
SECOND SUPPLEMENT TO THE AMENDED AND
RESTATED INDENTURE OF TRUST

between

PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY

and

FIRST UNION NATIONAL BANK, as Trustee

Dated as of April 1, 1999

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SECOND SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST

THIS SECOND SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE OF TRUST, dated as of April 1, 1999, between the PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY (the "Authority"), a body corporate and politic organized and existing as a public authority and instrumentality of the Commonwealth of Pennsylvania under and by virtue of the Constitution and laws of the Commonwealth of Pennsylvania, and FIRST UNION NATIONAL BANK, a bank and trust company organized and existing under the laws of the Commonwealth of Pennsylvania, as Trustee under the Indenture,

WITNESSETH:

WHEREAS, the Authority is authorized and empowered under the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of June 5, 1991, P.L. 9, No. 6), as amended (as such Act may be further amended from time to time, the "Act"), to issue its bonds in accordance with the Act for various purposes, including, without limitation, providing financial assistance to a city of the first class to finance a deficit other than a cash flow deficit, to finance capital projects and to otherwise assist such a city and to refund outstanding indebtedness of the Authority; and

WHEREAS, the Authority and CoreStates Bank, N.A. as trustee (the "Initial Trustee") entered into an Indenture of Trust, dated as of June 1, 1992 (the "Original Indenture"), to provide for the issuance and securing of Bonds (as defined in the Original Indenture); and

WHEREAS, pursuant to the Original Indenture and at the request of the City of Philadelphia, Pennsylvania (the "City"), the Authority issued and sold \$474,555,000 aggregate principal amount of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1992 (the "1992 Bonds") for the purpose of financing certain deficits of the City, financing certain capital projects of the City, providing financial assistance to the City to enhance productivity in the operation of the City government, and for certain other purposes permitted under the Act; and

WHEREAS, the Authority and the Initial Trustee entered into a First Supplemental Indenture of Trust dated as of June 22, 1992 amending certain provisions of the Original Indenture (the Original Indenture as so amended is referred to herein as the "Amended Indenture"); and

WHEREAS, Meridian Bank succeeded the Initial Trustee as trustee under the Amended Indenture; and

WHEREAS, the Authority and Meridian Bank, as trustee, entered into a Second Supplemental Indenture of Trust dated as of July 15, 1993 (the "Second Supplemental Indenture") amending and supplementing the Amended Indenture (the Amended Indenture as so amended and supplemented is referred to herein as the "Second Amended Indenture"); and

WHEREAS, pursuant to the Second Amended Indenture and at the request of the City, the Authority issued \$643,430,000 aggregate principal amount of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1993 (the "1993 Bonds") for the purpose of providing grants to the City for use by the City to pay costs of certain capital projects included in the City's Fiscal Year 1994 Capital Budget, costs of certain capital improvements to the City's criminal justice and correctional facilities and costs of defeasing certain of the City's general obligation bonds; and

WHEREAS, the Authority and Meridian Bank, as trustee, entered into a Third Supplemental Indenture of Trust dated as of August 15, 1993 (the "Third Supplemental Indenture") amending and supplementing the Second Amended Indenture (the Second Amended Indenture as so amended and supplemented is referred to herein as the "Third Amended Indenture"); and

WHEREAS, pursuant to the Third Amended Indenture, the Authority issued \$178,675,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1993A (the "1993A Bonds") for the purpose of refunding \$136,670,000 aggregate principal amount of 1992 Bonds maturing on June 15 of the years 2006, 2012 and 2022; and

WHEREAS, the Authority amended and restated the Third Amended Indenture pursuant to an Amended and Restated Indenture of Trust dated as of December 1, 1994 (the "Amended and Restated Indenture") between the Authority and Meridian Bank, as Trustee, in order to, *inter alia*, incorporate in one document all of the provisions thereof (including changes in the schedules of capital projects to be funded with proceeds of the 1992 Bonds and the 1993 Bonds effected through substitution requests); and

WHEREAS, pursuant to the Amended and Restated Indenture, the Authority issued \$122,020,000 aggregate principal amount of its Special Tax Revenue Bonds (City of Philadelphia Funding Program), Series of 1994 (the "1994 Bonds") in order to pay costs of certain capital projects included in the City's Fiscal Year 1995 Capital Budget; and

