

Resolution No. RS2002-1124

A resolution approving an amendment and restatement of The Metropolitan Government's general bond resolution authorizing the issuance of revenue bonds for the financing of the Metropolitan Government's district energy system, and providing for the issuance and sale of the initial series of bonds thereunder and certain related matters.

WHEREAS, on December 18, 2001, by Resolution No. RS2001-875, The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") approved a form of general bond resolution entitled "District Energy System General Bond Resolution Authorizing the Redevelopment of a District Energy System, the Issuance of Revenue Bonds of the Metropolitan Government of Nashville and Davidson County and Providing for the Security Therefor" (the "General Bond Resolution"); and

WHEREAS, the Metropolitan Government is poised to issue its first series of bonds designated in the General Bond Resolution as the District Energy System Revenue Bonds, 2002 Series A (the "2002 Series A Bonds"); and

WHEREAS, the Metropolitan Government wishes to make certain technical amendments to, and changes in the security for all obligations permitted to be issued under, the General Bond Resolution, prior to the issuance of the 2002 Series A Bonds, such amendments and changes to the General Resolution having been presented to the Metropolitan Council and set forth in Exhibit A to this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY AS FOLLOWS:

SECTION 1. The amendments to the General Bond Resolution set forth in Exhibit A attached hereto are hereby approved.

SECTION 2. That the General Bond Resolution is hereby redesignated as the "Amended and Restated District Energy System General Bond Resolution Authorizing the Redevelopment of a District Energy System, the Issuance of Revenue Bonds of the Metropolitan Government of Nashville and Davidson County and Providing for the Security Therefor", a copy of which is attached hereto and incorporated by reference herein.

SECTION 3. This Resolution shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

The Metropolitan Government of Nashville and Davidson County

AMENDED AND RESTATED DISTRICT ENERGY SYSTEM
GENERAL BOND RESOLUTION

Authorizing the Redevelopment of a District Energy System,
the Issuance of Revenue Bonds of the Metropolitan Government
of Nashville and Davidson County and Providing for the
Security Therefor

Adopted August 20, 2002

Amending and Restating Resolution RS2001-875
Adopted on December 18, 2001

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AMENDED AND RESTATED DISTRICT ENERGY SYSTEM
GENERAL BOND RESOLUTION

The Metropolitan Government of Nashville and Davidson County

Amending and Restating Resolution RS2001-875

District Energy System General Bond Resolution
Authorizing the Redevelopment of a District Energy System,
the Issuance of Revenue Bonds of the Metropolitan Government
of Nashville and Davidson County and Providing for the
Security Therefor

RECITALS

1. The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") owns an existing District Energy System (the "Existing DES") comprising primarily an energy distribution system for steam and chilled water (the "Existing EDS"), an energy generating plant consisting of a waste-to-energy facility capable of combusting solid waste and fossil fuels and related equipment for converting energy to steam and a chiller for converting steam to chilled water.
2. The Existing DES is operated by Nashville Thermal Transfer Corporation ("NTTC"), a not for profit corporation created primarily for the purpose of operating the Existing DES.
3. The Metropolitan Government has adopted modifications to the Metropolitan Government solid waste management plan to promote recycling and reduce the volume of solid waste that is delivered to a site for ultimate disposal.
4. The waste-to-energy facility (the "Thermal Facility") operated by NTTC has suffered from high costs and insufficient quantities of solid waste, and the Thermal Facility is not operating efficiently.
5. The Existing DES serves a number of customers in the urban service district, including facilities owned by private customers, facilities owned by the State of Tennessee (the "State") and facilities owned by the Metropolitan Government, and the Metropolitan Government proposes to continue offering steam and chilled water services to existing customers and to offer energy services to new customers.
6. The Metropolitan Government proposes to decommission the Thermal Facility and to develop and construct a new energy generation facility and to make overall improvements to the Existing EDS.
7. The Metropolitan Government proposes to invite all existing customers of steam and chilled water or similar services from the Existing DES to participate in and continue to purchase energy from the upgraded system.
8. The Metropolitan Government proposes to issue revenue bonds to finance costs of the upgrading the district heating and cooling system, including future upgrades and

expansions and other costs permitted by this resolution, including acquisition of new sites and acquisition of an existing steam distribution system owned by the State, pursuant to State law and the Metropolitan Government's Charter, which revenue bonds will be secured as described in this resolution.

9. On December 18, 2001, the Metropolitan Government adopted Resolution RS2001-875, entitled "District Energy System General Bond Resolution Authorizing the Redevelopment of a District Energy System, the Issuance of Revenue Bonds of the Metropolitan Government of Nashville and Davidson County and Providing for the Security Therefor" ("Resolution RS2001-875").
10. The Metropolitan Government desires to amend and restate Resolution RS2001-875 in order to modify certain provisions relating to the security for the bonds to be issued pursuant thereto.

BE IT RESOLVED BY THE MEMBERS OF THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

ARTICLE 1

DEFINITIONS; RULES OF CONSTRUCTION

Section 1.1. Short Title. This resolution may hereafter be cited, and is hereinafter sometimes referred to as, the General Resolution.

Section 1.2. Definitions. The following terms shall for all purposes of this General Resolution have the following meanings.

"Accountant" means any independent certified public accountant or firm of accountants of recognized standing designated by the Metropolitan Government from time to time to perform the duties of the Accountant hereunder, or an employee of the Metropolitan Government who is designated by an Authorized Officer of the Metropolitan Government as the official or employee responsible for the accounting functions of the System.

"Accreted Value" means, with respect to any Capital Appreciation Obligation, the principal amount thereof plus the interest accrued on or with respect thereto from its delivery date to the date of calculation, compounded at the approximate interest rate thereof on each date specified therein, determined in accordance with provisions thereof and the related Parity Obligation Agreement.

"Accrued Interest" means, for any calendar month, the amount of interest which has accrued or will accrue on Parity Obligations during that month, less any interest which accrues during such period but for which a separate fund has been established and into which have been deposited moneys or Investment Securities which, with the earnings thereon, will be sufficient to pay such interest and which fund is irrevocably pledged to payment of such interest. Variable Rate Obligations will be treated as bearing interest at the greater of (A) the rate or rates which were assumed by the Metropolitan Government in the Annual Budget for such Fiscal Year to be borne by Variable Rate Obligations during such Fiscal Year or (B) the actual rate or rates borne by such Variable Rate Obligations on such date of calculation. With respect to Capital Appreciation Obligations, the interest accruing thereon shall be treated as an accretion of principal not includable as Accrued Interest. With respect to Parity Contract Obligations constituting lease payments or installment purchase payments or similar obligations not designated as "bonds" or "debt", interest shall include the "interest component" of the periodic payments accruing thereunder as so designated therein.

"Accrued Principal" means, with respect to any calendar month, one-twelfth of the amount of Principal which has matured or will mature on Parity Obligations during the next 12 months (or which are subject to mandatory prepayment or sinking fund redemption during the next 12 months) less any Principal which matures during the next 12 months but for which a separate fund has been established and into which have been deposited moneys or Investment Securities which, with the earnings thereon, will be sufficient to pay such Principal and which fund is irrevocably pledged to the payment of such Principal; provided, however, that to the extent any Principal payment on a Parity Obligation is payable sooner than one year after issuance of such Parity Obligation, such Principal with respect to such obligation shall be amortized over the period from issuance to payment with pro rata monthly portions of such Principal deemed to be Accrued Principal during such amortization period.

"Act" means the Energy Production Facilities Act, Title 7, Chapter 54 of the Tennessee Code Annotated, as amended.

"Additional Customer Contract" means any contract between a Customer and the Metropolitan Government for steam or chilled water or similar energy services provided by the System; provided that an Additional Customer Contract shall not include any Initial Customer Contract, Interim Customer Contract or Holdover Customer Contract.

"Annual Budget" means the budget or the amended budget for the System for a Fiscal Year, as adopted by the Metropolitan Government in accordance with Section 7.12 hereof.

"Authorized Denomination" means with respect to any series of Parity Bond Obligations, such denominations as shall be determined by Supplemental Resolution.

"Authorized Newspapers" means not less than two newspapers or financial journals, printed in the English language and customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, one of which is of general circulation in the City of Nashville, Tennessee, and the other of which is a financial newspaper published in New York, New York having a national circulation.

"Authorized Officer of the Metropolitan Government" means the Metropolitan County Mayor, the Vice Mayor, Director of Finance or Metropolitan Treasurer of the Metropolitan Government and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Metropolitan Government then authorized to perform such act or discharge such duty.

"Available Funds" means, as of any date of calculation, amounts in the Surplus Fund.

"Beneficiary" means any registered owner of or any party and any express third party beneficiary to a Parity Obligation, other than the Metropolitan Government.

"Bond Counsel" means an attorney or firm of attorneys with experience and nationally recognized expertise in the area of municipal finance as may be designated by the Metropolitan Government from time to time.

"Bonds" means bonds authorized and issued under this General Resolution.

"Book Entry Bonds" means Parity Bond Obligations or Subordinated Bond Obligations registered in book entry form with a Securities Depository.

"Business Day" means a day other than (i) a Saturday or Sunday, (ii) a day on which federally or State chartered banking institutions or, with respect to any Parity Obligation secured by a Credit Facility, the office of the Credit Facility Provider at which a draw or claim on a Credit Facility is to be made is located, are authorized or obligated by law to close or (iii) a day on which the New York Stock Exchange is closed.

"Capital Appreciation Obligation" means any Parity Bond Obligation the interest on or with respect to which is compounded and not scheduled to be paid until maturity or prior redemption thereof.

"Capital Costs" means

- (a) Costs of any System Improvement;
- (b) Costs of Issuance of any Parity Obligations issued to provide funds to pay Capital Costs;
- (c) to the extent properly attributable to Construction or the period of Construction the costs incurred for interest on funds borrowed to finance the Costs of Construction;
- (d) any taxes or other governmental charges lawfully agreed to, levied or assessed on any property acquired; and
- (e) costs reasonably related to any of the foregoing and designated by the Metropolitan Government as being "Capital Costs" for purposes of this definition, including, but not limited to, post-construction interest, start-up costs, reasonable reserves, initial working capital and similar expenses.

"Capitalized Interest Account" means the account so designated and created in the System Improvement Fund by the Metropolitan Government pursuant to Section 5.3 hereof.

"Charter" means the Charter of The Metropolitan Government of Nashville and Davidson County authorized by the Constitution of the State of Tennessee and approved in referendum on June 28, 1962, as previously amended and approved and as may be subsequently amended and approved in accordance with its terms, and any successor charter.

"Chief Executive Officer" means the Metropolitan County Mayor.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time, and the regulations promulgated thereunder.

"Completion Obligations" means any obligations issued or any increase in the obligations of the Metropolitan Government incurred in accordance with the terms of any Parity Obligation Agreement, which is issued or incurred to (1) pay the costs of completing any portion of the System for which a Parity Obligation has previously been issued or executed and delivered pursuant to the terms of the applicable Parity Obligation Agreement, or (2) pay the costs of meeting, maintaining or restoring any reduction in capacity in any portion of the System or required modifications or improvements to the System, in each case required due to an unforeseen or uncontrollable circumstance or a change in law.

"Construction" shall mean the acquisition, erection, building, alteration, improvement, increase, enlargement, extension, reconstruction, renovation or rehabilitation of a System Improvement; the inspection and supervision thereof; and the engineering, architectural, legal, fiscal and economical investigations and studies, surveys, designs, plans, working drawings, specifications, procedures and other actions incidental thereto and may include the start-up of a System Improvement, the initial testing and acceptance of the System Improvement and the administration and management by the Metropolitan Government of any contracts relating to a

System Improvement during the period prior to completion and commercial operation of the System Improvement.

"Construction Account" means the account so designated and created in the System Improvement Fund by the Metropolitan Government pursuant to Section 5.3 hereof.

"Construction Commencement Date" means the date upon which all of the conditions precedent to the commencement of Construction as set forth in the Initial Management Contract have been satisfied or waived in accordance with the terms thereof.

"Consulting Expert" means an engineering firm or firm of experts in district heating and cooling or energy producing facilities of recognized standing, having skill and experience with respect to the design, construction and operation of facilities similar to those which comprise the System, as may be designated by the Metropolitan Government from time to time in accordance with Section 7.20 hereof.

"Costs" as applied to any System Improvement shall mean and includes the cost of Construction, the cost of the acquisition of all property, including real property and other property, both real and personal and improved and unimproved, the cost of demolishing, removing or relocating any buildings or structures on lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved or relocated, the cost of all systems, facilities, machinery, apparatus and equipment, financing charges, interest prior to, during and after construction to the extent not paid or provided for from revenues or other sources, the cost of engineering and architectural surveys, plans and specifications, the costs of consultants and legal services, the cost of a guarantee or bond insurance, other expenses necessary or incidental to the Construction of such System Improvement and the financing of the Construction thereof, including cost of administration and management by the Metropolitan Government and cost of insurance or sureties for the Construction period and the amount authorized in the resolution of the Metropolitan Government providing for the issuance of Parity Obligations to be paid into any reserve or special fund from the proceeds of such Parity Obligations and the financing of the startup, testing, accepting and placing of any System Improvement in operation, including reimbursement to any municipality, State agency, the State, the United States government, or any other person for expenditures that would be costs of the System Improvement hereunder had they been made directly by the Metropolitan Government.

"Costs of Issuance" shall mean all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale and issuance of Parity Obligations or interests therein, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, any guaranty or Credit Facility and of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Parity Obligations or evidences of ownership interests therein, underwriting fees and discounts and costs and expenses of refunding, premiums for the insurance of the payment of the Parity Obligations and any other cost, charge or fee in connection with the original issuance of Parity Obligations.

"Contract Termination Account" means the account so designated and established in the Operating Fund by the Metropolitan Government pursuant to Section 5.3 hereof.

"Credit Facility" means any letter of credit, surety bond, reserve fund insurance policy or reserve fund letter of credit, loan agreement, line of credit, liquidity facility or other credit agreement, facility, insurance or guarantee arrangement issued by a financial institution, insurance company or any other entity that provides additional security for any Parity Obligation which provides for payment, in accordance with the terms of such Credit Facility, of Principal, premium and/or interest of such Parity Obligation or portion of a Parity Obligation and/or the purchase price of such Parity Obligation or portion thereof. A Credit Facility may comprise one or more credit facilities issued by one or more financial institutions.

"Credit Facility Provider" means the issuer of any Credit Facility.

"Customer" means any entity that has signed a Customer Contract for steam or chilled water services at the System.

"Customer Contract" means any Metropolitan Government Customer Contract, any Initial Customer Contract, any Interim Customer Contract, any Holdover Customer Contract and any Additional Customer Contract.

"Customer Reconciliation Account" means the account so designated and established in the Operating Fund by the Metropolitan Government pursuant to Section 5.3 hereof.

"Customer Reimbursable Amounts" means that portion of amounts paid by Additional Customers with respect to System capacity that has become available upon termination of an Initial Customer Contract pursuant to Section 8.3 thereof and resold, and with respect to which the Initial Customer is entitled to reimbursement.

"Debt Service Fund" means the fund so designated and established by the Metropolitan Government pursuant to Section 5.3 hereof.

"Debt Service Reserve Fund" means, with respect to any issue of Parity Obligations, the reserve fund, if any, established in connection with such Parity Obligations solely as a source of contingency funds for payment of Parity Obligation Debt Service Expenses with respect to such Parity Obligations and, with respect to Bonds, the Debt Service Reserve Fund established by the Metropolitan Government pursuant to Section 5.3 hereof.

"Debt Service Reserve Fund Deposit Requirement" means, with respect to any issue of Parity Obligations, the amount required to be deposited to the Debt Service Reserve Fund applicable to such issue, if any, to increase the balance therein to its required level.

"Debt Service Reserve Fund Requirement" means, with respect to a series of Parity Obligations, the amount specified in the Supplemental Resolution authorizing the issuance of such Parity Obligations.

"Defeasance Obligations" means securities described in clauses (a) and (b) of the definition of Investment Securities.

"Director of Finance" means the Director of Finance of the Department of Metropolitan Finance appointed pursuant to the Charter or his designee acting on his behalf pursuant to the Charter.

"DTC" means The Depository Trust Company.

"EDS" means the system of pipes owned or operated by the Metropolitan Government for transporting steam and chilled water throughout the System.

"EDS Repair and Improvement Account" means the account so designated and created in the Operating Fund by the Metropolitan Government pursuant to Section 5.3 hereof.

"Energy Conservation Fund" means the fund so designated and established by the Metropolitan Government pursuant to Section 5.3 hereof.

"Event of Default" has the meaning set forth in Section 10.1.

"Fiduciary" means the Trustee, any Paying Agent, any Registrar, any tender agent or remarketing agent for any Parity Obligation, or any or all of them, as the case may be.

"Fiscal Year" means the fiscal year of the Metropolitan Government.

"Fitch" means Fitch Investors Service, its successors and assigns, and if such corporation shall be dissolved or liquidated or no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Metropolitan Government.

"Fuel Purchase Contract" means the Initial Fuel Purchase Contract and any replacement contract or contracts or additional contract or contracts for the acquisition of fuel for all or any portion of the System.

"General Account" means the account so designated and established in the Operating Fund by the Metropolitan Government pursuant to Section 5.3 hereof.

"General Resolution" means this General Resolution, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"Holdover Customer Contract" means any Interim Customer Contract with Holdover Customers.

"Holdover Customers" means those customers that have contracts with NTTC as of July 1, 2001 and who do not become Initial Customers.

"Incremental Costs" means the actual, reasonable and necessary costs incurred by the Metropolitan Government above and beyond what would have been incurred if the System did not exist, including the services of the Consulting Expert and Project Consultants (as defined in the Initial Customer Contracts). Incremental Costs shall not include debt service on bonds issued by the Metropolitan Government to finance costs of the existing waste disposal and energy generating facilities operated by NTTC.

"Initial Customer Contract" means any Customer Contract in substantially the form approved by the Metropolitan Council for customers that have contracts with NTTC as of July 1, 2001 and who executed contracts with the Metropolitan Government on or prior to June 14, 2002.

"Initial Customers" means those customers that have contracts with NTTC as of July 1, 2001 and who executed Initial Customer Contracts on or prior to June 14, 2002.

"Initial Fuel Purchase Contract" means that Fuel Purchase Contract for the Nashville District Energy System, dated as of January 16, 2002, between Constellation Energy Source, Inc. and the Metropolitan Government, as the same may be amended and supplemented from time to time.

"Initial Management Contract" means that Contract for the Design and Construction of an Energy Generation Facility, Improvement of an Energy Distribution System, and Long Term Operation and Management of the Nashville District Energy System, dated as of January 16, 2002, between Constellation Energy Source, Inc. and the Metropolitan Government, as the same may be amended and supplemented from time to time.

"Initial Parity Obligation Debt Service Reserve Fund Requirement" means an amount equal to the lesser of (i) maximum annual debt service becoming due on the Initial Parity Obligations in any year, (ii) 125% of average annual debt service becoming due on the Initial Parity Obligations and (iii) 10% of the proceeds of the Initial Parity Obligations.

"Initial Parity Obligations" means the Bonds authorized and issued pursuant to Section 2.3 hereof.

"Initial System Improvements" means System Improvements for the development, design, construction and acquisition of the energy generating facility to be constructed pursuant to the Initial Management Contract, improvements to and expansion of the energy distribution system, metering, interconnection and thermal efficiency projects, including the Metro Government's work in developing the project and procuring the contracts thereunder and any land and easements required for the improvements.

"Interim Customer Contract" means those contracts between each Customer that has a contract with NTTC as of the date of adoption of this General Resolution.

