

ACTION A

RESOLUTION

EXTRACT FROM THE MINUTES OF A regular
MEETING OF THE Charlotte City Council
HELD ON July 23, 2007

The following resolution was introduced by Burgess,
seconded by Kinsey, considered and adopted.

RESOLUTION AUTHORIZING, ADOPTING, APPROVING, ACCEPTING AND
RATIFYING THE EXECUTION OF THE GRANT AGREEMENT FOR PROJECT
NUMBER 3-37-0012-56 BETWEEN THE UNITED STATES OF AMERICA AND
THE CITY OF CHARLOTTE, NORTH CAROLINA

BE IT RESOLVED, by the CITY COUNCIL of
THE CITY OF CHARLOTTE, NORTH CAROLINA

SECTION 1. That said City Council hereby
authorizes, adopts, approves, accepts and ratifies the execution of
a Grant Agreement between the Federal Aviation Administration on
behalf of the United States of America and the City of Charlotte,
North Carolina

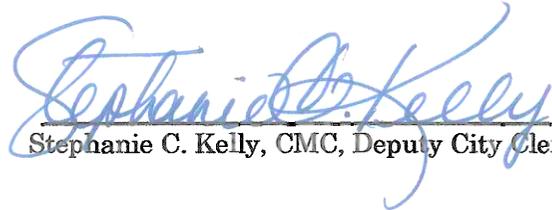
SECTION 2. That the Execution of said Grant Agreement in
quadruplicate on behalf of said City Council by
T. J. Orr, Aviation Director and the impression of
the official seal of the City of Charlotte and the attestation
by Brenda Freeze; City Clerk is
hereby authorized, adopted, approved, accepted and ratified.

SECTION 3. That the Aviation Director is hereby
authorized to execute payment requests under these Grant Agreements
on behalf of said City of Charlotte.

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Pages (723-724)

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHARLOTTE
ADOPTING AND APPROVING THE EXCHANGE OF LAND RIGHTS IN THE
RAIL CORRIDOR ALONG SOUTH BOULEVARD WITH TREMONT
PARTNERS, AND AFFILIATED ENTITY OF THE HANOVER COMPANY**

WHEREAS, the City of Charlotte (the "City") purchased the 130 foot wide Charter Right-of-Way, formerly owned by the Norfolk Southern Railroad, located in the SouthEnd area of the City; and

WHEREAS, in 2005, the City through the action of its council adopted the SouthEnd Transit Station Area Plan to guide the development along the buffer area of the 130-foot wide Rail Corridor; and

WHEREAS, the Staff is working with Tremont Partners, who has purchased the property having a tax I. D. number 121-031-10; and

WHEREAS, the buffer area in the Charter Right-of-Way in which Tremont Partners, is interested lies outside of the currently preserved transit corridor; and

WHEREAS, in order to proceed with the development of the for mentioned property, agree to exchange property rights for a full and fair compensation, as provided by the North Carolina General Statutes; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Charlotte, in its regular session duly assembled, as follows:

- A. The City shall receive from Tremont Partners, the following, which is a full and fair compensation for the exchange of property rights:
1. "Fee" title and rights to .33 acre of underlying fee simple interest that will remain in use as the rail corridor being with tax parcel number 121-031-10.
 2. Installation of a fire lane, including upgrade to grassstone pavers and irrigation.
 3. Upgrading the City's 12-foot pedestrian trail from asphalt to concrete.
 4. Installation of enhanced landscaping, benches and bike racks along the trail.
 5. Perpetual maintenance of the landscaping within the westerly sided of the City's rail corridor that is adjacent to the proposed development.
- B. Tremont Partners, will receive a release of .20 acre of charter rail right of way owned by the City of Charlotte from the westerly edge of the Rail Corridor being a portion of tax parcel numbers 121-031-10.

BE IT FURTHER RESOLVED that the actual exchange of property rights set forth herein between the City and Tremont Partners, its successors and assigns, shall not occur until the City of Charlotte receives Federal Transit Authority approval of the exchange of land rights is received.

FURTHER RESOLVED, that the City Council for the City of Charlotte authorizes the City Manager to execute the necessary legal documents to complete the exchange of the land rights between the City and Tremont Partners, its successors and assigns,

ADOPTED this 23rd day of July, 2007.

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Pages (725-726)

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

**RESOLUTION AUTHORIZING THE LEASE OF ANTENNA AND
GROUND SPACE TO CLEARWIRE US LLC**

WHEREAS, the City of Charlotte ("the City") owns property and a communications tower located at 232 Heathway Drive in Charlotte ("the Property"), Mecklenburg County, North Carolina; and

WHEREAS, the Property has space available for the placement of communications equipment which will not interfere with the City's current or future needs; and

WHEREAS, Clearwire US LLC desires to lease approximately 49 square feet of the Property for an equipment shed and space on the tower for communications antennas, for a term of five years, with the right to renew the lease for four additional five-year terms; and

WHEREAS, in consideration of leasing the Property, Clearwire US LLC has agreed to pay rent in the amount of one thousand two hundred dollars (\$1,200.00) per month for the first twenty-two months, then increasing by a factor of three percent (3%) per year annually on July 1, beginning July 1, 2009; and

WHEREAS, Section 8.131 of the Charter of the City of Charlotte authorizes the City to lease its property for terms of more than ten years upon resolution of the City Council adopted at a regular meeting after public notice; and

WHEREAS, the required notice has been published and Council is convened in a regular meeting;

NOW THEREFORE, BE IT RESOLVED by the City Council for the City of Charlotte, pursuant to Section 8.131 of the City of Charlotte Charter, that it hereby authorizes the lease of the above referenced Property as follows:

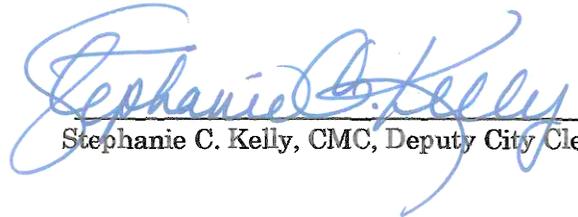
The City Council hereby approves lease of the city property described above to Clearwire US LLC for five years, with the lessee holding a right to renew for four additional five-year periods, and authorizes the City Manager or his Designee to execute any instruments necessary to the lease.

THIS IS THE 23RD DAY OF JULY, 2007.

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Pages (727-728)

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

**A RESOLUTION AUTHORIZING CONDEMNATION PROCEEDINGS
FOR THE ACQUISITION OF CERTAIN REAL PROPERTY**

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **FRED D. ALEXANDER BOULEVARD-SECTION B PROJECT**; and

WHEREAS, the City either in good faith has undertaken to negotiate for the purchase of this property but has been unable to reach an agreement with the owners for the purchase price or, after reasonable diligence, has been unable to negotiate a purchase price;

NOW, THEREFORE, BE IT RESOLVED by the City Council of The City of Charlotte, that condemnation proceedings are hereby authorized to be instituted against the property indicated below, under the authority and procedures of the laws of the State of North Carolina:

PROPERTY DESCRIPTION:

Amount necessary for the **FRED D. ALEXANDER BOULEVARD-SECTION B PROJECT** and estimated to be approximately **32,408 square feet (.744 acre)** of **fee-simple, storm drainage easement, utility easement, and temporary construction easement** and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 035-053-64, said property currently owned by **MAXWELL DEVELOPMENT COMPANY; MURPHY DEVELOPMENT COMPANY; RANDY P. HELTON, Trustee; AMERICAN COMMUNITY BANK, Beneficiary, and Any Other Parties in Interest, or the owners' successor-in-interest.**

ESTIMATED JUST COMPENSATION:

Such estimated just compensation as may be determined based upon the takings required by the final construction plans.

IT IS FURTHER RESOLVED that the estimated just compensation for the property is hereby authorized to be deposited in the Office of the Clerk of Superior Court, Mecklenburg County, North Carolina, together with the filing of the Complaint and Declaration of Taking.

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Page 729.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

A RESOLUTION AUTHORIZING CONDEMNATION PROCEEDINGS
FOR THE ACQUISITION OF CERTAIN REAL PROPERTY

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **HUNTINGTON PARK DRIVE-8" SANITARY SEWER RELOCATION PROJECT**; and

WHEREAS, the City either in good faith has undertaken to negotiate for the purchase of this property but has been unable to reach an agreement with the owners for the purchase price or, after reasonable diligence, has been unable to negotiate a purchase price;

NOW, THEREFORE, BE IT RESOLVED by the City Council of The City of Charlotte, that condemnation proceedings are hereby authorized to be instituted against the property indicated below, under the authority and procedures of the laws of the State of North Carolina:

PROPERTY DESCRIPTION:

Amount necessary for the **HUNTINGTON PARK DRIVE-8" SANITARY SEWER RELOCATION PROJECT** and estimated to be approximately **15,452 square feet (.355 acre) of sanitary sewer easement and temporary construction easement** and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 183-041-02, said property currently owned by **HUNTINGTON PROPERTY HOLDING, LLC, and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:

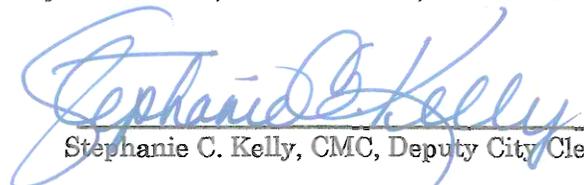
Such estimated just compensation as may be determined based upon the takings required by the final construction plans.

IT IS FURTHER RESOLVED that the estimated just compensation for the property is hereby authorized to be deposited in the Office of the Clerk of Superior Court, Mecklenburg County, North Carolina, together with the filing of the Complaint and Declaration of Taking.

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Page 730

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

A RESOLUTION AUTHORIZING CONDEMNATION PROCEEDINGS
FOR THE ACQUISITION OF CERTAIN REAL PROPERTY

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **HUNTINGTON PARK DRIVE-8" SANITARY SEWER RELOCATION PROJECT**; and

WHEREAS, the City either in good faith has undertaken to negotiate for the purchase of this property but has been unable to reach an agreement with the owners for the purchase price or, after reasonable diligence, has been unable to negotiate a purchase price;

NOW, THEREFORE, BE IT RESOLVED by the City Council of The City of Charlotte, that condemnation proceedings are hereby authorized to be instituted against the property indicated below, under the authority and procedures of the laws of the State of North Carolina:

PROPERTY DESCRIPTION:

Amount necessary for the **HUNTINGTON PARK DRIVE-8" SANITARY SEWER RELOCATION PROJECT** and estimated to be approximately **15,452 square feet (.355 acre) of sanitary sewer easement and temporary construction easement** and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 183-041-02, said property currently owned by **HUNTINGTON PROPERTY HOLDING, LLC, and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:

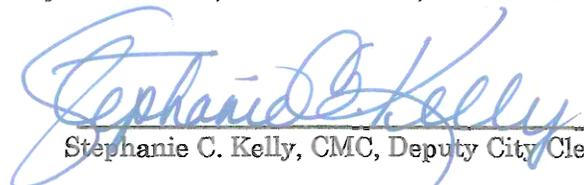
Such estimated just compensation as may be determined based upon the takings required by the final construction plans.

IT IS FURTHER RESOLVED that the estimated just compensation for the property is hereby authorized to be deposited in the Office of the Clerk of Superior Court, Mecklenburg County, North Carolina, together with the filing of the Complaint and Declaration of Taking.

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Page 730

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

A RESOLUTION AUTHORIZING CONDEMNATION PROCEEDINGS
FOR THE ACQUISITION OF CERTAIN REAL PROPERTY

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **I-277 CALDWELL INTERCHANGE PROJECT**;

WHEREAS, the City either in good faith has undertaken to negotiate for the purchase of this property but has been unable to reach an agreement with the owners for the purchase price or, after reasonable diligence, has been unable to negotiate a purchase price;

NOW, THEREFORE, BE IT RESOLVED by the City Council of The City of Charlotte, that condemnation proceedings are hereby authorized to be instituted against the property indicated below, under the authority and procedures of the laws of the State of North Carolina:

PROPERTY DESCRIPTION:

Amount necessary for the **I-277 CALDWELL INTERCHANGE PROJECT** and estimated to be approximately **5,363.23 square feet (.123 acre) of fee-simple interest and temporary construction easement** and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 125-135-01 and 125-135-02, said property currently owned by **CNM ENTERPRISES, LLC; SOUTHLAND ASSOCIATES, INC., Trustee; CENTRAL CAROLINA BANK, Beneficiary, and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:

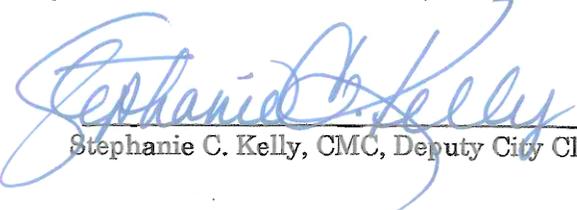
Such estimated just compensation as may be determined based upon the takings required by the final construction plans.

IT IS FURTHER RESOLVED that the estimated just compensation for the property is hereby authorized to be deposited in the Office of the Clerk of Superior Court, Mecklenburg County, North Carolina, together with the filing of the Complaint and Declaration of Taking.

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Page 731

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

A RESOLUTION AUTHORIZING CONDEMNATION PROCEEDINGS
FOR THE ACQUISITION OF CERTAIN REAL PROPERTY

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **I-277 CALDWELL INTERCHANGE PROJECT**;

WHEREAS, the City either in good faith has undertaken to negotiate for the purchase of this property but has been unable to reach an agreement with the owners for the purchase price or, after reasonable diligence, has been unable to negotiate a purchase price;

NOW, THEREFORE, BE IT RESOLVED by the City Council of The City of Charlotte, that condemnation proceedings are hereby authorized to be instituted against the property indicated below, under the authority and procedures of the laws of the State of North Carolina:

PROPERTY DESCRIPTION:

Amount necessary for the **I-277 CALDWELL INTERCHANGE PROJECT** and estimated to be approximately **6,136.23 square feet (.141 acre) of fee-simple interest and temporary construction easement** and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 125-171-02, said property currently owned by **WEDGEWOOD PROPERTIES, LLC, and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:

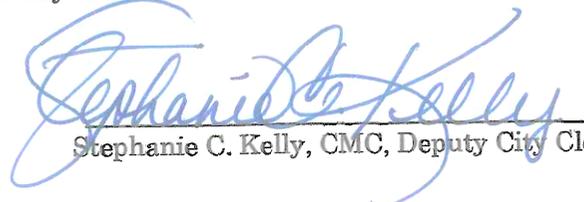
Such estimated just compensation as may be determined based upon the takings required by the final construction plans.

IT IS FURTHER RESOLVED that the estimated just compensation for the property is hereby authorized to be deposited in the Office of the Clerk of Superior Court, Mecklenburg County, North Carolina, together with the filing of the Complaint and Declaration of Taking.

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Page 732

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

A RESOLUTION AUTHORIZING CONDEMNATION PROCEEDINGS
FOR THE ACQUISITION OF CERTAIN REAL PROPERTY

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for **SLAGLE DRIVE TO MILTON ROAD-PROPOSED 12" SANITARY SEWER REPLACEMENT PROJECT**; and

WHEREAS, the City either in good faith has undertaken to negotiate for the purchase of this property but has been unable to reach an agreement with the owners for the purchase price or, after reasonable diligence, has been unable to negotiate a purchase price;

NOW, THEREFORE, BE IT RESOLVED by the City Council of The City of Charlotte, that condemnation proceedings are hereby authorized to be instituted against the property indicated below, under the authority and procedures of the laws of the State of North Carolina:

PROPERTY DESCRIPTION:

Amount necessary for the **SLAGLE DRIVE TO MILTON ROAD-PROPOSED 12" SANITARY SEWER REPLACEMENT PROJECT** and estimated to be approximately **740 square feet (.017 acre) of sanitary sewer easement and temporary construction easement** and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 099-161-21, said property currently owned by **SHERRIE WARD BOYD and spouse, if any; TIM, INC., Trustee; NATIONSBANK, N. A., Beneficiary, and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:

Such estimated just compensation as may be determined based upon the takings required by the final construction plans.

IT IS FURTHER RESOLVED that the estimated just compensation for the property is hereby authorized to be deposited in the Office of the Clerk of Superior Court, Mecklenburg County, North Carolina, together with the filing of the Complaint and Declaration of Taking.

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Page 733

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

A RESOLUTION AUTHORIZING CONDEMNATION PROCEEDINGS
FOR THE ACQUISITION OF CERTAIN REAL PROPERTY

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for **SLAGLE DRIVE TO MILTON ROAD-PROPOSED 12" SANITARY SEWER REPLACEMENT PROJECT**; and

WHEREAS, the City either in good faith has undertaken to negotiate for the purchase of this property but has been unable to reach an agreement with the owners for the purchase price or, after reasonable diligence, has been unable to negotiate a purchase price;

NOW, THEREFORE, BE IT RESOLVED by the City Council of The City of Charlotte, that condemnation proceedings are hereby authorized to be instituted against the property indicated below, under the authority and procedures of the laws of the State of North Carolina:

PROPERTY DESCRIPTION:

Amount necessary for the **SLAGLE DRIVE TO MILTON ROAD-PROPOSED 12" SANITARY SEWER REPLACEMENT PROJECT** and estimated to be approximately **3,667 square feet (.084 acre) of sanitary sewer easement and temporary construction easement** and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 107-023-03, said property currently owned by **FORREST K. PATTERSON and wife, HEATHER D. PATTERSON; J. JEROME MILLER, Trustee; EZRA V. MOSS, JR., Beneficiary; EZRA V. MOSS, JR., (Possible fee interest as prior owner), and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:

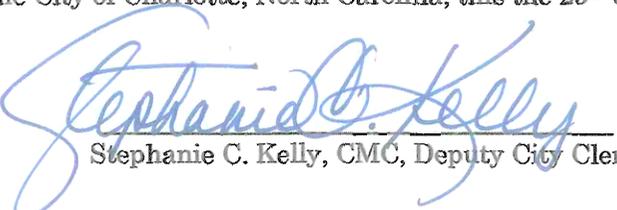
Such estimated just compensation as may be determined based upon the takings required by the final construction plans.

IT IS FURTHER RESOLVED that the estimated just compensation for the property is hereby authorized to be deposited in the Office of the Clerk of Superior Court, Mecklenburg County, North Carolina, together with the filing of the Complaint and Declaration of Taking.

CERTIFICATION

I, **Stephanie C. Kelly**, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Page 734

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

RESOLUTION CLOSING A 30-FOOT PORTION OF RIGHT-OF-WAY AT THE END OF EQUITABLE PLACE
IN THE CITY OF CHARLOTTE, MECKLENBURG COUNTY, NORTH CAROLINA

WHEREAS, pursuant to the provisions of Chapter 160A-299 of the General Statutes of North Carolina, the City Council has caused to be published a Resolution of Intent to close a 30-foot portion of right-of-way at the end of Equitable Place which calls for a public hearing on the question and:

WHEREAS, the petitioner has caused a copy of the Resolution of Intent to close a 30-foot portion of right-of-way at the end of Equitable place to be sent by registered or certified mail to all owners of property adjoining the said street and prominently posted a notice of the closing and public hearing in at least 2 places along said street or alley, all as required by G.S. 160A-299; and

WHEREAS, the public hearing was held on the 23rd day of July, 2007 and City Council determined that the closing of a 30-foot portion of right-of-way at the end of Equitable Place is not contrary to the public interest, and that no individual, firm or corporation owning property in the vicinity thereof will be deprived of reasonable means of ingress and egress to his or its property.

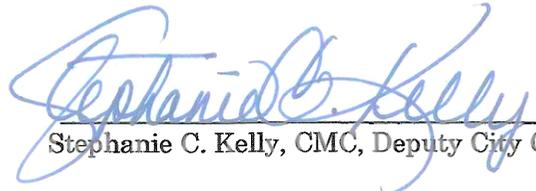
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Charlotte, North Carolina at its regularly assembled meeting of July 23, 2007, that the Council hereby orders the closing of a 30-foot portion of right-of-way at the end of Equitable Place in the City of Charlotte Mecklenburg County, North Carolina as shown in the map marked "Exhibit A", and is more particularly described by metes and bounds in document marked "Exhibit B", both of which are attached hereto and made a part hereof.

BE IT FURTHER RESOLVED that a certified copy of this Resolution be filed in the Office of the Register of Deeds for Mecklenburg County, North Carolina.

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Pages (735-737).

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

"Exhibit B"
Equitable Place Right Of Way Abandonment

Beginning at a set rebar in the North Eastern right of way of Equitable Place; thence with the right of way of said road with an Arc to the Left, having a Radius of 209.15', and a Length of 208.29', and being Chorded by a bearing of S 32°58'24" E, and a distance of 199.79' to a rebar; thence continuing with said right of way a bearing of S 61°29'60" E, and a distance of 12.02', to a point, said point being the POINT OF BEGINNING; thence with a bearing of S 61°30'21" E, and a distance of 29.15', to a point in the Eastern terminus of Equitable Place as shown on Plat Book 17, Page 234 of the Mecklenburg County Registry, said point being located N 61°30'21" W and a distance of 241.13' from a rebar; thence with a bearing of S 28°30'00" W, and a distance of 60.00', to a point; thence with a bearing of N 61°26'06" W, and a distance of 20.07', to a point; thence with an Arc to the Left, having a Radius of 20.00', and a Length of 9.42', and being Chorded by a bearing of N 74°59'29" W, and a distance of 9.34' to a point; thence with a bearing of N 28°30'00" E, and a distance of 62.17', to the point of beginning, and containing 0.040 Acres as shown on a Right Of Way Abandonment map "Exhibit A" by Carolina Surveyors, Inc. dated February 28, 2007.

THIS IS TO CERTIFY THAT ON THE 28th DAY OF FEBRUARY 2007, AN ACTUAL SURVEY WAS MADE UNDER MY SUPERVISION OF THE PROPERTY SHOWN ON THIS PLAT, AND THAT THE BOUNDARY LINES AND THE IMPROVEMENTS, IF ANY, ARE AS SHOWN HEREON.

CAROLINA SURVEYORS, INC
 P.O. BOX 267
 PINEVILLE, N.C. 28134
 (704) 869-7601
 FAX: (704) 889-7614

EXHIBIT "A"

SIGNED H. E. White, Jr.
 REGISTERED SURVEYOR

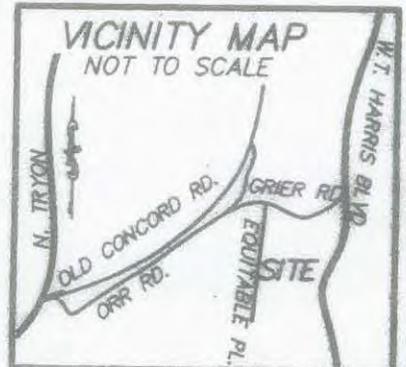
CURVE TABLE				
CURVE	LENGTH	RADIUS	BEARING	CHORD
C1	24.35	20.00	S56°38'03"W	22.87
C2	9.42	20.00	N74°59'29"W	9.34
C3	208.29	209.15	S32°58'24"E	199.79



ALL INFORMATION SHOWN IS REFERENCED TO AN UNRECORDED SURVEY OF THE SURROUNDING PROPERTY BY CAROLINA SURVEYORS, INC. DATED NOVEMBER 3, 2006; LAST REVISED ON FEBRUARY 27, 2007.

