge upon the Consolidated Bond Reserve Fund which is prior or equal to the pledge, lien and charge in favor of Consolidated Bonds, but only if such other bonds are issued solely to fulfill obligations undertaken by the Authority to or for the benefit of the holders of Consolidated Bonds and if such other bonds are also secured by a pledge of the General Reserve Fund.

#### SECTION 8. Amortization and Retirement.

The resolution establishing each series of Consolidated Bonds which includes bonds which at the time of their issuance are issuable only under Condition 4 of Section 3 of this resolution, shall provide, and resolutions establishing other series of Consolidated Bonds may provide, a schedule of mandatory periodic retirement of bonds of such series. Such schedule shall specify the total principal amount of bonds of such series which shall be retired at any time before or during each calendar year, and on or before a stated date during such calendar year, beginning, in the case of series which include bonds issuable as aforesaid only under said Condition 4, not later than the first calendar year following the calendar year in which occurs the tenth anniversary of the date of bonds of such series, and beginning, in the case of other series, at any time prior to maturity designated by the Authority in the resolution establishing such series.

The Authority's obligation to retire bonds as aforesaid in the principal amount specified in any such schedule on or before the stated date during each calendar year shall be separate and distinct from and in addition to its obligation to retire bonds in the total principal amounts specified in such schedule on or before the stated dates during other calendar years. Any resolution establishing a series which provides such a schedule of retirement shall either prescribe that such retirement shall be accomplished by periodic serial maturities specified therein or it shall provide that such retirement may be accomplished in the discretion of the Authority by either or both of the following methods, to wit: by the redemption of bonds in the manner, upon the notice and at the prices set forth in said resolutions, or by the purchase of bonds at such prices as the Authority may deem reasonable and proper (which said prices may, in the discretion of the Authority, be specified in such resolution),

which said purchases may in the discretion of the Authority be made at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and bonds theretofore issued and negotiated and then held by the Authority may be purchased as well as bonds held by others.

The said schedule of retirement provided with respect to any series which includes bonds issuable as aforesaid only under said Condition 4 shall specify mandatory periodic retirements of bonds of such series as aforesaid at such times and in such amounts that the prospective debt service upon bonds of such series (computed with the substitutions and upon the assumptions provided in the last two paragraphs of Section 3 of this resolution) shall be such that either (a) the debt service, so computed, upon bonds of such series for any one calendar year shall not be more than 10% greater than the debt service so computed upon bonds of such series for any other calendar year beginning with the first calendar year on account of which said schedule of retirement shall specify any principal amount of bonds of such series to be retired and ending with the calendar year in which shall occur the latest maturity date of bonds of such series, or (b) the combined debt service, so computed, upon all Consolidated Bonds outstanding at the time such series is established (not including, however, any bonds to be refunded by the bonds of such series) and upon the bonds of such series themselves for any one calendar year shall not be more than 10% greater than the debt service, so computed, upon all such bonds for any other calendar year beginning with the first calendar year on account of which said schedule of retirement shall specify any principal amount of bonds of such series to be retired and ending with the calendar year in which shall occur the latest maturity date of bonds of such series, or (c) the combined debt service, so computed, on all bonds outstanding at the time such series is established which are secured by a pledge of the General Reserve Fund (not including, however, any bonds to be refunded by the bonds of such series) and upon the bonds of such series themselves for any one calendar year shall not be more than 10% greater than the debt service, so computed, on all such bonds for any other calendar year beginning with the first calendar year on account of which said schedule of retirement shall specify any principal amount of bonds of such series to be retired and ending with the calendar year in which shall occur the latest maturity date of bonds of such series.

With respect to series of Consolidated Bonds other than those which include bonds issuable as aforesaid only under said Condition 4, the Authority in its discretion may or may not provide for amortization and retirement before maturity, and if it does so provide, it may in its discretion select a sinking fund of any type or any other method to effect such amortization and retirement; but nothing herein contained shall in any way be deemed to eliminate the requirement that one or another of the four numbered conditions in Section 3 must exist in connection with any new Consolidated Bonds to be issued.

#### SECTION 9. Form and Execution.

Consolidated Bonds may be issued in such form (not inconsistent with this resolution) and executed in such manner as the Authority may determine.

Pending the execution and delivery of definitive bonds there may be executed and delivered (to the purchaser or purchasers of any Consolidated Bonds) interim receipts or temporary bonds in such form as the Authority may prescribe, which shall be exchangeable for definitive bonds in accordance with their terms. Until such interim receipts or temporary bonds are so exchanged, the rights of the holders thereof shall be the same as though they held the definitive bonds for which they are exchangeable.