"Interim Pledge Period" means the period commencing on the first day of January, 2004 and ending at such time as the Revenues transferred to the Metropolitan Government under the Interim Customer Contracts and deposited into the Operating Reserve Fund in accordance with Section 5.7 of this General Resolution equal \$3,000,000.

"Investment Securities" means any of the following securities (provided that with respect to funds held and invested by the Metropolitan Government, the following shall only be Investment Securities if and to the extent the same are at the time legal investments by the Metropolitan Government of the funds to be invested therein and are permitted by the Metropolitan Government's investment policies then in effect):

- (a) direct obligations of the United States of America, direct federal agency obligations the timely payment of principal of and/or interest on which are, respectively, fully and unconditionally guaranteed by the United States of America, including direct obligations of the United States of America which have been stripped by the United States Treasury itself (STRIPS), treasury receipts securities "Treasury Receipts" including "CATS", "TIGRS", "LIONS" and the interest components of REFCORP bonds

for which the underlying bond is non-callable (or non-callable before the due date of such interest component) for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form;

(b) bonds, debentures or notes or other evidence of indebtedness payable in cash issued by any one or a combination of any of the following federal agencies, or any other federal agency, to the extent any of such evidences of indebtedness are secured by the pledge of the full faith and credit of the United States of America: Export-Import Bank of the United States, Federal Financing Bank, Farmer's Home Administration, Federal Housing Administration, Maritime Administration, Government National Mortgage Association;

(c) certificates of deposit properly secured at all times, by collateral security described in (a) or (b) above, with commercial banks, savings and loans associations, and mutual savings banks;

(d) the following investments if fully insured by the Federal Deposit Insurance Corporation: (i) certificates of deposit, (ii) savings accounts, (iii) deposit accounts, or (iv) depository receipts of banks, savings and loan associations, and mutual savings banks;

(e) bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: the United States Postal Service; the Federal Home Loan Bank System; the Tennessee Valley Authority, the Washington Metropolitan Area Transit Authority; the Federal National Mortgage Association and the Federal Home Mortgage Corporation;

(f) Public Housing Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract with the United States of America; temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(g) direct and general obligations of any state of the United States, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, but only if, at the time of their purchase hereunder, such obligations are rated in either of the two highest rating categories by either S&P or Moody's;

(h) repurchase agreements or investment agreements collateralized by securities described in subparagraphs (a), (b), (c), (d) or (e) above with any registered broker/dealer subject to the Securities Investors' Protection Corporation or that is an approved Federal Reserve Bank Primary Dealer or with any commercial bank (including the Trustee), insurance company or financial institution, provided that (1) a specific written repurchase agreement or investment agreement governs the transaction, (2) the securities, free and clear of any lien, are held by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, and the

Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee, (3) a perfected first security interest under the Uniform Commercial Code, or book entry procedures described in 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq., in such securities is created for the benefit of the Trustee, (4) the Trustee or third-party agent will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two (2) Business Days of such valuation, or, in the case of a repurchase agreement, the agreement has a term of thirty (30) days or less, and (5) the fair market value of the collateral securities in relation to the amount of the repurchase obligation or the payment obligation, depending on whether it is a repurchase agreement or an investment agreement, including principal and interest, is equal to at least 100%;

(i) money market funds rated "A", "Am" or "Am-G" or better by Moody's or S&P;

(j) commercial paper rated "Prime-1" or better by Moody's or "A-1" or better by S&P;

(k) advance-refunded municipal bonds;

(l) tax-exempt obligations that are rated "A" or better or V-MIG 1 by Moody's or "A-" or better or "A-1" by S&P, or shares of investment companies that invest only in such obligations;

(m) the Trustee's "cash sweep account" or other short term investment fund of the Trustee, the assets of which consist of other Investment Securities defined above;

(n) an investment agreement, to the extent permitted by law, issued or guaranteed by a corporation whose long-term unsecured debt or claims paying ability is rated in either of the highest two rating categories by Moody's or S&P.

"Management Contract" means the Initial Management Contract and any replacement contract or contracts for operation and maintenance of all or any portion of the System.

"Maximum Annual Debt Service" means, as of any date of calculation, the greatest amount of Principal and interest becoming due and payable on or with respect to any Parity Obligations outstanding in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year.

"Metropolitan Council" means the Metropolitan County Council created pursuant to the Charter.

"Metropolitan Government" means The Metropolitan Government of Nashville and Davidson County.

"Metropolitan Government Customer Contract" means the Customer Contract between the Metropolitan Government, as customer, and the Metropolitan Government, as service

provider to be entered into on or prior to the date of issuance and delivery of the Initial Parity Obligations, regardless of whether such contract is valid and binding.

"Metropolitan Government Premises" means those buildings listed in Schedule A to this General Resolution or any buildings substituted therefor.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Metropolitan Government.

"Net Revenues" means Revenues less Operating Expenses.

"New Customer Surplus Revenues" means those net revenues, including as a cost any sales commissions paid to secure those revenues received by the Metropolitan Government from Customers other than Initial Customers, in excess of the amount required to bring the amount to be paid by the Metropolitan Government as an additional energy charge pursuant to Section 7.7(A) hereof, to zero.

"NTTC" means Nashville Thermal Transfer Corporation, a not for profit corporation created in 1970 under the laws of the State as an agency and instrumentality of the Metropolitan Government.

"Operating Expenses" means and includes the reasonable or necessary costs and expenses of the Metropolitan Government (including payments for services under a Management Contract) of operating, maintaining, repairing, insuring and administering the System or providing services therefrom (other than Parity Obligation Debt Service Expenses or debt service on any other debt obligation, amounts paid from the proceeds of Parity Obligations and costs of System Improvements) including, without limitation (a) all administrative, general and commercial expenses, (b) insurance and surety bond premiums, (c) fuel expenses, (d) engineering expenses (including expenses of a consulting expert or independent engineer), (e) legal expenses, and any damages, judgments, awards, fines, penalties, assessments, impositions, charges, levies, litigation settlement amounts or other similar costs or expenses legally incurred and owing by the Metropolitan Government in connection with the System, (f) accounting and auditing expenses, (g) ordinary and current rentals of equipment or other costs which are not Capital Costs, (h) expenses (other than Parity Obligation Debt Service Expenses) which are incurred in connection with Parity Obligations, (i) costs incurred in connection with the preparation of any reports, plans, opinions or certificates which are required to be prepared under the terms of this General Resolution, (j) costs, fees and expenses of Fiduciaries, (k) any amounts required to be paid to the federal government pursuant to the Tax and Nonarbitrage Certificates and (l) any other amounts the Metropolitan Government is required by law to pay or set aside in order to continue to operate the System.

"Operating Fund" means the fund so designated and established by the Metropolitan Government pursuant to Section 5.3 hereof.

"Operating Reserve Fund" means the fund so designated and established by the Metropolitan Government pursuant to Section 5.3 hereof.

"Operating Reserve Fund Requirement" means, with respect to each Fiscal Year, an amount equal to one fourth (1/4) of the Operating Expenses projected for such Fiscal Year as set forth in the Annual Budget.

"Operator" means any Person appointed by the Metropolitan Government, by Management Contract or otherwise, to operate and maintain the System or any part thereof on behalf of the Metropolitan Government, or the Metropolitan Government if no other Person has been designated by it as the Operator.

"Parity Bond Obligations" means any bonds, notes, bond anticipation notes, commercial paper or other similar obligations constituting debt of the Metropolitan Government, authorized by a Supplemental Resolution and designated by the Metropolitan Government as being secured by a pledge of and lien on the Trust Estate on a parity basis with the lien created by Section 5.1 of this General Resolution.

"Parity Contract Obligations" means (i) any financing leases, installment purchase agreements or other similar evidences of indebtedness or obligations of the Metropolitan Government issued for the purposes of the System and in accordance with the terms of the General Resolution or (ii) any Reimbursement Agreement, each of which has been designated by resolution of the Metropolitan Government as a "parity obligation" to be secured under and entitled to the pledge set forth in the General Resolution.

"Parity Obligation Agreement" means any resolution, trust agreement, indenture, installment purchase agreement, lease, reimbursement agreement or other agreement executed by the Metropolitan Government in connection with the issuance of any Parity Obligation and designated as such therein. Reimbursement Agreements may constitute both a Parity Obligation and a Parity Obligation Agreement. This General Resolution shall constitute a Parity Obligation Agreement with respect to the Initial Parity Obligations.

"Parity Obligation Debt Service Expenses" means, for each month, the Accrued Interest and Accrued Principal due for such month and any other amounts required to be paid by the Metropolitan Government pursuant to Parity Obligations, but excluding from such calculation any portion of such amounts which are to be paid from the proceeds of Parity Obligations.

"Parity Obligations" means any Parity Bond Obligations and any Parity Contract Obligations and with respect to which the Trustee has authenticated and delivered a certificate of authentication in the form set forth in Section 2.6 hereof.

"Paying Agent" means any bank or trust company, as designated from time to time by the Metropolitan Government, authorized to pay the Principal of, premium, if any, and interest on any Parity Obligations as established in a Parity Obligation Agreement.

"Permitted Liens" means (i) the pledge of this General Resolution, (ii) easements, rights of way, restrictions or encumbrances that do not materially impair the operation of the System, (iii) mechanic's liens arising in the ordinary course of business or incident to the construction or improvement of any property in respect of obligations which are not yet due or for which adequate security is posted, (iv) liens securing purchase money obligations, and (v) Subordinated Obligations.

"Person" means an individual, corporation, firm, association, partnership, trust, limited liability company, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Pledge Period" means the Interim Pledge Period and the period commencing on the earlier of the scheduled Service Commencement Date or the Service Commencement Date and ending on the date upon which the lien created by Section 5.1 of this General Bond Resolution as discharged in accordance with the provisions hereof.

"Principal" means, as the context requires, the principal amount of any Parity Obligation and the Accreted Value of any Capital Appreciation Obligation. With respect to Parity Contract Obligations constituting lease payments or installment purchase payments or similar obligations not designated as "bonds" or "debt", principal shall refer to the "principal component" of the periodic payments made thereunder as so designated therein.

"Projected Net Operating Expense Amount" means, as of any date of computation and with respect to any applicable period of time, an amount reasonably projected by the Metropolitan Government to be the Operating Expenses, less Revenues reasonably expected to become available to pay such Operating Expenses during such period.

"Rating Agencies" means, with respect to any Parity Obligations, S&P, Moody's, Fitch or any other national municipal bond rating agency which has issued ratings at the request of the Metropolitan Government on such Parity Obligations.

"Redemption Price" means the Principal of a Parity Obligation payable upon its redemption, together with any redemption premium payable in connection therewith.

"Refunding Obligation" means any Parity Obligation of the Metropolitan Government incurred in accordance with the terms of any Parity Obligation Agreement, the proceeds of which are used to refund any previously issued Parity Obligation.

"Registrar" means, as to any Parity Obligation, the Trustee, registrar or paying agent or any national bank and/or trust company appointed by the Metropolitan Government to maintain the registration records for such Parity Obligation.

"Reimbursement Agreement" means any agreement between the Metropolitan Government and any issuer of a letter of credit, surety policy, insurance or guaranty arrangement, liquidity arrangement, which provides security for any Parity Obligation, which secures in whole or in part any Parity Obligation or participation interest in a Parity Obligation and which creates by its terms an obligation of the Metropolitan Government to reimburse the issuer of such credit facility following the payment by such party of any Parity Obligation or participation interest in a Parity Obligation.

"Renewal and Replacement Fund" means the fund so designated and established by the Metropolitan Government pursuant to Section 5.3 hereof.

"Renewal and Replacement Fund Requirement" means, (i) during any period in which in the determination of an Authorized Officer of the Metropolitan Government a Management Contract is in effect that requires the Operator to perform substantially all System maintenance,

zero and (ii) during any other period, with respect to any monthly transfer of funds as set forth in Section 5.4 hereof, an amount equal to 5% of gross Revenues during the preceding month, provided that such amount shall be zero at any time that the balance on deposit in the Renewal and Replacement Fund equals or exceeds \$250,000.

"Resold System Capacity Account" means the account so designated and created in the Operating Fund by the Metropolitan Government pursuant to Section 5.3 hereof.

"Retainage Account" means the account so designated and established in the System Improvement Fund by the Metropolitan Government pursuant to Section 5.3 hereof.

"Revenues" means all rates, fees or other charges or other income received by or on behalf of the Metropolitan Government in connection with ownership and operation of the System and the sale of steam or chilled water or other forms of energy for heating, cooling, manufacturing processes and other uses generated by the System, including amounts received by the Metropolitan Government which are paid pursuant to the Customer Contracts. Revenues shall also include amounts received from the investment or deposit of moneys in the Funds or Accounts and earnings thereon and proceeds of insurance (other than liability insurance). Revenues shall not mean or include (i) any amount received or receivable from the United States or the State (or any agency thereof) or from any other source as or on account of a grant or contribution for or with respect to (a) the construction, acquisition, improvement, extension, renewal or other development of any part of the System or (b) the financing of any of the foregoing, (ii) the proceeds of any Parity Obligations or Subordinated Obligations, (iii) the proceeds of any liability insurance or indemnity, (iv) amounts received by the Metropolitan Government as reimbursement for System costs incurred or expenses paid by the Metropolitan Government from non-System funds (such as reimbursement to the Metropolitan Government of its Incremental Costs), (v) distributions to the Metropolitan from the Surplus Fund, (vi) amounts paid by Initial Customers as an allowance for repairs and upgrades to the EDS pursuant to the Initial Customer Contracts, which shall be deposited and held in the EDS Repair and Improvement Account established in the Operating Fund for application in accordance therewith, (vii) Customer Reimbursable Amounts, which shall be deposited and held in the Resold System Capacity Account of the Operating Fund, (viii) except to the extent required to replenish a deficiency in a Debt Service Reserve Fund, 25% of New Customer Surplus Revenues, which shall be deposited and held in the Energy Conservation Fund for the payment of costs of energy conservation projects, (ix) delay liquidated damages paid pursuant to Section 12.01 the Initial Management Contract in excess of daily debt service, or (x) any amount received or receivable by the Metropolitan Government in a capacity other than as owner and operator of the System. For purposes of Section 5.4 only, Revenues shall not include (i) amounts received by the Metropolitan Government pursuant to the Interim Customer Contracts during the Interim Pledge Period, which shall be deposited directly in the Operating Reserve Fund; (ii) amounts paid as interconnection charges by a Customer pursuant to an Additional Customer Contract, which shall be deposited in the System Improvement Fund, (iii) amounts received as prepayments under an Additional Customer Contract allocable to interconnections or line extension costs, which shall be deposited at the direction of the Project Administrator into either the General Account of the Operating Fund or the Construction Account of the System Improvement Fund; (iv) payments made by Customers as a condition of terminating a Customer Contract, which shall be deposited in either (a) the Debt Service Fund and applied to the prepayment of Parity Obligations or (b) in the Contract Termination Account of the Operating Fund, in each case to the extent allocable to

debt service and operating expenses, respectively, based on the Customer's Contract Capacity as set forth in the Customer Contract, (v) proceeds of casualty insurance or condemnation received in connection with the System, which shall be deposited either in the System Improvement Fund or applied towards the prepayment of Parity Obligations, as the Metropolitan Government elects in accordance with Section 7.8 hereof, (vi) damage payments received by the Metropolitan Government in accordance with the Initial Management Contract for a delay in Scheduled Service Commencement equal to daily debt service, which shall be deposited in the Debt Service Fund, (vii) damage payments received by the Metropolitan Government as a result of a failure to achieve acceptance or a shortfall in output or fuel usage acceptance guarantees pursuant to the Initial Management Contract, which shall be deposited in the Debt Service Fund and applied to the prepayment of the Parity Obligations, (viii) damage payments paid by an Operator as a result of the early termination of any Management Contract for Operator default, which shall be deposited in the Contract Termination Account of the Operating Fund or payments corresponding to the foregoing with respect to any System Improvements financed with proceeds of Parity Obligations.

"S&P" means Standard & Poor's Ratings Group, a Division of The McGraw-Hill Companies, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Metropolitan Government.

"Scheduled Service Commencement Date" means the day that is 610 consecutive days following the Construction Commencement Date, provided that the Scheduled Service Commencement Date will be extended for each day of excused delay in accordance with the terms of the Initial Management Contract.

"Security Depository" means any securities depository performing book-entry registration services.

"Service Commencement Date" has the meaning set forth in the Initial Management Contract and means the date upon which Constellation Energy Service, Inc. commences delivery of steam and/or chilled water services to Customers in sufficient quality and quantity to satisfy the demands of the Metropolitan Government under all Customer Contracts; *provided, however*, if the Initial Management Contract is no longer in effect, Service Commencement Date means the date determined by the Metropolitan Government as the date on which service from the Initial System Improvements commences.

"Service Covenant" means the covenant set forth in Section 7.4 hereof.

"Services" means all services which are required to be provided by the Metropolitan Government pursuant to the Service Covenant, whether such services are provided through the use of the System, by Management Contracts, or otherwise.

"Sinking Fund Installment" means, as of any date of calculation, the amount of money required to be paid by the Metropolitan Government on a single future date for the retirement of outstanding Parity Obligations which are scheduled to mature after said future date.

"State" means the State of Tennessee.

"Subordinated Obligations" means any indebtedness or obligation of the Metropolitan Government described in Section 2.7 hereof incurred in connection with the System which is secured by a pledge of the Net Revenues but which (a) is, by the express terms of such indebtedness or obligation, subordinate to the pledge made in Section 5.1 hereof securing Parity Obligations and (b) otherwise meets the requirements of Section 2.7 hereof.

"Supplemental Agreement" has the meaning provided in Section 2.8 hereof.

"Supplemental Resolution" means any amendment, modification or supplement to this General Resolution executed in accordance with the provisions of Article 8 hereof.

"Surplus Fund" means the fund so designated and established by Metro pursuant to Section 5.3 hereof.

"System" means the energy generating facilities to be constructed pursuant to the Initial Management Contract (including the Initial System Improvements) any additional facilities for the generation, storage or distribution of thermal energy through the EDS, and the EDS, including any expansions thereto designated by the Metropolitan Government as part of the System.

"System Improvement" means any planning, development, financing, construction, operation or maintenance undertaken in whole or in part by the Metropolitan Government for the additions or improvements to, or replacements of the System.

"System Improvement Costs" means the Capital Costs of a System Improvement.

"System Improvement Fund" means the fund so designated and established by Metro pursuant to Section 5.3 hereof.

"System Improvement Fund Requirement" means, with respect to any month, that amount which the Metropolitan Government determines in its Annual Budget shall be the System Improvement Fund Requirement for that month.

"Tax and Nonarbitrage Certificate" means the tax and nonarbitrage certificate or similar agreement or certificate executed by the Metropolitan Government in connection with any Parity Obligations which are issued as Tax-Exempt Parity Obligations, which certificate or agreement relates to the exclusion from gross income pursuant to the Code of interest of such Parity Obligations.

"Tax-Exempt Parity Obligation" means any Parity Obligation the interest on which is intended to be excludable from gross income pursuant to the Code (notwithstanding the application of the provisions of the Code relating to alternative minimum taxation).

"Thermal Facility" means the waste-to-energy facility and related heating and cooling equipment that is owned by the Metropolitan Government and is being operated as of the date of adoption of this General Resolution by NTTC.

"Trust Estate" means the collateral pledged as security for the Parity Obligations under Section 5.1 of this General Resolution.

"Trustee" means, with respect to any Parity Obligations, the bank, trust company or national banking association appointed to act as Trustee under this General Resolution and any other person at any time substituted in its place in accordance with the terms of this General Resolution.