WHEREAS, pursuant to the First Supplement to the Amended and Restated Indenture dated as of May 15, 1996 (the "First Supplement to the Amended and Restated Indenture," and together with the Amended and Restated Indenture, the "Existing Indenture") between the Authority and Meridian Bank, as Trustee, the Authority issued \$343,030,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1996 (the "1996 Bonds") in order to (i) pay the costs of advance refunding the outstanding 1992 Bonds and the 1994 Bonds, and (ii) pay the costs of issuing such Additional Bonds; and

WHEREAS, First Union National Bank succeeded Meridian Bank as Trustee under the Existing Indenture; and

WHEREAS, the Authority has undertaken to issue Additional Bonds to (i) pay the costs of advance refunding the outstanding 1993 Bonds, (ii) to provide a Credit Facility to satisfy the Debt

Service Reserve Requirement, and (iii) pay the costs of issuing such Additional Bonds and of obtaining credit enhancement for the Bonds (the "1999 Refunding"); and

WHEREAS, by Resolutions adopted on March 2, 1999 and March 16, 1999, the Authority determined to issue and sell its Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999 (the "1999 Bonds") for the purpose of financing, together with other available funds, the 1999 Refunding pursuant to the terms of this Second Supplement to the Amended and Restated Indenture (the "Second Supplement to the Amended and Restated Indenture", and together with the Existing Indenture, the "Indenture"); and

WHEREAS, in order to accomplish the advance refunding of the outstanding 1993 Bonds, the Authority and the Trustee, as escrow agent (in such capacity, the "Escrow Agent") will enter into an Escrow Deposit Agreement (the "1993 Bonds Escrow Deposit Agreement") dated as of the date hereof, pursuant to which the Authority shall deposit in escrow with the Escrow Agent, from the proceeds of the 1999 Bonds, an amount of cash which, when added to certain funds held by the Trustee for the benefit of the 1993 Bonds, and the investment earnings thereon, will be sufficient to (a) pay the maturing principal of and interest on the 1993 Bonds through and including June 15, 2003, and to pay the redemption price of all outstanding 1993 Bonds, all of which will be called for redemption on June 15, 2003; and

WHEREAS, the execution and delivery of this Second Supplement to the Amended and Restated Indenture and of the 1999 Bonds have been duly authorized and all things necessary to make the 1999 Bonds, when executed by the Authority and authenticated by the Trustee, valid and binding legal obligations of the Authority and to make this Second Supplement to the Amended and Restated Indenture of Trust a valid and binding agreement have been done.

NOW, THEREFORE, THIS SECOND SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE WITNESSETH:

That, in order to secure the principal of and interest and premium, if any, on the 1999 Bonds issued hereunder according to their tenor and effect and to secure the performance and observance by the Authority of all the covenants and conditions contained herein and in the Existing Indenture and to declare the terms and conditions upon and subject to which the 1999 Bonds are issued and secured, and for and in consideration of the mutual covenants contained herein and in the Existing Indenture, the Authority and the Trustee are entering into this Second Supplement to the Amended and Restated Indenture of Trust, which shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of the 1999 Bonds.

ARTICLE I AUTHORITY AND DEFINITIONS

SECTION 1.01 SUPPLEMENTAL INDENTURE OF TRUST

This Second Supplement to the Amended and Restated Indenture is supplemental to the Existing Indenture.

SECTION 1.02 AUTHORITY FOR THIS SECOND SUPPLEMENT TO THE AMENDED AND RESTATED INDENTURE

This Second Supplement to the Amended and Restated Indenture is adopted (i) pursuant to the provisions of the Act and (ii) in accordance with Article X of the Amended and Restated Indenture.

SECTION 1.03 DEFINITIONS

1. Except as provided in this Second Supplement to the Amended and Restated Indenture, all terms which are defined in Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, shall have the same meanings, respectively, in this Second Supplement to the Amended and Restated Indenture as are given to such terms in said Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture.