RIGHT OF WAY ABANDONMENT
 SURVEY FOR
 EQUITABLE PLACE

CITY OF CHARLOTTE, MECKLENBURG COUNTY, NORTH CAROLINA



SCALE 1" = 20'

SURVEYED FOR

UNIFIRST CORPORATION

MAP RECORDED IN BOOK _____ AT PAGE _____ DEED RECORDED BOOK _____ PAGE _____

DRAWN BY TW FIELD WORK JH/NP FIELD BOOK # _____

RESOLUTION DECLARING AN INTENT TO ABANDON AND CLOSE a portion of Community House Road and Ross Farm Road in the City of Charlotte, Mecklenburg County, North Carolina

Whereas, **HAM HOLDINGS , LLC** has filed a petition to close **a portion of Community House Road and Ross Farm Road** in the City of Charlotte; and

Whereas, the two portions of *right-of-way* to be closed lies within the Weston Glen Community. **Community House Road (now renamed Ross Farm Road):** beginning from Providence Road West continuing southeastwardly approximately 547 feet to its terminus at the newly realigned portion of Community House Road. **Ross Farm Road (formerly named Dickie Ross Road):** beginning from Community House Road (now renamed Ross Farm Road) continuing southeastwardly approximately 471 feet to its terminus at cul-de-sac as shown in the map marked "Exhibit A-1 and A-2" and is more particularly described by metes and bounds in a document marked "Exhibit B-1 and B-2" both of which are available for inspection in the office of the City Clerk, City Hall, Charlotte, North Carolina.

Whereas, the procedure for closing streets and alleys as outlined in North Carolina General Statutes, Section 160A-299, requires that City Council first adopt a resolution declaring it's intent to close the street and calling a public hearing on the question; said statue further requires that the resolution shall be published once a week for two successive weeks prior to the hearing, and a copy thereof be sent by registered or certified mail to all owners of property adjoining the street as shown on the county tax records, and a notice of the closing and public hearing shall be prominently posted in at least two places along said street or alley and

Now, therefore, be it resolved, by the City Council of the City of Charlotte, at it's regularly scheduled session of July 23, 2007 that it intends to close a portion of *Community House Road and Ross Farm Road* and that the said street (or portion thereof) being more particularly described on a map and calls a public hearing on the question to be held at 7:00pm on Monday, the 27th day of August, 2007 in CMGC meeting chamber, 600 East 4th Street Charlotte North Carolina.

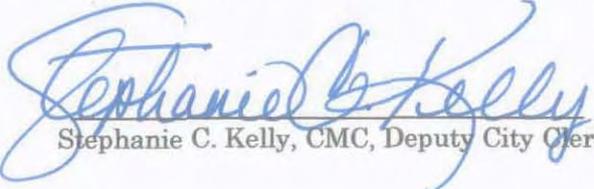
The City Manager is authorized to execute rights of entry or easement encroachment agreements with HAM Holdings, LLC, or its designees, for the period of time between the passage of this Resolution and the adoption of an Order to Close.

The City Clerk is hereby directed to publish a copy of this resolution in the Mecklenburg Times once a week for two successive weeks next preceding the date fixed here for such hearing as required by N.C.G.S. 160A-299.

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Pages (738-739).

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

RESOLUTION APPROVING A PURCHASE AND SALE AGREEMENT
WITH SCALEYBARK PARTNERS, LLC

WHEREAS, the City of Charlotte owns approximately 16.407 acres of land located to the west of South Boulevard and to the north of Freeland Lane in Charlotte, Mecklenburg County, North Carolina and consisting of Mecklenburg County Tax Parcels # 149-012-39, #149-012-47, # 149-012-10, and #149-012-40 (cumulatively referred to as the "Property");

WHEREAS, Scaleybark Partners, LLC ("Buyer") now desires to purchase the Property;

WHEREAS, the City Council of the City of Charlotte has determined that the sale of the Property to Buyer will advance its goal of integrating transit and land use choices through the development of a pedestrian-oriented mixed use transit village; and

WHEREAS, notice of the proposed transaction was advertised at least ten days prior to the adoption of this Resolution.

NOW THEREFORE, BE IT RESOLVED by the City Council for the City of Charlotte, pursuant to Section 8.22(d) of the City of Charlotte Charter, that it hereby authorizes the private sale of the above referenced Property to Buyer as follows:

- (a) \$6.985 million purchase price for the Property payable as follows:
 - i. \$1,397,000 at closing
 - ii. \$3,324,500 on or before October 1, 2008
 - iii. \$604,500 on or before October 1, 2009
 - iv. \$1,659,000 on or before October 1, 2010;
- (b) Buyer to reimburse City \$500,000 at closing for construction of a temporary Park & Ride facility on the property;
- (c) Buyer to construct a permanent Park & Ride facility on the property by November 1, 2012 and convey to City a permanent easement for use of 315 parking spaces;
- (d) Buyer to invest \$625,000 toward open space and monument signage between the temporary Park & Ride and the Light Rail Station;
- (e) Buyer to develop conceptual site plan in collaboration with City staff for a transit oriented development;
- (f) Buyer to pursue development of 80 affordable housing units; and
- (g) Buyer commits to a Small Business Enterprise Program and goal consistent with the City's policy.

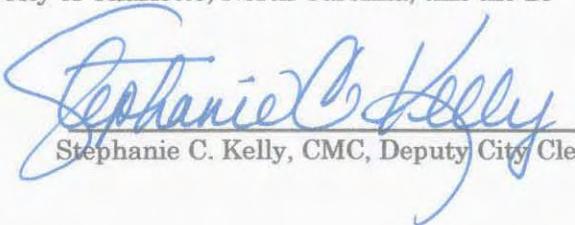
The City Manager or his designee is authorized to execute the Purchase and Sales Agreement and such other documents necessary to complete the sale in accordance with the terms and conditions as advertised.

THIS THE 23rd DAY OF JULY, 2007.

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Pages (740-741).

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

EXTRACTS FROM MINUTES OF CITY COUNCIL

A Regular Meeting of the City Council of the City of Charlotte, North Carolina was duly held in the Meeting Chamber at the Charlotte-Mecklenburg Government Center in Charlotte, North Carolina, the regular place of meeting, at 6:00 P.M. on July 23, 2007.

Members Present: Councilmembers: Barnes, Burgess, Carter, Dulin, Foxx, Kinsey, Lassiter, Lochman, Mitchell, Mumford, and Turner.

Members Absent:

Also Present: Mayor

* * * * *

Councilmember Burgess introduced the following resolution, a summary of which had been provided to each Councilmember, which was read by title:

A RESOLUTION AUTHORIZING THE ISSUANCE UNDER THE PROVISIONS OF THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT, AS AMENDED, OF ONE SERIES OF AIRPORT REVENUE AND REFUNDING REVENUE BONDS AND ONE SERIES OF VARIABLE RATE AIRPORT REVENUE BONDS OF THE CITY OF CHARLOTTE; THE PRIVATE SALE OF THE BONDS; AND VARIOUS AGREEMENTS AND ACTIONS IN CONNECTION WITH SUCH TRANSACTIONS

WHEREAS, the City of Charlotte, North Carolina, a municipal corporation in the State of North Carolina (the "City") owns and operates within the City a public airport known as the Charlotte/Douglas International Airport (together with such additions thereto as may be made from time to time, the "Airport"); and

WHEREAS, the City is empowered, under the Constitution and laws of the State of North Carolina, particularly The State and Local Government Revenue Bond Act (Sections 159-80 to 159-97, inclusive, as amended, of the General Statutes of North Carolina), as the same may be amended from time to time (the "Act"), to issue its revenue bonds for the purpose of financing airport facilities and refunding prior bonds issued for such purposes; and

WHEREAS, the City Council of the City (the "City Council") on November 18, 1985 adopted a bond order authorizing and securing airport revenue bonds of the City, which the City Council supplemented and amended on June 8, 1992 and August 23, 2004 (the "Bond Order"); and

WHEREAS, the City Council hereby determines that it is necessary (1) to improve Charlotte/Douglas International Airport (the "Airport"), including, but not limited to (a) the acquisition, rehabilitation, renovation, expansion and construction of certain improvements to the Airport, consisting of the (i) construction of a new runway, (ii) the construction of the East Parking Deck, (iii) reconstruction

of concourse restrooms, (iv) replacement of terminal signage, and (v) acquisition of land for the Airport, and (b) other improvements at the Airport consistent with the Airport's mission (the "*Project*"), (2) to pay the costs of issuance of the 2007 Bonds (as hereinafter defined), and (3) to refund in advance of their maturities the City's Airport Revenue Bonds, Series 1999A maturing on July 1, 2029 (the "*Refunded Bonds*"); and

WHEREAS, in order to obtain a portion of the funds to acquire, construct and equip the Project, the City has determined to approve the transactions described herein whereby the City will authorize and approve (1) the issuance of, among other things, two series of its airport revenue bonds, one to be known as "*City of Charlotte, North Carolina Airport Revenue and Refunding Revenue Bonds, Series 2007A*" (the "*2007A Bonds*") in an aggregate principal amount not to exceed \$111,500,000, and a second to be known as "*City of Charlotte, North Carolina Variable Rate Airport Revenue Bonds, Series 2007B*" (the "*2007B Bonds*" together with the 2007A Bonds, the "*2007 Bonds*") in an aggregate principal amount not to exceed \$52,000,000, (2) a Bond Purchase Agreement among the Local Government Commission, the City and UBS Securities LLC, as representative of the underwriters named therein, providing for the sale of the 2007A Bonds authorized hereunder (the "*2007A Bond Purchase Agreement*"), and (3) a Bond Purchase Agreement among the Local Government Commission, the City and UBS Securities LLC, providing for the sale of the 2007B Bonds authorized hereunder (the "*2007B Bond Purchase Agreement*" together with the 2007A Bond Purchase Agreement, the "*Bond Purchase Agreements*"); and

WHEREAS, copies of the forms of the following documents relating to the transactions described above have been filed with the City and have been made available to the City Council of the City (the "*City Council*");

1. the Bond Purchase Agreements;
2. the Letter of Credit and Reimbursement Agreement dated as of August 1, 2007 (the "*Reimbursement Agreement*") among the City, Bank of America, N.A., as credit provider, and U.S. Bank National Association, as paying agent and tender agent, with respect to the 2007B Bonds;
3. the Remarketing Agreement dated as of August 1, 2007 (the "*Remarketing Agreement*") between the City and UBS Securities LLC, as remarketing agent for the 2007B Bonds (the "*Remarketing Agent*");
4. the Escrow Agreement dated as of August 1, 2007, between the City and U.S. Bank National Association, as escrow agent for the Refunded Bonds;
5. the Preliminary Official Statement to be dated on or about July 11, 2007 (the "*2007A Preliminary Official Statement*") with respect to the 2007A Bonds;
6. the Official Statement to be dated on or about July 27, 2007 (the "*2007A Official Statement*") with respect to the 2007A Bonds;
7. the Official Statement to be dated on or about August 8, 2007 (the "*2007B Official Statement*" together with the 2007A Official Statement, the "*Official Statements*") with respect to the 2007B Bonds; and

8. the Guaranty Agreements to be dated on or about August 16, 2007 between the City and Ambac Assurance Corporation with respect to the 2007 Bonds.

WHEREAS, the City Council considered and recognized that variable interest rate debt instruments may subject the City to the risk of higher interest rates with respect to the 2007B Bonds in the future and that in addition to the variable interest cost, the City must pay the fees of the provider of a letter of credit and the remarketing agent for the 2007B Bonds, which fees will increase the variable interest cost to the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Charlotte, North Carolina that the City Council has determined to adopt, in accordance with Section 208 of the Bond Order, this Resolution authorizing the issuance of the 2007 Bonds, as follows:

Section 1. For purposes of this Resolution, all capitalized, undefined words have the meanings ascribed to them in Appendix A ("*Appendix A*"), with respect to the 2007A Bonds, and Appendix B ("*Appendix B*" together with Appendix A, the "*Appendices*"), with respect to the 2007B Bonds, attached hereto. The Appendices are incorporated into this Resolution by reference.

Section 2. The City shall issue (1) not to exceed \$111,500,000 in total aggregate principal amount of its 2007A Bonds, and (2) not to exceed \$52,000,000 in total aggregate principal amount of its 2007B Bonds.

Section 3. The 2007 Bonds shall be dated as of their date of issuance and pay interest as set forth in the Appendices. The 2007 Bonds are being issued to provide funds (1) to pay the costs of the Project, (2) to refund in advance of their maturities the Refunded Bonds, and (3) to pay the costs of issuing the 2007 Bonds.

Section 4. The City Council has ascertained and hereby determines that the average period of usefulness of the capital projects being financed by the proceeds of the 2007 Bonds is not less than 25 years computed from the date of issuance of the 2007 Bonds.

Section 5. The 2007 Bonds are payable in annual installments on July 1 in each year, as set forth in that certificate of the Director of Finance of the City pursuant to Section 2.03 of Appendix A and as set forth in that certificate of the Director of Finance of the City pursuant to Section 2.01 of Appendix B.

Section 6. The City covenants to take such action as may be required in the Opinion of Bond Counsel to cause the 2007 Bonds and all actions of the City with respect to the proceeds thereof to comply with Internal Revenue Code of 1986, as amended (the "*Code*"). The Director of Finance of the City is hereby authorized to execute a no-arbitrage certificate in order to comply with Section 148 of the Code and the applicable Income Tax Regulations thereunder.

Section 7. The Commission is hereby requested to sell the 2007 Bonds through a negotiated sale to UBS Securities LLC pursuant to the terms of the Bond Purchase Agreements. The form and content of the Bond Purchase Agreements are in all respects approved and confirmed, and the Mayor, the City Manager or the Director of Finance of the City is hereby authorized, empowered and directed to execute and deliver the Bond Purchase Agreements for and on behalf of the City, including necessary counterparts, in substantially the form and content presented to the City, but with such changes, modifications, additions or deletions therein as he or she may deem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of his or her approval of any and all such changes, modifications, additions or deletions therein, and that from and after the execution and delivery of the

Bond Purchase Agreements, the Mayor, the City Manager and the Director of Finance of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Bond Purchase Agreements as executed.

Section 8. The form and content of the Reimbursement Agreement, the Escrow Agreement and the Remarketing Agreement be and the same hereby are in all respects approved and confirmed, and the Mayor, the City Manager or the Director of Finance of the City is hereby authorized, empowered, and directed to execute and deliver the Reimbursement Agreement, the Escrow Agreement and the Remarketing Agreement for and on behalf of the City, including necessary counterparts, in substantially the form and content presented to the City, but with such changes, modifications, additions or deletions therein as he or she may deem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of his or her approval of any and all such changes, modifications, additions or deletions therein, and that from and after the execution and delivery of the Reimbursement Agreement, the Escrow Agreement and the Remarketing Agreement, the Mayor, the City Manager and the Director of Finance of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Reimbursement Agreement, the Escrow Agreement and the Remarketing Agreement as executed.

Section 9. The form, terms and content of the Official Statements are in all respects authorized, approved and confirmed, and the use of the Official Statements by the Underwriter and, solely with respect to the 2007B Official Statement, the Remarketing Agent in connection with the sale of the 2007A Bonds and 2007B Bonds, as applicable, and, solely with respect to the 2007B Official Statement, remarketing of the 2007B Bonds is hereby in all respects authorized, approved and confirmed. The Mayor, the City Manager or Director of Finance of the City is authorized to execute the Official Statements on behalf of the City.

Section 10. No stipulation, obligation or agreement herein contained or contained in the 2007 Bonds, this Resolution, the Bond Purchase Agreements, the Escrow Agreement, Reimbursement Agreement and the Remarketing Agreement or any other instrument related to the issuance of the 2007 Bonds shall be deemed to be a stipulation, obligation or agreement of any officer, agent or employee of the City in his or her individual capacity, and no such officer, agent or employee shall be personally liable on the 2007 Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

Section 11. The City Manager and the Director of Finance of the City are hereby authorized, empowered and directed to do any and all other acts and to execute any and all other documents, which they, in their discretion, deem necessary and appropriate in order to consummate the transactions contemplated by (1) this Resolution and (2) the other documents presented to this meeting; except that neither of the above is authorized or empowered to do anything or execute any document which is in contravention, in any way, of (a) the specific provisions of this Resolution, (b) any agreement to which the City is bound or (c) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State of North Carolina.

From the adoption of this Resolution until the date the 2007 Bonds are issued, the Mayor, the City Clerk, the City Manager and the Director of Finance of the City are hereby authorized, empowered and directed to make any changes, modifications, additions or deletions to the Appendices hereto or the documents hereinabove authorized as he or she may deem necessary, desirable or appropriate (1) that may be requested by the rating agencies rating the 2007 Bonds, (2) that may be necessary to carry out and comply with the provisions of said documents as executed, or (3) to effectuate other technical changes to the provisions of the 2007 Bonds necessary to implement the intent of this Resolution. Furthermore, the Mayor, the City Clerk, the City Manager and the Director of Finance of the City are authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary in the

issuance of the 2007 Bonds and the execution and delivery of the Bond Purchase Agreements. Any changes, modifications, additions or deletions to the Appendices shall be set forth in a certificate executed by the City Manager or the Director of Finance of the City on the date the 2007 Bonds are issued.

Section 12. The Mayor, the City Manager, the Director of Finance of the City and the City Clerk are hereby authorized and directed to prepare and furnish, when the 2007 Bonds are issued, certified copies of all the proceedings and records of the City Council relating to the 2007 Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of the 2007 Bonds as such facts appear on the books and records in such party's custody and control or as otherwise known to them; and all such certified copies, certificates, affidavits and documents, including any heretofore furnished, shall constitute representations of the City as to the truth of all statements contained therein.

Section 13. All acts and doings of the Mayor, the City Manager, the Director of Finance of the City and the City Clerk that are in conformity with the purposes and intents of this Resolution and in the furtherance of the issuance of the 2007 Bonds and the execution, delivery and performance of the Bond Purchase Agreements are in all respects approved and confirmed.

Section 14. If any one or more of the agreements or provisions herein contained is held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or for any reason whatsoever is held invalid, then such covenants, agreements or provisions are null and void and separable from the remaining agreements and provisions and will in no way affect the validity of any of the other agreements and provisions hereof or of the 2007 Bonds authorized hereunder.

Section 15. This Resolution is adopted with the intent that the laws of the State govern its construction.

Section 16. This Resolution takes effect immediately on the delivery and payment for the 2007 Bonds.

Section 17. All resolutions or parts thereof of the City Council in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 18. This Resolution is effective on its adoption.

On motion of Councilmember Burgess, seconded by Councilmember Kinsey, the foregoing order entitled: "A RESOLUTION AUTHORIZING THE ISSUANCE UNDER THE PROVISIONS OF THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT, AS AMENDED, OF ONE SERIES OF AIRPORT REVENUE AND REFUNDING REVENUE BONDS AND ONE SERIES OF VARIABLE RATE AIRPORT REVENUE BONDS OF THE CITY OF CHARLOTTE; THE PRIVATE SALE OF THE 2007 BONDS; AND VARIOUS AGREEMENTS AND ACTIONS IN CONNECTION WITH SUCH TRANSACTIONS" was adopted by the following vote: Unanimous

AYES: Councilmember Barnes, Burgess, Carter, Dulin, Foxx, Kinsey, Lassiter, Lochman, Mitchell, Mumford, and Turner

NAYS: None

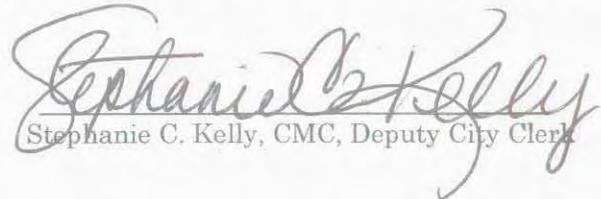
PASSED, ADOPTED AND APPROVED this 23rd day of July, 2007.

* * * *

CERTIFICATION

I, **Stephanie C. Kelly**, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Pages (742-871).

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk

APPENDIX A
TO
RESOLUTION PROVIDING FOR THE ISSUANCE OF:

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT REVENUE AND REFUNDING REVENUE BONDS,
SERIES 2007A

AND

CITY OF CHARLOTTE, NORTH CAROLINA
VARIABLE RATE AIRPORT REVENUE BONDS,
SERIES 2007B

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ARTICLE I.

DEFINITIONS

Section 1.01. *Meaning of Words and Terms.* All words and phrases defined in Article I of the Bond Order are incorporated herein by reference. In addition, the following terms, except where the context indicates otherwise, have the respective meanings set forth below.

(a) *Additional Definitions.* The terms in this Section 101 defined for all purposes of this Appendix A and of any instrument amendatory hereof or supplemental hereto, and of any other instrument or any other document pertaining hereto, except where the context by clear implication otherwise requires, shall have the meanings herein specified:

"Appendix A" means this Appendix A which is attached to, and incorporated in, the Series Resolution.

"Authorized Denomination" means \$5,000 and any integral multiple thereof.

"Bond Counsel" means an attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds, selected by the City.

"Bond Registrar" means U.S. Bank National Association, or any successor or successors thereto appointed pursuant to the Bond Order the Series Resolution or this Appendix A.

"Code" means the Internal Revenue Code of 1986, as from time to time amended.

"Direct Participant" means a participant in the book-entry system maintained by DTC.

"DTC" means The Depository Trust Company, New York, New York.

"Escrow Agent" means U.S. Bank National Association, or its successors and assigns, as escrow agent under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement dated as of August 1, 2007 between the City and the Escrow Agent.

"Finance Director" means the Director of Finance of the City, the person performing the duties of the Finance Director or the official succeeding to the Finance Director's principal functions, the Assistant Finance Director or any Deputy Finance Director.

"Fitch Ratings" means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than S&P or Moody's) as may be designated in writing by the City and approved in writing by the Insurer and the LGC.

"Insurer" means Ambac Assurance Corporation, a Wisconsin domiciled stock insurance corporation.

"Interest Payment Date" means January 1, 2008 and each July 1 and January 1 thereafter.

"Mail" means first-class United States mail, postage prepaid.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than S&P or Fitch Ratings) as may be designated in writing by the City and approved in writing by the Insurer and the LGC.

"Paying Agent" means the Trustee or any successor or successors thereto appointed pursuant to the Bond Order or this Appendix A.