"Variable Rate Obligation" means as of any date of determination any Parity Obligation with respect to which the interest rate borne thereby may vary during any part of its remaining term.

Section 1.3. Rules of Construction. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this General Resolution.

All references herein to "Articles", "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this General Resolution; the words "herein", "hereof", "hereby", "hereunder" and other words of similar import refer to this General Resolution as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

With respect to Parity Obligations constituting financing lease agreements, installment purchase agreements or similar obligations, references herein to interest, and principal shall be deemed to apply to the "interest component" or the "principal component", respectively, or such analogous designations as may be applicable, of the periodic payments due thereunder.

Section 1.4. Content of Certificates and Opinion. Every certificate or opinion provided for in this General Resolution with respect to compliance with any provision hereof shall include (1) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that (a) in the opinion of such Person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter or (b) he or she had made or caused to be made his or her examination or investigation with respect to the subject matter in accordance with specified professional standards; (4) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (5) a statement as to whether, in the opinion of such Person, such provision has been complied with.

Any such certificate or opinion made or given by an Authorized Officer of the Metropolitan Government may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or an independent consultant, unless such Authorized Officer of the Metropolitan Government knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Metropolitan Government) upon a certificate or opinion of or representation by an Authorized Officer of the Metropolitan Government, unless such counsel, accountant or independent consultant knows, or in the exercise of reasonable care

should have known, that the certificate or opinion or representation with respect to the matters upon which such Person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same Authorized Officer of the Metropolitan Government, or the same counsel or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this General Resolution, but different officers, employees, counsel, accountants or independent consultants may certify to different matters, respectively.

ARTICLE 2

AUTHORIZATION, TERMS AND ISSUANCE OF PARITY OBLIGATIONS

Section 2.1. Resolution to Constitute Contract; Parity Obligations. In consideration of the purchase and acceptance or execution and delivery of the Parity Obligations by the Beneficiaries from time to time, the provisions of the General Resolution shall be a part of the contract of the Metropolitan Government and the Beneficiaries and shall be deemed to be and shall constitute a contract among the Metropolitan Government, the Trustee and the Beneficiaries from time to time of Parity Obligations. The pledges and assignments made hereby and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Metropolitan Government shall be for the equal benefit, protection and security of the Beneficiaries of any and all of such Parity Obligations, each of which, regardless of the time or times of its issue or execution or maturity or term, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in this General Resolution.

Section 2.2. Obligation of the Metropolitan Government With Respect to Parity Obligations. The Parity Obligations authorized to be issued or executed and delivered under or pursuant to the General Resolution shall be authorized pursuant to the Act and the Charter and shall be limited obligations of the Metropolitan Government payable solely from the Trust Estate. The Parity Obligations shall not be deemed to constitute a full faith and credit general obligation of the Metropolitan Government for which there is a right to compel the exercise of the ad valorem taxing power of the Metropolitan Government.

Section 2.3. Authorization, Purpose, Terms and Issuance of Initial Parity Obligations.
(A) That for the purpose of providing sufficient funds to pay the Capital Costs of the Initial System Improvements, to fund efficiency improvements to Customer premises, to fund the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement for the Initial Parity Obligations, to fund the Initial System improvements and to defray all incidental and necessary expenses in connection with the foregoing, including capitalized interest, issuance costs and operating reserves, initial Bonds of the Metropolitan Government constituting Parity Obligations are hereby authorized to be issued hereunder, in one or more series, pursuant to the Act and the Charter, in an aggregate principal amount not to exceed \$66,700,000, with a maturity date not longer than 33 years, and with a true interest cost not to exceed 6.50% (taking into account any original issue premium or discount). The Initial Parity Obligations shall bear the designation "District Energy System Revenue Bonds, 2002 Series A". Costs expressly authorized to be paid from the proceeds of the Initial Parity Obligations include (i) the construction price of the improvements to be made pursuant to the Initial Management Contract, (ii) land acquisition for the improvements to be made pursuant to the Initial Management Contract, (iii) thermal storage and electrical peak shaving system, (iv) steam and chilled water distribution system improvements and expansions, (v) metering for buildings connected to the System, (vi) improvements to Customers' energy use systems ("Delta T projects"), (vii) changes in pumping requirements and associated equipment, (viii) electrical substation modifications, (ix) system administration, development, monitoring, engineering and related matters, (x) establishment of an energy conservation fund, and (xi) reasonable contingencies.

(B) Whether Section 2.13 (book-entry) shall apply, whether a Credit Facility shall be obtained for the Initial Parity Obligations and/or any reserve funds established therefor, the

principal amount, dated dates, maturity dates, interest rates and interest payment dates for the Initial Parity Obligations, and the applicable redemption provisions shall be set forth in a Supplemental Resolution adopted by the Metropolitan Council, in each case subject to the limitations set forth in this Section.

(C) The Initial Parity Obligations shall be issued in fully registered form, in Authorized Denominations, and shall be lettered R and numbered consequently from 1 upward in the order of their issuance. Subject to the provisions of this General Resolution, the Initial Parity Obligations shall be in substantially the form set forth in the related Supplemental Resolution.

(D) The proceeds of the Initial Parity Obligations herein authorized may be applied to reimburse the Metropolitan Government for expenditures made after the effective date of Resolution RS2001-875 for the purposes for which said Parity Obligations are authorized. The foregoing statement with respect to reimbursement is made in conformity with Treasury Regulation Section 1.150-2 of the United States Treasury Department.

(E) There shall be established a Debt Service Reserve Fund for the Initial Parity Obligations in an amount equal to the Initial Parity Obligation Debt Service Reserve Fund Requirement. The Debt Service Reserve Fund shall initially be funded from the proceeds of the Initial Parity Obligations, or in lieu thereof, the Metropolitan Government may determine to deposit a reserve fund insurance policy, surety bond or reserve fund letter of credit therein for all or a portion of the Initial Parity Obligation Debt Service Reserve Fund Requirement, such determination and the terms of such policy or surety bond to be set forth in the applicable Supplemental Resolution.

(F) The Director of Finance is authorized to distribute one or more Preliminary Official Statements of the Metropolitan Government relating to the Initial Parity Obligations, substantially in a form to be submitted to the Metropolitan Council for its review and, on behalf of the Metropolitan Government, to deem such Preliminary Official Statement final as of its date in order to comply with the provisions of Rule 15c2-12 of the Securities Exchange Act of 1934.

Section 2.4. Execution of Parity Obligation. Except for the Initial Parity Obligation and except as expressly provided in the definition of Parity Obligations, the Metropolitan Government may not execute any Parity Obligation except as provided in this Article 2.

Section 2.5. Conditions Precedent to the Execution and Delivery of Parity Obligations.

(A) The Metropolitan Government may execute or enter into and deliver any Parity Obligation pursuant to the terms of this General Resolution only if the Metropolitan Government has delivered or caused to be delivered to the Trustee with respect to such Parity Obligation the following:

(1) An original executed counterpart or a copy, certified as correct and complete by an Authorized Officer of the Metropolitan Government, of this General Resolution, together with all Supplemental Resolutions, including the Supplemental Resolution, if any, authorizing such Parity Obligation.

(2) An opinion of Bond Counsel substantially to the effect that (a) this General Resolution and each Supplemental Resolution are in full force and effect and are

valid and binding on the Metropolitan Government in accordance with their respective terms and that the Metropolitan Government may lawfully execute such Parity Obligation; (b) this General Resolution creates a valid pledge which it purports to create of the Net Revenues, moneys, security, assets and funds which are held or set aside under the terms of this General Resolution to the payment of such Parity Obligation, subject only to the provisions of this General Resolution permitting the application thereof for or to the purposes and on the terms and conditions set forth in this General Resolution; and (c) the Parity Obligation is a valid and binding obligation of the Metropolitan Government, as provided in this General Resolution and the applicable Supplemental Resolution and Parity Obligation Agreement, and the person or persons with whom the Metropolitan Government executes the Parity Obligation or the Parity Obligation Agreement or both, as applicable, are entitled to the benefits of this General Resolution, and that the Parity Obligation or the Parity Obligation Agreement or both, as applicable, have been duly and validly executed in accordance with applicable law and in accordance with the terms of this General Resolution; provided, however, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally, general principles of equity and the exercise of judicial discretion and may expressly disclaim any responsibility for any financial or statistical data furnished to satisfy a condition precedent.

(3) A copy of any resolution of the Metropolitan Government authorizing the issuance or execution and delivery of such Parity Obligation or Parity Obligation Agreement or both, as applicable (certified by the appropriate official), and any instruments which are required to be delivered pursuant to such Parity Obligation Agreement.

(4) If credit enhancement or liquidity support is to be provided at the time of issuance of the Parity Obligation, the executed Credit Facility, if any, relating to the Parity Obligation.

(5) A certificate of an Authorized Officer of the Metropolitan Government stating that (a) the Metropolitan Government is not in default with respect to any Parity Obligation or Parity Obligation Agreement, and (b) the Metropolitan Government is not in default in the performance of any of its covenants and agreements under this General Resolution.

(6) Except with respect to (i) the Initial Parity Obligations, (ii) Parity Obligations issued or executed and delivered to refund other Parity Obligations for the purpose of reducing debt service and (iii) Parity Obligations issued or executed and delivered for the purpose of financing repairs or improvements necessary (as evidenced by a certificate of an Authorized Officer of the Metropolitan Government) for the operation of the System, a certificate of an Authorized Officer of the Metropolitan Government to the effect that (y) Net Revenues for the immediately preceding Fiscal Year (including all payments by the Metropolitan Government pursuant to Section 7.7 hereof) were at least equal to Parity Obligation Debt Service Expenses for such Fiscal Year and (z) projected Net Revenues for the current Fiscal Year (including all payments by the Metropolitan Government pursuant to Section 7.7 hereof included in a then current appropriation), taking into account the proposed issue or execution and delivery of Parity

Obligations and the expenses related to the project financed with proceeds of such Parity Obligations, are expected to be at least sufficient to pay Parity Obligation Debt Services Expenses for such Fiscal Year.

(B) Notwithstanding the foregoing, the certification described in Section 2.5(A)(5) is not required for (1) the issuance or the execution and delivery of Parity Obligations to finance any Capital Cost or other cost of the System which is required to be incurred in order to avoid a violation of applicable law, or to pay any final judgment against, or finance any other obligation imposed by law on, the Metropolitan Government related to the operation of the System or (2) the issuance of Completion Obligations upon the filing of a certificate of a Consulting Expert that the Capital Costs to be financed by the Parity Obligations is a cost included within the definitions of Completion Obligations.

Section 2.6. Certification by the Trustee. No obligation of the Metropolitan Government shall constitute a Parity Obligation secured by the pledge of this General Resolution unless:

(i) the Trustee shall have executed and delivered a certificate to the effect that, with respect to such obligations, all documents and moneys required by the General Resolution to be received by the Trustee as conditions precedent to the execution or issuance of Parity Obligations have been received; and

(ii) the Trustee shall have authenticated such obligations by manually executing on the obligations a certificate in the following form:

"Trustee's Certificate of Authentication

This [identity of obligation] is a Parity Obligation delivered pursuant to the Metropolitan Government's General Resolution adopted on _____, 2002.

_____ as Trustee

Date of Authentication: _____

By: _____
Authorized Officer"

Section 2.7. Creation of Liens; Subordinated Obligations. Except as provided in this Section 2.7, the Metropolitan Government shall not issue any bonds, notes, or other evidences of indebtedness or enter into any obligations, other than Parity Obligations, which are secured by a pledge of or other lien or charge on the Net Revenues and shall not create or cause to be created any lien or charge on such Net Revenues under the terms of this General Resolution; provided, however, that neither this section nor any other provision of this General Resolution prevents the Metropolitan Government from issuing bonds, notes or other evidences of indebtedness or obligations for the purposes of the System which are payable out of or which are secured by a pledge of Net Revenues which are to be derived on and after such date as there is no longer any Parity Obligation outstanding. In addition, the Metropolitan Government is not prevented from issuing bonds or notes or other indebtedness or obligations for the purposes of the System which are payable out of or which are secured by a subordinate pledge of the Net Revenues or by a pledge of amounts in the Surplus Fund ("Subordinated Obligations"), provided that such obligations recite on their face that (a) such pledge of said amounts is and shall be in all respects subordinate to the provisions of this General Resolution and the lien and pledge created by this General Resolution, and (b) no payment of the principal or redemption price of or interest on such obligations shall be made in any year, nor shall any Revenues or other assets of the System be applied to the purchase or other acquisition or retirement of such obligation if an Event of Default has occurred and is continuing or would occur immediately after giving effect to such payment or application. Subordinated Obligations may be issued pursuant to a Supplemental Resolution.

Section 2.8. Amendment of Parity Obligation and Parity Obligation Agreements. Once executed and authenticated in accordance with this Article 2, any Parity Obligation or Parity Obligation Agreement shall then be considered a Supplemental Agreement which may be amended only in accordance with the terms of Article 9 hereof. Compliance with the provisions of Article 9 shall not be a precondition to the execution and delivery of a Parity Obligation or Parity Obligation Agreement executed in accordance with this Article 2.

Section 2.9. Registration of Transfer and Exchange of Parity Bond Obligations; Persons Treated as Holders. The Trustee shall act as initial registrar (the "Registrar") and in such capacity shall maintain a register (the "Register") for the registration and transfer of Parity Bond Obligations. Upon surrender of any Parity Bond Obligations to the Trustee, together with an assignment duly executed by the current holder of such Parity Bond Obligations or such holder's duly authorized attorney or legal representative in such form as shall be satisfactory, to the

Trustee, such Parity Bond Obligations, may, at the option of the holder, be exchanged for equal aggregate principal amount of Parity Bond Obligations of the same series and maturity, of Authorized Denominations and bearing interest at the same rate and in the same form as the Parity Bond Obligations surrendered for exchange, registered in the name or names requested by the assignee of the then holder; provided the Trustee is not required to exchange or register the transfer of Parity Bond Obligations after giving of notice calling such Bond for redemption, in whole or in part. The Metropolitan Government shall execute and the Trustee shall authenticate any Parity Bond Obligations whose execution and authentication is necessary to provide for exchange of Parity Bond Obligations pursuant to this Section and the Metropolitan Government may rely on a representation from the Trustee that such execution is required. The Trustee may make a charge to any Bondholder requesting such exchange or registration in the amount of any tax or other governmental charge required to be paid with respect thereto but will not impose any other charge.

Prior to due presentment for registration of transfer of any Parity Bond Obligation, the Trustee shall treat the Person shown on the Register as owning a Parity Bond Obligation as the holder and the Person exclusively entitled to payment of principal thereof, redemption premium, if any, and interest thereon and, except as otherwise expressly provided herein, the exercise of all other rights and powers of the owner thereof, and neither the Metropolitan Government, the Trustee nor any agent of the Metropolitan Government or the Trustee shall be affected by notice to the contrary.

Section 2.10. Temporary Parity Bond Obligations. Prior to the preparation of definitive Parity Bond Obligations of a series the Metropolitan Government may issue temporary Parity Bond Obligations in registered form and in such denominations as the Metropolitan Government may determine but otherwise in substantially the form provided for definitive Parity Bond Obligations of such series with appropriate variations, omissions and insertions. The Metropolitan Government shall promptly prepare, execute and deliver to the Trustee before the first interest payment date for such Parity Bond Obligations, definitive Parity Bond Obligations and, upon presentation and surrender of Parity Bond Obligations in temporary form, the Trustee shall authenticate and deliver in exchange therefor definitive Parity Bond Obligations the same maturity for the same aggregate principal amount. Until exchanged for definitive Parity Bond Obligations, Parity Bond Obligations in temporary form shall be entitled to the lien and benefit of this General Resolution.

Section 2.11. Mutilated, Lost or Destroyed Parity Bond Obligations. If any Parity Bond Obligation has been mutilated, lost or destroyed, the Metropolitan Government shall execute, and the Trustee shall authenticate and deliver to the holder, a new Parity Bond Obligation of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Parity Bond Obligation or in lieu of and in substitution for such lost or destroyed Parity Bond Obligation but only if the holder has paid the reasonable expenses and charges of the Metropolitan Government and the Trustee in connection therewith and, in the case of a lost or destroyed Parity Bond Obligation, (a) filed with the Trustee evidence satisfactory to the Trustee that such Parity Bond Obligation was lost or destroyed and (b) furnished to the Trustee and the Metropolitan Government indemnity satisfactory to each. If any such Parity Bond Obligation has matured or been called for redemption and is payable, instead of issuing a new Parity Bond Obligation, the Trustee may pay the same without issuing a replacement Parity Bond Obligation.

If, after the delivery of such replacement Parity Bond Obligation, the original Parity Bond Obligation in lieu of which such replacement Parity Bond Obligation was issued is presented for payment or registration, the Trustee shall seek to recover such replacement Parity Bond Obligation from the person to whom it was delivered or any person taking therefrom and shall be entitled to recover from the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Trustee or the Metropolitan Government in connection therewith.

Section 2.12. Cancellation and Disposition of Parity Bond Obligations. The Metropolitan Government may deliver Parity Bond Obligations to the Trustee for cancellation at any time and for any reason and the Trustee is hereby authorized to cancel such Parity Bond Obligations. All Parity Bond Obligations that have been paid (whether at maturity or by acceleration, upon redemption or pursuant to Section 5.13) or delivered to the Trustee for cancellation shall not be reissued. Unless otherwise directed by the Metropolitan Government, the Trustee shall treat such Parity Bond Obligations in accordance with its document retention policies or as may be directed by State law.

Section 2.13. Securities Depository Provisions. If the Director of Finance so determines, Parity Bond Obligations shall be Book Entry Bonds. All Book Entry Bonds shall be registered in the name of Cede & Co, as nominee of DTC. The Metropolitan Government shall execute and deliver a Letter of Representations with DTC if required by DTC. All payments of principal of, redemption premium, if any, and interest on the Book Entry Bonds and all notices with respect thereto, including notices of full or partial redemption, shall be made and given at the times and in the manner set out in the Letter of Representations. The terms and provisions of the Letter of Representations shall govern in the event of any inconsistency between the provisions of this General Resolution and the Letter of Representations. The Letter of Representations may be amended without consent of the holders of Book Entry Bonds.

The book-entry registration system for all of the Book Entry Bonds may be terminated and certificates delivered to and registered in the name of the Beneficiary, under either of the following circumstances:

(a) DTC notifies the Metropolitan Government and the Trustee that it is no longer willing or able to act as Securities Depository for the Book Entry Bonds and a successor Securities Depository for the Book Entry Bonds is not appointed by the Metropolitan Government prior to the effective date of such discontinuation; or

(b) The Metropolitan Government determines that continuation of the book-entry system through DTC (or a successor securities depository) is not in the best interest of the Metropolitan Government or the owners of the Book Entry Bonds.

In the event a successor Securities Depository is appointed by the Metropolitan Government, the Book Entry Bonds will be registered in the name of such successor Securities Depository or its nominee. In the event certificates are required to be issued to Beneficiaries, the Trustee, and the Metropolitan Government shall be fully protected in relying upon a certificate of DTC or any DTC participant as to the identity of and the principal amount of Book Entry Bonds held by such Beneficiaries.

The Beneficiaries of Book Entry Bonds will not receive physical delivery of certificates except as provided herein. For so-long as there is a Securities Depository for Book Entry Bonds, all of such Book Entry Bonds shall be registered in the name of the nominee of the Securities Depository, all transfers of beneficial ownership interests in such Book Entry Bonds will be made in accordance with the rules of the Securities Depository, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of such Book Entry Bonds is to receive, hold or deliver any certificate. The Metropolitan Government and the Trustee shall have no responsibility or liability for transfers of beneficial ownership interests in such Book Entry Bonds.