#### SECTION 10. Investments.

The moneys in the Consolidated Bond Reserve Fund shall from time to time be deposited in such depositories as the Authority may designate or invested in bonds, notes or other obligations of (or fully guaranteed by) the United States, the State of New York or the State of New Jersey, and in bonds of the Authority itself, theretofore actually issued and negotiated, if secured by a pledge of the General Reserve Fund (including Consolidated Bonds).

The moneys derived from the sale of Consolidated Bonds shall from time to time be deposited in such depositories as the Authority may designate or invested in obligations of (or fully guaranteed by) the United States, *provided*, that such obligations shall mature not later than the date upon which the Authority intends to apply the proceeds so invested for the purpose for which such Consolidated Bonds were issued.

The moneys in each of the several sinking funds which may be established for the retirement of bonds of the various series of Consolidated Bonds, shall be deposited in such depositories as the Authority may designate or invested only in direct obligations of the United States, *provided*, that such obligations shall mature (or shall be

redeemable at the option of the holder) at least five days prior to any date upon which such moneys must be applied to the retirement of Consolidated Bonds as provided in the resolutions establishing such series.

The net revenues pledged as security for Consolidated Bonds shall be deposited in such depositories as the Authority may designate or invested as provided in the next preceding paragraph for sinking fund moneys, *provided*, that any excess over debt service on all bonds secured by a pledge of such revenues for the year during which such revenues are derived may be invested as provided for Consolidated Bond Reserve Fund moneys.

Except as otherwise provided in Section 16 of this resolution, Consolidated Bonds held by the Authority shall have the same rights as though purchased or held by others.

#### SECTION 11. Sinking Funds and Special Reserve Funds of Bonds of Prior Issues.

Upon the cancellation, at or prior to maturity, of all of the then outstanding bonds of any particular series of any prior issue of bonds, any remaining balances of any sinking fund established for such particular series shall be paid into the Consolidated Bond Reserve Fund subject to the pledge thereof in favor of the holders of Consolidated Bonds, to be accumulated or applied as provided in Section 7 hereof. Upon the cancellation, at or prior to maturity, of all of the then outstanding bonds of each of the prior issues of bonds, any remaining balances of any special reserve fund established for the benefit of the bonds of such particular prior issue of bonds shall be paid into the Consolidated Bond Reserve Fund subject to the pledge thereof in favor of the holders of Consolidated Bonds, to be accumulated or applied as provided in Section 7 hereof.

#### SECTION 12. Miscellaneous Covenants.

The Authority covenants and agrees with the holders of Consolidated Bonds, and with each such holder, as follows:

(a) Fully and faithfully to perform all duties required by the Constitutions and Statutes of the United States and of the States of New York and New Jersey, and by the Compact of April 30, 1921, between said two States, with reference to all facilities the net revenues of which are pledged as security for Consolidated Bonds,—those hereafter established, constructed or acquired by it, as well as those presently owned, leased or operated by it.

(b) Not to issue any more General and Refunding Bonds of the issue established March 18, 1935, Air Terminal Bonds of the issue established June 18, 1948 or Marine Terminal Bonds of the issue established November 23, 1948 in addition to the bonds of those issues outstanding at the adoption of this resolution. This covenant and agreement shall not only be with and for the benefit of holders of Consolidated Bonds but shall also be with and for the benefit of holders of outstanding bonds of prior issues and shall not be subject to modification except in accordance with the provisions of the resolutions establishing such prior issues in addition to the provisions of Section 16 of this resolution.

(c) To proceed promptly and in an economical and efficient manner with the effectuation, establishment, acquisition, construction, rehabilitation or improvement of all facilities, the effectuation, establishment, acquisition, construction, rehabilitation or improvement whereof is financed with Consolidated Bonds.

(d) To maintain in good condition all facilities the surplus revenues of which are payable into the General Reserve Fund, and to operate them in an efficient and economical manner, making all such renewals and replacements and acquiring and using all such equipment as the Authority shall determine to be necessary or desirable for the proper and economical maintenance and operation thereof.

(e) To make such improvements as part of or in connection with facilities the surplus revenues of which are payable into the General Reserve Fund as the Authority shall determine to be necessary or desirable as incidental to or in connection with the operation of said facilities.

(f) To establish and collect flight fees, wharfage, dockage, rents, tolls and other charges in connection with facilities the net revenues of which are pledged as security for Consolidated Bonds, to the end that at least sufficient net revenues may be produced therefrom at all times to provide for the debt service upon all Consolidated Bonds.