"Policy" means the financial guaranty insurance policy issued by the Insurer simultaneously with the delivery of the 2007A Bonds, insuring the payment when due of the principal of and interest on the 2007A Bonds in accordance with the terms thereof.

"Purchase Contract" means the Purchase Contract among the Local Government Commission, the City and the Purchasers, providing for the initial purchase of the 2007A Bonds.

"Purchasers" means the investment banking firm of UBS Securities LLC, Banc of America Securities LLC, Citigroup Global Markets Inc. and Wachovia Bank, National Association, and any other investment banking firms or underwriters that may be named in accordance with the Purchase Contract.

"Qualified Surety Bond" means any surety bond or other insurance policy, which has liquidity features equivalent to a letter of credit, or any letter of credit deposited in the Debt Service Reserve Fund in lieu of or in partial substitution for monies on deposit therein, the issuer of which is rated in the highest rating category by S&P, Moody's or Fitch Ratings and approved by the Insurer.

"Qualified Surety Bond Provider" means Ambac Assurance Corporation.

"Rating Agency" means Moody's, S&P or Fitch Ratings. Except as otherwise provided herein, if more than one Rating Agency maintains a credit rating with respect to the 2007A Bonds, then any action, approval or consent by or notice to a Rating Agency shall be effective only if such action, approval, consent or notice is given by or to each such Rating Agency.

"Refunded Bonds" means the City's Airport Revenue Bonds, Series 1999A maturing on July 1, 2029.

"Regular Record Date" means, with respect to each Interest Payment Date the 15th day of the calendar month immediately preceding the Interest Payment Date whether or not a Business Day.

"Reserve Requirement" means the lesser of (1) 10% of the issuance price of the 2007A Bonds, (2) the maximum amount required to pay principal and interest on the 2007A Bonds for any current or succeeding Fiscal Year or (3) 125% of the average annual principal and interest requirements on the 2007A Bonds.

"Series Resolution" means, the Series Resolution adopted by the City Council of the City on July 23, 2007, the appendices attached thereto, and any amendments or supplements thereto.

"Series 2007A Subaccount of the Revenue Bond Interest Account" means the subaccount created and so designated by Section 4.01.

“*Series 2007A Subaccount of the Revenue Bond Principal Account*” means the subaccount created and so designated by Section 4.01.

“*Series 2007A Subaccount of the Revenue Bond Redemption Account*” means the subaccount created and so designated by Section 4.01.

“*Series 2007A Subaccount of the Revenue Bond Reserve Account*” means the subaccount created and so designated by Section 4.01.

“*Series 2007A Subaccount of the Revenue Bond Sinking Fund Account*” means the subaccount created and so designated by Section 4.01.

“*Sinking Fund Requirement*” means the principal amount of the 2007A Bonds to be retired by mandatory redemption pursuant to section 3.04 of this Appendix A as specified by the Finance Director in his certificate delivered under Section 2.04(d) of this Appendix A.

If during any 12-month period ended June 30 the total principal amount of the 2007A Bonds retired by purchase or redemption under the provisions of this Appendix A is greater than the amount of the Sinking Fund Requirement for such 2007A Bonds, the next succeeding Sinking Fund Requirements for such 2007A Bonds will be reduced in such amount aggregating the amount of such excess.

“*S&P*” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Moody’s or Fitch Ratings) as may be designated in writing by the City and approved in writing by the Insurer and the LGC.

“*2007 Bonds*” means the 2007A Bonds and 2007B Bonds.

“*2007A Bonds*” means the City of Charlotte, North Carolina Airport Revenue and Refunding Revenue Bonds, Series 2007A issued pursuant to the Bond Order and this Appendix A.

“*2007B Bonds*” means the City of Charlotte’s Variable Rate Airport Revenue Bonds, Series 2007B, issued pursuant to the Bond Order.

(b) *Construction.* This Appendix A, except where the context by clear implication herein otherwise requires, is subject to and to be construed in the same manner as provided by Section 102 of the Bond Order.

Section 1.02. *Parties Interested Herein.* Except as otherwise expressly provided in this Appendix A, nothing herein expressed or implied is intended or to be construed to confer on or to give to any Person, other than the City, the City Council, the Paying Agent, the Registrar, the Trustee, the Insurer, the Purchasers and the owners from time to time of the 2007A Bonds, any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the City are for the sole and exclusive benefit of the City, the City Council, the Paying Agent, the Registrar, the Trustee, the Insurer, the Purchasers and the owners of the 2007A Bonds, except as herein otherwise provided. The Insurer is intended to be a third party beneficiary of the provisions of this Appendix A.

Section 1.03. *Ratification.* All action heretofore taken (not inconsistent with the provisions of this Appendix A) by the City directed toward the acquisition, construction and equipping of the 2007

Improvements, toward the sale and delivery of the 2007A Bonds for that purpose, and toward the acceptance and execution of the Purchase Contract submitted by the Purchasers to the City, hereby is ratified, approved and confirmed.

[End of Article I]

ARTICLE II.

AUTHORIZATION, FORM, ISSUANCE, DELIVERY AND REGISTRATION OF 2007A BONDS

Section 2.01. **Authorization of Financing and Authorization of 2007A Bonds.** The financing of the Additional Facilities is hereby authorized. For the purpose of providing funds for the financing of the Cost of the Additional Facilities, funding an account in the Revenue Bond Reserve Account for the 2007A Bonds, refunding the Refunded Bonds, and paying the costs of issuing the 2007A Bonds, there is hereby authorized and shall be issued, under and pursuant to the Constitution and the laws of the State, including the Act, the Bond Order and the Series Resolution and this Appendix A, the 2007A Bonds of the City in the amounts and subject to the conditions herein provided. No 2007A Bonds may be issued under the provisions of this Appendix A and the Bond Order except in accordance with this Article. The total principal amount of 2007A Bonds that may be issued is hereby expressly limited to \$[Amount], except as provided in Sections 204 and 210 of the Bond Order.

Section 2.02. **Issuance of 2007A Bonds.** The 2007A Bonds will be designated "*City of Charlotte, North Carolina Airport Revenue and Refunding Revenue Bonds, Series 2007A*". The 2007A Bonds will be issuable as fully registered bonds in any Authorized Denomination. The 2007A Bonds will be numbered from RA-1 upwards. The 2007A Bonds will be substantially in the form set forth in Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by this Appendix A.

Section 2.03. **Delivery of 2007A Bonds.** Before the delivery by the Trustee of any of the 2007A Bonds, the items required under Section 717 of the Bond Order must be filed with the Trustee. The 2007A Bonds must be in Authorized Denominations and executed substantially in the form and in the manner set forth in the Exhibits to this Appendix A and will be deposited with the Bond Registrar for authentication, but before the 2007A Bonds may be authenticated and delivered by the Bond Registrar to the Treasurer of the State for redelivery to the Purchasers, there must be filed with the Trustee the following:

1. a copy, certified by the City Clerk, of the Series Resolution;
2. a copy, certified by the Secretary or any Deputy Secretary of the Local Government Commission, of the resolution of the Local Government Commission approving the issuance of and awarding the 2007A Bonds;
3. a copy, certified by the City Clerk, of the Bond Order;
4. a certificate or certificates of the Finance Director collectively setting forth the following:
 - (A) the aggregate principal amount of 2007A Bonds to be issued, not in excess of the maximum amount previously established in Section 201;
 - (B) the interest rates for the 2007A Bonds, such interest rate not to be in excess of _____% for any maturity;
 - (C) the amount of the Reserve Requirement which is required to be deposited to the Series 2007A Subaccount of the Revenue Bond Reserve Account;

(D) the disposition of the proceeds of the 2007A Bonds, including accrued interest, to the Series 2007A Subaccount of the Revenue Bond Interest Account, to the Series 2007A Subaccount of the Revenue Bond Reserve Account, to the Series 2007A Construction Account of the Construction Fund, to the Escrow Agent, for deposit in the Escrow Fund established in the Escrow Agreement, and to pay certain expenses incurred in connection with the issuance of the 2007A Bonds;

(E) the designation of the principal amount of each maturity of each 2007A Bond and the Sinking Fund Requirements, if any, for the 2007A Bonds; and

(F) the designation of the premium (not to exceed 2.00%) for optional redemption of the 2007A Bonds under Section 3.02;

5. an opinion of the Airport's Attorney to the effect that the City has title to the Airport, subject to Permitted Encumbrances or other exceptions satisfactory to the Purchasers;

6. the Escrow Agreement;

7. evidence of compliance by the City with the provisions of Section 717 of the Bond Order;

8. copies of insurance certificates and a statement, signed by the City's Director of Insurance and Risk Management or insurance agent, to the effect that the insurance required by the Bond Order is in effect;

9. an opinion of the City Attorney stating that (i) the Series Resolution has been duly and validly adopted by the City, (ii) no provision of the Bond Order or the Series Resolution violates any provision of the Act or results in or constitutes a default under any agreement, indenture or other instrument to which the City is a party or by which the City may be bound, and of which he has knowledge, (iii) the City's adoption of the Series Resolution and execution and issuance of the 2007A Bonds are not subject to any authorization, consent, approval or review of any governmental body, public officer or regulatory authority not theretofore obtained or effected, and no taxes are payable in connection therewith, and (iv) the form, terms, execution, issuance and delivery of the 2007A Bonds have been duly and validly authorized by the City, and the 2007A Bonds constitute valid and binding special obligations of the City in accordance with their terms;

10. an executed counterpart of the Policy; and

11. an opinion of counsel to the Insurer to the effect that the Policy has been duly authorized, executed and delivered and is the legal, valid and binding agreement of the Insurer enforceable in accordance with its terms.

When the documents mentioned in paragraphs (1) to (11), inclusive, of this Section have been filed with the Trustee and when the 2007A Bonds have been executed and authenticated as required by this Series Resolution, the Trustee shall deliver the 2007A Bonds at one time to the Treasurer of the State of North Carolina for redelivery to or on the order of the Purchasers, but only on payment to the Trustee of the purchase price of the 2007A Bonds and the accrued interest thereon. The Trustee is entitled to rely on the resolutions and certificates mentioned in paragraphs (1) through (11) of this Section as to all matters stated therein.

Section 2.04. *Details of 2007A Bonds; Payment.*

(a) The 2007A Bonds will mature on July 1 of the years and in the amounts and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) as set forth in the Finance Director's certificate referred to in Section 2.03(4) above.

(b) Both the principal of and the interest on the 2007A Bonds are payable in any lawful coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Each 2007A Bond shall bear interest from its date until its principal sum has been paid, but if such 2007A Bond has matured or has been called for redemption and the Redemption Date has occurred and funds are available for the payment thereof in full in accordance with the terms of the Bond Order, such 2007A Bond shall then cease to bear interest as of the maturity date or Redemption Date. The 2007A Bonds will be dated as of their date of issuance, except that 2007A Bonds issued in exchange for or on the registration of transfer of 2007A Bonds will be dated as of the Interest Payment Date next preceding the date of authentication thereof, unless (i) the date of such authentication precedes December 15, 2007, in which case they will be dated their date of issuance, or (ii) the date of such authentication is an Interest Payment Date to which interest on the 2007A Bonds has been paid in full or duly provided for in accordance with the terms of this Appendix A, in which case they will be dated as of such Interest Payment Date; except that if, as shown by the records of the Paying Agent, interest on the 2007A Bonds is in default, 2007A Bonds executed and delivered in exchange for or on registration of transfer of 2007A Bonds will be dated as of the date to which interest on the 2007A Bonds has been paid in full. If no interest has been paid on the 2007A Bonds, 2007A Bonds executed and delivered in exchange for or upon the registration of transfer of 2007A Bonds will be dated as of their date of issuance.

(c) The 2007A Bonds will be initially delivered by means of a book-entry system with no physical distribution of definitive 2007A Bonds made to the public. One definitive 2007A Bond for each maturity is to be delivered to The Depository Trust Company, New York, New York ("*DTC*"), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2007A Bonds in denominations of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants (the "*DTC Participants*") pursuant to rules and procedures established by DTC.

Each DTC Participant will be credited in the records of DTC with the amount of such DTC Participant's interest in the 2007A Bonds. Beneficial ownership interests in the 2007A Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners will not receive definitive 2007A Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner will be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its 2007A Bonds. Transfers of ownership interests in the 2007A Bonds will be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. So long as Cede & Co., as nominee for DTC, is the Registered Owner of the 2007A Bonds, the Trustee shall treat Cede & Co. as the only owner of the 2007A Bonds for all purposes under the Bond Order and this Appendix A, including receipt of all principal and premium, if any, and interest on the 2007A Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Bond Order or this Appendix A.

Payments of principal, interest and premium, if any, with respect to the 2007A Bonds, so long as DTC is the only Owner of the 2007A Bonds, will be paid by the Trustee directly to DTC or its nominee, Cede & Co., as provided in the Blanket Letter of Representation dated November 21, 1996 from the City

and the Trustee to DTC (the "*Letter of Representation*"). DTC will remit such payments to DTC Participants, and such payments thereafter will be paid by DTC Participants to the Beneficial Owners. The Trustee and the City are not and will not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

If (a) DTC determines not to continue to act as securities depository for the 2007A Bonds or (b) the Trustee and the City determine to discontinue the book entry system in accordance with DTC's rules and the City fails to identify another qualified securities depository to replace DTC, the City will deliver fully registered definitive 2007A Bonds to DTC in accordance with DTC's rules and procedures.

The City and the Trustee have no responsibility or obligation with respect to (A) the accuracy of any records maintained by DTC or any DTC Participant; (B) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the 2007A Bonds; (C) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any beneficial owner which is required or permitted under the terms of the Bond Order or this Appendix A to be given to Owners; (D) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the 2007A Bonds; or (E) any consent given or other action taken by DTC or its nominee, Cede & Co., as Owner.

(d) The 2007A Bonds are payable at the principal corporate trust office of the Paying Agent on presentation and surrender. Interest on the 2007A Bonds will be paid by the Paying Agent by check or draft mailed on the Interest Payment Date to each Owner as its name and address appear on the registration books kept by the Registrar at the close of business on the Record Date. At the written request of any Owner of at least \$1,000,000 in aggregate principal amount of the 2007A Bonds, principal and interest may be payable by wire transfer at the address specified in writing by the Owner to the Paying Agent by the Record Date. CUSIP number identification with appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, premium, if any, and interest on any 2007A Bonds, whether by check or by wire transfer.

(e) U.S. Bank National Association, Charlotte, North Carolina, is hereby appointed as Bond Registrar with respect to the 2007 Bonds.

Section 2.05. ***Arbitrage and Tax Covenants.*** The City covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from federal income taxation of the interest on the 2007A Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, the City will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof. The City acknowledges that the continued exclusion of interest on the 2007A Bonds or from an Owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. The City covenants that it will comply with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the 2007A Bonds or other funds under their control be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the 2007A Bonds to be "*arbitrage bonds*" for purposes of Section 148 of the Code.

[End of Article II]

ARTICLE III.

REDEMPTION OF THE 2007A BONDS

Section 3.01. ***Privilege of Redemption and Redemption Prices.*** The 2007A Bonds are redeemable, on notice as provided below, at the times, at the Redemption Prices and on the terms contained in this Article III and in Article III of the Bond Order.

Section 3.02. ***Optional Redemption of the 2007A Bonds.*** The 2007A Bonds may be redeemed prior to their maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on any date beginning on or after July 1, 2017, at the Redemption Price, including a premium (calculated on the par amount on the 2007A Bonds called for redemption) not to exceed 2.00%, all as set forth in the Finance Director's certificate referred to in Section 2.03(4) above.

Section 3.03. ***Extraordinary Optional Redemption of 2007A Bonds.*** The 2007A Bonds will be subject to optional redemption by the City, in whole or in part on any date at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, on instructions from the City, from the Net Proceeds of insurance or Eminent Domain which are deposited in the Series 2007A Subaccount of the Revenue Bond Redemption Account, as provided in the Bond Order.

Section 3.04. ***Sinking Fund Redemption.*** The 2007A Bonds are required to be redeemed to the extent of any Sinking Fund Requirement on each July 1 on which there is a Sinking Fund Requirement from moneys required to be deposited in the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account at a Redemption Price equal to the principal amount of the 2007A Bonds being redeemed, without premium, plus accrued interest to the date of redemption.

Section 3.05. ***Notice of Redemption.*** Notice of redemption will be given by the Trustee not less than 30 days nor more than 60 days before the Redemption Date (1) to the North Carolina Local Government Commission by Mail or facsimile transmission, (2)(A) to DTC or its nominee by registered or certified mail at the address provided to the Trustee by DTC or (B) if DTC or its nominee is no longer the Owner of the 2007A Bonds, by Mail to the then-registered Owners of 2007A Bonds or portions thereof to be redeemed at the last address shown on the registration books kept by the Registrar, (3) to each of the then-existing securities depositories, by Mail or facsimile transmission and (4) to at least two of the then-existing national information services, by Mail.

Such notice must (1) specify the 2007A Bonds to be redeemed, the Redemption Date, the Redemption Price and the place or places where amounts due on such redemption must be payable (which must be the principal office of the Paying Agent) and if less than all of the 2007A Bonds are to be redeemed, the numbers of the 2007A Bonds and the portions of 2007A Bonds to be redeemed, and (2) state that on the Redemption Date, the 2007A Bonds to be redeemed will cease to bear interest.

Failure to provide such notice to any Owner or any defect therein will not affect the validity of any proceedings for such redemption as to any other Owner to whom such notice was properly given. Failure to provide such notice to the North Carolina Local Government Commission or the securities depositories and national information services as provided above will not affect the validity of any proceedings for such redemption.

If moneys are on deposit with the Trustee to pay the Redemption Price of the 2007A Bonds called for redemption including premium, if any, thereon on a Redemption Date, 2007A Bonds or portions

thereof so called for redemption as hereinabove specified will not bear interest after such Redemption Date and will not be considered to be Outstanding or to have any other rights under the Bond Order other than the right to receive payment. No payment of principal will be made by the Paying Agent on any 2007A Bonds or portions thereof called for redemption until such 2007A Bonds or portions thereof have been delivered for payment or cancellation or the Paying Agent has received the items required by Section 210 of the Bond Order with respect to any mutilated, lost, stolen or destroyed 2007A Bonds.

Section 3.06. ***Selection of 2007A Bonds To Be Redeemed.*** Notwithstanding Section 302 of the Bond Order, in the case of any partial redemption of 2007A Bonds, the City will select the maturity or maturities of the 2007A Bonds to be redeemed and DTC will select the 2007A Bonds within the same maturity pursuant to its rules and procedures or, if the book-entry system with DTC or any other securities depository has been discontinued, the Registrar will select the 2007A Bonds to be redeemed by lot in such manner as the Registrar in its discretion may deem proper.

If a 2007A Bond subject to redemption is in a denomination larger than the minimum Authorized Denomination, a portion of such 2007A Bond may be redeemed, but only in a principal amount such that the unredeemed portion of such 2007A Bond is equal to an Authorized Denomination. For any 2007A Bond in a denomination of more than the minimum Authorized Denomination, the Trustee shall treat each such 2007A Bond as representing a single 2007A Bond in the minimum Authorized Denomination plus that number of 2007A Bonds that is obtained by dividing the remaining principal amount of such 2007A Bond by the minimum Authorized Denomination.

If it is determined that one or more, but not all, of the Authorized Denominations of principal amount represented by any 2007A Bond is to be called for redemption, then, on written notice of intention to redeem such Authorized Denominations of principal amount of such 2007A Bond, the Owner of such 2007A Bond, on surrender of such 2007A Bond to the Paying Agent for payment of the principal amount of such 2007A Bond, will be entitled to receive new 2007A Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such 2007A Bond. New 2007A Bonds representing the unredeemed balance of the principal amount of such 2007A Bonds will be issued to the Owner thereof.

If the Owner of any 2007A Bond of a denomination greater than the amount being redeemed fails to present such 2007A Bond to the Paying Agent for payment and exchange as aforesaid, such 2007A Bond will, nevertheless, become due and payable on the date fixed for redemption to the extent of the denomination being redeemed and to that extent only.

Section 3.07. ***No Partial Redemption After Default.*** Anything in this Appendix A to the contrary notwithstanding, if an Event of Default occurs and is continuing hereunder there will be no redemption of less than all of the 2007A Bonds Outstanding.

[End of Article III]

ARTICLE IV.

REVENUES, ACCOUNTS AND FUNDS

Section 4.01. ***Establishment of Accounts.*** The following Subaccounts are hereby established:

- (a) Series 2007A Subaccount of the Revenue Bond Interest Account;
- (b) Series 2007A Subaccount of the Revenue Bond Principal Account;

- (c) Series 2007A Subaccount of the Revenue Bond Redemption Account;
- (d) Series 2007A Subaccount of the Revenue Bond Reserve Account;
- (e) Series 2007A Subaccount of the Revenue Bond Sinking Fund Account
- (f) Series 2007A Construction Account of the Construction Fund;

All accounts are established with and held by the Trustee under the Bond Order.

Section 4.02. **Revenues Received by the City.** On or before the 25th day of each month beginning August 25, 2007, the City shall, subject to the provisions of the Bond Order, deposit or cause to be deposited from Net Revenues with the Trustee the following amounts and the Trustee shall apply such amounts to the various accounts and subaccounts specified herein:

(a) into the Series 2007A Subaccount of the Revenue Bond Interest Account an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand each June 25 and December 25, commencing December 25, 2007, to pay the next maturing installment of interest, on the 2007A Bonds then Outstanding; and

(b) into the Series 2007A Subaccount of the Revenue Bond Principal Account an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand each June 25, commencing June 25, 2008, to pay the next maturing installment of principal, on the 2007A Bonds then Outstanding; or

(c) into the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, 1/12th of the amount required to retire the 2007A Bonds to be called by mandatory redemption pursuant to Section 3.04 on the next ensuing July 1, in accordance with the Sinking Fund Requirement therefor.

In each month following a month in which the Trustee has failed to make any deposit required by this Section 4.02, the City shall pay, but only from Net Revenues, and the Trustee shall deposit, in addition to the amounts then due, an amount sufficient to cure the deficiency in the deposits in the prior months unless such deficiency has been cured by a transfer of money to such fund or account from other funds and accounts created hereby, pursuant to the terms of this Appendix A.