The Metropolitan Government and the Trustee will recognize the Securities Depository or its nominee as the holder of Book Entry Bonds for all purposes, including receipt of payments, notices and voting; provided the Trustee may recognize votes by or on behalf of Beneficiaries as if such votes were made by holders of a related portion of the Book Entry Bonds when such votes are received in compliance with an omnibus proxy of the Securities Depository or otherwise pursuant to the rules of the Securities Depository or the provisions of the Letter of Representations or other comparable evidence delivered to the Trustee by the holders.

With respect to Book Entry Bonds, the Metropolitan Government and the Trustee shall be entitled to treat the Person in whose name such Book Entry Bond is registered as the absolute owner of such Book Entry Bond for all purposes of this General Resolution, and neither the Metropolitan Government nor the Trustee shall have any responsibility or obligation to any Beneficiary of such Book Entry Bond. Without limiting the immediately preceding sentence, neither the Metropolitan Government nor the Trustee shall have any responsibility or obligation with respect to (a) the accuracy of the records of any Securities Depository or any other Person with respect to any ownership interest in Book Entry Bonds, (b) the delivery to any Person, other than a holder, of any notice with respect to Book Entry Bonds, including any notice of redemption or refunding, (c) the selection of the particular Book Entry Bonds or portions thereof to be redeemed or refunded in the event of a partial redemption or refunding of part of the Book Entry Bonds outstanding or (d) the payment to any Person, other than a holder, of any amount with respect to the principal of, redemption premium, if any, or interest on Book Entry Bonds.

ARTICLE 3

GENERAL TERMS AND PROVISIONS OF PARITY OBLIGATIONS

Section 3.1. Medium of Payment, Denomination, Maturities, Form and Date.

(A) The Parity Bond Obligations shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest on the Parity Bond Obligations shall be mailed by the Paying Agent to the holders of the Bonds at their last addresses appearing on the registration books of the Metropolitan Government maintained by the Registrar.

(B) Parity Bond Obligations shall be issued in Authorized Denominations.

(C) The date upon which any Principal of and interest on Parity Bond Obligations of any series shall be payable shall be established in the Supplemental Resolution authorizing such Bonds.

(D) Parity Bond Obligations shall be issued in fully registered form, without coupons.

(E) The Metropolitan Government is hereby authorized to provide by Supplemental Resolution for the issuance of one or more series of Parity Bond Obligations solely in fully registered form registrable to a depositary, a nominee or the beneficial owner of the Parity Bond Obligations. The Metropolitan Government is further authorized to provide by Supplemental Resolution that such series of Parity Bond Obligations shall be evidenced by one or more certificates or by a system of book entries in form satisfactory to the Director of Finance and to provide for payment, redemption, notices and like provisions in a manner consistent with such system of registration.

(F) All Parity Bond Obligations shall bear interest at such rate or rates, if any, from their date. Parity Bond Obligations shall be dated as of the date specified by Supplemental Resolution. If, however, as shown by the records of the Registrar, interest on such Parity Bond Obligations shall be in default, the Parity Bond Obligations issued in lieu of Parity Bond Obligations surrendered for transfer shall be dated as of the date to which interest has been paid in full on the Parity Bond Obligations surrendered.

Section 3.2. Legends. The Parity Bond Obligations of each series may contain or have endorsed thereon such provisions, specifications and descriptive words inconsistent with the provisions of the General Resolution as may be necessary or desirable to comply with custom, or otherwise.

Section 3.3. Execution. After their authorization by a Supplemental Resolution, Parity Bond Obligations of a series may be executed by or on behalf of the Metropolitan Government and delivered to the purchasers thereof. The Parity Bond Obligations shall be executed in the name and on behalf of the Metropolitan Government by the facsimile signature of the Metropolitan County Mayor and the facsimile signature of the Metropolitan Treasurer, or in such other manner as prescribed by applicable law. The seal of the Metropolitan Government (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon, and attested by the facsimile signature of the Metropolitan Clerk, or in such other

manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Parity Bond Obligations shall cease to be such officer or employee before the Parity Bond Obligations so signed and sealed shall have been actually delivered, such Parity Bond Obligations may nevertheless be delivered as herein provided, and may be issued as if the person who signed or sealed such Parity Bond Obligations had not ceased to hold such office or be so employed. Any Parity Bond Obligation may be signed and sealed on behalf of the Metropolitan Government by such persons as at the actual time of execution of such Parity Bond Obligation of a series shall be duly authorized or hold the proper office in or employment by the Metropolitan Government, although at the date of the Parity Bond Obligations of such series such persons may not have been so authorized or have held such office or employment.

ARTICLE 4

APPLICATION OF PROCEEDS OF PARITY BOND OBLIGATIONS

Section 4.1. Application of Proceeds, Accrued Interest and Premium. Except as provided below, the proceeds of sale of any series of Parity Bond Obligations shall, as soon as practicable upon the delivery of the Parity Bond Obligations by the Trustee pursuant to Section 2.5, be applied as follows:

(1) the accrued interest on the Parity Obligations shall be deposited in the Debt Service Fund;

(2) capitalized interest, if any, to be funded with proceeds of the Parity Bond Obligations shall be deposited in the Capitalized Interest Account of the System Improvement Fund;

(3) the amount required to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement for all Parity Obligations immediately after the delivery of the series of Parity Bond Obligations shall be deposited in the Debt Service Reserve Fund (which amount may include a reserve fund insurance policy or surety bond in accordance with Section 5.4(B) hereof);

(4) the amount, if any, of the premium paid for the purchase of the Parity Bond Obligations shall be applied as required by the applicable Supplemental Resolution;

(5) the amount, if any, to be applied to the refunding of Parity Bond Obligations or other obligations of the Metropolitan Government shall be applied as provided in the Supplemental Resolution establishing the issuance of the Refunding Obligations or the issuance of Parity Bond Obligations to refund other obligations of the Metropolitan Government;

(6) the amount, if any, to be deposited in the Operating Fund, the Operating Reserve Fund, the Renewal and Replacement Fund or the Energy Conservation Fund shall be applied as provided by the applicable Supplemental Resolution;

(7) the reimbursement to the Metropolitan Government for any of the foregoing previously paid by the Metropolitan Government; and

(8) the balance remaining after such deposits and payments have been made shall be deposited in the Construction Account of the System Improvement Fund.

Section 4.2. Application of System Improvement Fund.

(A) The System Improvement Fund shall be applied for any of the following purposes:

(1) the payment of Costs of Issuance;

- (2) the payment of Debt Service on Parity Obligations to the extent that the amount in the Debt Service Fund on any interest payment date is insufficient therefor; and
- (3) the payment of all Costs of Construction;
- (4) the payment of notes issued for the payment of costs reasonably necessary in connection with the acquisition and construction of the System or any portion thereof; and
- (5) transfer to the Debt Service Fund to prepay Parity Obligations.

(B) Upon the filing with the Metropolitan Treasurer of a Certificate signed by the Project Administrator stating that construction of a System Improvement has been substantially completed and setting forth an amount necessary to pay all unpaid Costs of Construction, the Metropolitan Treasurer shall direct the Trustee to deposit, and the Trustee shall deposit, in the Debt Service Fund all amounts in excess of the amount specified as necessary to pay all unpaid Costs of Construction, *provided, however*, the Metropolitan Government may by resolution authorize another use of such funds if, in the opinion of Bond Counsel, such use is permitted under the terms of the General Resolution and will not adversely affect the exclusion of interest on the applicable Parity Obligations from gross income for federal income tax purposes.

Section 4.3. Costs of Construction. Upon the filing from time to time with the Metropolitan Treasurer of requisitions with respect to Costs of Construction signed by the Project Administrator, stating by general classification the purpose for which each disbursement is to be made and that such work was actually performed or such materials, supplies or equipment actually delivered, installed or fabricated, the Metropolitan Treasurer shall cause the Trustee to make a disbursement from the System Improvement Fund for the payment of such Costs of Construction.

Section 4.4. Application of Proceeds of Refunding Obligations. The proceeds of the Refunding Obligations shall be deposited as provided in the Supplemental Resolution authorizing such Refunding Obligations.

ARTICLE 5

PLEDGE; FUNDS AND ACCOUNTS

Section 5.1. The Pledge Effected by the General Resolution. (A) Subject to the provision set forth in paragraph (B), to secure the payment of the principal or redemption price, if any, of and interest on, the Parity Obligations (including Sinking Fund Installments for the retirement thereof) in accordance with their terms and the provisions of this General Resolution and the performance by the Metropolitan Government of all of its obligations under the terms and provisions of this General Resolution, the Metropolitan Government does hereby pledge and assign to the Trustee, and grant to the Trustee a security interest in, (i)(a) the proceeds of the sale of Parity Bond Obligations, (b) the Net Revenues, (c) all funds and accounts established by this General Resolution (net of amounts required to pay Operating Expenses), including the moneys or investments, if any, therein or thereof (provided a Debt Service Reserve Fund shall be pledged only to the series of Parity Bond Obligations for which such Debt Service Reserve Fund has been established), subject only to the provisions of this General Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this General Resolution, and (ii) the right, title and interests of the Metropolitan Government in, to and under, including the right to receive payments or other amounts (net of amounts required to pay Operating Expenses) (a) the Customer Contracts, (b) any Management Contract, (c) any Performance Guaranty, and (d) any Fuel Purchase Contract. The money and property hereby pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and such lien shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice hereof.

(B) The pledge made in paragraph (A) shall become effective immediately upon the issuance of the Initial Parity Obligations, *provided, however*, the pledge of (i) all Revenues derived from amounts received by the Metropolitan Government pursuant to the Interim Customer Contracts, and (ii) the Interim Customer Contracts, shall be effective only during the Pledge Period.

Section 5.2. Limited Obligation of the Metropolitan Government.

(A) All Parity Obligations are limited obligations of the Metropolitan Government and any payments required thereunder obligate the Metropolitan Government solely from the moneys, funds and accounts which are pledged, as and to the extent provided in Section 5.1 hereof and pursuant to the terms of any Parity Obligation Agreement. Any Beneficiary of a Parity Obligation with the Metropolitan Government is entitled to the benefit of the continuing pledge and lien created by this General Resolution to secure the full and final payment of any amounts required to be paid by the Metropolitan Government pursuant to such Parity Obligations, subject only to the provisions of this General Resolution permitting the application of any pledged amounts for or to the purposes and on the terms and conditions set forth in this General Resolution.

(B) (1) No recourse shall be had for the payment of the Parity Obligations, or interest thereon, or any part thereof, against the general funds of any local government, including the Metropolitan Government, nor shall the full faith and credit or taxing power of any local government, including the Metropolitan Government, be deemed to be pledged to the payment of the Parity Obligations.

(2) The Parity Obligations and interest thereon, shall not be a debt of the local government, including the Metropolitan Government, nor a charge, lien or encumbrance, legal or equitable, upon any property of the local government, including the Metropolitan Government, or upon any income, receipts or revenues of the local government, including the Metropolitan Government, other than the Net Revenues that have been pledged to the payment of the Parity Obligations. Every Parity Obligation shall recite in substance that the Parity Obligation including interest thereon, is payable solely from the revenues pledged to the payment thereof and that the Metropolitan Government is under no obligation to pay the same, except from those revenues.

(C) In consideration of the purchase or execution of Parity Obligations by various Beneficiaries from time to time, the provisions of this General Resolution are deemed to be and do constitute a contract between Metropolitan Government and any Beneficiary, and the covenants and agreements set forth herein are for the equal and ratable benefit of each Beneficiary. The pledge which is made in this General Resolution is for the equal benefit, protection and security of any Beneficiary which holds a Parity Obligation of the Metropolitan Government, subject only to the provisions of this General Resolution permitting the application of any pledged amounts for or to the purposes and on the terms and conditions set forth in this General Resolution.

Section 5.3. Establishment of Funds and Accounts.

(A) The Metropolitan Government hereby establishes and creates the following special funds and accounts for the System:

- (1) Operating Fund;
 - (a) General Account
 - (b) EDS Repair and Improvement Account
 - (c) Customer Reconciliation Account
 - (d) Contract Termination Account
 - (e) Resold System Capacity Account
- (2) Operating Reserve Fund;
- (3) Debt Service Fund;
- (4) Debt Service Reserve Fund;
- (5) Renewal and Replacement Fund;
- (6) System Improvement Fund;
 - (a) Construction Account
 - (b) Capitalized Interest Account

(c) Retainage Account

(7) Energy Conservation Fund; and

(8) Surplus Fund.

(B) Each of said funds and accounts shall be held by the Trustee.

(C) Other funds, accounts and subaccounts may be created as necessary or desirable to effectuate the purposes of this General Resolution.

Section 5.4. Deposit of Revenues and Other Payments in Operating Fund.

(A) There shall be established in the Operating Fund five separate accounts to be designated, respectively, the “General Account”, the “EDS Repair and Improvement Account”, the “Customer Reconciliation Account”, the “Contract Termination Account” and the “Resold System Capacity Account”.

(B) General Account. Except as otherwise provided in this General Resolution or in any Supplemental Resolution, all Revenues shall be collected by or on behalf of the Metropolitan Government and shall be deposited in the General Account of the Operating Fund in amounts which shall be sufficient to:

- (1) pay Operating Expenses;
- (2) make payments when due on all Parity Obligations and Subordinated Obligations;
- (3) restore any Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement;
- (4) fund all other funds and accounts established pursuant to this General Resolution at their required levels;
- (5) fund all funds established pursuant to any Parity Obligation Agreement at their required levels;
- (6) fund all necessary administration, repairs, replacements, renewals and improvements to the System.

Except as otherwise provided below in this Section 5.4(B), the Metropolitan Government shall apply amounts in the General Account to pay Operating Expenses (including payments for services under a Management Contract), consistent with Metropolitan Government procurement and payment procedures. In addition, following the Service Commencement Date, on the first Business Day of each month the Metropolitan Government shall, after retaining amounts in the General Account equal to the Projected Net Operating Expense Amount for that month, make the following transfers of funds out of the General Account, in the order of priority set forth below, if and to the extent sufficient funds are available:

(1) First, the Metropolitan Government shall transfer from the General Account to the Debt Service Fund an amount such that the balance in the Debt Service Fund shall be equal to Accrued Interest and Accrued Principal on all Parity Obligations through the first day of the following month;

(2) Second, the Metropolitan Government shall transfer from the General Account to the applicable Debt Service Reserve Fund for each issue of Parity Obligations, an amount equal to the Debt Service Reserve Fund Deposit Requirement;

(3) Third, the Metropolitan Government shall transfer from the General Account to the Operating Reserve Fund, (i) during the first twenty-four months following adoption of this General Resolution and issuance of the Initial Parity Obligations, until such time as the balance in the Operating Reserve Fund equals the Operating Reserve Fund Requirement, an amount equal to 1/24 of the Operating Reserve Fund Requirement and (ii) following such twenty-four month period the amount, if any, necessary to increase the balance in the Operating Reserve Fund to the Operating Reserve Fund Requirement;

(4) Fourth, the Metropolitan Government shall transfer from the General Account to the Renewal and Replacement Fund, an amount equal to the Renewal and Replacement Fund Requirement;

(5) Fifth, the Metropolitan Government shall transfer from the General Account to the System Improvement Fund, an amount equal to the System Improvement Fund Requirement for the applicable month;

(6) Sixth, the Metropolitan Government may, but shall not be required to, during each month, after making all transfers required in paragraphs (1) through (5), transfer any surpluses in the General Account to the Surplus Fund; provided such transfer may be made only if (x) there is reserved in the General Account an amount sufficient to pay Operating Expenses during the six-month period immediately following such transfer, (y) there is reserved in the Debt Service Fund an amount sufficient to pay (1) all Parity Obligation Debt Service Expenses coming due during the six-month period immediately following such transfer and (2) all other funds at their required levels.

Notwithstanding the foregoing provisions, if on the first Business day of each month it is determined that after payment of all amounts required to be deposited in the General Account of the Operating Fund, there shall be insufficient amounts available for deposit in the Debt Service Fund to pay Parity Obligation Debt Service Expenses when due, the Metropolitan Government shall not reimburse itself as an Operating Expense for its Incremental Costs then due and payable and shall delay payment of such Incremental Costs until sufficient Revenues become available hereunder.

Notwithstanding the foregoing provisions, in lieu of the required deposits of Revenues into the applicable Debt Service Reserve Fund, the Metropolitan Government may cause to be deposited into the applicable Debt Service Reserve Fund a reserve fund insurance policy, surety bond or reserve fund letter of credit for the benefit of the Bondowners in an amount equal to the difference between the applicable Debt Service Reserve Fund Requirement and all or a portion of the sums then on deposit in the applicable Debt Service Reserve Fund, if any. Any such

reserve fund insurance policy, surety bond or reserve fund letter of credit shall be payable or available to be drawn upon, as the case may be (upon the giving of notice as required thereunder), on any interest or principal payment date for the Parity Obligations on which a deficiency exists which cannot be cured by moneys in any other fund or account held pursuant to this General Resolution and available for such purpose. If a disbursement is made under a reserve fund insurance policy, surety bond or reserve fund letter of credit, the Metropolitan Government shall be obligated to either reinstate the maximum limits of such reserve fund insurance policy, surety bond or reserve fund letter of credit following such disbursement equal to the applicable Debt Service Reserve Fund Requirement or to deposit into the applicable Debt Service Reserve Fund from the Net Revenues, as herein provided, funds in the amount of the disbursement made under such reserve fund insurance policy, surety bond or reserve fund letter of credit, or a combination of such alternatives as shall equal the applicable Debt Service Reserve Fund Requirement. Any amounts released from the applicable Debt Service Reserve Fund by virtue of a deposit of a reserve fund insurance policy, surety bond or reserve fund letter of credit shall be deposited into the Construction Account of the System Improvement Fund and applied to the payment of the Costs of Construction until the System Improvements are complete. Thereafter, any such released amounts shall be transferred to the applicable Debt Service Fund for payment of principal next due on the Parity Obligations.

(C) EDS Repair and Improvement Account.

(1) There shall be deposited to the EDS Repair and Improvement Account (i) all amounts paid by Customers pursuant to the Customer Contracts allocable to repairs and upgrades to the EDS, and (ii) any other amounts transferred to the EDS Repair and Improvement Account by the Metropolitan Government for deposit therein, in each case as instructed in writing to the Trustee by the Metropolitan Government.

(2) Amounts on deposit in the EDS Repair and Improvement Account shall be applied exclusively to the payment of repairs and upgrades to the EDS which have been approved by the Metropolitan Government in accordance with the Initial Management Contract (or a replacement or substitute operating contract) and filed with the Trustee by the Metropolitan Treasurer, but only upon submission to the Trustee by the Operator of a requisition signed by a representative of the Operator and otherwise satisfying the requirements of Section 4.4 of this General Resolution. Repairs and upgrades to the EDS not previously filed with the Trustee by the Metropolitan Treasurer shall be paid from the EDS Repair and Improvement Account only upon submission of a requisition signed by the Project Administrator and submitted to the Trustee by the Metropolitan Treasurer.

(D) Customer Reconciliation Account.

(1) Prior to making a transfer to the Surplus Fund, there shall be deposited in the Customer Reconciliation Account at the end of each Fiscal Year, the amounts, if any, paid by Customers, in excess of the amount actually due under the Customer Contracts for the applicable Fiscal Year, as instructed in writing to the Trustee by the Metropolitan Government.

(2) The amount on deposit in the Customer Reconciliation Account shall be calculated at the beginning of each Fiscal Year and transferred in twelve equal installments to the General Account of the Operating Fund over the next succeeding Fiscal Year for application in accordance with Section 5.4(B) hereof.