2. Article I of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is hereby amended by adding the following definitions:

The following terms shall have the definitions set forth in the recitals hereof:

1999 Bonds	Escrow Agent
1993 Bonds Escrow Deposit Agreement	Second Supplement to the
1999 Refunding	Amended and Restated Indenture

"1999 Credit Facility" means the Credit Facility, a municipal bond debt service reserve fund policy, issued by the 1999 Credit Facility Issuer.

"1999 Credit Facility Issuer" means Financial Guaranty Insurance Company, the Credit Facility Issuer issuing the 1999 Credit Facility

"1999 Term Bonds" means the 1999 Bonds maturing on June 15, 2021 and June 15, 2023.

3. Pursuant to the respective defined terms in the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, the terms "Bond Insurance Policy", "Bond Insurer", "Interest Payment Date", "Letter of Representations" and "Record Date" shall have the following meanings with respect to the 1999 Bonds:

"Bond Insurance Policy" means, with respect to the 1999 Bonds, the municipal bond new issue insurance policy issued by the Bond Insurer for the 1999 Bonds that guarantees payment of principal of and interest on the 1999 Bonds.

"Bond Insurer" means, with respect to the 1999 Bonds, Financial Guaranty Insurance Company, or any successor thereto.

"Interest Payment Date" means, with respect to the 1999 Bonds, June 15, 1999 and each June 15 and December 15 thereafter so long as any 1999 Bonds remain outstanding hereunder.

"Letter of Representations" shall have the meaning specified in Section 2.04(b) of this Second Supplement to the Amended and Restated Indenture when referring to the 1999 Bonds.

"Record Date" means, with respect to the 1999 Bonds, the last day (whether or not a Business Day) of the calendar month next preceding any Interest Payment Date for the 1999 Bonds.

4. The definition of the term "Investment Securities" contained in the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended as follows:

In the twelfth to last line of subsection (f), after the words "1994 Bonds", delete the word "or" and replace it with ",", and after the words "1996 Bonds", add the words "or 1999 Bonds". In the third to last line in subsection (f), after the words "1994 Bonds", delete the word "or" and replace it with ",", and after the words "1996 Bonds", add the words "or 1999 Bonds".

5. The definition of the term "Debt Service Reserve Requirement" contained in the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

"Debt Service Reserve Requirement" means with respect to the Bonds, an amount equal to the lesser of (i) the Maximum Annual Debt Service Requirement with respect to all Bonds outstanding under the Indenture, and (ii) the maximum amount permitted by the Code.

ARTICLE II THE 1999 BONDS

SECTION 2.01 AUTHORIZATION OF 1999 BONDS

The 1999 Bonds are authorized to be issued in an aggregate principal amount of \$610,005,000.

SECTION 2.02 DESCRIPTION OF 1999 BONDS

(a) The 1999 Bonds (i) shall be designated "Pennsylvania Intergovernmental Cooperation Authority Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 1999", (ii) shall be issued as fully registered bonds, and (iii) shall be in denominations of \$5,000 principal amount and integral multiples thereof.

(b) The 1999 Bonds shall be substantially in the form of Exhibit A hereto, with appropriate insertions, omissions and variations, including, without limitation, provisions for optional and mandatory redemption, as permitted or required by this Second Supplement to the Amended and Restated Indenture, and appropriate statements of insurance.

(c) The 1999 Bonds shall be dated April 1, 1999. The principal of and interest on the 1999 Bonds shall be payable on the dates and the 1999 Bonds shall be subject to redemption in the manner and subject to the conditions stated herein and in the 1999 Bonds.

(d) The 1999 Bonds shall mature on the dates and in the amounts and shall bear interest at the annual rates set forth in Schedule 1 hereto, such interest to be payable on each December 15 and June 15, commencing June 15, 1999, until maturity or such later date as payment of the principal amount thereof shall have been made or provided for.

(e) All provisions of Article II of the Amended and Restated Indenture which are applicable to Bonds shall apply to the 1999 Bonds.

SECTION 2.03 DELIVERY OF THE 1999 BONDS AND DISPOSITION OF PROCEEDS THEREOF.