Section 4.03. **Application of Money in the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account.** Money held in the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account will be applied during each Fiscal Year to the purchase or retirement of 2007A Bonds then Outstanding as follows:

(a) The Trustee shall, at the request of the City, endeavor to purchase and cancel 2007A Bonds or portions thereof subject to redemption by operation of the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account or maturing on the next ensuing July 1 at the most advantageous price readily obtainable with reasonable diligence. The purchase price of each such 2007A Bond shall not exceed par plus accrued interest to the date of purchase. The Trustee shall pay the interest accrued on such 2007A Bonds to the date of settlement therefore from the Series 2007A Subaccount of the Revenue Bond Interest Account and the purchase price

from the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account, but no such purchase shall be made by the Trustee from money in the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account within the period of 45 days immediately preceding any July 1 on which such 2007A Bonds are subject to redemption, except from moneys other than the moneys set aside in the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account for the redemption of 2007A Bonds. The aggregate purchase price of 2007A Bonds during each Fiscal Year shall not exceed the amount to be deposited in the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account on account of the Sinking Fund Requirement for the 2007A Bonds for such Fiscal Year. If in any Fiscal Year the sum of the amount on deposit in the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account for the payment of any 2007A Bonds and the principal amount of the 2007A Bonds that were purchased during such Fiscal Year pursuant to the provisions of this paragraph (a) or delivered during such Fiscal Year to the Trustee by the City exceeds the Sinking Fund Requirement for the Outstanding 2007A Bonds for such Fiscal Year, the Trustee shall endeavor to purchase Outstanding 2007A Bonds with such excess money;

(b) The Trustee shall call for redemption on July 1 in each Fiscal Year 2007A Bonds in a principal amount equal to the aggregate Sinking Fund Requirement for the 2007A Bonds for such Fiscal Year, less the principal amount of any such 2007A Bonds retired during such Fiscal Year by purchase pursuant to paragraph (a) of this Section or delivered during such Fiscal Year to the Trustee by the City. On each redemption date the Trustee shall withdraw from the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account the amount required to pay the Redemption Price of the 2007A Bonds so called for redemption. The amount of interest on the 2007A Bonds so called for redemption shall be paid from the Series 2007A Subaccount of the Revenue Bond Interest Account. If such date is the stated maturity date of any such 2007A Bonds, the Trustee shall not call such 2007A Bonds for redemption but, on such maturity, shall withdraw the amount required for paying the principal of such 2007A Bonds when due and payable.

If at any date there is money in the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account and no 2007A Bonds are then Outstanding or if on any payment date money remains therein after the mandatory redemption of 2007A Bonds in accordance with the Sinking Fund Requirement therefor, the Trustee shall withdraw such money and shall apply the same as follows: (a) deposit in the Series 2007A Subaccount of the Revenue Bond Reserve Account, the amounts, if any, required to be paid thereto in such month pursuant to Section 503(g) of the Bond Order and (b) deliver all remaining amounts to the City.

If the balance in the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account on the 25th day of the month next preceding a payment date on which 2007A Bonds are to be redeemed in accordance with the Sinking Fund Requirements therefor is insufficient to satisfy such Sinking Fund Requirement, the Trustee shall transfer to such Subaccount such amounts as may be necessary to remedy the deficiency, drawing on money in the Series 2007A Subaccount of the Revenue Bond Reserve Account.

If, in any Fiscal Year, by the application of money in the Series 2007A Subaccount of the Revenue Bond Sinking Fund Account the Trustee should purchase or receive from the City and cancel 2007A Bonds in excess of the aggregate Sinking Fund Requirements for such Fiscal Year, the Trustee shall file with the City not later than the 20th day before the next August 1 a statement identifying the 2007A Bonds purchased or delivered during such Fiscal Year and the amount of such excess. The City shall thereafter cause a certificate of the Finance Director to be filed with the Trustee not later than the 10th day before such August 1, setting forth with respect to the amount of such excess the Fiscal Years in

which the Sinking Fund Requirements with respect to 2007A Bonds are to be reduced and the amount by which the Sinking Fund Requirements so determined are to be reduced.

On the retirement of any 2007A Bonds by purchase or redemption under the provisions of this Section, the Trustee shall file with the City a statement identifying such 2007A Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such 2007A Bonds, and the amount paid as interest thereon. The expenses incurred in connection with the purchase or redemption of any such 2007A Bonds shall be paid by the City from the Operating Fund or from any other available moneys.

Section 4.04. ***Application of Money in the Series 2007A Revenue Bond Redemption Account.*** The Trustee shall apply money in the Series 2007A Revenue Bond Redemption Subaccount to the purchase or redemption of 2007A Bonds as follows:

(a) Subject to the provisions of paragraph (c) of this Section, at the request of the City, the Trustee shall endeavor to purchase and cancel 2007A Bonds or portions thereof, regardless of whether such 2007A Bonds or portions thereof are then subject to redemption, at the most advantageous price readily obtainable with reasonable diligence, provided that the purchase price of each 2007A Bond shall not exceed the Redemption Price that would be payable on the next redemption date to the Owner of such 2007A Bond under the provisions of this Appendix A if such 2007A Bond or such portion thereof should be called for redemption on such date from the money in the Series 2007A Subaccount of the Revenue Bond Redemption Account. The Trustee shall pay the interest accrued on such 2007A Bonds or portions thereof to the date of settlement from the Series 2007A Subaccount of the Revenue Bond Interest Account and the purchase price from the Series 2007A Subaccount of the Revenue Bond Redemption Account, but no such purchase shall be made by the Trustee from money in the Series 2007A Subaccount of the Revenue Bond Redemption Account within the period of 45 days immediately preceding any Interest Payment Date on which such 2007A Bonds or portions thereof are to be redeemed, except from moneys other than the moneys set aside in the Series 2007A Subaccount of the Revenue Bond Redemption Account for the redemption of Bonds.

(b) Subject to the provisions of paragraph (c) of this Section, the Trustee shall call for redemption on a date permitted by this Appendix A such amount of 2007A Bonds or portions thereof as, with the redemption premium, if any, will exhaust the money then held in the Series 2007A Subaccount of the Revenue Bond Redemption Account as nearly as may be. The Trustee shall pay the accrued interest on the Bonds or portions thereof to be redeemed to the date of redemption from the Series 2007A Subaccount of the Revenue Bond Interest Account and the Redemption Price of such 2007A Bonds or portions thereof from the Series 2007A Subaccount of the Revenue Bond Redemption Account. The Trustee shall withdraw from the Series 2007A Subaccount of the Revenue Bond Redemption Account and set aside the respective amounts required to pay the Redemption Price of the 2007A Bonds or portions thereof so called for redemption.

(c) Money in the Series 2007A Subaccount of the Revenue Bond Redemption Account shall be applied by the Trustee in each Fiscal Year to the purchase or the redemption of 2007A Bonds then Outstanding in accordance with the Sinking Fund Requirement.

On the retirement of any 2007A Bonds by purchase or redemption pursuant to the provisions of this Section, the Trustee shall file with the City a statement identifying such 2007A Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such 2007A Bonds and the amount paid as interest thereon. The expense incurred by the Trustee in

connection with the purchase or redemption of any such 2007A Bonds shall be paid by the City from the Operating Fund or from any other available moneys.

Section 4.05. *Application of Money in the Accounts of the Construction Fund.* Money held in each account of the Construction Fund will be applied in accordance with Article IV of the Bond Order. The Finance Director shall specify in each requisition the account from which the requisition is to be paid.

Section 4.06. *Application of Money in Series 2007A Subaccount of the Revenue Bond Reserve Account.*

(a) There will be deposited in the Series 2007A Subaccount of the Revenue Bond Reserve Account the Qualified Surety Bond delivered by the City on the issuance of the 2007A Bonds. As long as the Qualified Surety Bond is in full force and effect, the City, Trustee and Paying Agent, if appropriate, agree to comply with the following provisions:

(i) In the event and to the extent that moneys on deposit in the 2007A Subaccount of the Revenue Bond Reserve Account, plus all amounts on deposit in and credited to the 2007A Subaccount of the Revenue Bond Fund, in excess of the amount of the Qualified Surety Bond, are insufficient to pay the amount of principal and interest coming due, then upon the later of: (i) one (1) day after receipt by the General Counsel of the Qualified Surety Bond Provider of a demand for payment in the form attached to the Qualified Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent certifying that payment due under this Appendix B and the Bond Order has not been made to the Paying Agent; or (ii) the payment date of the 2007A Bonds as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of the Qualified Surety Bond Provider, the Qualified Surety Bond Provider will make a deposit of funds in an account with the Paying Agent or its successor, in New York, New York, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent under this Appendix A (as specified in the Demand for Payment) up to but not in excess of the Qualified Surety Bond Coverage, as defined in the Qualified Surety Bond.

(ii) the Trustee, or Paying Agent, if appropriate, shall, after submitting to the Qualified Surety Bond Provider the Demand for Payment as provided in (a) above, make available to the Qualified Surety Bond Provider all records relating to the funds and accounts maintained under this Appendix A.

(iii) the Trustee, or Paying Agent, if appropriate, shall, upon receipt of moneys received from the draw on the Qualified Surety Bond, as specified in the Demand for Payment, credit the 2007A Subaccount of the Revenue Bond Reserve Account to the extent of moneys received pursuant to such Demand.

(iv) the 2007A Subaccount of the Revenue Bond Reserve Account shall be replenished in the following priority: (i) principal and interest on the Qualified Surety Bond shall be paid from first available Revenues; (ii) after all such amounts are paid in full, amounts necessary to fund the 2007A Subaccount of the Revenue Bond Reserve Account to the required level, after taking into account the amounts available under the Qualified Surety Bond shall be deposited from next available Revenues.

(b) The Trustee will transfer amounts held in the Series 2007A Subaccount of the Revenue Bond Reserve Account to the Series 2007A Subaccount of the Revenue Bond Fund to make up any

deficiency therein with respect to the 2007A Bonds, in accordance with the order of priorities set forth in Section 4.02 of this Appendix A.

Section 4.07. **Investment of Money.** Money held for the credit of all subaccounts or accounts established under this Appendix A on deposit with the Trustee shall be continuously invested and reinvested by the Trustee in such Investment Obligations as the City may direct to the extent practicable. Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such subaccounts or accounts will be required for the purposes intended. No Investment Obligations in any such subaccount or account may mature beyond the latest maturity date of any 2007A Bonds Outstanding at the time such Investment Obligations are deposited.

The interest accruing on Investment Obligations in the subaccounts established hereunder and any profit or loss realized upon the disposition or maturity of such Investment Obligations shall be credited to or charged against the following Funds, accounts and subaccounts: interest and profit or loss resulting from each of the subaccounts established under Section 4.01 other than the Series 2007A Construction Account of the Construction Fund shall be credited to or charged against the Revenue Fund, and interest and profit or loss resulting from the Series 2007A Construction Account of the Construction Fund shall be credited to or charged against that account.

Section 4.08. **Payment of Principal, Interest and Premium and Pledge of Net Revenues.** The City covenants that it will promptly pay the principal of and the interest on every 2007A Bond issued under this Appendix A at the places, on the dates and in the manner provided herein and in the 2007A Bonds, and any premium required for the retirement of the 2007A Bonds by purchase or redemption, according to the true intent and meaning thereof. The City represents and covenants that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the 2007A Bonds authorized hereby and to pledge the Net Revenues in the manner and to the extent herein and in the Bond Order set forth; that all action on its part for the issuance of the 2007A Bonds initially issued hereunder has been duly and effectively taken; and that such 2007A Bonds in the hands of the Owners thereof are and will be valid and binding special obligations of the City according to their terms.

Except to the extent of a lien on Net Revenues from the Airport, the 2007A Bonds are not payable from the general funds of the City and do not constitute a legal or equitable pledge, lien or encumbrance on any of the properties of the City or on any of its income, receipts or revenues, except as provided in this Appendix A and the Bond Order, and neither the credit nor the taxing power of the City are pledged for the payment of the 2007A Bonds, or the City's obligations to comply with any covenant or agreement under this Appendix A or any other agreement entered into by the City pursuant to its authority.

[End of Article IV]

ARTICLE V.

USE OF BOND PROCEEDS

The proceeds of the 2007A Bonds are to be deposited in accordance with the certificate of the Finance Director delivered under Section 2.03(4).

[End of Article V]

ARTICLE VI.

INSURANCE ON THE 2007A BONDS

Section 6.01. **References to Insurer.** As long as the Policy is in effect and the Insurer is not in default under the Policy or the Insurer has provided written notice that it waives such rights as set forth in this Article VI, the provisions and references to the Insurer in this Appendix A are effective, notwithstanding anything to the contrary in the Bond Order or this Appendix A. Any and all references to the Insurer contained in this Appendix A are applicable only as long as the 2007A Bonds are Outstanding and the Insurer is not in default with respect to its payment obligations under the Policy.

Section 6.02. **Consent of the Insurer.**

(a) Any provision of the Bond Order or this Appendix A expressly recognizing or granting rights in or to the Insurer may not be amended in any manner which affects the rights of the Insurer without the prior written consent of the Insurer. The Insurer reserves the right to charge the City a fee for any consent or amendment to the Bond Order or this Appendix A or related financing documents as long as the Policy is outstanding.

(b) Unless otherwise provided in this Section, the Insurer's consent is required in addition to Owner consent, when required, for the following purposes: (1) execution and delivery of any supplemental resolution or any amendment, supplement or change to or modification of the Bond Order, or this Appendix A; (2) removal of the Trustee and selection and appointment of any successor trustee; and (3) initiation or approval of any action not described in (1) or (2) above which requires Owner consent. The Insurer is deemed the Owner of the 2007A Bonds for purposes of giving the consent of the Owners of the 2007A Bonds.

(c) Any reorganization or liquidation plan with respect to the City must be acceptable to the Insurer. In the event of any reorganization or liquidation, the Insurer has the right to vote on behalf of all owners who hold Insurer-insured 2007A Bonds absent a default by the Insurer under the Policy.

Section 6.03. **Notice and other Information to the Insurer.**

(a) The City will send the following notices and information to the Insurer at One State Street Plaza, New York, New York 10004, Attention: Surveillance Department:

(1) as soon as practicable after the filing thereof, a copy of any financial statement of the City and a copy of any audit and annual report of the City;

(2) such additional information as it may reasonably request;

(3) a copy of any notice to be given to the Owners of the 2007A Bonds, including, without limitation, notice of any redemption of or defeasance

of 2007A Bonds, and any certificate rendered pursuant to the Bond Order or this Appendix A relating to the security for the 2007A Bonds; and

(4) a copy of all information or notices required to be provided or given by the City under the City's continuing disclosure obligation undertaken under Section 8.13.

(b) The following notices shall be sent to the Insurer at One State Street Plaza, New York, New York 10004, Attention: General Counsel Office:

(1) notification by the Trustee of any failure of which it has knowledge of the City to provide relevant notices or certificates; and

(2) notwithstanding any other provision of the Bond Order or this Appendix A, the Trustee or the City shall immediately notify the Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately on the occurrence of any event of default under the Bond Order.

(c) The City will permit the Insurer to discuss the affairs, finances and accounts of the City or any information the Insurer may reasonably request regarding the security for the 2007A Bonds with appropriate officers of the City. The Trustee or the City will permit the Insurer to have access to the projects being financed with the proceeds of the 2007A Bonds and have access to and make copies of all books and records relating to the 2007A Bonds at any reasonable time. The Insurer has the right to direct an accounting of the City's expenses and the City's failure to comply with such direction within 30 days after receipt of written notice of the direction of the Insurer shall be deemed a default under the Bond Order; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of the Owners of the 2007A Bonds.

(d) Notwithstanding anything in the Bond Order or this Appendix A to the contrary, if the principal and/or interest due on the 2007A Bonds shall be paid by the Insurer pursuant to the Policy, the 2007A Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the pledge of the Net Revenues and all covenants, agreements and other obligations of the City to the Owners of the 2007A Bonds shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such Owners of the 2007A Bonds.

Section 6.04. **Investment Obligations.** The definition of "*Investment Obligations*" in Section 101 of the Bond Order is limited to the following:

(a) The Insurer will allow the following obligations to be used as Investment Obligations for all purposes, including defeasance investments in refunding escrow accounts:

(1) Cash (insured at all times by the Federal Deposit Insurance Corporation), or

(2) Obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States including:

- United States treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

(b) The Insurer will allow the following obligations to be used as Investment Obligations for all purposes other than defeasance investments in refunding escrow accounts:

(1) Obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration
- Federal Financing Bank;

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by the Insurer;

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing no more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

(6) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (a)(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(7) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of at least "A2/A" or higher by both Moody's and S&P;

(8) Investment agreements approved in writing by the Insurer supported by appropriate opinions of counsel;

(9) the State Treasurer's Investment Fund ("*STIF*"); and

(10) Other forms of investments (including repurchase agreements) approved in writing by the Insurer.

Section 6.05. **Value of Investment Obligations.** The value of the above investments shall be determined as follows:

(a) For the purpose of determining the amount in any fund, all Investment Obligations credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch & Co., Citigroup Global Markets Inc., Bear Stearns & Co., or Lehman Brothers Inc..

(b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon; and

(c) As to any investment not specified above: the value thereof established by prior agreement among the City, the Trustee, and the Insurer.

Section 6.06. ***Payment Procedure under the Policy.*** As long as the Policy is in full force and effect, the City and the Trustee agree to comply with the following provisions:

(a) At least one day prior to each Interest Payment Date, the Trustee will determine whether there will be sufficient funds in the Funds and Accounts to pay the principal or interest with respect to the 2007A Bonds on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in such Funds or Accounts, the Trustee shall so notify the Insurer. Such notice shall specify the amount of the anticipated deficiency, the 2007A Bonds to which such deficiency is applicable and whether such 2007A Bonds will be deficient as to principal or interest, or both. If the Trustee has not so notified the Insurer at least one day prior to an Interest Payment Date, the Insurer will make payments of principal or interest due with respect to the 2007A Bonds on or before the first day next following the date on which the Insurer has received notice of nonpayment from the Trustee.

(b) The Trustee shall, after giving notice to the Insurer as provided in (a) above, make available to the Insurer and, at the Insurer's direction, to The Bank of New York, New York, New York, as insurance trustee for the Insurer or any successor insurance trustee (the "*Insurance Trustee*"), the registration books of the City maintained by the Trustee and all records relating to the Funds and Accounts maintained under the Bond Order or this Appendix A.

(c) The Trustee shall provide the Insurer and the Insurance Trustee with a list of Owners of 2007A Bonds entitled to receive principal or interest payments from the Insurer under the terms of the Policy, and shall make arrangements with the Insurance Trustee (1) to mail checks or drafts to the Owners of 2007A Bonds entitled to receive full or partial interest payments from the Insurer and (2) to pay principal on 2007A Bonds surrendered to the Insurance Trustee by the Owners of 2007A Bonds entitled to receive full or partial principal payments from the Insurer.

(d) The Trustee shall, at the time it provides notice to the Insurer pursuant to (a) above, notify Owners of 2007A Bonds entitled to receive the payment of principal or interest with respect thereto from the Insurer (1) as to the fact of such entitlement, (2) that the Insurer will remit to them all or a part of the interest payments next coming due upon proof of Owner entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Owner's right to payment, (3) that should the Owner be entitled to receive full payment of principal from the Insurer, they must surrender their 2007A Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such 2007A Bonds to be registered in the name of the Insurer) for payment to the Insurance Trustee, and not the Trustee, and (4) that should they be entitled to receive partial payment of principal from the Insurer, they must surrender their 2007A Bonds for payment with respect thereto first to the Trustee who shall note on such 2007A Bonds the portion of the principal paid by the Trustee and then, along with an appropriate

instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee has notice that any payment of principal or interest with respect to a 2007A Bond which has become Due for Payment (as defined in the Policy) and which is made to an Owner by or on behalf of the Corporation or the City has been deemed a preferential transfer and theretofore recovered from its Owner 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 the Insurer is notified pursuant to (a) above, notify all Owners that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from the Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Insurer its records evidencing the payments of principal and interest with respect to the 2007A Bonds which have been made by the Trustee and subsequently recovered from Owners and the dates on which such payments were made.

(f) In addition to those rights granted the Insurer under this Appendix A, the Insurer shall, to the extent it makes payment of principal or interest with respect to the 2007A Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy, and to evidence such subrogation (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Insurer of proof of the payment of interest with respect thereto to the Owners of the 2007A Bonds, and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Insurer's rights as subrogee on the registration books maintained by the Trustee on surrender of the 2007A Bonds by the Owners thereof together with proof of the payment of principal with respect thereto.

Section 6.07. *Trustee-Related Provisions.*

(a) As long as the Insurer is not in default with respect to its payment obligations under the Policy, the Insurer may request that the Trustee be removed at any time for any breach of the trust set forth in the Bond Order.

(b) The Insurer shall receive prior written notice of any Trustee resignation.

(c) As long as Insurer is not in default with respect to its payment obligations under the Policy, every successor Trustee appointed pursuant to the Bond Order shall be a trust company or bank in good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$75,000,000 and acceptable to the Insurer. Any successor Paying Agent shall not be appointed unless the Insurer approves such successor in writing.

(d) Notwithstanding any other provision of the Bond Order or this Appendix A, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of the Bond Order or this Appendix A, the Trustee shall consider the effect on the Owners as if there were no Policy.

(e) Notwithstanding any other provision of the Bond Order or this Appendix A, no removal, resignation or termination of the Trustee or the Paying Agent shall take effect until a successor, not reasonably unacceptable to the Insurer, is appointed.

Section 6.8. Third Party Beneficiary. To the extent that this Appendix A confers on or gives or grants to the Insurer any right, remedy or claim under or by reason of this Appendix A, the Insurer is hereby explicitly recognized as being a third-party beneficiary under this Appendix A and may enforce any such right, remedy or claim conferred, given or granted under this Appendix A.

[End of Article VI]

ARTICLE VII.

SUPPLEMENTAL SERIES RESOLUTIONS

Section 7.01. ***Supplemental Series Resolutions Without Consent of Owners.*** The City may, from time to time and at any time, adopt such resolutions supplemental hereto as are consistent with the terms and provisions of this Appendix A and, in the opinion of the Trustee, do not affect adversely the interest of the Owners including, without limitation:

- (a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Appendix A that shall be consistent with the provisions of this Appendix A, or
- (b) to grant or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, or
- (c) to add to the covenants and agreements of the City in this Appendix A other covenants and agreements thereafter to be observed by the City or to surrender any right or power herein reserved to or conferred upon the City, or
- (d) to permit the qualification of the Series Resolution under any federal statute now or hereafter in effect or under any state Blue Sky law, or
- (e) to provide for the issuance of any of the 2007A Bonds in bearer form, or
- (f) to make modifications in the provisions for the issuance of any of the 2007A Bonds under a book-entry system, or
- (g) to obtain a rating on any of the 2007A Bonds from a national rating service.

Section 7.02. ***Modification of Series Resolution with Consent of Owners.*** Subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than 51% in aggregate principal amount of the 2007A Bonds then Outstanding have the right, from time to time anything contained in this Appendix A to the contrary notwithstanding, to consent to and approve the adoption by the City and the acceptance by the Trustee of such series resolution supplemental hereto as are necessary or considered desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Appendix A or in any supplemental series resolution; but nothing herein contained permits, or may be construed as permitting (a) an extension of the maturity of the principal of or the interest on any 2007A Bond or (b) a reduction in the principal amount of any 2007A Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a pledge of Net Revenues other than any pledge created or permitted by the Bond Order or the Series Resolution, or (d) a preference or priority of any 2007A Bond over any other 2007A Bond, or (e) a reduction in the aggregate principal amount of 2007A Bonds required for consent to such supplemental series resolution. Nothing herein contained, however, may be construed as making necessary the approval by the Owners of the adoption and acceptance of any supplemental series resolution as authorized in Section 7.01.