(E) Contract Termination Account.

(1) There shall be deposited upon receipt in the Contract Termination Account, (i) any amounts allocable to a Customer's share of operating expenses paid by a Customer in accordance with its Customer Contract as a result of early termination of such contract, and (ii) amounts paid as damages by an Operator (other than any amounts required to prepay Parity Obligations) as a result of the early termination of a Management Contract because of a default by an Operator, in each case as instructed in writing to the Trustee by the Metropolitan Government.

(2) Amounts on deposit in the Contract Termination Account shall be applied at the direction of the Metropolitan Government to the payment of Operating Expenses.

(3) If at any time there shall be insufficient amounts in the Debt Service Fund to pay Parity Obligation Debt Service Expenses when due, and there are amounts available in the Contract Termination Account, the Metropolitan Government may transfer amounts in the Contract Termination Account to the Debt Service Fund to the extent reasonably necessary to make such payments when due.

(F) Resold System Capacity Account.

(1) There shall be deposited monthly into the Resold System Capacity Account that portion of Revenues representing Customer Reimbursable Amounts. Revenues derived from the resale of System energy capacity in excess of Customer Reimbursable Amounts shall be deposited in the General Account of the Operating Fund for application in accordance with Section 5.4(B) hereof.

(2) Amounts on deposit in the Resold System Capacity Account shall be applied by the Trustee upon the direction of the Metropolitan Government exclusively to reimburse Customers for amounts paid to the Trustee upon early termination of a Customer Contract in accordance with the provisions of such Customer Contract.

Section 5.5. Debt Service Fund. (A) There shall be deposited in the Debt Service Fund (i) all amounts transferred from the Operating Fund pursuant to Section 5.4(B) for deposit therein, (ii) all amounts transferred from the Operating Reserve Fund, the Renewal and Replacement Fund, the System Improvement Fund and the Surplus Fund as set forth herein for deposit therein, (iii) amounts paid by the Initial System Operator pursuant to clause (i) of Section 12.01 (B) of the Initial Management Contract, (iv) amounts paid by the Initial System Operator pursuant to clause (i) of Section 11.14 (A), or Section 11.14 (B) or (C) of the Initial Management Contract, (v) the allocable amounts paid by any Initial Customer under its Initial Customer Contract as a condition of reducing its committed capacity, (vi) the amounts allocable to capital costs of the System paid by the Initial Customers as a condition of terminating an Initial Customer Contract, and (vii) any other amounts transferred to the Debt Service Fund by the Metropolitan Government for deposit therein.

(B) There shall be paid out of the Debt Service Fund, as follows (on a parity basis without priority of any Parity Obligations over the others) to the respective Paying Agents for any of the Parity Obligations, at least 7 days before (but no longer than 14 days before) each date on which Parity Obligation Debt Service Expenses are due, the amounts required for the

payment of such Parity Obligation Debt Service Expenses, and such amounts shall be applied by such Paying Agents to such payments.

(C) The amounts accumulated in the Debt Service Fund for each Sinking Fund Installment may be applied (together with amounts with respect to interest on the Parity Obligations for which such Sinking Fund Installment was established) prior to the seventy-fifth day preceding the due date of such Sinking Fund Installment as follows:

(1) to the purchase of Parity Obligations of the issue and maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable for such Parity Obligations when such Parity Obligations are redeemable by application of such Sinking Fund Installments plus unpaid interest accrued to the date of purchase, or

(2) to the redemption of such Parity Obligations, if then redeemable by their terms, at the Redemption Price referred to in clause (1).

(D) Upon the purchase or redemption of any Parity Obligations pursuant to clause (C) of this Section 5.5, an amount equal to the principal amount of the Parity Obligation so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to be come due with respect to such Parity Obligations of the same issue and maturity.

Section 5.6. Debt Service Reserve Fund. (A) On the date of delivery of any series of Parity Obligations that is secured by a Debt Service Reserve Fund, there shall be deposited in such Debt Service Reserve Fund an amount equal to the Debt Service Reserve Fund Requirement for such series.

(B) There shall be deposited in any Debt Service Reserve Fund (i) all amounts transferred from the Operating Fund pursuant to Section 5.4(B), and (ii) any other amounts transferred to the Debt Service Reserve Funds by the Metropolitan Government for deposit therein.

(C) Amounts on deposit in a Debt Service Reserve Fund shall be applied (i) on the third Business Day preceding any principal or interest payment date if amounts in the applicable account of the Debt Service Fund created for the Parity Obligations secured by such Debt Service Reserve Fund are insufficient to make the payment due on such Parity Obligations on such principal or interest payment date, in an amount sufficient to make up any deficiency and (ii) at such time as the amount in the Debt Service Reserve Fund and the applicable account of the Debt Service Fund created for the Parity Obligations secured by such Debt Service Reserve Fund equals or exceeds all principal and interest payments due or to become due with respect to the Parity Obligations secured by the Debt Service Reserve Fund, to the appropriate account of the Debt Service Fund to make principal payments on the series of Parity Obligations secured by the Debt Service Reserve Fund.

Section 5.7. Operating Reserve Fund. (A) There shall be deposited to the Operating Reserve Fund (i) all amounts transferred from the Operating Fund pursuant to Section 5.4(B) for deposit therein; (ii) the amounts received by the Metropolitan Government under the Interim Customer Contracts during the Interim Pledge Period in an amount not to exceed \$3,000,000;

(iii) any other amounts transferred to the Operating Reserve Fund by the Metropolitan Government for deposit therein.

(B) Amounts on deposit in the Operating Reserve Fund (i) may be used by the Metropolitan Government at any time in any Fiscal Year to pay anticipated or unanticipated Operating Expenses, (ii) may be applied by the Metropolitan Government in any Fiscal Year to offset any increases in the rates required to be paid by the Metropolitan Government pursuant to its Metropolitan Government Customer Contract or this General Resolution as a result of business interruption or any unusual, unexpected or extraordinary costs incurred, or revenue declines suffered, by the System subsequent to the adoption of the Annual Budget for such Fiscal Year or (iii) may be transferred to the Operating Fund. Any such use of amounts in the Operating Reserve Fund shall be specified, if applicable, in the Annual Budget or in any amended Annual Budget adopted in accordance with this General Resolution. Amounts in the Operating Reserve Fund are intended to be used to levelize revenue requirements and therefore minimize rate adjustments that may otherwise be required in Customer Contracts that permit or require rate adjustments and the Metropolitan Government is under no obligation to retain amounts in the Operating Reserve Fund as security to pay Parity Obligation Debt Service Expenses.

(C) If at any time there shall be insufficient amounts in the Debt Service Fund to pay Parity Obligation Debt Service Expenses when due, and there are amounts available in the Operating Reserve Fund, the Metropolitan Government may transfer amounts in the Operating Reserve Fund to the Debt Service Fund to the extent reasonably necessary to make such payments when due.

Section 5.8. Renewal and Replacement Fund. (A) There shall be deposited to the Renewal and Replacement Fund (i) all amounts transferred from the Operating Fund pursuant to Section 5.4(B) for deposit therein, and (ii) any other amounts transferred to the Renewal and Replacement Fund by the Metropolitan Government for deposit therein.

(A) Amounts on deposit in the Renewal and Replacement Fund shall be applied to the payment of (i) any reasonable and necessary cost of major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals, and (ii) repairs, renewals or replacements resulting from the occurrence of uncontrollable events or circumstances.

(B) If at any time there shall be insufficient amounts in the General Account of the Operating Fund and the Operating Reserve Fund to pay Operating Expenses, the Metropolitan Government may transfer amounts in the Renewal and Replacement Fund to the General Account of the Operating Fund to the extent reasonably necessary to pay such Operating Expenses.

(C) If at any time it shall be determined that there will be insufficient amounts in the Debt Service Fund to pay Parity Obligation Debt Service Expenses when due, the Metropolitan Government may transfer amounts in the Renewal and Replacement Fund to the Debt Service Fund to the extent reasonably necessary to make such payments when due.

Section 5.9. System Improvement Fund. There shall be established in the System Improvement Fund three separate accounts to be designated, respectively, the "Construction Account", the "Capitalized Interest Account" and the "Retainage Account".

(A) Construction Account.

1. There shall be deposited to the Construction Account (i) the portion of the proceeds of Parity Obligations or Subordinated Obligations designated by the Metropolitan Government to be deposited therein for System Improvements, and Costs of Issuance (which amounts shall be held by the Trustee), (ii) all amounts transferred from the Operating Fund pursuant to Section 5.4(B) for deposit therein, (iii) amounts paid by Customers as interconnection charges pursuant to an Additional Customer Contract, and (iv) any other amounts transferred to the System Improvement Fund by the Metropolitan Government for deposit in the Construction Account therein.

(2) The Construction Account shall be used for the payment of costs of capital improvements to the System.

(B) Capitalized Interest Account

1. There shall be deposited in the Capitalized Interest Account that portion of the amounts of a series of Parity Obligations designated by the Metropolitan Government to be deposited therein for payment of Parity Obligation Debt Service Expenses during construction of a System Improvement.

2. During the period of construction of a System Improvement, amounts on deposit in the Capitalized Interest Account shall be transferred to the applicable account in the Debt Service Fund and applied to the payment of the Parity Obligations Debt Service Expenses on the Parity Obligations to which such proceeds relate to the extent amounts on deposit in the applicable account of the Debt Service Fund are not sufficient to make such payments as they become due; *provided, however*, upon commencement of service of a System Improvement, and with respect to the Initial Parity Obligations, upon the Service Commencement Date, the Metropolitan Government may direct the Trustee to transfer, and if so directed the Trustee shall transfer, the applicable proceeds on deposit in the Capitalized Interest Account to the Construction Account to be applied to the payment of the Costs of a System Improvement to which such proceeds relate.

3. Upon completion of construction of a System Improvement, related proceeds remaining on deposit in the Capitalized Interest Account shall, at the written direction of the Metropolitan Government, be transferred to the applicable account of the Debt Service Fund.

(C) Retainage Account

(1) As shall be directed in writing to the Trustee by the Metropolitan Government, there shall be transferred from the Construction Account and deposited in the Retainage Account, such amounts as are required to be retained pursuant to the applicable construction contract.

(2) Amounts on deposit in the Retainage Account shall be invested in Investment Securities at the direction of the Metropolitan Treasurer. Any income earned or loss suffered as a result of such investment shall be credited or charged, as the case may be, to the Retainage Account.

(2) Amounts on deposit in the Retainage Account shall be paid to the contractor entitled thereto upon a Requisition submitted to the Trustee by the Metropolitan Treasurer and signed by the Project Administrator.

(D) If at any time there shall be insufficient amounts available for payment of Operating Expenses in the Operating Fund and the Operating Reserve Fund, the Metropolitan Government may transfer amounts in the System Improvement Fund (other than proceeds of Parity Obligations deposited therein) to the General Account of the Operating Fund to the extent reasonably necessary to pay such Operating Expenses.

(E) If at any time there shall be insufficient amounts in the Debt Service Fund to pay Parity Obligation Debt Service Expenses when due, the Metropolitan Government may transfer amounts in the System Improvement Fund to the Debt Service Fund to the extent reasonably necessary to make such payments when due (provided that proceeds of Parity Obligations shall be applied solely to pay principal (or interest during a construction period) of the issue of obligations from which the proceeds are derived).

Section 5.10. Energy Conservation Fund. (A) There shall be deposited in the Energy Conservation Fund (i) that portion of the proceeds of Parity Obligations or Subordinated Obligations designated by the Metropolitan Government to be deposited therein for energy conservation projects, (ii) an amount equal to 25% of New Customer Surplus Revenues in each year as determined by an Authorized Officer of the Metropolitan Government, and (iii) any other amounts transferred to the Energy Conservation Fund from the Surplus Fund by the Metropolitan Government for deposit therein.

(B) Amounts on deposit in the Energy Conservation Fund shall be used for the payment of costs of energy conservation projects upon submission to the Trustee of a requisition meeting the requirements of Section 4.4 hereof.

(C) If at any time the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Metropolitan Government shall direct the Trustee to transfer from the Energy Conservation Fund to the Debt Service Reserve Fund the amount necessary to eliminate the deficiency therein.

Section 5.11. Surplus Fund. (A) There shall be deposited in the Surplus Fund all amounts (i) (a) permitted to be deposited therein pursuant to Section 5.4(B) and (b) which the Metropolitan Government elects to be so deposited, and (ii) any other amounts permitted to be deposited therein and deposited therein by the Metropolitan Government.

(B) Amounts in the Surplus Fund may at any time be transferred to any other Fund established hereunder or be applied by the Metropolitan Government for any lawful purpose, whether or not related to the System, including payments of insufficient amounts in the Debt Service Fund to pay Parity Obligation Debt Service Expenses and payment of Subordinated Obligations and deposits to the Metropolitan Government's general fund.

Section 5.12. Amounts Held for Payment of Parity Obligations. The amounts which are held by the Metropolitan Government or any Fiduciary on behalf of the Metropolitan Government for the payment of any amounts required to be paid by the Metropolitan Government pursuant to Parity Obligations shall, pending such payment, be set aside and held in trust for the persons who are entitled to such payment, and from and after the due dates for such payment for the purposes of this General Resolution, such amounts are no longer considered to be unpaid.

Section 5.13. Cancellation or Termination of Parity Obligations.

(A) All Parity Obligations for which a Registrar has been designated and which are purchased, redeemed or paid shall, if surrendered to the Metropolitan Government or to any Paying Agent, be cancelled by it and delivered to the Registrar, or, if such Parity Obligations

shall be surrendered to the Registrar, shall be canceled by it. Such Parity Obligations are not deemed to be outstanding under the terms of this General Resolution and no Parity Obligations shall be issued in lieu thereof. All such Parity Obligations shall be canceled by the related Registrar and such Registrar is authorized to destroy such canceled Parity Obligations.

(B) Any Parity Obligation for which no Registrar has been designated and which is terminated and with respect to which all amounts which are or will be required to be paid by the Metropolitan Government have been paid by the Metropolitan Government are not deemed to be outstanding under the terms of this General Resolution.

Section 5.14. Investments.

(A) Except as otherwise provided in a Parity Obligation Agreement, moneys on deposit in each of the funds and accounts created hereunder and in any funds and accounts established in connection with the issuance or the execution and delivery of any Parity Obligations shall be invested at the direction of the Metropolitan Treasurer in Investment Securities. However, each account shall be held in trust for the benefit of those parties designated elsewhere in this General Resolution.

(B) Except as otherwise provided in a Parity Obligation Agreement, any investment income earned on the funds and accounts established hereunder shall be credited to the Operating Fund. Any loss resulting from an investment in any Investment Securities shall be credited or charged to the fund, account or subaccount from which such investment was made.

ARTICLE 6

REDEMPTION OF PARITY BOND OBLIGATIONS

Section 6.1. Selection of Parity Bond Obligations for Redemption. If less than all of the Parity Bond Obligations are called for redemption, they shall be redeemed from maturities in such order as determined by the Metropolitan Government, and by lot within any maturity, subject to selection by the Trustee as provided below. The portion of any Parity Bond Obligation to be redeemed shall be an Authorized Denomination or any multiple thereof and in selecting Parity Bond Obligations for redemption, each Parity Bond Obligation shall be considered as representing that number of Parity Bond Obligations which is obtained by dividing the principal amount of such Parity Bond Obligation by the minimum Authorized Denomination. If a portion of a Parity Bond Obligation shall be called for redemption, a new Parity Bond Obligation in principal amount equal to the unredeemed portion thereof shall be issued to the holder upon the surrender thereof. If for any reason the principal amount of Parity Bond Obligations called for redemption would result in a redemption of Parity Bond Obligations less than the Authorized Denomination, the Trustee, to the extent possible within the principal amount of Parity Bond Obligations to be redeemed, is hereby authorized to adjust the selection of Parity Bond Obligations for such purpose in order to minimize any such redemption. Notwithstanding the foregoing, the Securities Depository for Book Entry Bonds shall select the Parity Bond Obligations for redemption within particular maturities according to its stated procedures.

Section 6.2. Notice of Redemption.

(a) When Parity Bond Obligations (or portions thereof) are to be redeemed, the Metropolitan Government shall give or cause to be given notice of the redemption of the Parity Bond Obligations to the Trustee no later than 45 days prior to the redemption date or such shorter time as may be acceptable to the Trustee. In the case of an optional redemption, the notice may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (2) that the Metropolitan Government retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in subsection (d) of this Section. The Trustee, at the expense of the Metropolitan Government, shall send notice of any redemption, identifying the Parity Bond Obligations to be redeemed, the redemption date and the method and place of payment and the information required by subsection (b) of this Section, by first class mail to each holder of a Parity Bond Obligation called for redemption to the holder's address listed on the Parity Bond Obligation Register. Such notice shall be sent by the Trustee by first class mail between 30 and 60 days prior to the scheduled redemption date. With respect to Book Entry Bonds, if the Trustee sends notice of redemption to the Securities Depository pursuant to the Letter of Representations, the Trustee shall not be required to give the notice set forth in the immediately preceding sentence. If notice is given as stated in this paragraph (a), failure of any holder to receive such notice, or any defect in the notice, shall not affect the redemption or the validity of the proceedings for the redemption of the Parity Bond Obligations.

(b) In addition to the foregoing, the redemption notice shall contain with respect to each Parity Bond Obligation being redeemed, (1) the CUSIP number, (2) the date of issue, (3) the interest rate, (4) the maturity date, and (5) any other descriptive information determined

by the Trustee to be needed to identify the Parity Bond Obligations. If a redemption is a Conditional Redemption, the notice shall so state. The Trustee shall also send each notice of redemption at least thirty (30) days before the redemption date to (A) any Rating Agency then rating the Parity Bond Obligations to be redeemed; (B) all of the registered clearing agencies known to the Trustee to be in the business of holding substantial amounts of bonds of a type similar to the Parity Bond Obligations; and (C) one or more national information services that disseminate notices of redemption of obligations such as the Parity Bond Obligations.

(c) On or before the date fixed for redemption, subject to the provisions of subsections (a) and (d) of this Section, moneys shall be deposited with the Trustee to pay the principal of, redemption premium, if any, and interest accrued to the redemption date on the Parity Bond Obligations called for redemption. Upon the deposit of such moneys, unless the Metropolitan Government has given notice of rescission as described in subsection (d) of this Section, the Parity Bond Obligations shall cease to bear interest on the redemption date and shall no longer be entitled to the benefits of this General Resolution (other than for payment and transfer and exchange) and shall no longer be considered outstanding.

(d) Any Conditional Redemption may be rescinded in whole or in part at any time prior to the redemption date if the Metropolitan Government delivers a certificate of an Authorized Officer of the Metropolitan Government to the Trustee instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected holders. Any Parity Bond Obligations subject to Conditional Redemption where redemption has been rescinded shall remain outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the Metropolitan Government to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give immediate notice to the Securities Depository or the affected holders that the redemption did not occur and that the Parity Bond Obligations called for redemption and not so paid remain outstanding.