(a) Upon the execution and delivery of this Second Supplement to the Amended and Restated Indenture, the Authority shall execute and deliver the 1999 Bonds to the Trustee and the Trustee shall authenticate the 1999 Bonds and deliver them to the initial purchaser or purchasers thereof as directed by the Authority in an order delivered by the Authority to the Trustee upon receipt of the proceeds of the 1999 Bonds. Proceeds from the sale of the 1999 Bonds shall be received by the Trustee and deposited in the Settlement Fund and shall then be disbursed and transferred from the Settlement Fund as follows:

(1) To an account in the Debt Service Fund to be established in respect of the 1999 Bonds, the accrued interest on the 1999 Bonds.

(2) To or upon the order of the Authority, the amount specified by the Authority at or after the closing for the issuance of the 1999 Bonds as the costs of issuance of the 1999 Bonds (including, without limitation, fees and expenses of bond counsel and special tax counsel, consultants, the Trustee and the Trustee's counsel, the City's counsel and

consultants, and the Authority's counsel in connection with the issuance of the 1999 Bonds, fees payable to any 1999 Credit Facility Issuer and Bond Insurer with respect to the 1999 Bonds, printing costs payable by the Authority and rating agency fees).

(3) To the Escrow Agent, to be deposited in the Escrow Fund, an amount equal to \$616,677,049.95, which will be applied in accordance with the terms of the 1993 Bonds Escrow Deposit Agreement.

Any amount remaining in the Settlement Fund after the foregoing disbursements and transfers shall be disbursed or transferred by the Trustee to the Debt Service Fund in respect of the 1999 Bonds.

(b) Accrued interest deposited in the account in the Debt Service Fund in respect of the 1999 Bonds shall be applied to pay interest on the 1999 Bonds on June 15, 1999.

(c) Pursuant to Section 5.07 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture and Section 4.03 of this Second Supplement to the Amended and Restated Indenture, there shall be delivered to the Trustee for deposit in the Debt Service Reserve Fund in respect of the Bonds, the 1999 Credit Facility in an amount sufficient to cause the aggregate amount of cash, Investment Securities and amounts available under the 1999 Credit Facility to equal the Debt Service Reserve Requirement.

(d) Concurrently with the deposit of the 1999 Credit Facility, the Trustee is hereby instructed to release the Credit Facility presently held in the Debt Service Reserve Fund with respect to the 1996 Bonds and to return it to Financial Guaranty Insurance Corporation, the issuer of such Credit Facility. The Trustee is further instructed to release the following moneys held in the following funds established under the Indenture and deposit such moneys in the Escrow Fund:

(i) all amounts held in the Debt Service Reserve Fund on the date of execution of this Second Supplement to the Amended and Restated Indenture in excess of the Debt Service Reserve Requirement; and

(ii) all moneys held in the 1993 Bonds account of the Debt Service Fund.

SECTION 2.04 BOOK ENTRY SYSTEM FOR THE 1999 BONDS.

(a) The 1999 Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the 1999 Bonds of each maturity, which 1999 Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as provided in paragraph (g) below, all of the 1999 Bonds shall be registered in the books kept by the Trustee in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the 1999 Bonds be registered in the name of a different nominee, the Trustee shall exchange all or any portion of the 1999 Bonds for an equal aggregate principal amount of 1999 Bonds registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the Authority or the Trustee either a 1999 Bond or any other evidence of ownership of the 1999 Bonds, or any right to receive any payment in respect

thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the 1999 Bonds on the books kept by the Trustee, in connection with discontinuing the book entry system as provided in paragraph (g) below or otherwise.

(b) So long as the 1999 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal of or premium or interest on such 1999 Bonds shall be made to DTC or its nominee in accordance with the Letter of Representations from the Authority to DTC (the "Letter of Representations") on the dates provided for such payments under the Indenture. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Authority or the Trustee with respect to the principal of and premium and interest on the 1999 Bonds to the extent of the sum or sums so paid.

(c) The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive owner of the 1999 Bonds registered in its name for the purposes of payment of the principal of or premium or interest on the 1999 Bonds, selecting the 1999 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of 1999 Bonds under the Indenture, registering the transfer of 1999 Bonds, obtaining any consent or other action to be taken by Holders of 1999 Bonds and for all other purposes whatsoever; and neither the Authority nor the Trustee shall be affected by any notice to the contrary. Neither the Authority nor the Trustee shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the 1999 Bonds under or through DTC or any such participant, or any other person which is not shown on the Bond Register as being a Bondholder, with respect to (1) the 1999 Bonds; (2) the accuracy of any records maintained by DTC or any such participant; (3) the payment by DTC or any such participant of any amount in respect of the principal of or premium or interest on the 1999 Bonds; (4) any notice which is permitted or required to be given to Holders of 1999 Bonds under the Indenture; (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the 1999 Bonds; or (6) any consent given or other action taken by DTC as Holder of 1999 Bonds.