(g) In the event the net revenues pledged as security for Consolidated Bonds are insufficient to provide for the debt service upon any or all Consolidated Bonds, to make good any deficiency out of the General Reserve Fund or other available revenues, moneys or funds; and for that purpose to establish, maintain and collect flight fees, wharfage, dockage, rents, tolls and other charges in connection with facilities the surplus revenues of which are payable into the General Reserve Fund (including facilities the net revenues of which are not pledged as security for Consolidated Bonds), to the end that combined surplus revenues may

be produced therefrom at least sufficient to make good (through the medium of the General Reserve Fund) any deficiency in the debt service upon Consolidated Bonds. *provided, however*, that nothing herein contained shall be deemed to constitute an agreement or covenant by the Authority to make any payments into the General Reserve Fund in excess of the payments required to be made pursuant to the General Reserve Fund statutes.

(h) To keep all facilities the surplus revenues of which are payable into the General Reserve Fund (and all structures, equipment and properties forming part thereof) insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts and with such deductibles as the Authority shall deem necessary for the protection of the holders of Consolidated Bonds.

(i) Duly and punctually to pay or cause to be paid the debt service upon all underlying mortgage bonds outstanding in connection with all or any part of any facility the surplus revenues of which are payable into the General Reserve Fund, in strict conformity with the terms of such bonds.

(j) To make all such expenditures as the Authority shall determine are necessary or desirable for, in connection with or incidental to the fulfillment of any of the covenants or other undertakings assumed by the Authority to or for the benefit of the holders of any Consolidated Bonds in this Section 12 or in any other section of this resolution or in any other resolution relating to Consolidated Bonds.

(k) In case any facility or any real property constituting a portion of a facility, the net revenues of which are pledged as security for Consolidated Bonds, is sold by the Authority or is condemned pursuant to the power of eminent domain, to apply the net proceeds of such sale or condemnation to capital expenditures upon facilities the net revenues of which are pledged as security for Consolidated Bonds, or to the retirement of Consolidated Bonds or bonds of prior issues after satisfying any prior obligations in respect of such facilities or in respect of the disposition of such proceeds; *provided, however*, that nothing herein contained shall be construed to prevent the Authority from applying the award in any condemnation proceeding in accordance with the Agreement with respect to the Newark Marine and Air Terminals between the City of Newark and the Authority, dated October 22, 1947, or the Agreement with respect to Municipal Air Terminals between the City of New York and the Authority, dated April 17, 1947, or any lease or other agreement for the use of real property heretofore or hereafter entered into by the Authority whether as landlord, tenant, licensor, licensee or otherwise.

### SECTION 13. Registrars and Paying Agents.

The Authority shall designate one or more Registrars and Paying Agents to act as such for and in connection with each series of Consolidated Bonds, and may in its discretion, from time to time, terminate such appointments or designations, designate new, substitute or additional Registrars and Paying Agents, designate separate and different Registrars and Paying Agents in connection with different series or installments of Consolidated Bonds, and designate itself to act as Registrar or Paying Agent; *provided*, that if the Authority shall provide for the authentication of the bonds of any series by the Registrar thereof, it shall not designate itself to act as such Registrar.

### SECTION 14. Evidence of Ownership.

Any notice to the contrary notwithstanding, the Authority and its Registrars and Paying Agents may, at the option of the Authority, treat the following persons as the absolute owners of Consolidated Bonds or coupons for the purpose of paying principal or interest and for all other purposes whatsoever:

(a) In the case of bonds not registered as to principal,—the person or persons in possession of such bonds.

(b) In the case of the coupons of any bonds not registered as to interest,—the person or persons in possession of such coupons.

(c) In the case of bonds registered as to both principal and interest in accordance with the provisions established by the Authority for such registration,—the person or persons in whose name such bonds are registered.

(d) In the case of bonds registered as to principal only in accordance with the provisions established by the Authority for such registration,—the person or persons in whose name such bonds are registered, except for the purpose of paying interest represented by outstanding coupons.

## SECTION 15. Liability.

No Commissioner, officer, agent, representative, employee, Registrar or Paying Agent of the Authority shall be held personally liable to any purchaser or holder of any Consolidated Bond under or upon such bond, or under or upon this resolution or any resolution hereafter adopted relating to Consolidated Bonds, or because of the issuance or attempted issuance of any Consolidated Bonds, or because of any act or omission in connection with the construction, acquisition, effectuation, operation or maintenance of any facility of the Authority, or because of any act or omission in connection with the investment or management of the revenues, funds or moneys of the Authority, or otherwise in connection with the management of its affairs, excepting solely for things wilfully done with an intent to defraud or wilfully omitted to be done with an intent to defraud.