The Trustee shall, at the expense of the City, such expense to be paid solely from the Operating Fund or from any other available moneys, cause notice of the proposed adoption of such supplemental series resolution to be mailed, postage prepaid, to the Local Government Commission, the Insurer and all Owners. Such notice shall briefly set forth the nature of the proposed supplemental series resolution and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Owners. The Trustee is not, however, subject to any liability to any Owner by reason of its failure to mail the notice required by this Section, and any such failure will not affect the validity of such supplemental series resolution when approved and consented to as provided in this Section.

Whenever the City delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than 51% in aggregate principal amount of 2007A Bonds then Outstanding that are affected by a proposed supplemental series resolution, which instrument or instruments shall refer to the proposed supplemental series resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, then the City may adopt such supplemental series resolution in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

If the Owners of not less than 51% in aggregate principal amount of the 2007A Bonds Outstanding have consented to and approved the adoption thereof as herein provided, to the extent permitted by law, no Owner has any right to object to the adoption of such supplemental series resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

On the adoption of any supplemental series resolution pursuant to the provisions of this Section or Section 7.01, this Appendix A shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Appendix A, the Trustee and all Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Appendix A as so modified and amended.

Section 7.03. **2007A Bonds Affected.** For purposes of this Appendix A, 2007A Bonds shall be deemed to be "*affected*" by a supplemental series resolution if the same adversely affects or diminishes the rights of Owners against the City or the rights of the Owners in the security for such 2007A Bonds. The Trustee may in its discretion determine whether any 2007A Bonds would be affected by any supplemental series resolution and any such determination is conclusive on the Owners of all 2007A Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee is not liable for any such determination made in good faith.

Section 7.04. **Exclusion of 2007A Bonds.** 2007A Bonds owned or held by or for the account of the City shall not be deemed Outstanding 2007A Bonds for the purpose of any consent or other action or any calculation of Outstanding 2007A Bonds provided for in this Article, and City as Owner of such 2007A Bonds is not entitled to 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 City shall furnish the Trustee certificates of the Finance Director, on which the Trustee may rely, describing all 2007A Bonds so to be excluded.

Section 7.05. **Responsibilities of Trustee and City Under this Article.** The Trustee and the City shall be entitled to exercise their discretion in determining whether or not any proposed supplemental series resolution or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the City, the rights and interests of the Owners, and the rights, obligations and interests of the Trustee. The Trustee is entitled to receive, and is fully protected in relying on, the

opinion of counsel approved by it, who may be bond counsel for the City, as conclusive evidence that any such proposed supplemental series resolution does or does not comply with the provisions of this Appendix A, and that it is or is not proper for it, under the provisions of this Article, to accept such supplemental series resolution.

Section 7.06. ***Consent of the Insurer.*** So long as the Policy is in effect and the Insurer has not defaulted thereunder, (1) the consent of the Insurer will be required to amend, modify or supplement this Appendix A, and (2) the Insurer is deemed to be the sole Owner of the 2007A Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 2007A Bonds are entitled to take under the Bond Order or this Appendix A.

[End of Article VII]

ARTICLE VIII.

MISCELLANEOUS PROVISIONS

Section 8.01. **Headings.** Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, are solely for convenience of reference and does not constitute a part of this Appendix A or affect its meaning, construction or effect.

Section 8.02. **Application to Local Government Commission.** The City Council hereby ratifies and confirms its request to the Local Government Commission to sell the 2007A Bonds at private sale and without advertisement in accordance with the provisions of Section 159-123 of the General Statutes of North Carolina.

Section 8.03. **Approval of Amount of 2007A Bonds and Interest Rate.** The Finance Director is hereby authorized and directed to approve (1) the actual amount of the 2007A Bonds and each maturity of the 2007A Bonds and the Sinking Fund Requirements for the 2007A Bonds to be issued under this Appendix A to the limits specified in Section 203, (2) the interest rates for each maturity of the 2007A Bonds not in excess of the maximum set forth in Section 203 and (3) the sale of such Bonds at a price to be finally determined by the City Manager or the Finance Director of not less than 95.0% of the face amount thereof, plus accrued interest from the date of delivery of the 2007A Bonds.

Section 8.04. **Approval of Preliminary Official Statement and Final Official Statement.** The City hereby approves and consents to the use and distribution of copies of the Preliminary Official Statement, the final Official Statement, the Bond Order and the Series Resolution by the Purchasers in connection with the public offering of the 2007A Bonds. Any of the Mayor, City Manager and Finance Director is hereby authorized and directed to complete, execute and deliver the final Official Statement relating to the 2007A Bonds, in substantially the form of the draft of the Preliminary Official Statement presented at this meeting, together with such changes, modifications, and deletions as the Finance Director, with the advice of counsel, may deem necessary and appropriate; such execution and delivery shall be conclusive evidence of the approval and authorization in all respects of the form and content thereof.

Section 8.05. **Authorization for Other Acts.**

(a) The Finance Director and other officers, agents and employees of the City and the officers and agents of the Trustee are hereby authorized and directed to do all acts and things required of them by the provisions of the 2007A Bonds, the Bond Order, the Series Resolution, this Appendix A and the Purchase Contract for the full, punctual and complete performance of the terms, covenants, provisions and agreements of the same and also to do all acts and things required of them by the provisions of this Appendix A, including the advancement of any fees and expenses in connection with the transactions described therein with the expectation that such fees and expenses will be reimbursed to the City from 2007A Bond proceeds.

(b) The Mayor, the Finance Director, the Airport Manager, the Airport Attorney, the City Attorney, the City Clerk and any Deputy City Clerk, or any of them or their deputies, are further authorized and directed (without limitation except as may be expressly set forth herein) to employ and compensate advisers, bond counsel, counsel, and consultants, to take such action and to execute and deliver any such documents, deeds, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary and appropriate to effect the

transactions contemplated by the Bond Order, the Series Resolution, this Appendix A and the Purchase Contract.

Section 8.06. **Acceptance of Duties by Paying Agent.** Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by the Bond Order and the Series Resolution by executing and delivering to the City, the Trustee and the Insurer a written acceptance thereof.

Section 8.07. **Holidays.** Except as otherwise provided herein, whenever any payment or action to be made or taken hereunder shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall be included in computing interest, if any, in connection with such payment or action.

Section 8.08. **Replacement of Registrar or Paying Agent.** If the Registrar or Paying Agent initially appointed under this Appendix A resigns (whether before or after the issuance of any 2007A Bonds), or if the Finance Director reasonably determines that the Registrar or Paying Agent has become incapable of performing its duties hereunder, the City may, on notice mailed to each Owner of the 2007A Bonds, if any, at such Owner's address last shown on the registration records, appoint a successor Registrar or Paying Agent which meets any requirement set forth in the Bond Order, including the prior approval by the Local Government Commission of a successor Registrar. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. The same institution is not required to serve as both Registrar and Paying Agent hereunder, but the City has the right to have the same institution serve as both Registrar and Paying Agent hereunder. Whenever in this Appendix A the Registrar or Paying Agent is named or referred to, such provision is deemed to include any successor of the Registrar or Paying Agent, respectively.

Section 8.09. **Amendments to Bond Order Affecting Insurer.** Anything herein to the contrary notwithstanding, an amendment to the Bond Order or this Appendix A altering the rights and duties of the Insurer thereunder or hereunder requires the prior written consent of the Insurer.

Section 8.10. **Notice to Rating Agencies.** The Trustee shall mail notice to each Rating Agency then rating the 2007A Bonds and the LGC of the occurrence of any of the following events of which it has actual knowledge or has been informed: (1) any amendment or supplement to the Bond Order, the Series Resolution or the Policy; (2) any redemption of Outstanding 2007A Bonds; or (3) any expiration, termination, substitution or renewal of the Policy.

Section 8.11. **Acceptance and Execution of Purchase Contract; Approval of Award.** The Purchase Contract providing for the sale of the 2007A Bonds authorized hereunder in substantially the form presented at this meeting is hereby approved and accepted by the City; the award of the 2007A Bonds by the Local Government Commission to the Purchasers as underwriters for the 2007A Bonds and the selection of UBS Securities LLC, as Representative of the Purchasers is hereby approved; and the Mayor or City Manager, or other appropriate officials of the City hereby are authorized and directed to approve additional Purchasers at any time and to execute the Purchase Contract on the behalf and in the name of the City at such time as may be determined by the Mayor, City Manager or Finance Director, and so to enter into the Purchase Contract as provided in such agreement, with such changes, variations, omissions and insertions as any official executing such document shall approve. The execution thereof by such officials constitutes conclusive evidence of such approval.

Section 8.12. **Approval of Policy.** The purchase of and the payment of premiums and costs for the Policy issued by the Insurer which insures the payment of principal of and interest on the 2007A Bonds is hereby approved. The Mayor, City Manager, Finance Director or other appropriate officials of

the City are authorized and directed to negotiate the final premium with respect to such policy and to take any and all other steps deemed appropriate or desirable by them to procure such policies.

Section 8.13. **Continuing Disclosure.** The City agrees, in accordance with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") and for the benefit of the registered owners and beneficial owners of the 2007A Bonds, as follows:

(1) by not later than seven months after the end of each Fiscal Year to provide to each nationally recognized municipal securities repository ("NRMSIR") and to the state information depository ("SID"), if any, for the State, in each case as designated by the SEC, the audited financial statements of the City for such Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the City for such Fiscal Year to be replaced subsequently by audited financial statements of the City to be delivered within 15 days after such audited financial statements become available for distribution;

(2) by not later than seven months after the end of each Fiscal Year to provide to each NRMSIR and to the SID, if any, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the captions in the Official Statement dated on or about July __, 2007 relating to the 2007A Bonds (the "Official Statement") identified in the Purchase Contract to the extent such items are not included in the financial statements referred to in paragraph (1) above;

(3) in a timely manner to each NRMSIR or to the Municipal Securities Rulemaking Board (the "MSRB"), and to the SID, if any, notice of any of the following events with respect to the 2007A Bonds, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (e) substitution of any credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the 2007A Bonds;
- (g) modification to the rights of the beneficial owners of the 2007A Bonds;
- (h) call of any of the 2007A Bonds for redemption, except mandatory sinking fund redemptions;
- (i) defeasance of any of the 2007A Bonds;

(j) release, substitution or sale of any property securing repayment of the 2007A Bonds;

(k) rating changes; and

(4) in a timely manner, to each NRMSIR or to the MSRB, and to the SID, if any, notice of a failure of the City to provide required annual financial information described in (1) or (2) above on or before the date specified.

The City agrees that its undertaking under this Section is intended to be for the benefit of the Owners and the beneficial owners of the 2007A Bonds and is enforceable by the Trustee or by any of them, including an action for specific performance of the City's obligations under this Article, but a failure to comply will not be an event of default under Section 802 of the Bond Order and will not result in acceleration of the payment of the 2007A Bonds. An action must be instituted, had and maintained in the manner provided in this paragraph for the benefit of all of the Owners and beneficial owners of the 2007A Bonds.

The City may modify from time to time, consistent with the Rule, the information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, but:

(1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City;

(2) the information to be provided, as modified, would have complied with the requirements of the Rule as of the date of the Official Statement, after taking into account any amendments or interpretations of the Rule as well as any changes in circumstances;

(3) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by the Trustee or Bond Counsel or by the approving vote of the Owners of a majority in principal amount of the 2007A Bonds pursuant to Section 7.02 of this Appendix A.

Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Article terminate on payment, or provision having been made for payment in a manner consistent with the Rule, in full of the principal of and interest on the 2007A Bonds.

The City may comply with the undertaking described above by transmitting the required filings and notices to DisclosureUSA in accordance with its rules and procedures so long as that method for discharging such undertaking satisfies the Rule.

Authorized Denominations (hereinafter defined) with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. Principal of, premium, if any, and interest on this 2007A Bond will be payable to DTC or its nominee as registered owner of the 2007A Bonds by wire transfer in immediately available funds. The City, the Paying Agent and the Trustee are not responsible or liable for maintaining, supervising, or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If (a) DTC determines not to continue to act as securities depository for the 2007A Bonds or (b) the Trustee and the City determine to discontinue the book entry system in accordance with DTC's rules and the City fails to identify another qualified securities depository to replace DTC, the City will deliver fully registered definitive 2007A Bonds to DTC in accordance with DTC's rules and procedures.

The City, the Paying Agent, the Registrar and the Trustee have no responsibility or obligation with respect to (a) the accuracy of any records maintained by DTC; (b) the payment by DTC of any amount in respect of the principal of and premium, if any, and interest on the 2007A Bonds; (c) the delivery or timeliness of delivery by DTC of any notice which is required or permitted under the terms of the Indenture (hereinafter defined) to be given to Owners; (d) the selection of Owners to receive payments in the event of any partial redemption of the 2007A Bonds; or (e) any consent given or other action taken by DTC, or its nominee.

This Bond is one of an issue of Bonds designated "*Airport Revenue and Refunding Revenue Bonds, Series 2007A*" (the "*2007A Bonds*") issued under a bond order adopted by the City Council of the City (the "*City Council*") on November 18, 1985, which the City Council supplemented and amended on June 8, 1992 and August 23, 2004 (the "*Bond Order*") and a resolution adopted by the City Council on July 23, 2007 (the "*Series Resolution*"). Unless the context indicates otherwise, all capitalized, undefined terms used herein shall have the meanings ascribed to them in the Bond Order, the Series Resolution or the Appendix A attached to, and incorporated in, the Series Resolution. Simultaneously with the issuance of the 2007A Bonds, the City will issue its Variable Rate Airport Revenue Bonds, Series 2007B (the "*2007B Bonds*") and together with the 2007A Bonds, the "*2007 Bonds*") under the Bond Order. Under the Bond Order, the City has previously issued its \$107,900,000 Variable Rate Airport Refunding Revenue Bonds, Series 1993A (the "*1993A Bonds*") of which \$71,900,000 remain outstanding, its \$70,295,000 Variable Rate Airport Refunding Revenue Bonds, Series 1997A (the "*1997A Bonds*") of which \$48,700,000 remain outstanding, its \$7,950,000 Fixed Rate Airport Revenue Bonds, Series 1999A (the "*1999A Bonds*") all of which remain outstanding, its \$80,200,000 Fixed Rate Airport Revenue Bonds, Series 1999B (the "*1999B Bonds*") of which \$75,630,000 remain outstanding, its \$88,805,000 Variable Rate Airport Revenue Bonds, Series 1999D (the "*1999D Bonds*" together with the 1999A Bonds and the 1999B Bonds, the "*1999 Bonds*") of which \$34,830,000 remain outstanding, its \$87,095,000 Airport Revenue Bonds, Series 2004A (the "*2004A Bonds*") all of which remain outstanding, its \$48,465,000 Airport Revenue Bonds, Series 2004B (the "*2004B Bonds*") all of which remain outstanding, its \$15,215,000 Taxable Airport Revenue Bonds, Series 2004C (the "*2004C Bonds*") of which \$10,790,000 remain outstanding, and its \$16,160,000 Variable Rated Demand Airport Revenue Bonds, Series 2004D (the "*2004D Bonds*" together with the 2004A Bonds, the 2004B Bonds and the 2004C Bonds, the "*2004 Bonds*") of which \$15,555,000 remain outstanding. The 2007 Bonds, the 2004 Bonds, the 1993A Bonds, the 1997A Bonds and any additional Bonds which may be issued under the Bond Order are parity obligations under the Bond Order and the Series Resolution.

The 2007 Bonds are being issued to pay a portion of the costs to (1) acquire, rehabilitate, renovate, expand and construct certain improvements to the Airport, consisting of the (a) construction of a new runway, (b) construction of the East Parking Deck, (c) reconstruction of concourse restrooms, (d) replacement of terminal signage, and (e) acquisition of land for the Airport, and (2) pay for other improvements at the Airport consistent with the Airport's mission (the "*2007 Improvements*"), and (3) pay the cost of issuance of the 2007 Bonds.

The 2007A Bonds, together with interest thereon, are special obligations of the City payable solely from Revenues after payment of the Current Expenses of the Airport and constitute a valid claim of the respective Owners thereof only against the funds and other moneys held by the Trustee for the benefit of the Owners of the 2007A Bonds, which amounts are pledged and assigned pursuant to the Bond Order for the equal and ratable payment of the 2007A Bonds and will be used for no other purpose than to pay the principal of, premium, if any, and interest on the 2007A Bonds, except as may be otherwise expressly authorized in the Bond Order and the Appendix A.

As used herein, "*Revenues*" means (a) except to the extent hereinafter excluded, all payments, proceeds, fees, charges, rents and all other income derived by or for the City for the use of and for the services and facilities furnished by or from the operation or ownership of, the Airport and all other income derived by the City from the operation or ownership of the Airport and all rights to receive the same, whether in the form of accounts receivable, contract rights or other rights, and the proceeds of such rights whether now owned or held or hereafter coming into existence, (b) amounts which the City is authorized, but not obligated, to pay or transfer to the Revenue Fund to the extent of any such payments or transfers, including transfers from the Airport Discretionary Fund which amounts shall become Revenues only at the time of payment or transfer of the Revenue Fund, (c) amounts transferred from the Rebate Account to the Revenue Fund following each Fiscal Year, and (d) any proceeds of business interruption insurance. Revenues does not include, unless paid or transferred pursuant to (b) above, (1) any gifts, grants, bequests, contributions or donations; (2) proceeds from the sale and disposition of all or any part of all or any part of the Airport; (3) reimbursements to the City of its advances to the Operating Fund specified in the series resolution relating to the Project Bonds; (4) investment income to the extent of amounts transferred from the Revenue Fund to the Rebate Account as of the last day of each Fiscal Year; (5) the investment income on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the City in any Funds and Accounts established by the Bond Order, but only to the extent such income and gains are not directed to the Revenue Fund as provided in the Bond Order or in any series resolution; (6) to the extent and for so long as such payments are pledged to secure the financing of the same, debt service from the financing of any facilities to which reference is made in the Bond Order, except to the extent otherwise provided by the City in respect of any such facilities; (7) any proceeds of Eminent Domain or insurance other than the business interruption insurance mentioned above; (8) the investment income on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the City in the fund in which Airport revenues relating to the period prior to the date of beneficial occupancy under certain 1978 airport agreements are held; (9) taxes collected at the Airport; (10) revenues described in clauses (a) and (c) above of Excluded Cost Centers; and (11) the proceeds of any indebtedness; (12) payments made by the counterparty in connection with any interest rate exchange or swap agreement; and (13) PFC Revenues.

"*Current Expenses*" means (A) the City's cost of capital items (including the cost of capital leases) in an amount not to exceed in any Fiscal Year 15% of all current expenses as hereinafter determined and budgeted for such Fiscal Year, plus (B) the City's current expenses for the operation, maintenance and repair of the Airport as determined in accordance with generally accepted accounting principles, including, without limiting the generality of the foregoing: (a) all ordinary and usual expenses of operation, maintenance and repair, (b) administrative expenses, (c) salaries, (d) interest with respect to working capital loans, (e) payments to any retirement plan or plans properly chargeable to the Airport, (f) insurance expenses, (g) engineering expenses relating to the operation, maintenance or repair of the Airport, (h) fees and expenses of the Trustee, legal expenses, and fees of consultants, and (i) any other expenses required to be paid by the City under the Bond Order or by law. Current Expenses does not include (u) any reserves for extraordinary replacements or repairs, (v) any allowance for depreciation, (w) any interest other than as provided in (d) above, (x) any principal payment in respect of capital leases, except as permitted under (A) above, or indebtedness other than Bonds, (y) any deposits to any Fund or Account created under the Bond Order and payments of principal, premium, if any, and interest from such

Funds and Accounts, or (z) any of the foregoing set forth in paragraphs (A) and (B) with respect to Excluded Cost Centers.

Pursuant to the Bond Order the City has, for the benefit of the Owners of the 2007A Bonds, assigned Net Revenues, the City's rights to receive Net Revenues, the moneys and Investment Obligations in the Renewal and Improvement Fund to the extent such moneys and Investment Obligations have not been encumbered by the City and the moneys and Investment Obligations in the subaccounts of the Revenue Bond Fund relating to the 2007A Bonds, to the Trustee in trust.

Reference is made to the Bond Order and the Series Resolution for a more complete statement of the provisions thereof and of the rights of the City, the Trustee and the Owners of the 2007A Bonds. Copies of the Bond Order and the Series Resolution are on file and may be inspected at the principal office of the Trustee in Charlotte, North Carolina. By the purchase and acceptance of this 2007A Bond, the Owner hereof signifies assent to all of the provisions of the aforementioned documents.

This Bond is issued and the Bond Order and Series Resolution were made and entered into under and pursuant to the Constitution and laws of the State, and particularly in conformity with the provisions, restrictions and limitations of General Statutes of North Carolina Section 159-80 et seq., as amended.

This Bond is exchangeable upon the presentation and surrender hereof at the principal corporate trust office of the Bond Registrar for the 2007A Bonds in Authorized Denominations. Upon surrender for registration of transfer, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner hereof or his or her attorney duly authorized in writing, the Bond Registrar will authenticate and deliver in the name of the transferee or transferees a new fully registered 2007A Bond or 2007A Bonds. The Bond Registrar may require the payment by any Owner requesting registration of transfer or exchange of 2007A Bonds of any tax, fee or other governmental charge required to be paid with respect to such registration of transfer or exchange. The Bond Registrar is not required to register the transfer of or exchange any 2007A Bonds selected, called or being called for redemption in whole or in part. The person in whose name this Bond is registered will be deemed and regarded as the absolute owner hereof for all purposes, and payment of this Bond will be made only to or upon the written order of the Owner hereof to his or her legal representative. All such payments will be valid and effectual to satisfy and discharge this Bond to the extent of the sum or sums paid.

The 2007A Bonds maturing on or after July 1, 20__, may be redeemed prior to their maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on any date on or after July 1, 20__, at the Redemption Price equal to 100% of the principal amount of the 2007A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

The 2007A Bonds will be subject to optional redemption by the City, in whole or in part on any date at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, on instructions from the City, from the Net Proceeds of insurance or Eminent Domain which are deposited in the Series 2007A Subaccount of the Revenue Bond Redemption Account, as provided in the Bond Order.

The 2007A Bonds are required to be redeemed to the extent of any Sinking Fund Requirement on each July 1 on which there is a Sinking Fund Requirement from moneys required to be deposited in the applicable subaccount of the Revenue Bond Sinking Fund Account, at a Redemption Price equal to the principal amount of the 2007A Bonds being redeemed, without premium, plus accrued interest to the date of redemption.