(d) So long as the 1999 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Holders of 1999 Bonds under the Indenture shall be given to DTC as provided in the Letter of Representations.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Indenture by the Trustee with respect to any consent or other action to be taken by Holders of 1999 Bonds, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the Trustee may establish a special record date for such consent or other action. The Trustee shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(f) At or prior to settlement for the 1999 Bonds, the Authority and the Trustee shall execute or signify their approval of the Letter of Representations. Any successor Trustee shall, in its written acceptance of its duties under the Indenture, agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(g) The book entry system for registration of the ownership of the 1999 Bonds through DTC shall be discontinued at any time that (1) DTC determines to resign as securities depository for the 1999 Bonds and gives notice of such determination to the Authority and the Trustee or (2) the Authority determines that continuation of the system of book entry transfers through DTC is not in the best interests of the Authority or the Holders of 1999 Bonds and gives notice of such determination to the Trustee and DTC. In either of such events the Authority may appoint a successor securities depository; but if the Authority does not appoint a successor, the 1999 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Authority or the Trustee for the accuracy of such designation. If a successor securities depository is appointed, this Section 2.04 shall be amended as necessary to reflect such succession and to incorporate provisions required by the successor.

ARTICLE III REDEMPTION/REVENUES AND FUNDS

SECTION 3.01 OPTIONAL REDEMPTION.

The 1999 Bonds maturing on and after June 15, 2010 are redeemable on and after June 15, 2009, in whole at any time, or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot. Any such redemption shall be made at 100% of the principal amount of the 1999 Bonds to be redeemed, plus accrued interest to the redemption date.

SECTION 3.02 DEBT SERVICE FUND.

(a) The Trustee shall establish as a part of the Debt Service Fund in respect of the 1999 Bonds a 1999 Bonds Sinking Fund Account (the "1999 Bonds Sinking Fund Account") for the retirement of certain of the 1999 Term Bonds. Moneys deposited in the 1999 Bonds Sinking Fund Account shall be held by the Trustee for the sole benefit of the registered owners of 1999 Term Bonds specified below and shall be applied as hereafter provided.

The Trustee shall transfer moneys from the Debt Service Fund in respect of the 1999 Bonds to the 1999 Bonds Sinking Fund Account on June 15 of the years set forth below in the amount required to retire 1999 Term Bonds specified below in the following amounts through mandatory redemption, in direct order of maturity and within a maturity as chosen by the Trustee by lot, at the principal amount thereof plus accrued interest, or through purchase as hereinafter provided:

1999 Term Bonds Maturing June 15, 2021		1999 Term Bonds Maturing June 15, 2023	
Year (June 15)	<u>Amount</u>	Year (June 15)	<u>Amount</u>
2020	\$16,940,000	2022	\$18,675,000
2021*	17,785,000	2023*	19,560,000

* Final Maturity

Prior to May 1 of each year in which 1999 Term Bonds are subject to mandatory redemption as described above, the Trustee, at the written direction of the Authority, may enter into contracts for the purchase from moneys to be deposited in the 1999 Bonds Sinking Fund Account of as many 1999 Term Bonds then subject to mandatory sinking fund redemption as can be purchased in the open market or pursuant to offers made at the time by the holders thereof, at prices not greater than the principal amount thereof specified in such written direction, together with accrued interest to the date of purchase (which accrued interest shall be paid from moneys in the Debt Service Fund in respect of the 1999 Bonds). Prior to May 15 of each year or such date as will permit the Trustee to mail the notice of redemption required under Section 3.02 of the Indenture, so long as any 1999 Term Bonds specified above shall remain Outstanding, the Trustee shall draw by lot, for redemption on June 15 of such year, a principal amount of 1999 Term Bonds as shall represent the difference

between the principal amount of such 1999 Term Bonds fixed for redemption on such date as described above and the principal amount thereof which the Trustee shall have purchased or agreed to purchase during the immediately preceding period, as above provided.