Section 6.3. Purchase at Any Time. The Trustee, upon the written request of the Metropolitan Government, shall purchase Parity Bond Obligations, as specified by the Metropolitan Government in the open market at a price not exceeding a price set by the Metropolitan Government. Such purchase of Parity Bond Obligations shall be made with funds provided by the Metropolitan Government and not with any portion of the Trust Estate or any Defeasance Obligations. Upon purchase by the Trustee, such Parity Bond Obligations shall be treated as delivered for cancellation pursuant to Section 2.12. Nothing in this General Resolution shall prevent the Metropolitan Government from purchasing Parity Bond Obligations on the open market without the involvement of the Trustee and delivering such Parity Bond Obligations to the Trustee for cancellation pursuant to Section 2.12. Parity Bond Obligations purchased pursuant to this Section which are subject to mandatory sinking fund redemption shall be credited against future mandatory sinking fund redemption payments in accordance with Section 5.5. The principal amount of Parity Bond Obligations to be redeemed by optional redemption under this General Resolution may be reduced by the principal amount of Parity Bond Obligations purchased by the Metropolitan Government and delivered to the Trustee for cancellation at least forty-five (45) days prior to the redemption date.

ARTICLE 7

COVENANTS OF THE METROPOLITAN GOVERNMENT

Section 7.1. Covenants. The Metropolitan Government hereby covenants and agrees with each Beneficiary of a Parity Obligation that so long as any Parity Obligation remains outstanding, it will comply with and make a part of its contract with each Beneficiary each of the covenants set forth in this Article 7. Nothing in this Article 7 shall require the Metropolitan Government to expend any amounts other than the Net Revenues and other amounts pledged under Section 5.1 hereof to comply with any of the covenants herein.

Section 7.2. Powers as to System, Services and Collection of Revenue. The Metropolitan Government has the legal right and lawful authority to construct the System and to maintain, operate, improve and reconstruct the System or to provide for the construction, maintenance, operation, improvement and reconstruction of the System and to provide, or cause the provision of Services. The Metropolitan Government has the power and covenants to enter into from time to time Customer Contracts and charge rates for use of the System and the provision of Services as set forth in a Customer Contract and to demand and to collect all Revenues which are due or which are becoming due to it for the use of the System and the provision of Services, all in accordance with the Service Covenant set forth in Section 7.4 hereof.

Section 7.3. Payment of Amounts Required to be Paid by the Metropolitan Government Pursuant to Parity Obligations. Subject to the provisions and limitations of Sections 5.1, 5.2 and 7.7, the Metropolitan Government shall duly and punctually pay or cause to be paid any amounts which are required to be paid by the Metropolitan Government pursuant to any outstanding Parity Obligations.

Section 7.4. Service Covenant. To the extent required as the basis for imposing and collecting the charges for services and other Revenues, the Metropolitan Government shall continue to construct, develop, own, operate, maintain, repair and improve the System and provide services to customers. The Metropolitan Government shall carry out the foregoing provisions of this Section through the System, with such Persons, using such technologies and upon such terms and conditions as the Metropolitan Government determines consistent with prudent district heating and cooling system practices and in a manner which will not impair the ability of the Metropolitan Government to comply with the Service Covenant.

Section 7.5. Completion of System; Use of Construction Proceeds.

(A) Any moneys which are received by the Metropolitan Government from any source (other than insurance proceeds which shall be governed by Section 7.8) for payment of costs related to the construction, acquisition, restoration, improvement or completion of any portion of the System shall be expended only on the System or to pay (or prepay) Parity Obligation Debt Service Expenses where such amounts are determined to be no longer necessary to pay Capital Costs.

(B) Any amounts described in Section 7.5(A) not applied to pay Parity Obligation Debt Service Expenses shall be disbursed to pay Capital Costs only in the amounts, at the times, in the manner and on such other terms and conditions as are set forth in this Section 7.5. Before

any such payment is made, the Metropolitan Government shall file with the Trustee a certificate or requisition which:

(1) states with respect to each payment to be made: (a) the name of the Person to whom payment is due, (b) the amount which is to be paid, and (c) in reasonable detail, the purpose for which the obligation was incurred; and

(2) certifies that: (a) obligations in the stated amounts have been incurred by the Metropolitan Government and are due and payable, and that each item therefor is a proper charge against the funds from which such payment is to be made, is a proper Capital Cost and has not been previously paid and has not been the basis of any prior payment, (b) the Metropolitan Government has not received or been served with a notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of any of the moneys which are payable under such requisition to any of the persons, firms or corporations named in such requisition, or, if any such lien, attachment or claim has been filed with or served upon the Metropolitan Government, that such lien, attachment or claim has been released or discharged, and (c) such requisition contains no item which represents payment on account of any retained percentages which the Metropolitan Government is at the date of such certificate entitled to retain.

(C) Upon the receipt of each such requisition and such accompanying certificates as provided in Section 7.5(B), the Trustee holding such funds, shall pay such requisition.

Section 7.6. Covenant to Purchase Energy From System. The Metropolitan Government hereby covenants that on and after the Service Commencement Date and as long as any Parity Obligations remain outstanding under this General Resolution, the Metropolitan Government shall (i) obtain its heating and cooling requirements for the Metropolitan Government Premises from the System (to the extent of available System capacity) and (ii) not utilize any heating or cooling services other than the System for the Metropolitan Government Premises, except when System services are not available.

Section 7.7. Covenant to Pay for Energy Services and Deficiencies in Debt Service and Operating Expenses. (A) The Metropolitan Government hereby covenants that beginning on the Service Commencement Date and as long as any Parity Obligations remain outstanding under this General Resolution, the Metropolitan Government shall (i) pay to the Trustee for all energy services delivered to the Metropolitan Government for the Metropolitan Government Premises from the System at the rates set forth in the Metropolitan Government Customer Contract, which is hereby incorporated by reference as if fully written herein, (ii) as an additional energy charge, pay to the Trustee any amounts necessary to maintain balances in the Operating Reserve Fund and the Debt Service Reserve Fund at the Operating Reserve Fund Requirement and the Debt Service Reserve Fund Requirement, and (iii) as an additional energy charge, pay to the Trustee an amount equal to the difference between (a) the sum of Parity Obligation Debt Service Expenses and Operating Expenses, and (b) Revenues derived from payments made pursuant to the Customer Contracts (all of the foregoing to be calculated monthly). Prior to the Service Commencement Date, to the extent amounts available from the proceeds of a series of Parity Obligations are insufficient to pay Parity Obligation Debt Service Expenses, the Metropolitan Government shall pay any such deficiency to the Trustee for deposit into the Debt Service Fund. The foregoing payments shall be subject to annual appropriation by the Metropolitan County Council.

(B) The Metropolitan Government further covenants that the Director of Finance shall submit, in each fiscal year, the amounts required to be paid by the Metropolitan Government as set forth in subsection (A) of this Section 7.7 to the Metropolitan County Council for appropriation, *provided, however*, prior to calculating and submitting any amounts payable pursuant to clause (iii) of subsection (A) to the Metropolitan County Council for appropriation, the Metropolitan Government is permitted to first draw on and apply funds in the following order of priority: (i) Surplus Fund, (ii) Renewal and Replacement Fund, (iii) System Improvement Fund (other than proceeds of Parity Obligations), and (iv) Operating Reserve Fund. Any such draws shall be taken into account prior to submitting any amounts payable pursuant to clause (ii) of subsection (A) of this Section 7.7.

Section 7.8. Insurance; Condemnation.

(A) The Metropolitan Government shall continuously maintain or require the Operator to maintain, to the extent commercially available at reasonable rates, the types of insurance as are recommended by the Metropolitan Government's risk manager. Such insurance shall be maintained in the amounts which are recommended by the Metropolitan Government's risk manager as necessary or desirable to enable the Metropolitan Government to comply with the terms and conditions of this General Resolution.

(B) Any insurance required to be maintained by paragraph (A) above may be maintained under a self-insurance program so long as (i) the self-insurance program includes an actuarially sound claims reserve fund out of which each self-insured claim shall be paid; (ii) the adequacy of such fund shall be evaluated on an annual basis by an independent insurance consultant or the Metropolitan Government's risk manager and any deficiencies in any self-insured claims reserve fund will be remedied in accordance with the recommendation of the independent insurance consultant or the Metropolitan Government's risk manager; and (iii) in the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by an independent insurance consultant, or the Metropolitan Government's risk manager, shall be maintained. This paragraph (B) shall not apply to deductibles or retentions under a commercial insurance policy.

(C) If any useful portion of the System is damaged or destroyed, the Metropolitan Government shall, as expeditiously as practicable, continuously and diligently pursue the repair, reconstruction or replacement thereof, which may be done through the Operator. However, no such repair, reconstruction or replacement need be undertaken if the Metropolitan Government, in accordance with the provisions of this paragraph (C), determines not to so repair, reconstruct or replace such damaged property. Any proceeds received by the Metropolitan Government from any casualty insurance, including the proceeds of self-insurance, or proceeds received as a result of any condemnation of all or any portion of the System, shall be deposited in the System Improvement Fund and be applied to pay the necessary Capital Costs involved in the repair, reconstruction and replacement of the System. Any such proceeds of casualty insurance, including the proceeds of self-insurance and any such proceeds of a condemnation award which are not applied or committed to the repair, reconstruction or replacement of the System within six months after receipt thereof shall be applied to the prepayment of Parity Obligations; provided, however, that, to the extent that the Metropolitan Government certifies that such proceeds are required for the repair, reconstruction or replacement of the System, and that such proceeds will be expended for such purpose within a reasonable additional period of time, such proceeds may then remain on deposit for the purpose of repair, reconstruction or replacement. If

any proceeds remain upon the completion of the repair, reconstruction or replacement, such proceeds shall be applied to the prepayment of Parity Obligations. In the event that the Capital Costs of such repair and replacement of the damaged or condemned property exceeds the proceeds of such insurance or condemnation award which are available for payment of the same, any amounts in the Surplus Fund may be used, to the extent necessary, for such purpose as directed by the Metropolitan Government as evidenced by a certificate duly executed by an Authorized Officer of the Metropolitan Government. In addition, the Metropolitan Government may apply any other moneys of the Metropolitan Government which are not pledged for another purpose, to the extent necessary, for such purposes, subject to the provisions of Section 5.4.

(D) If any portion of the System has been damaged, destroyed or condemned, and the Metropolitan Government has determined that the operation of the System has not been materially adversely affected, and as such the Metropolitan Government has determined not to repair, reconstruct or replace the damaged, destroyed or condemned property and the Metropolitan Government has delivered a certificate to the Trustee to such effect, the proceeds of insurance or condemnation award which are received by the Metropolitan Government, if any, shall be deposited into the Operating Fund and applied to any permissible purpose.

(E) To the extent that amounts are transferred under paragraphs (C) or (D) above to the prepayment of Parity Obligations, such amounts shall first be applied to the prepayment or early redemption of any Parity Obligation requiring that insurance and condemnation proceeds be so applied. In the event that more than one Parity Obligation has such a prepayment or early redemption feature, then such proceeds shall be allocated to each Parity Obligation in an amount, as nearly as practicable, as equals the percentage that such Parity Obligation represents of all outstanding Parity Obligations requiring such prepayment or early redemption.

(F) The proceeds of any business interruption insurance coverage constituting Revenues shall be deposited in the Operating Fund.

Section 7.9. Operation and Maintenance of System. The Metropolitan Government shall, at all times required by this General Resolution, (1) operate the System (or cause the same to be operated) properly and in a sound and economical manner, and (2) maintain, preserve and keep the same properly (or cause the same to be so maintained, preserved and kept), including all appurtenances thereto and every part and parcel thereof, in good repair, working order and condition. Further, the Metropolitan Government shall make (or cause to be made) from time to time, all necessary and proper repairs, replacements and renewals so that the operation of the System may be properly conducted at all times. Nothing in clause (1) above of this Section 7.9, shall prevent the Metropolitan Government from terminating any Management Contract for its convenience or cause in accordance with the provisions of such Management Contract.

Section 7.10. Rules, Regulations and Other Details. The Metropolitan Government shall establish and enforce reasonable rules and regulations governing the operation, use and services of the System and the provision of Services to enable the Metropolitan Government to comply with the terms and conditions of this General Resolution. The Metropolitan Government shall diligently proceed to obtain (or cause to be obtained), and after to observe (or cause to be observed), the conditions of all required or necessary permits, licenses, approvals or consents for the acquisition and operation of the System or the provision of Services, and shall observe, perform and comply with all applicable Federal and state laws, ordinances, rules, regulations,

orders and directions of any legislative, executive, administrative or judicial body to the extent that the same are applicable to the System or to the Services.

Section 7.11. Payment of Lawful Charges and Compliance With Law. The Metropolitan Government shall pay (or cause to be paid) all taxes and assessments or other municipal or governmental charges, if any, which are lawfully levied or assessed upon it for or with respect to the System, or upon any part thereof or upon any Revenues derived therefrom, when the same become due. The Metropolitan Government shall duly observe and comply with, and shall use its reasonable efforts to cause all of its contractors, subcontractors, employees and agents to observe and comply with, all valid Federal, state and local laws, regulations, rules and orders relating or applicable to the System and the Services, and the Metropolitan Government shall not create or suffer to be created any lien or charge upon the System or upon any part thereof, except as permitted by this General Resolution, and the Metropolitan Government shall not create or suffer to be created any lien or charge upon the Revenues, except as permitted by the terms of this General Resolution. The Metropolitan Government shall pay and discharge (or cause to be paid and discharged) or shall make adequate provision to satisfy and discharge within a reasonable period 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 the System or upon any part thereof or upon the Revenues; provided, however, that nothing contained in this Section requires the Metropolitan Government to pay and discharge (or cause to be paid and discharged) any such lien or charge as long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Section 7.12. Annual Budget; System Operating Plan.

(A) Prior to the commencement of each Fiscal Year the Metropolitan Government shall prepare and deliver to the Trustee an Annual Budget for such Fiscal Year, which Annual Budget shall include a capital improvement budget for such Fiscal Year to the extent there is no Operator obligated under a Management Contract to perform all required capital improvements.

(B) The Annual Budget shall be structured so as to permit compliance by the Metropolitan Government with the Service Covenant. The Annual Budget shall set forth in reasonable detail the estimated energy purchases and sales, rates and charges, Revenues, Operating Expenses, Parity Obligation Debt Service Expenses, a maintenance and repair scheduled for the System and other cash and operating requirements of the System for such Fiscal Year and such Annual Budget shall include estimates of the amounts to be deposited during such Fiscal Year in the funds and accounts established under this General Resolution, with reasonable provision for contingency receipts and payments. Nothing contained in the Annual Budget shall supersede the provisions of this General Resolution as to the application of Revenues or other amounts. In the event that at any point in a Fiscal Year the Metropolitan Government determines that the Annual Budget, as adopted, will not result in the Metropolitan Government's being in compliance with its obligations under this General Resolution for such Fiscal Year, then the Metropolitan Government shall adopt an amended Annual Budget or take such other actions as may be necessary, desirable or appropriate for the Metropolitan Government to comply with its obligations hereunder for the remainder of the Fiscal Year. Such amended Annual Budget may provide for the use of Available Funds to avoid or reduce any increase in the rates and charges imposed by the Metropolitan Government for the use of the System due to unusual or extraordinary costs.

(C) A copy of each amended Annual Budget shall be delivered to the Trustee.

(D) The Trustee shall have no duty to review any Annual Budget or amendment thereto delivered to it.

Section 7.13. Additional Financial and System Reports. The Metropolitan Government shall prepare annual financial statements of the System, and deliver such statements to the Trustee promptly upon their completion. Promptly upon the occurrence of an event which is material to the financial condition or operating effectiveness of the System, the Metropolitan Government shall deliver to the Trustee notice of such event and its projected impact on the System. In addition to preparing annual financial statements for the System, the Metropolitan Government shall prepare and deliver to the Trustee quarterly maintenance and operating reports for the System. The Trustee shall have no duty to review such statements and reports.

Section 7.14. Reports on Parity Obligation Coverage Ratios. Within 30 days following the end of each Fiscal Year, the Metropolitan Government shall deliver to the Trustee (i) a certificate as to the ratio between Net Revenues for such Fiscal Year and Parity Obligation Debt Service Expenses for such Fiscal Year (together with supporting data and computations) and (ii) a certificate as to the projected ratio between Net Revenues for the then current Fiscal Year and Parity Obligation Debt Service Expenses for such Fiscal Year. Such certificates may be prepared by the Metropolitan Government based on its unaudited financial records, and need not be based on audited financial statements.

Section 7.15. Sale or Encumbrance. (A) The Metropolitan Government will not sell, lease, mortgage, pledge, encumber or otherwise dispose of all or any part of the System, except that the Metropolitan Government may sell, exchange or lease at any time and from time to time any property or facilities constituting part of the System (i) that are not useful or necessary in the construction, reconstruction or operation thereof, or (ii) to an Operator that enters into a Management Contract with the Metropolitan Government pursuant to which it agrees to provide services to the System at the portion of the System so sold, leased, mortgaged, pledged, encumbered or otherwise disposed of for a term reasonably determined by the Metropolitan Government and approved by the Consulting Expert, provided any proceeds of any such sale or exchange received and not used to replace the property so sold or exchanged shall be applied either to pay for improvements to the System or to prepay Parity Obligations.

(B) Notwithstanding the foregoing, the Metropolitan Government may sell the System at any time provided that at or prior to the time of such sale, the Metropolitan Government has paid or defeased all Parity Obligations then Outstanding in accordance with Article 12 of this General Resolution.

Section 7.16. Limitation on Liens. The Metropolitan Government shall not issue any bonds or notes, or enter into any installment sale agreements or financing lease agreements, or issue or enter into other instruments constituting evidences of indebtedness, other than Parity Obligations, secured by a pledge of or other lien or charge on the Revenues or the funds (other than the Surplus Fund) established under this General Resolution and shall not create or cause to be created any lien or charge on such Revenues or funds or on any amounts held by any Fiduciary under this General Resolution; but this Section shall not prevent the Metropolitan Government from issuing bonds or notes, or entering into installment sale agreements or financing lease agreements, or issuing or entering into other instruments constituting evidences

of indebtedness payable out of, or secured by a pledge of, Revenues to be derived on or after such date as the pledge of Revenues provided in this General Resolution shall be discharged and satisfied as provided in Section 5.1, or which constitute Subordinated Indebtedness.

Section 7.17. Compliance with Covenants Not Excused for any Reason. The obligation of the Metropolitan Government to duly observe and comply with the covenants contained herein shall apply continuously and without interruption for so long as any Parity Obligation remains outstanding. In the event that any event or circumstance or a change in law impairs or precludes compliance with any covenant by the means or methods then being employed by the Metropolitan Government, the Metropolitan Government shall implement alternative or substitute means and methods to enable it to operate the System and to satisfy from Revenues and other amounts pledged under Section 5.1 hereof the terms and conditions of such covenant as and to the extent set forth in such covenant; provided, however, that nothing in this Section 7.17 shall require the Metropolitan Government to expend any of its general revenues to comply with this Section 7.17.

Section 7.18. Accounts and Audit. The Metropolitan Government shall keep proper books of account in which complete and correct entries shall be made of its transactions relating to the System or any part thereof and the Services. As a part of the annual comprehensive audit of the Metropolitan Government's books of account, the Metropolitan Government shall cause its books and accounts related to the System to be audited annually as of the end of each Fiscal Year. Such audit shall be made by an Accountant selected by and independent of the Metropolitan Government delivered to the Trustee as soon as available, but in no event later than 180 days after the end of each Fiscal Year. The audits shall be performed in accordance with government accounting procedures and shall include statements, in reasonable detail, of the financial condition of the System.

Section 7.19. Further Assurances. The Metropolitan Government shall, so far as it is authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming all and singular rights, Net Revenues and other funds which are hereby pledged or assigned, or which are intended to be so pledged or assigned, or which the Metropolitan Government may hereafter become bound to pledge or assign, or as may be reasonable and as may be required to carry out the purposes of this General Resolution. The Metropolitan Government shall at all times, to the extent permitted by law, defend, preserve and protect (i) the pledge of the Net Revenues and the other funds which are pledged hereunder, and (ii) the rights of any Beneficiary of a Parity Obligation provided hereunder against all claims and demands of all persons whomsoever made against the Net Revenues and other funds pledged hereunder.