Notice of redemption will be given by the Trustee not less than 30 days nor more than 60 days before the Redemption Date (1) to the North Carolina Local Government Commission by Mail or

facsimile transmission, (2)(A) to DTC or its nominee by registered or certified mail at the address provided to the Trustee by DTC or (B) if DTC or its nominee is no longer the Owner of the 2007A Bonds, by Mail to the then-registered Owners of 2007A Bonds or portions thereof to be redeemed at the last address shown on the registration books kept by the Bond Registrar, (3) to the securities depositories set forth in the Appendix A, by Mail or facsimile transmission and (4) to at least two of the following national information services, by Mail.

Such notice must (i) specify the 2007A Bonds to be redeemed, the Redemption Date, the Redemption Price and the place or places where amounts due on such redemption must be payable (which must be the principal office of the Paying Agent) and if less than all of the 2007A Bonds are to be redeemed, the numbers of the 2007A Bonds and the portions of 2007A Bonds to be redeemed, and (ii) state that on the Redemption Date, the 2007A Bonds to be redeemed will cease to bear interest.

Failure to provide such notice to any Owner or any defect therein will not affect the validity of any proceedings for such redemption as to any other Owner to whom such notice was properly given. Failure to provide such notice to the North Carolina Local Government Commission or the securities depositories and national information services as provided above will not affect the validity of any proceedings for such redemption.

If moneys are on deposit with the Trustee to pay the Redemption Price of the 2007A Bonds called for redemption including premium, if any, thereon on a Redemption Date, 2007A Bonds or portions thereof so called for redemption as hereinabove specified will not bear interest after such Redemption Date and will not be considered to be Outstanding or to have any other rights under the Bond Order other than the right to receive payment. No payment of principal will be made by the Paying Agent on any 2007A Bonds or portions thereof called for redemption until such 2007A Bonds or portions thereof have been delivered for payment or cancellation or the Paying Agent has received the items required by the Bond Order with respect to any mutilated, lost, stolen or destroyed 2007A Bonds.

In the case of any partial redemption of 2007A Bonds, the City will select the 2007A Bonds and the maturity or maturities of the 2007A Bonds to be redeemed and DTC will select the 2007A Bonds within the same maturity pursuant to its rules and procedures or, if the book-entry system with DTC or any other securities depository has been discontinued, the Bond Registrar will select the 2007A Bonds to be redeemed by lot in such manner as the Bond Registrar in its discretion may deem proper.

If a 2007A Bond subject to redemption is in a denomination larger than the minimum Authorized Denomination, a portion of such 2007A Bond may be redeemed, but only in a principal amount such that the unredeemed portion of such 2007A Bond is equal to an Authorized Denomination. For any 2007A Bond in a denomination of more than the minimum Authorized Denomination, the Trustee shall treat each such 2007A Bond as representing a single 2007A Bond in the minimum Authorized Denomination plus that number of 2007A Bonds that is obtained by dividing the remaining principal amount of such 2007A Bond by the minimum Authorized Denomination.

If it is determined that one or more, but not all, of the Authorized Denominations of principal amount represented by any 2007A Bond is to be called for redemption, then, on written notice of intention to redeem such Authorized Denominations of principal amount of such 2007A Bond, the Owner of such 2007A Bond, on surrender of such 2007A Bond to the Paying Agent for payment of the principal amount of such 2007A Bond, will be entitled to receive new 2007A Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such 2007A Bond. New 2007A Bonds representing the unredeemed balance of the principal amount of such 2007A Bonds will be issued to the Owner thereof.

If the Owner of any 2007A Bond of a denomination greater than the amount being redeemed fails to present such 2007A Bond to the Paying Agent for payment and exchange as aforesaid, such 2007A Bond will, nevertheless, become due and payable on the date fixed for redemption to the extent of the denomination being redeemed and to that extent only.

The Bond Order permits amendment thereto upon the agreement of the City and the Trustee and with the approval of not less than 51% in aggregate principal amount of the Bonds then Outstanding under the Bond Order. The Bond Order also contains provisions permitting the City and the Trustee to enter into amendments to the Bond Order without the consent of the Owners of the Bonds then Outstanding for certain purposes which do not affect adversely the interest of the Owners of the Bonds.

Appendix A permits amendment thereto upon the agreement of the City and the Trustee and with the approval of not less than 51% in aggregate principal amount of the 2007A Bonds then Outstanding. Appendix A also contains provisions permitting the City and the Trustee to enter into amendments to Appendix A without the consent of the Owners of the 2007A Bonds then Outstanding for certain purposes which do not affect adversely the interest of the Owners of the 2007A Bonds.

So long as the Policy is in effect and the Insurer has not defaulted thereunder, (1) the consent of the Insurer will be required to amend, modify or supplement Appendix A, and (2) the Insurer is deemed to be the sole Owner of the 2007A Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 2007A Bonds are entitled to take under the Bond Order or the Series Resolution.

Any consent or request by the Owner of this 2007A Bond shall be conclusive and binding upon such Owner and upon all future Owners of this 2007A Bond and of any 2007A Bond issued upon the transfer of this 2007A Bond whether or not notation of such consent or request is made upon this 2007A Bond.

This 2007A Bond is issued with the intent that the laws of the State of North Carolina shall govern its legality, validity, enforceability and construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this 2007A Bond and the execution of the Bond Order and the Series Resolution have happened, existed and have been performed as so required.

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

IN WITNESS WHEREOF, the City of Charlotte, North Carolina has caused this 2007A Bond to be executed with the manual or facsimile signatures of the Mayor and City Clerk, and has caused the City's official seal or a facsimile thereof to be impressed or imprinted hereon.

CITY OF CHARLOTTE, NORTH CAROLINA

By: _____
Mayor

[SEAL]

By: _____
City Clerk

The issue hereof has been approved under the provisions of The State and Local Government Revenue Bond Act.

T. VANCE HOLLOMAN
Secretary of the Local Government Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This 2007A Bond is one of the Airport Revenue Bonds, Series 2007A designated herein issued under the provisions of the within-mentioned Bond Order and Series Resolution.

U.S. BANK NATIONAL ASSOCIATION
as Bond Registrar

By: _____
Assistant Vice President

STATEMENT OF INSURANCE

Financial Guaranty Insurance Policy No. [] (the "*Policy*") with respect to payments due for principal and interest with respect to this 2007A Bond has been issued by Ambac Assurance Corporation ("*Ambac Assurance*"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this 2007A Bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Bond on the books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a participant of the Securities Transfer Agent Medallion Program ("*STAMP*") or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration, enlargement or any change whatever.

TRANSFER FEE MAY BE REQUIRED

**APPENDIX B
TO
RESOLUTION PROVIDING FOR THE ISSUANCE OF:**

**CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT REVENUE AND REFUNDING REVENUE BONDS,
SERIES 2007A**

AND

**CITY OF CHARLOTTE, NORTH CAROLINA
VARIABLE RATE AIRPORT REVENUE BONDS,
SERIES 2007B**

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Exhibit A – Form of 2007B Bond

ARTICLE 1

DEFINITIONS

Section 1.01 *Definitions*. All words and phrases defined in Article I of the Bond Order are incorporated herein by reference. In addition, the following terms, except where the context indicates otherwise, have the respective meanings set forth below. Definitions that pertain to the 2007B Bonds during an ARS Rate Period are to be found in Exhibit B hereto.

(a) *Additional Definitions*. The terms in this Section 1.01 defined for all purposes of this Appendix B and of any instrument amendatory hereof or supplemental hereto, and of any other instrument or any other document pertaining hereto, except where the context by clear implication otherwise requires, have the meanings herein specified:

"Alternate Credit Facility" means an irrevocable direct-pay letter of credit and related reimbursement agreement, financial guaranty insurance policy, municipal bond insurance policy, liquidity facility, line of credit or similar agreement providing for the payment of principal of, interest on, and, if applicable, purchase price on the 2007B Bonds, as amended, supplemented or extended from time to time.

"Appendix B" means this Appendix B which is attached to, and incorporated in, the Series Resolution.

"ARS Rate Bonds" means any Multi-Modal Bond bearing interest at an Auction Period Rate.

"Auction Procedures" means the Auction Procedures set forth in Exhibit B hereto.

"Authorized Denominations" means with respect to the 2007B Bonds bearing interest at a Fixed Rate or at a Term Rate, \$5,000 and any integral multiple thereof, if the 2007B Bonds have an investment grade rating by any Rating Agency then rating the 2007B Bonds; with respect to any Multi-Modal Bond bearing interest at an Auction Period Rate, \$25,000 and any integral multiple thereof; with respect to any Multi-Modal Bond bearing interest at a Weekly Rate, or, if the 2007B Bonds do not have an investment grade rating by any Rating Agency then rating the 2007B Bonds, Fixed Rate, \$100,000 and any integral multiple of \$5,000 in excess thereof.

"Bank Bonds" means any 2007B Bonds purchased by the Credit Provider for so long as such 2007B Bonds bear interest at the Bank Bond Rate. If the Credit Facility for the 2007B Bonds is a Letter of Credit, Bank Bonds means 2007B Bonds purchased by the Tender Agent in the name of the City and pledged as collateral to the Bank as described in the applicable Reimbursement Agreement.

"Bank Bond Rate," at any date of determination, means the interest rate per annum for Bank Bonds determined pursuant to the provisions of the Credit Facility or Reimbursement Agreement in effect on such date; provided, however, that in no event shall the Bank Bond Rate exceed the Maximum Rate. The Bank Bond Rate is not effective if the Credit Facility for the 2007B Bonds is a Letter of Credit. The Bank Bond Rate may not be amended or modified without the consent of the LGC.

"Beneficial Owner" means, when the 2007B Bonds are in Book-Entry Form, any person who acquires a beneficial ownership in the 2007B Bonds held by the Securities Depository.

“*Bond Order*” means the bond order adopted by the City Council on November 18, 1985, authorizing and securing airport revenue bonds of the City, as supplemented and amended on June 8, 1992 and August 23, 2004, as supplemented or amended from time to time.

“*Bond Purchase Fund*” mean the Fund so designated and established by Section 5.10.

“*Bond Registrar*” means the Trustee.

“*Book-Entry Form*” or “*Book-Entry System*” means a form or system, as applicable, under which physical certificates in fully registered form are registered only in the name of the Securities Depository or its nominee, with the physical certificates held in the custody of the Securities Depository or its agent.

“*Credit Facility*” means a Letter of Credit issued by a Credit Provider in favor of the Trustee, in its capacity as Trustee and Tender Agent, for the account of the City, and any amendments or supplements thereto or extensions thereof, that provides security for the payment of principal of, interest on, and, if such 2007B Bonds are in a Weekly Rate Period or Term Rate Period, purchase price on such 2007B Bonds, and, on acceptance by the Trustee or Tender Agent of any Alternate Credit Facility, such Alternate Credit Facility. The term “*Credit Facility*” may also include any a financial guaranty insurance policy, municipal bond insurance policy, liquidity facility, line of credit or similar agreement, or combination thereof, issued for the account of the City.

“*Credit Provider*” means Bank of America, N.A., or any provider of a Credit Facility then in effect for the 2007B Bonds.

“*Credit Modification Date*” means either (a) the fifth Business Day next preceding the date on which a Credit Facility then in effect is stated to expire (unless extended), or (b) if the Credit Facility will terminate before its stated expiration date on account of the delivery of an Alternate Credit Facility (with the effect that the 2007B Bonds do not have a rating from any Rating Agency that is equal to or higher than the rating on the 2007B Bonds from such Rating Agency immediately before such replacement), the proposed Alternate Credit Facility Effective Date with respect to such Alternate Credit Facility.

“*Delivery Office*” means the office of the Tender Agent as may be specified by the Tender Agent for receiving 2007B Bonds and the notices set forth in Sections 3.01 and 3.02.

“*Electronic Means*” means, facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“*Favorable Opinion of Bond Counsel*” means an opinion of nationally recognized bond counsel acceptable to the City, which opinion is addressed to the City, the Credit Provider, the Broker-Dealer, the Remarketing Agent (if any), and the Trustee, to the effect that the action proposed to be taken is authorized or permitted by this Appendix B and will not adversely affect the exclusion of interest on any of the 2007B Bonds from gross income for purposes of federal income taxation under Section 103 of the Code.

“*Fitch Ratings*” means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than S&P or Moody’s) as may be designated in writing by the City, with the consent of the LGC.

"Fixed Rate" means, as to the applicable Multi-Modal Bonds, a non-variable interest rate or rates to maturity established in accordance with Section 2.07.

"Fixed Rate Period" means, as to the applicable Multi-Modal Bonds, the period of time, which shall end at maturity, during which such Multi-Modal Bonds bear interest at a Fixed Rate.

"Interest Accrual Date" means, as to the applicable Multi-Modal Bonds except ARS Rate Bonds, (1) with respect to any Weekly Rate Period, the first day thereof and, thereafter, the first Business Day of each month during that Weekly Rate Period, (2) with respect to the Term Rate Period, the date on which such Multi-Modal Bonds become subject to the Term Rate Period, and each Interest Payment Date in respect thereof, other than the last such Interest Payment Date and (3) with respect to the Fixed Rate Period, the date on which such Multi-Modal Bonds become subject to the Fixed Rate Period, and each Interest Payment Date in respect thereof, other than the last such Interest Payment Date.

"Interest Payment Date" means with respect to Multi-Modal Bonds other than ARS Rate Bonds, (1) for any Weekly Rate Period, the first Business Day of each calendar month, the date on which Bank Bonds are remarketed and, if applicable, purchased from the Credit Provider, the date on which the applicable Multi-Modal Bonds become subject to the Fixed Rate Period, any date on which such Multi-Modal Bonds become subject to mandatory tender, and the maturity or redemption date of the applicable Multi-Modal Bonds; (2) with respect to any Bank Bonds, each date set forth in the Reimbursement Agreement; (3) with respect to Multi-Modal Bonds for the Term Rate Period, January 1 and July 1 of each year, and commencing with respect to any Multi-Modal Bonds while in the Term Rate Period, the January 1 or July 1 following the beginning of the Term Rate Period as shall be determined by the City at or prior to the conversion of such Multi-Modal Bonds to a Term Rate, and in all cases on the day following the end of each Term Rate Period or redemption date of such Bonds, and (4) with respect to Multi-Modal Bonds for the Fixed Rate Period, January 1 and July 1 of each year, and commencing with respect to any Multi-Modal Bonds while in the Fixed Rate Period, the January 1 and July 1 following the beginning of the Fixed Rate Period as shall be determined by the City at or prior to the conversion of such Multi-Modal Bonds to a Fixed Rate, and in all cases on the maturity or redemption date of such Bonds.

"Interest Rate Period" means, as to the Multi-Modal Bonds other than ARS Rate Bonds, the Weekly Rate Period, the Term Rate Period or the Fixed Rate Period.

"Letter of Credit" means an irrevocable, direct-pay letter of credit issued by a Credit Provider that provides security for the payment of principal of, interest on, and purchase price of the 2007B Bonds.

"Letter of Representations" means the Blanket Letter of Representations dated as of November 21, 1996 between the City and the Securities Depository and any other letter of representations between the City and a successor Securities Depository appointed pursuant to Section 2.09.

"LGC" means the Local Government Commission of North Carolina, a division of the Department of State Treasurer, and any successor or successors thereto or its designated representative.

"Maximum Rate" means (a) as to the Multi-Modal Bonds other than Bank Bonds, 12% per annum, and (b) as to Bank Bonds or any obligation owed by the City to a Credit Provider, the rate per annum required under the Reimbursement Agreement or other Credit Facility, not to exceed 22% per annum. The Maximum Rate may not be amended or modified without the consent of the LGC.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized

securities rating agency (other than S&P or Fitch Ratings) as may be designated in writing by the City, with the consent of the LGC.

"Multi-Modal Bonds" means 2007B Bonds bearing interest at a Weekly Rate, an Auction Period Rate, a Term Rate or a Fixed Rate.

"Participant" means one of the entities which is a member of the Securities Depository and deposits securities, directly or indirectly, in the Book-Entry System.

"Paying Agent" means the Trustee.

"Purchase Contract" means the Purchase Contract among the LGC, the City and the Purchasers, providing for the initial purchase of the 2007B Bonds.

"Purchasers" means the investment banking firm of UBS Securities LLC and any other investment banking firms or underwriters that may be named in accordance with the Purchase Contract.

"Purchase Date" means the day that any 2007B Bond is subject to purchase pursuant to optional or mandatory tender under this Appendix B.

"Purchase Price" or *"purchase price"* means the principal amount of 2007B Bonds payable on a Purchase Date plus accrued interest with respect thereto; provided, however, if the Purchase Date is also an Interest Payment Date, purchase price shall not include accrued interest; and provided, further, purchase price shall not include any defaulted interest or premium on the 2007B Bonds.

"Qualified Surety Bond" means any surety bond or other insurance policy, which has liquidity features equivalent to a letter of credit, or any letter of credit deposited in the Debt Service Reserve Fund in lieu of or in partial substitution for monies on deposit therein, the issuer of which is rated in the highest rating category by S&P, Moody's or Fitch and approved by the Credit Provider.

"Qualified Surety Bond Provider" means Ambac Assurance Corporation.

"Rating Confirmation Notice" means a written notice from each of the Rating Agencies that as of the effective date of an Alternate Credit Facility, the long-term and short-term ratings on the 2007B Bonds will not be lowered or withdrawn from the then current rating as a result of action proposed to be taken by the City.

"Record Date" means with respect to each Interest Payment Date for the 2007B Bonds bearing interest at a Term Rate or a Fixed Rate, the 15th day of the calendar month immediately preceding such Interest Payment Date, with respect to each Interest Payment Date for Multi-Modal Bonds bearing interest at a Weekly Rate, the last Business Day preceding such Interest Payment Date, and with respect to each Interest Payment Date for Multi-Modal Bonds bearing interest at an Auction Period Rate, the second Business Day next preceding such Interest Payment Date.

"Redemption Price" means 100% of the principal of the 2007B Bonds called for redemption, plus the premium, if any, and interest accrued to the redemption date.

"Reimbursement Agreement" means, as to the 2007B Bonds, initially, the Letter of Credit and Reimbursement Agreement dated as of August 1, 2007, executed by and among the City and the initial Credit Provider named therein, as the same may be amended or supplemented from time to time, and,

subsequently, any similar agreement relating to any Alternate Credit Facility, as the same may be amended or supplemented from time to time.

"Remarketing Agent" means the Remarketing Agent appointed and qualified under Article VIII.

"Remarketing Agreement" means, initially, the Remarketing Agreement between the City and the Remarketing Agent, and any amendments and supplements thereto and, subsequently, any similar agreement between the City and any successor Remarketing Agent, and any amendments and supplements thereto.

"Reserve Requirement" means, with respect to the 2007B Bonds, the lesser of (i) 10% of the original principal amount of the 2007B Bonds, (ii) the maximum amount required to pay principal of and interest on the 2007B Bonds for any current or succeeding Fiscal Year, (iii) 125% of the average annual principal and interest requirements on the 2007B Bonds or (iv) such other amount prescribed by the Code. For purposes of calculating the principal and interest requirements on the 2007B Bonds, the 2007B Bonds shall be treated as though they bear interest at the 30-year Revenue Bond Index as published by *The Bond Buyer* on the date of issuance of the 2007B Bonds plus 0.50%.

"Securities Depository" means The Depository Trust Company, New York, New York, until a successor Securities Depository has become such pursuant to the applicable provisions of this Appendix B, and, thereafter, *"Securities Depository"* means the successor Securities Depository. Any Securities Depository shall be a securities depository that is a clearing agency under federal law operating and maintaining, with its Participants or otherwise, a Book-Entry System to record ownership of Beneficial Interests in 2007B Bonds, and to effect transfers of 2007B Bonds, in a Book-Entry Form.

"Sell Order" has the meaning given to such term in the Auction Procedures.

"Series Resolution" means, the Series Resolution adopted by the City Council of the City on July 23, 2007, the appendices attached thereto, and any amendments or supplements thereto.

"Sinking Fund Requirement" means the principal amount of the 2007B Bonds to be retired by mandatory redemption pursuant to Section 4.03 of this Appendix B as specified by the Finance Director in his certificate delivered under Section 2.01(4) of this Appendix B. If, in any Fiscal Year, the Trustee purchases or receives from the City and cancels 2007B Bonds in excess of the aggregate Sinking Fund Requirements for such Fiscal Year, the City will file a certificate of the Finance Director with the Trustee not later than the applicable May 20, setting forth the amount by which the Sinking Fund Requirements so determined are to be reduced in an aggregate amount not to exceed such excess amount.

"S&P" means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Moody's or Fitch Ratings) as may be designated in writing by the City and approved in writing, with the consent of the LGC.

"S&P Weekly Index" means the Standard & Poor's Weekly High Grade Index which is composed of thirty-four MIG-1 rated municipal tax-exempt notes that are not subject to alternative minimum taxes and the coupon of each issue is adjusted to price that component on par and track the high-grade weekly tax-exempt levels.

"Tender Agent" means, as to 2007B Bonds, any entity appointed by the City and qualified in the manner provided in this Appendix B, which may be the Trustee and must be a commercial bank with trust powers and, if the Credit Facility is a Letter of Credit, must be the Trustee.

"Tender Notice" means, as to 2007B Bonds, the notice from an Owner of a 2007B Bond to the Tender Agent and to the Remarketing Agent identifying 2007B Bonds to be purchased on a specified date pursuant to this Appendix B.

"Term Rate" means, with respect to each 2007B Bond, a term, non-variable interest rate on such 2007B Bond established in accordance with Section 2.02.

"Term Rate Period" means each period during which a Term Rate is in effect.

"2007 Bonds" means, collectively, the 2007A Bonds and the 2007B Bonds.

"2007A Bonds" means the City of Charlotte's Airport Revenue and Refunding Revenue Bonds, Series 2007A, issued pursuant to the Bond Order and the Series Resolution.

"2007B Bonds" means the City of Charlotte's Variable Rate Airport Revenue Bonds, Series 2007B, issued pursuant to the Bond Order and the Series Resolution.

"2007B Costs of Issuance Account" means the 2007B Costs of Issuance Account of the Acquisition and Construction Fund established under Section 5.01.

"2007B General Account" means the Account so designated and established within the Bond Purchase Fund.

"2007B Purchase Account" means the Account so designated and established within the Bond Purchase Fund.

"2007B Subaccount of the Revenue Bond Interest Account" means the subaccount created and so designated by Section 5.01.

"2007B Subaccount of the Revenue Bond Principal Account" means the subaccount created and so designated by Section 5.01.

"2007B Subaccount of the Revenue Bond Redemption Account" means the subaccount created and so designated by Section 5.01.

"2007B Subaccount of the Revenue Bond Reserve Account" means the subaccount created and so designated by Section 5.01.