Upon selection by lot of the particular 1999 Term Bonds to be redeemed, as above provided, the Trustee shall send a notice, in the name of the Authority, to the holders of such 1999 Term Bonds so drawn for redemption in the manner provided in Article III of the Indenture, and, upon presentation by the holders thereof, the Trustee shall pay the principal amount thereof out of moneys in the 1999 Bonds Sinking Fund Account and shall pay accrued interest due from moneys available therefor in the Debt Service Fund in respect of the 1999 Bonds.

If at any time all the 1999 Term Bonds eligible for redemption shall have been purchased, redeemed or paid, the Trustee shall make no further transfers to the 1999 Bonds Sinking Fund Account and shall transfer any balance then in such account to the Debt Service Fund in respect of the 1999 Bonds. Whenever 1999 Term Bonds are to be purchased out of the 1999 Bonds Sinking Fund Account, if the Authority shall notify the Trustee that the Authority wishes to arrange for such purchase, the Trustee shall comply with the Authority's arrangements provided they conform to the Indenture.

(b) (i) If, on the third day preceding any Interest Payment Date for the 1999 Bonds there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the 1999 Bonds due on such date, the Trustee shall immediately notify the Bond Insurer and State Street Bank and Trust Company, N.A., or its successor as the Fiscal Agent for the Bond Insurer of the amount of such deficiency. If, by said Interest Payment Date, the Authority has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the 1999 Bonds maintained by the Trustee. In addition:

(A) The Trustee shall provide the Bond Insurer with a list of the Bondholders entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Bond Insurer and the Fiscal Agent (1) to mail checks or drafts to Bondholders entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the 1999 Bonds surrendered to the Fiscal Agent by the Bondholders entitled to receive full or partial principal payments from the Bond Insurer; and

(B) The Trustee shall, at the time it makes the registration books available to the Bond Insurer pursuant to (A) above, notify Bondholders entitled to receive the payment of principal of or interest on the 1999 Bonds from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy, (3) that, except as provided in paragraph (ii) below, in the event that any Bondholder is entitled to receive full payment of principal from the Bond Insurer, such Bondholder must tender his 1999 Bond with the instrument of transfer in the form provided on the 1999 Bond executed in the name of the Bond Insurer,

and (4) that, except as provided in paragraph (ii) below, in the event that such Bondholder is entitled to receive partial payment of principal from the Bond Insurer, such Bondholder must tender his 1999 Bond for payment first to the Trustee, which shall note on such 1999 Bond the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Bondholder subject to the terms of the Bond Insurance Policy.

(ii) In the event that the Trustee has notice that any payment of principal of or interest on a 1999 Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Bondholders of such 1999 Bonds that in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the 1999 Bonds which have been made by the Trustee and subsequently recovered from Bondholders, and the dates on which such payments were made.

(iii) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the 1999 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Bondholders of such 1999 Bonds and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the 1999 Bonds maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Bondholders of such 1999 Bonds. Notwithstanding anything in the Indenture (including, without limitation, Section 2.04 of this Second Supplement to the Amended and Restated Indenture) or the 1999 Bonds to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

SECTION 3.03 1999 CREDIT FACILITY.

The 1999 Credit Facility will be issued by the 1999 Credit Facility Issuer in lieu of a deposit in the Debt Service Reserve Fund at the time of the issuance of the 1999 Bonds. The 1999 Credit Facility shall be payable (upon the giving of notice by the Trustee to the 1999 Credit Facility Issuer in accordance with the terms of the 1999 Credit Facility at least two business days prior to each Interest Payment Date) on any date on which moneys are required to be withdrawn from the Debt Service Reserve Fund for the Bonds and applied to the payment of principal of or interest on the Bonds. If a disbursement is made pursuant to the 1999 Credit Facility, the 1999 Credit Facility Issuer shall furnish to the Authority written instructions as to the manner in which repayment of amounts owed to the 1999 Credit Facility Issuer as a result of such disbursement shall be made.