## SECTION 16. Modifications.

(a) The Authority may from time to time and at any time, without authorization, consent or other action by any of the holders of Consolidated Bonds, modify or amend this resolution, or any other resolution relating to Consolidated Bonds, but only for the purpose of curing any ambiguity or of curing or correcting any defective or inconsistent provision, or for any other purpose not inconsistent with this resolution or with any other resolution relating to Consolidated Bonds; *provided*, that no such amendment made pursuant to this sub-section (a) shall alter or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal and interest of any bond at the time and place and at the rate or amount and in the medium of payment prescribed therein, or shall alter or impair the security of any bond, or otherwise alter or impair any rights of any bondholder.

(b) In addition to the power given in sub-section (a) of this Section 16, any of the terms or provisions of this resolution (or of any resolution amendatory of or supplemental to this resolution) may be amended, repealed or modified in the manner hereinafter set forth in this Section 16, for the purpose of modifying or amending in any particular any of the terms or provisions (including, without limiting the generality of the foregoing, any provisions regarding amortization and retirement) of any of the Consolidated Bonds or of any of the coupons pertaining thereto; *provided*, that no such amendment, repeal or modification shall alter or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal and interest of any Consolidated Bond at the time and place and at the rate or amount and in the medium of payment prescribed therein, without the express consent of the holder of such bond.

i. Whenever the Authority shall desire any such amendment, repeal or modification of any of the provisions of this resolution (or of any resolution amendatory of or supplemental to this resolution), it shall call a meeting of the holders of Consolidated Bonds (or if the amendment, repeal or modification proposed shall affect the rights of the holders of such bonds of only one or more particular series or installments, then of the holders of all Consolidated Bonds of each such series or installment so to be affected) for the purpose of considering and acting upon any such proposed amendment, repeal or modification. A notice specifying the purpose, place, date and hour of such meeting shall be published by the Authority in a daily newspaper of general circulation in the City of New York, State of New York, and also in one or more daily newspapers of general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. Such notice shall be published once a week for four consecutive weeks, the first publication to be not less than thirty days nor more than ninety days prior to the date fixed for the meeting. Such notice shall briefly set forth the nature of the proposed amendment, repeal or modification, and shall give notice that a copy thereof is on file with the Authority for inspection by the holders of the bonds. On or before the date of the first publication of the notice, a similar written or printed notice shall be mailed by the Authority, postage prepaid, to the holders of such bonds registered either as to principal or as to both principal and interest, at the addresses appearing on the registry books of the Authority, and who are to be affected by the proposed amendment, repeal or modification. The actual receipt by any bondholder of notice of such meeting shall not be essential to the validity of such meeting, and a certificate by the Authority, duly executed by its Chairman or Vice-Chairman, that the meeting has been called and notice thereof given as herein provided, shall be conclusive as against all parties, and it shall not be open to any bondholder to show that he failed to receive notice of such meeting or to object to the form of such notice, *provided*, that such notice shall conform substantially to the provisions of this subdivision i of this sub-section (b) of this Section 16.

ii. No person shall be entitled to vote at such meeting unless he shall be a holder of a Consolidated Bond or shall hold a proxy duly executed by such a bondholder, and (1) he shall present at the meeting

his Consolidated Bond or Bonds (or in the case of the holder of a proxy, the Consolidated Bond or Bonds of his principal), or (2) he shall present at the meeting a certificate of the character herein described in subdivision iii of this sub-section (b) of this Section 16, or (3) his name (or, in the case of the holder of a proxy, the name of his principal) shall appear as a registered bondholder on the list prepared and presented to the meeting by the Registrar as provided in subdivision iii of this sub-section (b) of this Section 16.

iii. Any holder of Consolidated Bonds may, prior to any such meeting, deliver his Consolidated Bond or Bonds, at his own expense, to any Registrar of Consolidated Bonds, or to such bank, banking firm or trust company as shall be satisfactory to the Authority, and thereupon shall be entitled to receive an appropriate receipt for the bonds so deposited, calling for the re-delivery of such bonds at any time after the meeting. A certificate signed by any such Registrar, or by any such bank, banking firm or trust company that the bonds have been so deposited, and giving the amount, denomination, series and numbers thereof, shall be sufficient evidence to permit the holder of any such certificate, including the holder of a proxy who shall produce such certificate, to be present and to vote at any meeting. The Registrar or Registrars of Consolidated Bonds shall prepare and deliver to the Authority at the time of the convening of the meeting, a list of the names and addresses of the registered holders of the bonds proposed to be affected by said amendment, repeal or modification, as of the close of business on the day before the date set for the meeting, or the date to which such meeting shall have been adjourned, together with a statement of the denominations, series and numbers of the bonds registered in the name of each such registered holder.