Section 7.20. Consulting Expert. The Metropolitan Government shall designate a Consulting Expert from time to time to provide the services and certifications required hereunder if the Metropolitan Government elects to use a person or entity other than a Metropolitan Government employee to act as a Consulting Expert. The Metropolitan Government may designate any expert otherwise meeting the requirements contained in the definition of Consulting Expert, and may designate different Consulting Experts concurrently to perform different services and to provide different certifications required hereunder. The Metropolitan Government may revoke or change the designation of a Consulting Expert and designate a replacement Consulting Expert at any time in its discretion.

Section 7.21. Tax Covenants.

(A) The Metropolitan Government shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on Parity Obligations that are issued as Tax-Exempt Parity Obligations shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

(B) The Metropolitan Government shall not permit at any time or times any of the proceeds of the Parity Obligations that are issued as Tax-Exempt Parity Obligations or any other funds of the Metropolitan Government to be used, directly or indirectly, to acquire any securities or obligations the acquisition of which would cause any Parity Obligations that are issued as Tax-Exempt Parity Obligations to be an "arbitrage bond" as defined in the Code.

ARTICLE 8

SUPPLEMENTAL RESOLUTIONS

Section 8.1. Supplemental Resolutions Adopted for Certain Purposes Effective Without the Consent of Beneficiaries. This General Resolution may be amended, modified or supplemented at any time prior to the issuance of any Parity Obligations and thereafter without the consent of any Beneficiary of any Parity Obligation then outstanding, through the adoption of a Supplemental Resolution, if such amendment, modification or supplement is for any of the following purposes:

(1) To provide limitations and restrictions (in addition to the limitations and restrictions contained in this General Resolution) on the execution of other Parity Obligations to the extent that such amendment does not impair the ability of the Metropolitan Government to meet its obligations to any Beneficiary under this General Resolution or any Parity Obligation;

(2) To add other covenants or agreements to be observed by the Metropolitan Government to the covenants or agreements of the Metropolitan Government which are contained in this General Resolution or to add additional security to that pledged under this General Resolution to the extent such covenants or agreements or additional security do not impair the ability of the Metropolitan Government meet its obligations to any Beneficiary under this General Resolution or any Parity Obligation;

(3) To add other limitations or restrictions to be observed by the Metropolitan Government to the limitations or restrictions which are contained in this General Resolution to the extent such amendment does not impair the ability of the Metropolitan Government to meet its obligations to any Beneficiary under this General Resolution or any Parity Obligation;

(4) To surrender any right, power or privilege which is reserved to or conferred upon the Metropolitan Government by the terms of this General Resolution to the extent such amendment does not impair the ability of the Metropolitan Government to meet its obligations to any Beneficiary under this General Resolution or any Parity Obligation;

(5) To confirm, as further assurance, any pledge which is created under, and the subjection to any lien or pledge created by, the terms of this General Resolution of the Net Revenues or of any other moneys, securities or funds; provided that such confirmation shall not affect the priority of interests of any Beneficiary;

(6) To specify, determine or authorize any and all matters and things relative to the issuance of Parity Obligations or the proceeds which are derived or which are to be derived from the sale thereof;

(7) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this General Resolution;

(8) To insert such provisions clarifying matters or questions arising under the terms of this General Resolution as are necessary or desirable and which are not contrary to or inconsistent with the terms of this General Resolution as theretofore in effect;

(9) To effectuate the issuance by the Metropolitan Government of Subordinated Obligations to the extent consistent with the terms of this General Resolution;

(10) To amend, modify or supplement this General Resolution solely with respect to Parity Obligations to be issued subsequent to the execution of such Supplemental Agreement to the extent such amendment, modification or supplement does not impair the ability of the Metropolitan Government to meet its obligations to any Beneficiary under this General Resolution or any Parity Obligation which is outstanding prior to the adoption of such Supplemental Resolution;

(11) To cause any nationally recognized rating agency to issue a rating on one or more Parity Obligations (or evidences of ownership therein) in a rating category that is at least "investment grade" as such term is generally used at the time of issuance of such rating, and which does not result in the reduction of any rating in effect at the time of adoption or execution of such Supplemental Resolution; or

(12) To expressly secure interest rate swaps permitted under the Act to be secured as a Parity Obligation.

Section 8.2. Supplemental Resolutions Effective Upon Consent of Trustee.

(A) For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by the Metropolitan Clerk or an Authorized Officer of the Metropolitan Government, and (ii) the filing with the Trustee and the Metropolitan Government of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(1) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this General Resolution; or

(2) to insert such provisions clarifying matters or questions arising under this General Resolution as are necessary or desirable and are not contrary to or inconsistent with the General Resolution as theretofore in effect.

(B) Any such Supplemental Resolution may also contain one or more of the purposes specified in Section 8.1 and, in that event, the consent of the Trustee required by this Section shall be applicable only to those provisions of such Supplemental Resolution as shall contain one or more of the purposes set forth in paragraph (A) of this Section.

Section 8.3. Supplemental Resolutions Effective Upon Consent of Parity Obligation Holders. At any time or from time to time, a Supplemental Resolution may be adopted subject consent by the holders of Parity Obligations in accordance with and subject to the provisions of Article 9. Any such Supplemental Resolution shall become fully effective in accordance with its

terms upon the filing with the Trustee of a copy thereof certified by the Metropolitan Clerk or by an Authorized Officer of the Metropolitan Government and upon compliance with the provisions of Article 9.

Section 8.4. General Provisions.

(A) This General Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article and Article 9. Nothing contained in this Article or Article 9 shall affect or limit the right or obligation of the Metropolitan Government to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 7.19 or 7.21 or the right or obligation of the Metropolitan Government to execute and deliver to the Trustee any instrument which is to be delivered to the Trustee pursuant to this General Resolution.

(B) Any Supplemental Resolution permitted or authorized by Section 8.1 or 8.2 may be adopted by the Metropolitan Government without the consent of any of the holders of Parity Obligations, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution filed with the Trustee shall be accompanied by a Bond Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this General Resolution, is authorized or permitted by this General Resolution, and is valid and binding upon the Metropolitan Government.

(C) The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Section 8.1, 8.2 or 8.3 and to make all further agreements and stipulations which may be therein contained; and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Bond Counsel's Opinion) that such Supplemental Resolution is authorized or permitted by the provisions of this General Resolution.

(D) No Supplemental Resolution shall change or modify any of the rights or obligations of the Trustee without its written consent thereto.

ARTICLE 9

AMENDMENTS OF GENERAL RESOLUTION

Section 9.1. Mailing of Notice of Amendment.

Any provision in this Article for the mailing of a notice or other paper to holders of Parity Obligations shall be fully complied with if it is mailed postage prepaid (i) to each holder of Parity Obligations outstanding at the address, if any, appearing upon the registration books of the Metropolitan Government maintained by the Registrar, and (ii) to the Trustee.

Section 9.2. Powers of Amendment. (A) Any modification of or amendment to this General Resolution and of the rights and obligations of the Metropolitan Government and of the holders of the Parity Obligations hereunder, may be made by a Supplemental Resolution but only, in the event such Supplemental Resolution shall be adopted pursuant to Section 8.3, with the written consent given as provided in Section 9.3(A)(i) of the holders of at least two-thirds in principal amount of the Parity Obligations outstanding at the time such consent is given, (ii) in case less than all of the several series of Parity Obligations outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Parity Obligations of each series so affected and outstanding at the time such consent is given, and (iii) in case less than all the maturities of a series of Parity Obligations are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Parity Obligations of each maturity so affected and outstanding at the time such consent is given. If any such modification or amendment will not take effect until Parity Obligations of any specified maturity shall no longer remain outstanding however, the consent of the holders of such Parity Obligations shall not be required and such Parity Obligations shall not be deemed to be outstanding for the purpose of any calculation of outstanding Parity Obligations under this Section.

(B) No such modification or amendment shall permit a change in the terms of redemption or maturity of the Principal of any outstanding Parity Obligation or of any installment of interest thereon without the consent of the holder of such Parity Obligation, or shall reduce the percentages or otherwise affect the classes of Parity Obligations, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written consent thereto. For the purposes of this Section, a series shall be deemed to be affected by a modification or amendment of this General Resolution if the same adversely affects or diminishes the rights of the holders of Parity Obligations of such series. The Trustee may, in its sole discretion, determine whether or not Parity Obligations of any particular series or maturity would be affected by any modification or amendment made in accordance with the foregoing powers of amendment. Any such determination shall be binding and conclusive on the Metropolitan Government and all holders of Parity Obligations.

Section 9.3. Consent of Parity Obligation Holders. (A) A copy of any Supplemental Resolution making a modification or amendment which is not permitted by the provisions of Section 8.1 or 8.2 (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to holders of Parity Obligations for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Metropolitan Government to any holder of Parity Obligations. Such Supplemental Resolution shall not be effective unless and until (i) there

shall have been filed with the Trustee (a) the written consents of holders of the percentages of outstanding Parity Obligations specified in Section 9.2 and (b) a Bond Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted by the Metropolitan Government in accordance with the provisions of this General Resolution, is authorized or permitted hereby and is valid and binding upon the Metropolitan Government and (ii) a notice shall have been mailed as hereinafter provided in this Section.

(B) The consent of a holder of Parity Obligations to any modification or amendment shall be effective only if accompanied by proof of the ownership, at the date of such consent, of the Parity Obligations with respect to which such consent is given, which proof shall be such as is permitted by this General Resolution. A Certificate of the Trustee filed with the Trustee stating that it has examined such proof and that such proof is in accordance with such Section 11.14 shall be conclusive evidence that the consents have been given by the holders of the Parity Obligations described in such Certificate of the Trustee. Any such consent shall be binding upon the holder of the Parity Obligations giving such consent and upon any subsequent holder of such Parity Obligations and of any Parity Obligations issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof) unless such consent is revoked in writing by the holder of such Parity Obligations giving such consent or a subsequent holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section is filed, such revocation and, if such Parity Obligations are transferable by delivery, proof that such Parity Obligations are held by the signer of such revocation in the manner permitted by Section 11.14. The fact that a consent has not been revoked may likewise be proved by a Certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee.

(C) At any time after the holders of the required percentages of Parity Obligations shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Metropolitan Government and the Trustee a written statement that the holders of such required percentages of Parity Obligations have filed such consents. Such written statements shall be conclusive that such consents have been so filed. Not more than ninety (90) days after the holders of the required percentages of Parity Obligations shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Metropolitan Government on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required percentages of Parity Obligations and will be effective as provided in this Section, shall be given to the holders of Parity Obligations by the Metropolitan Government by mailing such notice to the holders of Parity Obligations and may be given, at the discretion of the Trustee, by contemporaneous publication of the same in Authorized Newspapers (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in this Section). The Metropolitan Government shall file with the Trustee proof of the mailing of such notice and, if the same shall have been published, of the publication thereof. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Metropolitan Government, the Trustee and the holders of all Parity Obligations at the expiration of forty (40) days after the filing with the Trustee of the proof of the first mailing of the notice of such consent, except in the event of a final decree of a court of competent jurisdiction setting aside

such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period, except that the Trustee and the Metropolitan Government during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

Section 9.4. Modifications by Unanimous Consent. The terms and provisions of this General Resolution and the rights and obligations of the Metropolitan Government and of the holders of the Parity Obligations hereunder may be modified or amended in any respect upon the adoption and filing by the Metropolitan Government of a Supplemental Resolution and the consent of the holders of all the Parity Obligations outstanding, such consent to be given as provided in Section 9.3, but no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the filing with the Trustee of the written consent thereto of the Trustee in addition to the consent of the holders of Parity Obligations. No notice of any such modification or amendment to holders of Parity Obligations either by mailing or publication shall be required.

Section 9.5. Exclusion of Parity Obligations. Parity Obligations owned or held by or for the account of the Metropolitan Government shall not be deemed outstanding for the purpose of consent or other action or any calculation of outstanding Parity Obligations provided for in this Article, and the Metropolitan Government shall not be entitled with respect to such Parity Obligations to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Metropolitan Government shall furnish to the Trustee a Certificate of an Authorized Officer, upon which the Trustee may rely, describing all Parity Obligations so to be excluded.

Section 9.6. Notation on Parity Obligations. Parity Obligations delivered after the effective date of any action taken as provided in Article 8 or this Article may, and if the Trustee so determines shall, bear a notation, by endorsement or otherwise in a form approved by the Metropolitan Government and the Trustee, as to such action. Upon any transfer or exchange of any Parity Obligation outstanding at such effective date or upon demand of the holder of any Parity Obligation outstanding at such effective date and presentation of such Parity Obligation, the Trustee shall make suitable notation as to such action on such Parity Obligation or upon any Parity Obligation issued upon any such transfer or exchange. If the Metropolitan Government or the Trustee shall so determine, new Parity Obligations modified to conform to such action in the opinion of the Trustee and the Metropolitan Government shall be prepared, executed and delivered, and upon demand of the holder of any Parity Obligation outstanding shall be exchanged, without cost to such Bondholder, upon surrender of such outstanding Parity Obligation.

ARTICLE 10

DEFAULTS AND REMEDIES

Section 10.1. Events of Default. The occurrence of any of the following events is hereby defined as and is declared to be and to constitute an "Event of Default":

(A) Default in the due and punctual payment of any amount owed under any Parity Obligation; or

(B) The occurrence of an event of default with respect to any Parity Obligation shall have occurred and be continuing; or

(C) Subject to the provisions of Section 10.13 hereof, failure by the Metropolitan Government to observe and to perform any covenant, condition or agreement on the part of the Metropolitan Government which is provided in this General Resolution or any Parity Obligation or Parity Obligation Agreement and the continuance of such failure for a period of 60 days from the date the Metropolitan Government receives notice of such failure; or

(D) Breach by the Metropolitan Government of any material representation or warranty made in this General Resolution; or

(E) Any material provision of this General Resolution, any Parity Obligation, any Parity Obligation Agreement or any trust agreement or security agreement ceases to be valid and binding on the Metropolitan Government during any period when Parity Obligations affected thereby remain outstanding; or

(F) The filing by the Metropolitan Government of a petition seeking relief under any federal or state bankruptcy or similar laws with respect to the Metropolitan Government.

Whenever any Event of Default shall have occurred and be continuing, the Trustee shall have the right, (i) at its option and without further demand or notice, to declare all Principal of Parity Obligations outstanding to be immediately due and payable, whereupon the same shall become due and payable, together with interest thereon at the rate or rates applicable thereto and (ii) to exercise such other rights and remedies as are set forth in this Article 10.

Section 10.2. Accounting and Examination of Records After Default. The Metropolitan Government covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Metropolitan Government relating to the System shall at all times be subject to the inspection of the Trustee and of its agents and attorneys.

Section 10.3. Application of Revenues and Other Moneys After Default. (A) The Metropolitan Government covenants that if an Event of Default shall happen and shall not have been remedied, the Metropolitan Government, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, all moneys, securities and funds then held by the Metropolitan Government or a Fiduciary in any fund or account under this General Resolution, and (ii) as promptly as practicable after receipt thereof, the Revenues.

(B) During the continuance of an Event of Default, the Trustee shall deposit such Revenues in a Revenue Fund to be established and held by the Trustee, and apply such Revenues and the income therefrom as follows and in the following order:

(1) to the payment of the reasonable and proper charges, and expenses of the Trustee;

(2) to the payment of the amounts required for reasonable and necessary Operating Expenses, including reasonable and necessary reserves and working capital therefor, and for the reasonable repair and replacement of the System, necessary to prevent loss of Revenues, as certified to the Trustee by the Consulting Expert; and

(3) to the payment of Parity Obligations as follows:

First: To the payment to the persons entitled thereto of all interest then due in the order in which such interest became due, and, if the amount available shall not be sufficient to pay in full any interest on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal or redemption price which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all such Principal or redemption price due on any date, then to the payment thereof ratably, according to the amounts of Principal or redemption price due on such date, to the persons entitled thereto, without any discrimination or preference.

(C) If and whenever all overdue (1) installments of interest and Principal installments on all Parity Obligations and (2) the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the Metropolitan Government under this General Resolution, shall either be paid by or for the account of the Metropolitan Government, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under this General Resolution shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Metropolitan Government all such Revenues then remaining unexpended in the accounts held by the Trustee (except Revenues deposited or pledged, or required by the terms of this General Resolution to be deposited or pledged, with the Trustee), and thereupon the Metropolitan Government and the Trustee shall be restored, respectively, to their former positions and rights under this General Resolution, and all Revenues shall thereafter be applied as provided in Article 5. No such payment over to the Metropolitan Government by the Trustee or resumption of the application of Revenues as provided in Article 5 shall extend to or affect any subsequent default under this General Resolution or impair any right consequent thereon.

Section 10.4. Proceedings Brought by Trustee. (A) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, if the Trustee shall deem it advisable, may proceed to protect and enforce its rights and the rights of the Beneficiaries of the Parity Obligations under this General Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any

covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Metropolitan Government as if the Metropolitan Government were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this General Resolution.

(B) All rights of action under this General Resolution may be enforced by the Trustee without the possession of any of the Parity Obligations or the production thereof in the suit or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

(C) Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under this General Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in this General Resolution and provided to be exercised by the Trustee upon the occurrence of an Event of Default; and, as a matter of right against the Metropolitan Government, without notice or demand, the Trustee shall, to the extent permitted by law, be entitled to the appointment of a receiver of the moneys, securities and funds then held by the Metropolitan Government in any fund or account under this General Resolution and of the Revenues, with all such powers as the court or courts making such appointment shall confer; but notwithstanding the appointment of any receiver, the Trustee shall be entitled to retain possession and control of and to collect and receive income from, any moneys, securities and funds deposited or pledged with it under this General Resolution or agreed or provided to be delivered to or deposited or pledged with it under this General Resolution.

Section 10.5. Restriction on Beneficiary Action. (A) No Beneficiary of any Parity Obligation shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this General Resolution or the execution of any trust under this General Resolution or for any remedy under this General Resolution, unless such holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the holders of at least 25% in principal amount of the Parity Obligations then outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in this Section or to institute such action, suit or proceeding in its own name, and unless such holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request within a reasonable time; it being understood and intended that no one or more holders of Parity Obligations shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by this General Resolution, or to enforce any right under this General Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of this General Resolution shall be instituted, had and maintained in the manner provided in this General Resolution and for the equal benefit of all Beneficiaries of the outstanding Parity Obligations.

(B) Nothing in this General Resolution or in the Parity Obligations contained shall affect or impair the obligation of the Metropolitan Government to pay at the respective dates and places therein expressed the amounts due with respect to the Parity Obligations to the Beneficiaries thereof, or affect or impair the right of action of any Beneficiary to enforce such payment of his or her Parity Obligation.

Section 10.6. Remedies of Beneficiaries. Subject to any contractual limitations binding upon the holders of any issue of Parity Obligations, or the Trustee, including, but not limited to, the restriction of the exercise of any remedy to a specified proportion or percentage of such holders, any Beneficiary, or the Trustee, shall have the right and power, for the equal benefit and protection of all Beneficiaries of Parity Obligations similarly situated and, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding at law or in equity, to enforce such rights against the Metropolitan Government and its governing body and any of its officers, agents and employees and to require and compel the Metropolitan Government or the governing body or its officers, agents or employees to perform and carry out its and their duties and obligations under the Act and its and their covenants and agreements under this General Resolution;

(2) By action or suit in equity, to require the Metropolitan Government and the governing body thereof to account as if they were the trustee of an express trust;

(3) By action or by suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Beneficiaries; and

(4) To bring suit upon the Parity Obligations.