In the event of any such disbursement, the Authority shall either (i) cause the maximum limits of the 1999 Credit Facility to be reinstated, by causing transfers to be made pursuant to Section 5.05(b) of the Indenture to the 1999 Credit Facility Issuer to pay the Policy Costs (as defined hereinafter) in the manner set forth in the next paragraph or otherwise, or (ii) deposit into the Debt Service Reserve Fund an amount, from transfers from the Revenue Fund pursuant to Section 5.05(b) of the Indenture, equal to the amount of the draw made under the 1999 Credit Facility, or a combination thereof, so that the amount of cash (or Investment Securities under the Indenture), together with the Credit Facility in the Debt Service Reserve Fund equals the Debt Service Reserve Requirement.

Repayment of draws under the 1999 Credit Facility, expenses of the 1999 Credit Facility Issuer relating thereto and the interest thereon, accruing at a rate equal to the lower of (i) the prime rate per annum of Morgan Guaranty Trust Company of New York in effect from time to time plus two percent (2%) and (ii) the highest rate permitted by law, shall enjoy the same priority as the obligation to maintain and refill the Debt Service Reserve Fund. Repayment of draws, expenses and accrued interest (such draws, expenses and interest are collectively referred to as the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs relating to such draw. Payment of Policy Costs shall be made in the same priority as transfers to the Debt Service Reserve Fund in accordance with Section 5.05(b) of the Indenture, as set forth above. Amounts paid to the 1999 Credit Facility Issuer shall be credited first to interest due under the 1999 Credit Facility, then to the expenses due under the 1999 Credit Facility and then to reimbursement of the draws under the 1999 Credit Facility. As and to the extent that payments are made to the 1999 Credit Facility Issuer on account of reimbursement of any draws under the 1999 Credit Facility, the coverage under the 1999 Credit Facility will be increased by a like amount.

If the Authority shall fail to repay any Policy Costs as described above, the 1999 Credit Facility Issuer shall be entitled to exercise any and all remedies available at law or under the Indenture other than (i) the acceleration of the maturity of the Bonds, or (ii) remedies which would adversely affect holders of the Bonds.

If and to the extent that cash and/or Investment Securities have also been deposited in the Debt Service Reserve Fund, all such cash shall be used (or Investment Securities purchased with such cash shall be liquidated and the proceeds applied as required) prior to any draw under the 1999 Credit Facility, and repayment of any Policy Costs shall be made prior to replenishment of any such cash amounts. If, in addition to the 1999 Credit Facility, any other Credit Facility is provided with respect to the Bonds, drawings under the 1999 Credit Facility and any such other Credit Facility shall be made on a pro rata basis (calculated by reference to the maximum amounts available thereunder) after applying all available cash in the Debt Service Reserve Fund and prior to replenishment of any such cash draws, respectively.

For so long as the 1999 Credit Facility is in effect (a) the Indenture shall not be modified or amended without the prior written consent of the 1999 Credit Facility Issuer, (b) the 1999 Credit Facility Issuer shall be provided with written notice of the resignation or removal of the Trustee and the appointment of a successor thereto and of the issuance of additional indebtedness of the

Authority, and (c) the Indenture shall not be discharged if any Policy Costs are owed by the Authority to the 1999 Credit Facility Issuer.

For so long as the 1999 Credit Facility is in effect, the amount available to be drawn thereunder shall be taken into account when computing the value of the assets in such account for purposes of determining whether the Debt Service Reserve Requirement is satisfied.

ARTICLE IV AMENDMENT OF INDENTURE

SECTION 4.01 AMENDMENT OF SECTION 2.11.

Subsection (f) of Section 2.11 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