iv. The Authority shall present to the meeting at the convening thereof, a statement in writing duly executed by its Chairman or Vice-Chairman or by the Chairman or Vice-Chairman of its Committee on Finance, listing the denominations, series and numbers of all bonds of all series proposed to be affected by said amendment, repeal or modification, owned by it or held for its account directly or indirectly, including any bond registered in the name of the Authority or held for the account of any debt reserve fund of the Authority, and no person shall be permitted at the meeting to cast any vote or give any consent because of any bonds listed on such statement, and no such bonds (hereinafter referred to as Authority-owned bonds) shall be counted in determining any vote at such meeting, including the determination of whether or not a quorum is present.

v. A representation of at least 60% in aggregate principal amount of the Consolidated Bonds then outstanding (exclusive of Authority-owned bonds) or, if the amendment, repeal or modification proposed shall only affect the rights of the holders of one or more particular series or installments of Consolidated Bonds, then 60% in aggregate principal amount of the bonds outstanding (exclusive of Authority-owned bonds) of each such series or installment so to be affected, shall be necessary to constitute a quorum at any such meeting of bondholders; but less than a quorum may adjourn the meeting from time to time and the meeting may be held as adjourned without further notice, whether such adjournment shall have been held by a quorum or by less than a quorum. The Authority shall designate a Commissioner or officer of the Authority to preside as temporary chairman, and such temporary chairman shall immediately call for nominations for a permanent chairman for such meeting. Such permanent chairman shall be some person who shall be a bondholder, or the holder of a proxy, entitled to vote at the meeting. At such meeting each person shall be entitled to one vote for each \$1,000 principal amount of such bonds held or represented by him as provided in subdivision ii of this sub-section (b) of this Section 16, and such vote shall be cast by ballot. Except as herein provided, the meeting may adopt its own rules of procedure.

vi. At any such meeting held as aforesaid, the Authority shall submit for consideration and action of the holders of Consolidated Bonds or, if the amendment, repeal or modification proposed shall only affect the rights of the holders of one or more particular series or installments of Consolidated Bonds, then of the bondholders of each such series or installments to be affected, a proposed resolution embodying the amendment, repeal or modification to be considered by the meeting. If such proposed resolution shall be consented to and approved (either in person or by proxy) by the holders of at least 60% in aggregate principal amount of the bonds to be affected thereby outstanding at the time (exclusive of Authority-owned bonds), then, and in such case, the Authority shall thereby be authorized and empowered to adopt such resolution, and any such resolution so adopted by the Authority shall be binding upon all bondholders, whether or not present at such meeting in person or by proxy, provided that no such amendment, repeal or modification shall affect the rights of the holders of one or more series or installments of Consolidated Bonds in a manner or to an extent differing from that in or to which the rights of holders of any other series or installments of Consolidated Bonds are affected unless such resolution shall be approved (either in person or by proxy) by the holders of at least 60% in aggregate principal amount of the Consolidated Bonds then outstanding (exclusive of

Authority-owned bonds) of each such series or installment so affected; and no bondholder shall have any right or cause to object to the adoption of any such resolution by the Authority or to object to any of the terms or provisions therein contained or the exercise thereof or of the authorizations contained therein, or in any manner to question the propriety of the adoption thereof or to enjoin or restrain the Authority from executing the same or from taking any action pursuant to the provisions thereof.

vii. Upon the adoption by the Authority of any resolution pursuant to the provisions of this Section 16, this resolution (and any resolution supplemental to or amendatory of this resolution) shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the Authority and all holders of outstanding bonds shall be thereafter determined, exercised and enforced subject, in all respects, to such modifications and amendments.

viii. Minutes of all resolutions adopted and proceedings had at every such meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Authority, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, shall be prima facie evidence of the matters therein stated, and until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been so made and signed shall be deemed to have been duly held and conveyed, and all resolutions passed thereat or proceedings had thereat shall be deemed to have been duly passed and had.

As used above in this Section 16, the terms "bond" and "Consolidated Bond" shall include any interim receipt therefor; and the terms "bondholder" and "holder" of a "Consolidated Bond" shall include the holder of such an interim receipt.

#### SECTION 17. Determinations.

Whenever in this resolution it is provided that any selection, designation, determination or estimate shall or may be made by the Authority or that any action may be taken or withheld by the Authority or that any action shall or may be taken or withheld at the option of or dependent upon the opinion, discretion or judgment of the Authority, then the Authority's such selection, designation, determination, estimate, action, option, opinion, discretion or judgment expressed by its Board of Commissioners or by a committee or officer or other person duly authorized shall be conclusive for the purposes of this resolution.