Section 10.7. Appointment of Receiver on Default. In the event that the Metropolitan Government shall default in the payment of the principal of or interest on any of the Parity Obligations after the same shall become due, whether at maturity or upon call for redemption, and the default shall continue for a period of thirty (30) days, or in the event that the Metropolitan Government or the governing body or its officers, agents or employees shall fail or refuse to comply with the provisions of the Act or shall default in any agreement made with the holders of the Parity Obligations then any holder of Parity Obligations, or the Trustee, shall have the right to file a petition in the nature of a general creditors' bill in the chancery court of Davidson County, or in any court of competent jurisdiction, for the appointment of a receiver of the System. The petition may be filed whether or not all the Parity Obligations have been declared due and payable and whether or not the holder or holders or the Trustee is seeking or has sought to enforce any other right, or exercise any remedy in connection with the Parity Obligations.

Section 10.8. Remedies Not Exclusive. No remedy by the terms of this General Resolution conferred upon or reserved to the Trustee or the Beneficiaries is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this General Resolution or existing at law or in equity or by statute on or after the date of adoption of this General Resolution.

Section 10.9. Effect of Waiver and Other Circumstance. (A) No delay or omission of the Trustee or of any Beneficiary to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescence therein; and every power and remedy given by this Article to the Trustee or to the Beneficiaries of Parity Obligations may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Beneficiaries of Parity Obligations.

(B) No remedy which is conferred upon or reserved to the Trustee or to the Beneficiaries of any Parity Obligation by the terms of this General Resolution is intended to be exclusive of any other remedy, but each and every such remedy is cumulative and is in addition to any other remedy given to the Trustee or to Beneficiaries of Parity Obligations hereunder or now or hereafter existing at law or in equity or by statute.

(C) No delay or omission in the exercise of any right or power accruing upon the occurrence of any Event of Default will impair any right or power or be construed to be a waiver of any such occurrence of any Event of Default or the acquiescence therein, and every right and power may be exercised from time to time and as often as may be deemed expedient.

Section 10.10. Rights of Beneficiaries of Parity Obligations to Direct Proceedings. Anything in this General Resolution to the contrary notwithstanding, a majority of the Beneficiaries of the Principal amount of the Parity Obligations outstanding have the right, at any time by a written instrument or instruments which is duly executed and delivered to the Trustee, to direct the method and the place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this General Resolution or to direct the appointment of a receiver or any other proceeding hereunder; provided however, that such direction shall not be otherwise than in accordance with the provisions of law and the provisions of this General Resolution.

Section 10.11. Termination of Proceedings. If the Trustee has proceeded to enforce any right or remedy under the terms of this General Resolution by the appointment of a receiver, or otherwise, and such proceedings have been discontinued or abandoned for any reason or have been determined adversely, then in every such case the Metropolitan Government and the Trustee will be restored to their former respective positions and rights hereunder and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

Section 10.12. Waivers of Defaults. The Trustee may in its discretion waive any Event of Default hereunder, and the consequences specified in this Article 10, and rescind any declaration of maturity of Principal and shall do so upon the written request of a majority of the Beneficiaries of all outstanding Parity Obligations. Upon such waiver or rescission or in case any proceedings taken by the Trustee on account of any such Event of Default have been discontinued or abandoned or determined adversely, then and in every such case the Metropolitan Government, the Trustee and the Beneficiaries of all outstanding Parity Obligations will be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission will extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 10.13. Notice of Events of Defaults; Opportunity of the Metropolitan Government to Cure Defaults. No Event of Default which is specified in clause (C) of Section 10.1 hereof will constitute an Event of Default hereunder until notice of such Event of Default has been given by the Trustee or by a majority of the Beneficiaries of all outstanding Parity Obligations to the Metropolitan Government, by registered or certified mail, and the Metropolitan Government has had 30 days after receipt of such notice to correct such Event of Default or cause such Event of Default to be corrected and has not corrected such Event of Default or caused such Event of Default to be corrected within the applicable period; provided however, that if such Event of Default is such that it cannot be corrected within the applicable period, it will not constitute an Event of Default hereunder if corrective action which is designed

to remedy such Event of Default is instituted by the Metropolitan Government within the applicable period and diligently pursued until such Event of Default is corrected.

ARTICLE 11

CONCERNING FIDUCIARIES

Section 11.1. Trustee; Appointment and Acceptance of Duties. The Trustee shall be appointed upon the initial issuance of Parity Obligations. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this General Resolution in writing.

Section 11.2. Paying Agents; Appointment and Acceptance of Duties. (A) The Metropolitan Government shall appoint one or more Paying Agents for the Parity Obligations, and the Metropolitan Government may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 11.13 for the appointment of a successor Paying Agent. The Trustee is hereby appointed as a Paying Agent.

(B) Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this General Resolution by executing and delivering to the Metropolitan Government and to the Trustee a written acceptance thereof.

(C) The principal offices of the Paying Agents are designated as the respective offices or agencies of the Metropolitan Government for the payment of Parity Obligation Debt Service Expenses.

Section 11.3. Responsibilities of Fiduciaries. The recitals of fact in this General Resolution shall be taken as the statements of the Metropolitan Government and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this General Resolution or of any Parity Obligations issued hereunder or in respect of the security afforded by this General Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for any representation contained in its certificate on the Parity Obligations. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Parity Obligations for value or the application of the proceeds thereof or the application of any moneys paid to the Metropolitan Government or for any losses incurred upon the sale or redemption of any securities purchased for or held in any fund or account under this General Resolution. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. The Trustee shall be under no responsibility or duty with respect to the application of any moneys placed on time deposits, at the direction of the Metropolitan Government, with any other depository. No Fiduciary shall be liable in connection with the performance of its duties under this General Resolution except for its own willful misconduct or negligence.

The Trustee shall not be liable with respect to any action taken or not taken by it in accordance with the direction of the Beneficiaries of a majority (or other percentage provided for herein) in aggregate principal amount of Parity Obligations at the time outstanding relating to the exercise of any right or remedy available to the Trustee hereunder or any other trust or power conferred upon the Trustee.

Each Fiduciary may execute any of its powers or duties hereunder through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with reasonable care.

Before taking any action under Article 8 hereof or upon the direction of the Beneficiaries, the Trustee may require that indemnity satisfactory to the Trustee be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

No provision of this General Resolution shall require any Fiduciary to risk or advance its own funds in the performance of its duties or obligations hereunder.

The Trustee and any Fiduciary shall perform such duties and only such duties as are expressly set forth in this General Resolution and no implied duties or obligations shall be read into this General Resolution.

Section 11.4. Evidence on Which Fiduciaries May Act. (A) Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be counsel to the Metropolitan Government, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by such Fiduciary under this General Resolution in good faith and in accordance therewith.

(B) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this General Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of an Authorized Officer of the Metropolitan Government, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this General Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

(C) Except as otherwise expressly provided in this General Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Metropolitan Government to any Fiduciary shall be sufficiently executed if executed in the name of the Metropolitan Government by an Authorized Officer of the Metropolitan Government.

Section 11.5. Compensation. The Metropolitan Government shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under this General Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this General Resolution. The Metropolitan Government further agrees, if and to the extent permitted by law, to indemnify and save each Fiduciary harmless against any liabilities, costs, claims, expenses of any kind whatsoever, including fees and expenses of their attorneys and agents which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its willful misconduct or negligence.

Section 11.6. Certain Permitted Acts. Any Fiduciary may become the owner of any Parity Obligations or any other obligations of the Metropolitan Government with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other

capacity with respect to, any committee formed to protect the rights of Beneficiaries or the holders of any other obligations of the Metropolitan Government or to effect or aid in any reorganization growing out of the enforcement of the Parity Obligations or any other obligations of the Metropolitan Government or this General Resolution, whether or not any such committee shall represent the holders of a majority in principal amount of the Parity Obligations then outstanding.

Section 11.7. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this General Resolution by giving not less than sixty (60) days' written notice to the Metropolitan Government and the Beneficiaries specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Metropolitan Government or the Beneficiaries as provided in Section 11.9, in which event such resignation shall take effect immediately on the appointment of such successor; provided, however, that no such resignation shall take effect until a successor Trustee shall have been appointed and shall have accepted such appointment pursuant to this General Resolution.

Section 11.8. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee and the Metropolitan Government, and signed by the holders of a majority in principal amount of the Beneficiaries of Parity Obligations then outstanding or their attorneys-in-fact duly authorized, excluding any parity Obligations held by or for the account of the Metropolitan Government. The Metropolitan Government may remove the Trustee at any time, with or without cause, except during the existence of an Event of Default, by filing any instrument signed by an Authorized Officer of the Metropolitan Government. Removal of the Trustee shall take effect upon the appointment of, and acceptance of such appointment by, a successor Trustee in accordance with Article 11 of this General Resolution.

Section 11.9. Appointment of Successor Trustee. (A) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Metropolitan Government covenants and agrees that it will thereupon appoint a successor Trustee. The Metropolitan Government shall notify the Beneficiaries within twenty (20) days after such appointment.

(B) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five days after the Trustee shall have given to the Metropolitan Government written notice as provided in Section 11.7 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or any Beneficiary may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(C) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company organized under the laws of any state or a national banking association, and having a capital and surplus aggregating at least \$50,000,000, if there be such a bank or trust company or national banking association willing and able to accept the

office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this General Resolution.

Section 11.10. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this General Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Metropolitan Government, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the predecessor Trustee shall nevertheless, on the written request of the Metropolitan Government, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this General Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Metropolitan Government be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Metropolitan Government. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

Section 11.11. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and, in the case of any successor Trustee, shall meet the requirements of paragraph (C) of Section 11.9, in the case of a successor Paying Agent, shall meet the requirements of paragraph (A) of Section 11.13, and shall be authorized by law to perform all the duties imposed upon it by this General Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 11.12. Adoption of Authentication. In case any of the Parity Obligations contemplated to be issued under this General Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Parity Obligations and deliver such Parity Obligations so authenticated; and in case any of the said Parity Obligations shall not have been authenticated, any successor Trustee may authenticate such Parity Obligations in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Parity Obligations or in this General Resolution provided that the certificate of the Trustee shall have.

Section 11.13. Resignation or Removal of Paying Agent and Appointment of Successor. (A) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this General Resolution by giving at least sixty (60) days' written notice to the Metropolitan Government, the Trustee, and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and

signed by the Metropolitan Government. Any successor Paying Agent shall be appointed by the Metropolitan Government, with the approval of the Trustee, and (subject to the requirements of Section 11.2) shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having a capital and surplus aggregating at least \$5,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this General Resolution.

(B) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

Section 11.14. Evidence of Signatures of Beneficiaries and Ownership of Parity Obligations. (A) Any request, consent, revocation of consent or other instrument which this General Resolution may require or permit to be signed and executed by the Beneficiaries may be in one or more instruments of similar tenor, and shall be signed or executed by such Beneficiaries in person or by their attorneys-in-fact appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Parity Obligations appertaining thereto, shall be sufficient for any purpose of this General Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) the fact and date of the execution by any Beneficiary or his attorney-in-fact of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company or of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership such certificate or affidavit shall also constitute sufficient proof of his authority;

(2) the amount of Parity Obligations transferable by delivery held by any person executing any instrument as a Beneficiary, the date of his holding such Parity Obligations, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company or financial corporation or other depository, showing at the date therein mentioned that such person exhibited to such member or officer or had on deposit with such depository the Parity Obligations described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank trust company, insurance company or financial corporation or other depository with respect to Parity Obligations owned by it, if acceptable to the Trustee; and

(3) the ownership of Parity Obligations registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

(B) Any request or consent by the owner of any Parity Obligations shall bind all future owners of such Parity Obligations in respect of anything done or suffered to be done by the Metropolitan Government or any Fiduciary in accordance therewith.

Section 11.15. Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of this General Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Metropolitan Government, any other Fiduciary, and any Beneficiary and their agents and their representatives.

Section 11.16. Property Held in Trust. All moneys and securities which are held by any Fiduciary at any time pursuant to the terms of this General Resolution shall be and hereby are assigned, transferred and set over unto such Fiduciary in trust for the purpose and under the terms and conditions set forth in this General Resolution.

ARTICLE 12

DISCHARGE OF RESOLUTION

Section 12.1. Defeasance. (A) If the Metropolitan Government shall pay or cause to be paid to the holders of all Parity Obligations then outstanding, the Parity Obligation Debt Service Expenses, if any, to become due thereon, at the times and in the manner stipulated therein and in this General Resolution, then, at the option of the Metropolitan Government, expressed in an instrument in writing signed by an Authorized Officer of the Metropolitan Government and delivered to the Trustee, the covenants, agreements and other obligations of the Metropolitan Government to the Beneficiaries shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Metropolitan Government, execute and deliver to the Metropolitan Government all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Metropolitan Government all moneys, securities and funds held by them pursuant to this General Resolution which are not required for the payment or redemption of Parity Obligations not theretofore surrendered for such payment or redemption.

(B) Parity Obligations or installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the Metropolitan Government of funds 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 paragraph (A) of this Section. All outstanding Parity Obligations of any issue or series shall, prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (A) of this Section if (i) in case any such Parity Obligations are to be redeemed prior to the maturity thereof, the Metropolitan Government shall have given to the Trustee in form satisfactory to it irrevocable written instructions to deliver a notice of redemption on said dates of such Parity Obligations, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Securities 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 or Redemption Price, if any, and Sinking Fund Installments and interest due and to become due on said Parity Obligations on and prior to the Redemption Date or maturity date thereof, as the case may be, and (iii) in the event such Parity Obligations are not by their terms subject to redemption within the next succeeding sixty days, the Metropolitan Government shall have given the Trustee in form satisfactory to it irrevocable written instructions to deliver a notice to the Beneficiaries of such Parity Obligations that the deposit required by (ii) above has been made with the Trustee and that said Parity Obligations are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the Principal or Redemption Price, if applicable, on said Parity Obligations. Neither Investment Securities or moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Principal or Redemption Price, if any, and interest on said Parity Obligations; except that any cash received from such Principal or interest payments on such Investment Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, and solely at the direction of the Metropolitan Government, be reinvested in Investment Securities maturing at times and in amounts sufficient

to pay when due the Principal or Redemption Price, if any, and interest to become due on said Parity Obligations 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 Metropolitan Government, as received by the Trustee, free and clear of any trust, lien or pledge. For the purposes of this Section, Investment Securities shall mean and include only such obligations as are described in clauses (a), (b) or (e) of the definition of Investment Securities herein and non-callable municipal bonds rated in the highest rating category by a national rating agency.

(C) If, through the deposit of moneys by the Metropolitan Government or otherwise, the Fiduciaries shall hold, pursuant to this General Resolution, moneys sufficient to pay the principal and interest to maturity on all outstanding Parity Obligations, or in the case of Parity Obligations in respect of which the Metropolitan Government shall have taken all action necessary to redeem prior to maturity, sufficient to pay the Redemption Price and interest to such Redemption Date, then at the request of the Metropolitan Government all moneys held by any Paying Agent shall be paid over to the Trustee and, together with other moneys held by it hereunder, shall be held by the Trustee for the payment or redemption of outstanding Parity Obligations.

(D) Anything in this General Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Parity Obligations which remain unclaimed for two years after the date when all of the Parity Obligations have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when all of the Parity Obligations became due and payable, shall, at the written request of the Metropolitan Government, be repaid by the Fiduciary to the Metropolitan Government, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto.

Section 12.2. Moneys Held for Particular Parity Obligations. The amounts held by any Fiduciary for the payment due on any date with respect to particular Parity Obligations shall, on and after such date and pending such payment, be set aside on its books and held in trust by it without liability for interest thereon for the holders of the Parity Obligations entitled thereto.

Section 12.3. No Recourse on the Parity Obligations. No recourse shall be had for the payment of the principal of or interest on the Parity Obligations or for any claim based thereon or on this General Resolution against any member or officer of the Metropolitan Government or any person executing the Parity Obligations.

ARTICLE 13

MISCELLANEOUS

Section 13.1. Successor Is Deemed Included in All References to Predecessor. Whenever in this General Resolution either the Metropolitan Government or any Fiduciary is named or referred to, such reference shall be deemed to include the successors assigns thereof, and all the covenants and agreements in this General Resolution contained by or on behalf of the County or any Fiduciary shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 13.2. Waiver of Notice. Whenever in this General Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 13.3. Severability of Invalid Provisions. If any one or more of the provisions contained in this General Resolution shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this General Resolution and such invalidity, illegality or unenforceability shall not affect any other provision of this General Resolution, and this General Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that it would have executed this General Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this General Resolution may be held illegal, invalid or unenforceable.

Section 13.4. Notices. Any notice to or demand upon the Metropolitan Government shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, as the case may be, to: The Metropolitan Government of Nashville and Davidson County, Department of Finance and General Services, 106 Metropolitan Courthouse, Nashville, Tennessee 37201, Attn: Director of Finance.

Section 13.5. Waiver of Personal Liability. No Metropolitan Council member, officer, agent or employee of the Metropolitan Government shall be individually or personally liable for the payment of the Principal or interest on or with respect to the Parity Obligations or be subject to any personal liability or accountability by reason of the issuance or incurrence thereof; but nothing herein contained shall relieve any such Metropolitan Council member, officer, agent or employee of the Metropolitan Government from the performance of any official duty provided by law or by this General Resolution.

Section 13.6. Governing Law. This General Resolution shall be construed and governed in accordance with the laws of the State of Tennessee.

Section 13.7. Payment and Performance on a Business Day. Except as specifically set forth in a Supplemental Agreement, any payments or transfers which would otherwise become

due on any day which is not a Business Day shall become due or shall be made on the next succeeding Business Day and no interest shall accrue for such period.

Section 13.8. Revisions, Modifications and Changes. Any Authorized Representative, upon the advice of Bond Counsel, has the authority to revise, modify or change any provision of this General Resolution, subject to the limitations contained herein, to the extent such Authorized Representative determines that such revision, modification or change would be in the best interest of the Metropolitan Government.

Section 13.9. Parties of Interest. Nothing in this General Resolution or in any Supplemental Resolution or Parity Obligation Agreement, expressed or implied is intended or shall be construed to confer upon, or to give to, any Person (including, but not limited to, any Customer) other than the Beneficiaries, the Fiduciaries or any Credit Facility Provider, any right, remedy or claim under or by reason of this General Resolution or any covenant, condition or stipulation thereof; and all covenants, stipulations, promises and agreements contained in this General Resolution and any Supplemental Resolution or Parity Obligation Agreement made by and on behalf of the Metropolitan Government shall be for the sole and exclusive benefit of the Metropolitan Government, the Beneficiaries and the Fiduciaries.

Section 13.10. Conflict. All resolutions or parts of resolutions or other proceedings of the Metropolitan Government in conflict herewith are repealed insofar as such conflict exists.

Section 13.11. Effective Date. This General Resolution shall take effect from and after its adoption, the welfare of the Metropolitan Government requiring it.

INTRODUCED BY:

Members of Council

RECOMMENDED BY:

Director of Finance

APPROVED AS TO BUDGET PROCEDURE
WITH PRIORITY:

Budget Officer

APPROVED AS TO FORM AND LEGALITY:

Metropolitan Attorney

APPROVED FOR SUBMISSION TO COUNCIL

Metropolitan County Mayor

SCHEDULE A

Metropolitan Government Premises

Metropolitan Courthouse

Criminal Justice Center

Ben West

Metropolitan Auditorium

Convention Center

Gaylord Entertainment Center

Nashville Coliseum
(formerly known as the Adelphia Coliseum)