“(f) Except for Additional Bonds issued to refund Outstanding Bonds where the Maximum Annual Debt Service Requirement for the Additional Bonds and the total principal and interest payable on the Additional Bonds for the term thereof do not exceed the comparable amounts for the Bonds being refunded or Additional Bonds which have a security interest in the Pledged Revenues which is subordinate to the security interest granted to secure the 1993A Bonds, the 1996 Bonds and the 1999 Bonds, a certificate executed by the Authority, including a verification of the calculations by an independent certified public accountant, showing that (1) the PICA Taxes collected with respect to any 12 consecutive months during the 15 month period preceding the date of issuance of such Additional Bonds, after giving retroactive effect during each month of such 12 month period to any PICA Taxes which were not in effect (including for this purpose any increase in the rate of an existing tax) during each such month but which have been imposed prior to the issuance of the Additional Bonds, equaled at least 175% of the Maximum Annual Debt Service Requirement (including the Authority's obligations with respect to repayment of Policy Costs then due and owing with respect to each Credit Facility issued in connection with the Debt Service Reserve Fund for the Bonds) on Bonds to be Outstanding after the issuance of the Additional Bonds and (2) the PICA Taxes projected to be collected during the 12 months following the issuance of the Additional Bonds, which projections may be based on the PICA Taxes projected for such period in the City's most recent Financial Plan (as defined in the Intergovernmental Cooperation Agreement) approved by the Authority, equal at least 175% of the Debt Service Requirement during such 12 month period on Bonds to be Outstanding after the issuance of the Additional Bonds. In making the foregoing calculations, PICA Taxes other than the Income Tax shall not be included in the calculation unless each Bond Insurer then insuring Outstanding Bonds has consented to the inclusion of such other PICA Taxes in writing.”

SECTION 4.02 AMENDMENT OF SECTION 4.12.

(a) Section 4.12(b) of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

“(b) the official statement or other disclosure, if any, prepared in connection with the issuance of additional debt, whether or not it is on a parity with the 1993A Bonds, the 1996 Bonds or the 1999 Bonds, within 30 days after the sale thereof;”.

(b) Section 4.12(d) of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is amended and restated in its entirety as follows:

“(d) the notice of the redemption, other than mandatory sinking fund redemption, of any of the 1993A Bonds, the 1996 Bonds and the 1999 Bonds, including the principal amount, maturities and CUSIP numbers thereof;”.

SECTION 4.03 AMENDMENT OF SECTION 5.07.

Pursuant to Section 10.02 of the Amended and Restated Indenture, Subsection 5.07 of the Amended and Restated Indenture, as supplemented and amended by the First Supplement to the Amended and Restated Indenture, is hereby amended to delete the necessity of separate accounts for each Series. As amended and restated, such section reads, in its entirety, as follows:

Section 5.07 Debt Service Reserve Fund.

There shall be maintained in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement for the Bonds. In lieu of a cash deposit, at the time of issuance of a Series, subject to approval of the Bond Insurer, if any, there may be provided a Credit Facility in such amount issued by a Credit Facility Issuer whose credit facilities are such that bonds secured by such credit facilities are rated in one of the three highest rating categories by Moody's and S&P. Moneys in the Revenue Fund shall be transferred to the Debt Service Reserve Fund to the extent necessary to eliminate a deficiency therein. To the extent that there is an excess amount in the Debt Service Reserve Fund as of the date any valuation is required to be made as provided herein, unless otherwise provided in the Supplemental Indenture authorizing the issuance of such Series, the excess (other than any Investment Earnings) shall be transferred, at the written direction of the Authority, to the Debt Service Fund or the Bond Redemption Fund for redemption of Bonds at the earliest possible date that Bonds can be redeemed without a premium, or, subject to an approving opinion of Bond Counsel, as directed in writing by the Authority.

All Investment Earnings from investments of amounts in the Debt Service Reserve Fund shall be retained or transferred, as applicable, in the following order and priority:

- (a) the Trustee shall retain in the Debt Service Reserve Fund the amount necessary to eliminate any deficiency therein;
- (b) the Trustee shall transfer to the Rebate Fund in respect of each Bond Year such amount as is certified by the Authority to the Trustee pursuant to the applicable Tax Compliance Agreement as the Rebate Amount and Yield Reduction Amount, if any, for such Bond Year with respect to the 1993A Bonds, the 1996 Bonds, the 1999 Bonds and such additional amount for each other Series of Bonds as may be specified in the Supplemental Indenture authorizing the Series;
- (c) the Trustee shall transfer to the Authority the amount necessary to cause the aggregate amount transferred to the Authority during the fiscal year of the Authority in which such transfer is made (together with transfers from the Revenue Fund pursuant to Section 5.05 hereof), to equal the total operating expenses of the Authority for such fiscal year as set forth in the certificate of the Authority (which