"2007B Subaccount of the Revenue Bond Sinking Fund Account" means the subaccount created and so designated by Section 5.01.

"Weekly Rate" means, as to the applicable Multi-Modal Bonds, a variable interest rate established weekly in accordance with Sections 2.02 and 2.07.

"Weekly Rate Period" means, as to the applicable Multi-Modal Bonds, each period during which a Weekly Rate is in effect for such Multi-Modal Bonds.

(b) **Construction.** This Appendix B, except where the context by clear implication herein otherwise requires, is subject to and to be construed in the same manner as provided by Section 102 of the Bond Order. Unless the context otherwise requires, all references herein to time mean New York City time unless otherwise expressly stated.

Section 1.02 **Parties Interested Herein.** Except as otherwise expressly provided in this Appendix B, nothing herein expressed or implied is intended or to be construed to confer on or to give to any Person, other than the City, the City Council, the Paying Agent, the Tender Agent, the Bond Registrar, the Trustee, the Credit Provider, the Remarketing Agent, the Broker-Dealers, the Auction Agent, the Purchasers and the owners from time to time of the 2007B Bonds, any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the City are for the sole and exclusive benefit of the City, the City Council, the Paying Agent, the Tender Agent, the Bond Registrar, the Trustee, the Credit Provider, the Remarketing Agent, the Purchasers and the owners of the 2007B Bonds, except as herein otherwise provided. The Credit Provider is intended to be a third party beneficiary of the provisions of this Appendix B.

Section 1.03 **Ratification.** All action heretofore taken (not inconsistent with the provisions of the Series Resolution and this Appendix B) by the City directed toward the acquisition, construction and equipping of the 2007 Improvements, toward the sale and delivery of the 2007B Bonds for that purpose, and toward the acceptance and execution of the Purchase Contract submitted by the Purchasers to the City, hereby is ratified, approved and confirmed.

[End of Article I]

ARTICLE 2

AUTHORIZATION, EXECUTION, DELIVERY AND PAYMENT OF 2007B BONDS

Section 2.01 *Authorization.*

(a) The financing of the Additional Facilities is hereby authorized. For the purpose of providing funds for the financing of the Cost of the Additional Facilities, funding an account in the Revenue Bond Reserve Account for the 2007B Bonds and paying the costs of issuing the 2007B Bonds, there is hereby authorized and shall be issued, under and pursuant to the Constitution and the laws of the State, including the Act, the Bond Order and the Series Resolution, the 2007B Bonds of the City in the amounts and subject to the conditions herein provided. No 2007B Bonds may be issued under the provisions of this Appendix B, the Series Resolution and the Bond Order except in accordance with this Article. The total principal amount of 2007B Bonds that may be issued is hereby expressly limited to \$ _____, except as provided in Sections 204 and 210 of the Bond Order.

The 2007B Bonds will be designated "*City of Charlotte, North Carolina Variable Rate Airport Revenue Bonds, Series 2007B*". The 2007B Bonds will be issuable as fully registered bonds in any Authorized Denomination. The 2007B Bonds will be numbered from RB-1 upwards. The 2007B Bonds will be substantially in the form set forth in Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by this Appendix B.

The 2007B Bonds and any premiums on the redemption thereof before maturity will be payable in lawful money of the United States of America and at the principal corporate trust office of the Trustee on presentation and surrender. Interest on the Bonds will be paid by the Trustee by check mailed on the Interest Payment Date to each Owner as its name and address appear on the register kept by the Trustee at the close on the Record Date.

Before the delivery by the Trustee of any of the 2007B Bonds, the items required under Section 717 of the Bond Order must be filed with the Trustee. The 2007B Bonds must be in Authorized Denominations and executed substantially in the form and in the manner set forth in the Exhibits to this Appendix B and will be deposited with the Bond Registrar for authentication, but before the 2007B Bonds may be authenticated and delivered by the Bond Registrar to the Treasurer of the State for redelivery to the Purchasers, there must be filed with the Trustee the following:

1. a copy, certified by the City Clerk, of the Series Resolution;
2. a copy, certified by the Secretary or any Deputy Secretary of the Local Government Commission, of the resolution of the Local Government Commission approving the issuance of and awarding the 2007B Bonds;
3. a copy, certified by the City Clerk, of the Bond Order;
4. a certificate or certificates of the Finance Director collectively setting forth the following:
 - (A) the aggregate principal amount of 2007B Bonds to be issued, not in excess of the maximum amount previously established in Section 2.01(a);
 - [(B) the amount of the Reserve Requirement which is required to be deposited to the Series 2007B Subaccount of the Revenue Bond Reserve Account;]

- (C) the initial interest rate for the 2007B Bonds, such interest rate not to be in excess of 5.00%, and the first Interest Payment Date for the 2007B Bonds;
 - (D) the disposition of the proceeds of the 2007B Bonds to the Series 2007B Subaccount of the Revenue Bond Reserve Account, the Series 2007B Construction Account of the Construction Fund, and to pay certain expenses incurred in connection with the issuance of the 2007B Bonds; and
 - (E) the designation of the principal amount of the Sinking Fund Requirements for the 2007B Bonds;
5. an opinion of the Airport's Attorney to the effect that the City has title to the Airport, subject to Permitted Encumbrances or other exceptions satisfactory to the Purchasers;
 6. evidence of compliance by the City with the provisions of Section 717 of the Bond Order;
 7. copies of insurance certificates and a statement, signed by the City's Director of Insurance and Risk Management or insurance agent, to the effect that the insurance required by the Bond Order is in effect;
 8. an opinion of the City Attorney stating that (i) the Series Resolution has been duly and validly adopted by the City, (ii) no provision of the Bond Order or the Series Resolution violates any provision of the Act or results in or constitutes a default under any agreement, indenture or other instrument to which the City is a party or by which the City may be bound, and of which he has knowledge, (iii) the City's adoption of the Series Resolution and execution and issuance of the 2007B Bonds are not subject to any authorization, consent, approval or review of any governmental body, public officer or regulatory authority not theretofore obtained or effected, and no taxes are payable in connection therewith, and (iv) the form, terms, execution, issuance and delivery of the 2007B Bonds have been duly and validly authorized by the City, and the 2007B Bonds constitute valid and binding special obligations of the City in accordance with their terms;
 9. the Credit Facility; and
 10. an opinion of counsel to the Credit Provider to the effect that the Credit Facility has been duly authorized, executed and delivered and is the legal, valid and binding agreement of the Credit Provider enforceable in accordance with its terms.

When the documents mentioned in paragraphs (1) to (10), inclusive, of this Section have been filed with the Trustee and when the 2007B Bonds have been executed and authenticated as required by this Appendix B, the Trustee shall deliver the 2007B Bonds at one time to the Treasurer of the State of North Carolina for redelivery to or on the order of the Purchasers, but only on payment to the Trustee of the purchase price of the 2007B Bonds and the accrued interest thereon. The Trustee is entitled to rely on the resolutions and certificates mentioned in paragraphs (1) through (10) of this Section as to all matters stated therein.

(b) The 2007B Bonds shall be dated as of the date of their initial issuance, if issued before the first Interest Payment Date, or if issued on any later date, as of the Interest Payment Date next preceding

their date of issuance, or if issued on an Interest Payment Date, as of such date; provided, however, that if the interest on the 2007B Bonds is in default, 2007B Bonds issued in exchange for 2007B Bonds surrendered for transfer or exchange will be dated as of the date to which interest has been paid in full on the Bonds so surrendered.

(c) Except as otherwise provided in the 2007B Bonds, the 2007B Bonds shall be issued in Authorized Denominations. The form of the 2007B Bonds and the Trustee's certificate of authentication are to be substantially as set forth in Exhibit A.

(d) (1) The principal of the 2007B Bonds is payable on presentation at the corporate trust office of the Trustee for the 2007B Bonds, provided, however, that principal of the Bank Bonds is payable as provided in the Reimbursement Agreement. Interest on the 2007B Bonds is payable by check or draft mailed by the Trustee to the Holder(s) thereof as the same appears as of the Record Date on the books of the City maintained by the Bond Registrar, provided that interest on any 2007B Bonds that constitute Bank Bonds, so long as the Credit Facility is not a Letter of Credit, are payable to the Credit Provider as provided in the Reimbursement Agreement.

(2) On the written request of a Holder of at least \$1,000,000 in aggregate Principal Amount of 2007B Bonds Outstanding received by the Trustee and the Paying Agent on or prior to one Business Day preceding any Record Date for the 2007B Bonds in accordance with their terms, payment of the principal or Redemption Price of and interest on such 2007B Bonds, as applicable, will be made by wire transfer of immediately available funds by the Trustee or the Paying Agent, as applicable, on such payment date to an account designated by such Holder in such request.

(3) CUSIP identification numbers may be printed on the 2007B Bonds, and included in redemption and payment notices in respect thereof, but no such number is a part of any 2007B Bond or a part of the contract evidenced thereby, and no liability hereafter attaches to the City, the Trustee, the Paying Agent or any of their respective officers or agents because of or on account of said CUSIP identification numbers.

(e) The proceeds of the 2007B Bonds are to be deposited in accordance with the certificate of the Finance Director delivered under Section 2.01(4).

(f) The 2007B Bonds may be converted, at the election of the City, but only on satisfaction of the applicable conditions to any such conversion as are set forth herein, to or from a Weekly Rate Period, to or from an ARS Rate Period, to or from a Term Rate Period or to (but not from) a Fixed Rate Period.

(g) Notwithstanding any other provision of this Appendix B or the 2007B Bonds, so long as the 2007B Bonds are in a Book-Entry System and the Securities Depository is the registered owner of the 2007B Bonds, a Beneficial Owner may give notice to elect to have its 2007B Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and may effect delivery of such 2007B Bonds by causing the Direct Participant to transfer the Participant's interest in the 2007B Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of 2007B Bonds in connection with an optional tender or a mandatory purchase may be deemed satisfied when the ownership rights in the 2007B Bonds are transferred by Direct Participants on DTC's records and followed by a book entry credit of tendered 2007B Bonds to the Remarketing Agent's DTC account.

Section 2.02 *Interest Rates and Computation of Interest for 2007B Bonds.*

(a) The 2007B Bonds shall mature on July 1, 2037, and shall initially bear interest at a Weekly Rate (unless and until converted).

(b) The interest rates contained in the records of the Trustee are conclusive and binding, absent manifest error, on the City, the Remarketing Agent, the Paying Agent, the Trustee, the Credit Provider, the Auction Agent, the Broker-Dealer and the Owners.

(c) Notwithstanding anything contained herein to the contrary, in no event shall the rate of interest on any Multi-Modal Bond exceed at any time the Maximum Rate.

(d) Notwithstanding anything contained herein to the contrary, in no event is any Owner entitled to receive any interest payment on any Multi-Modal Bond in excess of the amount permitted by any applicable usury or similar law.

(e) Interest on the Multi-Modal Bonds is to be computed, in the case of the Fixed Rate Period or a Term Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, in the case of the ARS Rate Period, on the basis of a 365 or 366-day year for the actual number of days elapsed, and in the case of a Weekly Rate Period, on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed.

(f) Notwithstanding anything to the contrary, herein, the interest on each Bank Bond will be calculated with respect to the outstanding principal amount thereof at the rate of interest set forth in the Reimbursement Agreement for Bank Bonds for each day from and including the date such 2007B Bond becomes a Bank Bond to, but not including, the date such 2007B Bond is paid in full or is remarketed. Interest on Bank Bonds shall be payable as provided in the Reimbursement Agreement, not to exceed the Maximum Rate.

Section 2.03 *Conversion of 2007B Bonds.*

(a) Subject to the conditions described in Section 2.03(b), Section 2.04 and Section 2.05, by written direction delivered to the Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent (and in the case of a conversion to or from ARS Rate Bonds, to the Auction Agent and the Broker-Dealer), the City may elect at any time to convert the Outstanding Multi-Modal Bonds to a Fixed Rate to maturity, or to or from a Weekly Rate, or to or from an Auction Period Rate, or to or from a Term Rate.

In connection with the establishment of a Fixed Rate for the Multi-Modal Bonds, the Remarketing Agent shall designate such principal amount of such Multi-Modal Bonds as corresponds to the Sinking Fund Installments as set forth in the certificate of the Finance Director delivered in accordance with Section 2.01. Notwithstanding the foregoing, the City may specify another method of establishing the principal amounts of the 2007B Bonds, the term 2007B Bonds, the Serial Maturity Dates and the Term Maturity Dates on receipt by the City, the Trustee and the Remarketing Agent of a Favorable Opinion of Bond Counsel and with the consent of the LGC.

(b) Any direction given by the City (1) shall specify, as applicable, the proposed new Interest Rate Period and the effective date thereof (which shall be any Business Day selected by the City occurring not less than 15 days following the second Business Day after the date of receipt by the Trustee of such direction); (2) shall specify that the 2007B Bonds will bear interest at the Weekly Rate, Auction Period Rate, Term Rate or Fixed Rate, as the case may be, during, as applicable, the proposed Weekly Rate Period, ARS Rate Period, the Term Rate Period or Fixed Rate Period; and (3) shall state that on the first day of, as applicable, the proposed Weekly Rate Period, the ARS Rate Period, the Term Rate Period

or Fixed Rate Period all 2007B Bonds shall be purchased or deemed purchased as provided in Section 3.02(a) at a purchase price equal to the principal amount thereof, plus accrued interest, if any. The Trustee shall authenticate and deliver new 2007B Bonds or make an appropriate notation on 2007B Bonds authenticated and delivered by it which shall specify the new Interest Rate Period to which such 2007B Bonds are subject after conversion pursuant to this Section.

(c) *Conversions to ARS Rate Periods.* At the option of the City, the 2007B Bonds (in an amount which is an Authorized Denomination for the new Rate Period) may be converted from a Weekly Rate Period or a Term Rate Period to an ARS Rate Period. Any such conversion must be made as follows:

(i) In any such conversion from a Weekly Rate Period, the ARS Conversion Date must be a regularly scheduled Interest Payment Date on which interest is payable for the Interest Rate Period from which the conversion is to be made. If the conversion is from a Term Rate Period, the ARS Conversion Date must be a regularly scheduled Interest Payment Date on which a new Term Rate Period would otherwise have commenced.

(ii) The City shall give written notice of any such conversion to the Remarketing Agent, the Trustee, the Credit Provider, the Auction Agent and the Broker-Dealer not less than seven Business Days prior to the date on which the Trustee is required to notify the registered owners of the conversion pursuant to subparagraph (iii) below. Such notice shall specify that the 2007B Bonds are being converted, the ARS Conversion Date and the length of the initial Auction Period. Together with such notice, the City shall file with the Trustee a Favorable Opinion of Bond Counsel with respect to the conversion of the 2007B Bonds to an ARS Rate Period. No such change to an ARS Rate Period is effective unless the City shall also file, with the Trustee, a Favorable Opinion of Bond Counsel to the same effect dated the ARS Conversion Date.

(iii) Not less than 15 days prior to the ARS Conversion Date, the Trustee shall mail a written notice of the conversion to the registered owners of all 2007B Bonds setting forth the same information contained in subparagraph (ii) above and stating that the 2007B Bonds shall be subject to mandatory tender at a purchase price equal to 100% of the principal amount thereof plus accrued interest on the ARS Conversion Date.

(iv) The Auction Period Rate for the Auction Period commencing on the ARS Conversion Date shall be the lowest rate which, in the judgment of the Broker-Dealer, is necessary to enable the 2007B Bonds to be remarketed at a price equal to the principal amount thereof, plus accrued interest, if any, on the ARS Conversion Date. Such determination is conclusive and binding upon the City, the Trustee, the Auction Agent, the Credit Provider and the Beneficial Owners of the 2007B Bonds to which such rate shall be applicable.

(v) Not later than 5:00 p.m., New York City time, on the date of determination of the Auction Period Rate, the Broker-Dealer shall notify the Trustee, the City and the Auction Agent of the Auction Period Rate by Electronic Means.

(vi) The City may revoke its election to effect a conversion of the interest rate on any 2007B Bonds to an Auction Period Rate by giving written notice of such revocation to the Trustee, the Remarketing Agent, the Credit Provider, the Auction Agent and the Broker-Dealer at any time prior to the setting of the ARS Rate by the Broker-Dealer.

(vii) No 2007B Bonds may be converted to the Auction Period Rate when the 2007B Bonds are not held by a Securities Depository in Book-Entry Form.

(d) *Conversions from ARS Rate Periods.* At the option of the City, the 2007B Bonds (in an amount which is an Authorized Denomination for the new Rate Period) may be converted from an ARS Rate Period to a Weekly Rate Period or a Term Rate Period. Any such conversion must be made as follows:

(i) The Conversion Date from an ARS Rate Period is the Interest Payment Date following the final Auction Period.

(ii) The City shall give written notice of any such conversion to the Trustee, the Remarketing Agent, if any, the Credit Provider, if any, the Auction Agent and the Broker-Dealer not less than seven Business Days prior to the date on which the Trustee is required to notify the registered owners of the conversion pursuant to subparagraph (iii) below. Such notice shall specify that the ARS Rate Bonds are being converted, the Conversion Date and the new rate period to which the conversion shall be made. Together with such notice, the City shall file with the Trustee a Favorable Opinion of Bond Counsel with respect to the conversion of the 2007B Bonds. No change to a Weekly Rate or a Term Rate is effective unless the City shall also file with the Trustee a Favorable Opinion of Bond Counsel to the same effect dated the Conversion Date.

(iii) Not less than 20 days prior to the Conversion Date, the Trustee shall mail a written notice of the conversion to the registered owners of all 2007B Bonds specifying the Conversion Date.

(iv) At anytime prior to 10:00 a.m. New York City time on the Business Day immediately preceding the Conversion Date the City may withdraw its notice of conversion and the Auction for such 2007B Bonds must be held on such Auction Date as if no conversion notice had ever been given. If on a Conversion Date the conversion notice has not been withdrawn as set forth in the preceding sentence and any condition precedent to such conversion has not been satisfied, the Trustee shall give notice by Electronic Means as soon as practicable and in any event not later than the next succeeding Business Day to the registered owner of the 2007B Bonds, the Auction Agent, the Broker-Dealer and the Credit Provider that such conversion has not occurred, that the 2007B Bonds will not be purchased on the failed Conversion Date, that the Auction Agent shall continue to implement the Auction Procedures on the Auction Dates with respect to such 2007B Bonds which otherwise would have been converted excluding however, the Auction Date falling on the Business Day next preceding the failed Conversion Date, and that the interest rate shall continue to be the Auction Period Rate; provided, however, that the interest rate borne by the 2007B Bonds which otherwise would have been converted during the Auction Period commencing on such failed Conversion Date is the Maximum Rate, and the Auction Period will be the seven-day Auction Period.

On the conversion date applicable to the 2007B Bonds to be converted, the 2007B Bonds to be converted will be subject to mandatory tender at a purchase price equal to 100% of the principal amount thereof, plus accrued interest. The principal portion of the purchase price of the 2007B Bonds so tendered shall be payable solely from the proceeds of the remarketing of such 2007B Bonds. In the event that the conditions of a conversion are not satisfied, including the failure to remarket all applicable 2007B Bonds on a mandatory tender date, the 2007B Bonds will not be subject to mandatory tender, shall be returned to their owners, shall automatically convert to a seven-day Auction Period and shall bear interest at the Maximum Rate.

Section 2.04 *Notice to 2007B Bondholders of Conversion.* The Trustee shall mail notice of the new Interest Rate Period established pursuant to Section 2.03 to the registered owners of the affected Multi-Modal Bonds, the Remarketing Agent, the Broker-Dealer, the Auction Agent and the Credit Provider not less than (A) 15 days with respect to a conversion to an Auction Period Rate, (B) 20 days

with respect to a conversion to a Weekly Rate or Term Rate from an Auction Period Rate, and (C) 30 days, with respect to a conversion to a Fixed Rate, prior to the effective date of the new Interest Rate Period. Such notice shall state (1) that the interest rate on such Multi-Modal Bonds will be adjusted, subject to receipt of a Favorable Opinion of Bond Counsel, on the effective date of the new Interest Rate Period, to the Weekly Rate, the Auction Period Rate, the Term Rate or the Fixed Rate, as applicable; (2) the effective date of such new Interest Rate Period; (3) that on the first day of the new Interest Rate Period all such Multi-Modal Bonds shall be purchased or deemed purchased as provided in Section 3.02(a) at a purchase price equal to the principal amount thereof, plus accrued interest, if any; and (4) the procedures for such purchase. A form of such notice shall be provided to the Trustee by the City.

Section 2.05 **Conditions to Conversion.** A conversion to a new Interest Rate Period for the Multi-Modal Bonds shall not take place unless the City shall deliver, or cause to be delivered to the Trustee, the Broker-Dealer, the Tender Agent and the Remarketing Agent two Favorable Opinions of Bond Counsel, the first to be delivered with the direction specified in Section 2.03 and the second to be delivered on the effective date of the new Interest Rate Period. If such opinion is not received on the proposed effective date of the new Interest Rate Period, then all such Multi-Modal Bonds shall be purchased or deemed purchased on such date and all such Multi-Modal Bonds shall continue to be in the prior Interest Rate Period, except that ARS Rate Bonds shall not be purchased or deemed purchased in the event of a failed conversion, but rather the Auction Period Rate for the next Auction Period shall be the Maximum Rate and the Auction Period shall be a seven-day Auction Period.

In addition, a conversion to a Weekly Rate Period or Term Rate Period shall not take place unless the City shall deliver, or cause to be delivered, to the Trustee, the Tender Agent (if applicable) and the Remarketing Agent a Credit Facility, or an amendment thereto, providing for interest coverage for a period of time acceptable to the Rating Agencies as evidenced in writing by such Rating Agencies. After conversion to an ARS Rate Period or to a Fixed Rate Period, no Credit Facility shall be required during any such Interest Rate Period.

Section 2.06 **Interest Payment Dates for 2007B Bonds.** Interest on the Multi-Modal Bonds is payable (1) on the initial Interest Payment Date therefor established in the applicable 2007B Bond, for the period commencing on the date of initial authentication and delivery of the Multi-Modal Bonds and ending on the date immediately preceding such initial Interest Payment Date, and (2) thereafter, on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date to which interest has been paid in full or duly provided for and ending on the day immediately preceding such Interest Payment Date.

Section 2.07 **Interest Rates for 2007B Bonds.**

(a) During each Weekly Rate Period for the Multi-Modal Bonds, as provided in Section 2.02, the Multi-Modal Bonds shall bear interest at the Weekly Rate. During each ARS Rate Period for the Multi-Modal Bonds, the Multi-Modal Bonds shall bear interest at the Auction Period Rate, except during the Initial Period when the ARS Rate Bonds will bear interest at the rate determined by the Broker-Dealer to be the minimum interest rate necessary to market the ARS Rate Bonds at par for the Initial Period. During each Term Rate Period for the Multi-Modal Bonds, each Multi-Modal Bond shall bear interest at the applicable Term Rate. During the Fixed Rate Period for the Multi-Modal Bonds, the Multi-Modal Bonds shall bear interest at the Fixed Rate.

The interest rate on the Multi-Modal Bonds during any Weekly Rate Period shall be established from time to time as a rate equal to the rate determined by the Remarketing Agent to be the minimum interest rate which, if borne by the Multi-Modal Bonds, would enable the Remarketing Agent to remarket the Multi-Modal Bonds at the time the interest rate is being determined at a price equal to the principal

amount thereof plus accrued interest, if any. The interest rate on the Multi-Modal Bonds during any ARS Rate Period and for any Auction Interest Period shall be determined through the implementation of the Auction Procedures. The determination of each Weekly Rate, any Term Rate and any Fixed Rate by the Remarketing Agent (or with respect to any Auction Period Rate through the implementation of the Auction Procedures with respect to ARS Rate Bonds) is conclusive and binding on the Trustee, the Credit Provider (if any), the City, the Tender Agent, the Broker-Dealer, and the Owners of such Multi-Modal Bonds, absent manifest error.

(b) During each Weekly Rate Period, the 2007B Bonds in the Weekly Rate Period shall bear interest at a Weekly Rate, which shall be determined in accordance with Section 2.07(a) by the Remarketing Agent by 5:00 p.m. (New York City time) on Tuesday of each week during such Weekly Rate Period, or if such day shall not be a Business Day, then on the next succeeding Business Day. The first Weekly Rate determined for each Weekly Rate Period shall be determined on or prior to the first day of such Weekly Rate Period and shall apply to the period commencing on the first day of such Weekly Rate Period and ending on the next succeeding Tuesday. Thereafter, each Weekly Rate shall apply to the period commencing on Wednesday and ending on the next succeeding Tuesday, unless such Weekly Rate Period shall end on a day other than Tuesday, in which event the last Weekly Rate for such Weekly Rate Period shall apply to the period commencing on the Wednesday preceding the last day of such Weekly Rate Period and ending on the last day of such Weekly Rate Period. In the event that the Remarketing Agent fails to establish a Weekly Rate for any week, then the Weekly Rate for such week shall be the same as the Weekly Rate for the immediately preceding week if the Weekly Rate for such preceding week was determined by the Remarketing Agent. If the Weekly Rate for the immediately preceding week was not determined by the Remarketing Agent, or if the Weekly Rate determined by the Remarketing Agent is held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to the S&P Weekly Index on the day the Weekly Rate would otherwise be determined as provided herein for such Weekly Rate Period.

(c) During the Fixed Rate Period, the 2007B Bonds shall bear interest at the Fixed Rate, which shall be determined, in accordance with Section 2.07(a), by the Remarketing Agent on a Business Day selected by it prior to the first day that such Bonds begin the Fixed Rate Period.

(d) During each ARS Rate Period and Auction Interest Period therein, each ARS Rate Bond shall bear interest as determined in accordance with the Auction Procedures.

(e) (1) During each Term Rate Period, the 2007B Bonds shall bear interest at the Term Rate. The Term Rate shall be determined by the Remarketing Agent on a Business Day no earlier than two weeks before the effective date of such Term Rate Period and no later than 10:00 a.m. on the effective date of such Term Rate Period. The Term Rate shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by the 2007B Bonds, would enable the Remarketing Agent to remarket the 2007B Bonds on such effective date at a price (without regard to accrued interest) equal to the principal amount thereof. If, for any reason, the Term Rate is not so determined for any Term Rate Period by the Remarketing Agent on or prior to the first day of such Term Rate Period, then the 2007B Bonds shall bear interest at the Weekly Rate determined as provided in Section 2.07(b), and shall continue to bear interest at a Weekly Rate determined in accordance with Section 2.07(b) until such time as the interest rate on the 2007B Bonds is adjusted to another Interest Rate as provided herein, and the 2007B Bonds shall be subject to purchase on notice from the Owners thereof as described in Section 3.01(a) or (b).

(2) (A) At any time, the City, by written direction to the Trustee, the Remarketing Agent, each Rating Agency then rating the 2007B Bonds and the Credit Provider

may elect that the 2007B Bonds shall bear, or continue to bear, interest at a Term Rate. The direction of the City required by the first sentence of this paragraph (A), (i) shall specify the duration of the Term Rate Period during which the 2007B Bonds shall bear interest at a Term Rate which may not exceed 10 years or the remaining term of the Credit Facility, whichever is less; (ii) shall specify the proposed effective date of such Term Rate Period, which date shall be (aa) a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Trustee of such direction, and (bb) in the case of an adjustment to a Term Rate Period from another Term Rate Period, the day immediately following the last day of the then current Term Rate Period or a day on which the 2007B Bonds would otherwise be subject to optional redemption under Section 4.04 if such adjustment did not occur, (iii) shall specify the proposed last day of such Term Rate Period (which last day shall be either the day immediately prior to the maturity date of the 2007B Bonds, or a day which both immediately precedes a Business Day and is at least 181 days after the effective date thereof); and (iv) with respect to any such Term Rate Period, may specify different Redemption Prices, and different Long-Term Rate Periods for which such Redemption Prices are applicable, than those set forth in Section 4.04, if approved by nationally recognized bond counsel.

(B) Such direction of the City shall be accompanied by a Favorable Opinion of Bond Counsel.

(f) The foregoing provisions of this Section 2.07 notwithstanding, any Multi-Modal Bond for any day during which it is a Bank Bond, and the Credit Facility is not a Letter of Credit, shall bear interest at the Bank Bond Rate in effect for such day (which shall not exceed the Maximum Rate).

(g) So long as the Credit Facility is not a Letter of Credit:

(1) If any Multi-Modal Bonds are Bank Bonds on the Business Day prior to an Interest Payment Date the Credit Provider shall notify the Paying Agent of the amount of interest due on the Bank Bonds, calculated at the Bank Bond Rate (which shall not exceed the Maximum Rate), provided that the failure of the Credit Provider to so notify the Paying Agent shall not relieve the City of its obligation to pay interest on such Bank Bonds at the Bank Bond Rate. The Paying Agent is hereby directed to pay from available funds on deposit in the Debt Service Account for such 2007B Bonds the amount described in the next preceding sentence to the Credit Provider on such Interest Payment Date, to the extent not otherwise paid as interest on such Bank Bonds.

(2) Promptly on being notified of any date of remarketing of Bank Bonds, but in any case not earlier than such date, the Credit Provider shall notify the Paying Agent of the amount of the interest accrued on the Bank Bonds, calculated at the Bank Bond Rate (which shall not exceed the Maximum Rate), provided that the failure of the Credit Provider to so notify the Paying Agent shall not relieve the City of its obligation to pay interest on such Bank Bonds at the Bank Bond Rate. The Paying Agent is hereby directed to pay from funds available in the Bond Fund for such 2007B Bonds the amount described in the next preceding sentence to the Credit Provider on the date of remarketing, to the extent not otherwise paid as interest on such Bank Bonds.

(3) So long as the Multi-Modal Bonds remain in the Book-Entry System, the Paying Agent shall pay interest due on Bank Bonds (which shall not exceed the Maximum Rate) at the rate at which interest accrued on the 2007B Bonds other than Bank Bonds, in accordance with Section 2.01 and, to the extent interest accrued on the Bank Bonds at a rate in excess of such rate, to pay such excess by wire transfer of immediately available funds to the Credit Provider. So long as the Multi-Modal Bonds are not maintained in such Book-Entry System, the Paying Agent

shall pay interest due on Bank Bonds by wire transfer of immediately available funds to the Credit Provider.

(4) Payment of the principal at maturity or on redemption in whole or in part of Bank Bonds shall be made (1) while the Book-Entry System is not in effect, only on presentation and surrender of such Multi-Modal Bonds to the Paying Agent, and the Tender Agent or its nominee shall so present and surrender such Multi-Modal Bonds for payment when due, and (2) while the Book -Entry System is in effect, in accordance with the procedures established by the Securities Depository.

(h) The Remarketing Agent shall provide the Paying Agent, the Bond Registrar, the Tender Agent, the Credit Provider, the City, and, on request, the LGC with notice by Electronic Means of each Weekly Rate and each Fixed Rate promptly after the determination thereof by the Remarketing Agent.

Section 2.08 ***Arbitrage and Tax Covenants.*** The City covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from federal income taxation of the interest on the 2007B Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, the City will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof. The City acknowledges that the continued exclusion of interest on the 2007B Bonds from an Owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. The City covenants that it will comply with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the 2007B Bonds or other funds under their control be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the 2007B Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code.

Section 2.09 ***Book-Entry System; Recording and Transfer of Ownership of the 2007B Bonds.***

(a) The Trustee, the Paying Agent or the Remarketing Agent may make appropriate arrangements for some or all of the 2007B Bonds to be issued or held by means of a book-entry system administered by a Securities Depository with no physical distribution of such 2007B Bonds made to the purchasers thereof. If 2007B Bonds are held under the book-entry system, one 2007B Bond in the principal amount of the 2007B Bonds Outstanding (less the principal amount of any issued 2007B Bonds not held by means of a book-entry system), registered in the name of the Securities Depository (or its nominee), will be issued to the Securities Depository and immobilized in its custody. The Remarketing Agent is not limited to using a book-entry system maintained by DTC, but may enter into a custody agreement with any bank or trust company serving as custodian (which may be the Paying Agent serving in the capacity of custodian) to provide for a book-entry system or similar method for the registration and registration of transfer of all or a portion of the 2007B Bonds.

(b) The 2007B Bonds shall be initially held by means of a book-entry system administered by the Securities Depository. On receipt of the documents referred to in Section 2.01, the Trustee shall authenticate one 2007B Bond registered in the name of the Securities Depository Nominee, and issue such 2007B Bond to the Securities Depository to be immobilized in its custody; provided that if The Depository Trust Company, New York, New York ("***DTC***") is acting as Securities Depository hereunder, such 2007B Bond shall be issued to Cede & Co. to be immobilized in its custody pursuant to the rules and procedures of DTC. Thereafter, in the event that 2007B Bonds are issued to the Owners thereof in bond (physical) form, the Trustee will authenticate and deliver to the Owners new 2007B Bonds in the principal amount equal to the aggregate principal amount of 2007B Bonds then Outstanding (less the

principal amount of the 2007B Bonds not held by means of a book-entry system), registered in the name of the Owners, in exchange for the 2007B Bond then held by the Securities Depository and the Securities Depository shall surrender such 2007B Bond then held by it to the Trustee for cancellation and destruction in accordance with the terms of Section 306 of the Bond Order.

(c) If any 2007B Bonds are held by means of a book-entry system, such book-entry system will evidence beneficial ownership of the 2007B Bonds so held (or, as applicable, positions held by the Securities Depository's Participants, beneficial ownership being evidenced in the records of such Participants) in Authorized Denominations. Registration and transfers of ownership shall be effected on the records of the Securities Depository (and, as applicable, its Participants) pursuant to rules and procedures established by the Securities Depository, and the Bond Registrar will provide the Securities Depository with all information required for such purposes. The City, the Trustee, the Paying Agent and the Bond Registrar will recognize the Securities Depository Nominee, while the registered owner of the 2007B Bonds so held, as the Owner of the 2007B Bonds for all purposes, including (i) payments of principal and Purchase Price of, and interest on, the 2007B Bonds, (ii) notices, and (iii) voting. Transfer of principal, interest and Purchase Price payments to beneficial owners of the 2007B Bonds so held will be the responsibility of the Securities Depository (or, as applicable, its Participants and other nominees of such beneficial owners). The City, the Trustee, the Paying Agent and the Bond Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, the Securities Depository's Participants (if any) or persons acting through such Participants. While the Securities Depository Nominee is the owner of the 2007B Bonds so held, notwithstanding the provisions hereinabove contained, payments of principal and Purchase Price of and interest on such 2007B Bonds shall be made in accordance with the Letter of Representations. If, at any time, DTC shall be appointed and act as Securities Depository hereunder, the Paying Agent shall act as "*Issuing and Paying Agent*" in accordance with DTC's rules and procedures, with respect to the 2007B Bonds.

(d) If (1) DTC determines not to continue to act as securities depository for the 2007B Bonds or (2) the Trustee and the City determine to discontinue the book entry system in accordance with DTC's rules and the City fails to identify another qualified securities depository to replace DTC, the City will deliver fully registered definitive 2007B Bonds to DTC in accordance with its rules and procedures.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF OWNERSHIP IS MAINTAINED IN ACCORDANCE HEREWITH FOR ANY 2007B BONDS, (1) THE PROVISIONS OF THIS APPENDIX B RELATING TO THE DELIVERY OF PHYSICAL 2007B BONDS SHALL BE DEEMED INAPPLICABLE OR BE OTHERWISE SO CONSTRUED WITH REGARD TO SUCH 2007B BONDS AS TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM AND (2) THE PROVISIONS OF THIS APPENDIX B RELATING TO PAYMENTS OF PRINCIPAL, PURCHASE PRICE AND INTEREST ON THE 2007B BONDS SHALL BE APPLICABLE TO BENEFICIAL OWNERSHIP INTERESTS IN THE 2007B BONDS IN AUTHORIZED DENOMINATIONS TO THE SAME EXTENT AS SUCH PROVISIONS ARE APPLICABLE TO REGISTERED OWNERSHIP INTERESTS IN THE 2007B BONDS.

[End of Article II]

ARTICLE 3

TENDER AND PURCHASE OF 2007B BONDS

Section 3.01 ***Right of Weekly Rate 2007B Bondholders to Tender Weekly Rate Bonds.*** The 2007B Bonds bearing interest at a Weekly Rate shall be purchased on demand of the Owners thereof prior to their maturity on the following terms:

(a) ***Optional Tenders - Non Book-Entry System.*** During any Weekly Rate Period for which the Book-Entry System with respect to the 2007B Bonds is not in effect, any 2007B Bond (or portion thereof) bearing interest at a Weekly Rate (provided that the principal amount of such 2007B Bond to be purchased and the principal amount to be retained shall each be an Authorized Denomination for 2007B Bonds subject to a Weekly Rate Period) shall be purchased or deemed purchased as provided in Section 3.03(a)(3) on the date specified in the notice referred to in (b) below by the time set forth in (b) below at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the date of purchase, on delivery on any Business Day by the Owner of such 2007B Bond to the Tender Agent at its Delivery Office.

(b) ***Optional Tenders – Book-Entry System.*** During any Weekly Rate Period for which the Book-Entry System with respect to the 2007B Bonds is in effect, any 2007B Bond (or portion thereof) bearing interest at a Weekly Rate (provided that the principal amount of such 2007B Bond to be purchased and the principal amount to be retained shall each be an Authorized Denomination for 2007B Bonds subject to a Weekly Rate Period) shall be purchased or deemed purchased as provided in Section 3.03(a)(3) on the date specified in the notice referred to below at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the date of purchase, provided, however, that in the event the Purchase Date is also an Interest Payment Date for the 2007B Bonds to be purchased, no accrued interest on such 2007B Bonds shall be included in the Purchase Price, on delivery on any Business Day by a Beneficial Owner (through its direct Participant in the Securities Depository) to the Tender Agent at its Delivery Office, the Paying Agent and the Remarketing Agent of an irrevocable written notice, executed by the Participant and stating the principal amount of such 2007B Bond (or portion thereof) bearing interest at a Weekly Rate to be purchased and the date on which the same shall be purchased, which date shall be a Business Day at least 7 days after the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, shall be deemed to have been received on the next succeeding Business Day. Payment of the purchase price of such 2007B Bond bearing interest at a Weekly Rate shall be made on, and solely from, the receipt of remarketing proceeds pursuant to Section 3.03 or the receipt by the Tender Agent of the proceeds of any drawing on the Credit Facility, or as soon as possible thereafter on the Business Day specified in the notice. The Beneficial Owner shall effect delivery of such 2007B Bonds, in accordance with Section 2.01(g), according to the normal and customary practice between the Securities Depository and the Tender Agent. The provisions of this Section 3.01(b) are subject to the provisions of Section 3.03(i).

Section 3.02 ***Mandatory Tender for Purchase of the 2007B Bonds.***

(a) ***Mandatory Tender on Conversion.*** On the first day of any new Interest Rate Period for the Multi-Modal Bonds being converted to a Weekly Rate Period, a Term Rate Period, an ARS Rate Period, or a Fixed Rate Period, the Multi-Modal Bonds shall be purchased or deemed purchased as provided in Section 3.03(a)(3), and if such conversion is from a Term Rate Period or Weekly Rate Period the Tender Agent shall draw on the Credit Facility to pay the Purchase Price of such 2007B Bonds, at the purchase price therefor equal to the principal amount thereof plus accrued interest, if any. Payment of the

purchase price of such Multi-Modal Bonds shall be made by 3:00 p.m. (New York City time) on the first day of the new Interest Rate Period (provided, however, while the Multi-Modal Bonds are in the Book-Entry System, the Multi-Modal Bonds shall be presented to the Tender Agent according to the normal and customary practice between the Securities Depository and the Tender Agent) on delivery of such Multi-Modal Bonds to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program, at or prior to 10:00 a.m. (New York City time) on the first day of the new Interest Rate Period.

If the new Interest Rate Period for the Multi-Modal Bonds being converted to a Weekly Rate Period, a Term Rate Period, an ARS Rate Period, or a Fixed Rate Period is not able to begin by reason of the failure by the City to deliver, or cause to be delivered, a Favorable Opinion of Bond Counsel or to satisfy any other applicable condition as set forth in Section 2.05, the Multi-Modal Bonds shall be deemed purchased on the date that was to be the first day of the new Interest Rate Period (but for the failure of the City to deliver such Favorable Opinion of Bond Counsel or to satisfy any other applicable condition) at a purchase price equal to the principal amount thereof, plus accrued interest thereon, if any, except that ARS Rate Bonds shall not be purchased or deemed purchased in the event of a failed conversion, but rather the Auction Period Rate for the next Auction Period shall be the Maximum Rate and the Auction Period shall be a seven-day Auction Period. Payment of the purchase price shall be made at the time and in the manner (including presentation of such Multi-Modal Bonds) specified in this Section 3.02(a).

(b) *Mandatory Tender on Termination or Expiration of Credit Facility.* The 2007B Bonds are subject to mandatory tender for purchase on any Credit Modification Date as a result of a termination or expiration of the Credit Facility. Each such 2007B Bond or Bonds shall be purchased or deemed purchased as provided in Section 3.03(a)(3), at a purchase price equal to the principal amount thereof plus accrued interest, if any. Payment of the purchase price of such 2007B Bonds shall be made by 3:00 p.m. (New York City time) on such Business Day on delivery of such 2007B Bonds to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a participant in the STAMP or similar program, at or prior to 10:00 a.m. (New York City time) on such Business Day; provided, however, while the 2007B Bonds are in the Book-Entry System, the 2007B Bonds shall be presented to the Tender Agent according to the normal and customary practices between the Securities Depository and the Tender Agent.

(c) *Mandatory Tender at Direction of the City.* The 2007B Bonds in a Weekly Rate Period are subject to mandatory purchase on any Business Day designated by the City with the consent of the Remarketing Agent and the Credit Provider, provided that such designation and consent are made in writing and delivered to the Trustee at least 25 days (or such shorter period of time acceptable to the Trustee) before such date.

(d) *Mandatory Tender on Replacement of Credit Facility.* In the event of a replacement of the Credit Facility with an Alternate Credit Facility, with the effect that the 2007B Bonds do not have a rating from any Rating Agency that is equal to or higher than the rating on the 2007B Bonds from such Rating Agency immediately before such replacement, on the effective date of such Alternate Credit Facility, on the Credit Modification Date, all 2007B Bonds subject to such Credit Facility shall be purchased or deemed purchased as provided in Section 3.03(a)(3), at a purchase price equal to the principal amount thereof plus accrued interest, if any. Payment of such purchase price will be made in the manner specified in the last sentence of Section 3.02(b); provided, however, that any drawing made under

the Credit Facility required in order to make such payment shall be made from the existing Credit Facility and not the Alternate Credit Facility.

(e) *Mandatory Tender at Direction of the Credit Provider.* While the Credit Facility is a Letter of Credit, on the occurrence and continuation of an event of default under the terms of the Letter of Credit or the related Reimbursement Agreement, the Credit Provider may direct the Trustee, as applicable, to cause a mandatory tender for purchase of the 2007B Bonds within 10 calendar days of such direction. Each such 2007B Bond or Bonds shall be purchased or deemed purchased as provided in Section 3.03(a)(3), at a purchase price equal to the principal amount thereof plus accrued interest, if any. Payment of the purchase price of such 2007B Bonds shall be made by 3:00 p.m. (New York City time) on such Business Day on delivery of such 2007B Bonds to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a participant in the STAMP or similar program, at or prior to 10:00 a.m. (New York City time) on such Business Day; provided, however, while the 2007B Bonds are in the Book-Entry System, the 2007B Bonds shall be presented to the Tender Agent according to the normal and customary practices between the Securities Depository and the Tender Agent.

(f) *Mandatory Tender on End of Each Term Rate Period.* On the day next succeeding the last day of each Term Rate Period for a 2007B Bond bearing interest at a Term Rate, unless such day is the first day of a new Interest Rate Period (in which event such 2007B Bond shall be subject to mandatory tender for purchase pursuant to Section 3.02(a)), such 2007B Bond bearing interest at a Term Rate shall be purchased from its Owner at a purchase price equal to the principal amount thereof payable in immediately available funds. The purchase price of any 2007B Bond bearing interest at a Term Rate so purchased shall be payable only on surrender of such 2007B Bond to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof or his duly authorized attorney, with such signature guaranteed by a participant in the STAMP or similar program.

(g) The provisions of this Section 3.02 are subject to the provisions of Section 3.03(i).

(h) 2007B Bonds (or portions thereof) purchased with moneys drawn under a Letter of Credit ("*Pledged Bonds*") shall be surrendered to the Tender Agent for registration of transfer to the City and upon such registration of transfer, the 2007B Bonds issued in respect thereof shall be (i) delivered to and held by the Tender Agent for the account of the City, and no such 2007B Bond shall be released, pledged or otherwise transferred or disposed of until the Tender Agent shall have received written notice from the Credit Provider that the amounts so drawn under the Letter of Credit, together with interest thereon, if any, due pursuant to any Reimbursement Agreement, have been reimbursed to the Credit Provider and that the amount so drawn under the Letter of Credit with respect to such 2007B Bonds has been, or upon such release will be, correspondingly and fully reinstated, and thereupon shall be delivered to, or in accordance with the written direction of, the City, or (ii) if required pursuant to any Reimbursement Agreement, issued to a pledge agent for the account of the Credit Provider as pledgee of such 2007B Bonds and no such 2007B Bond shall be released, pledged or otherwise transferred or disposed of until the Tender Agent shall have received written notice from the Credit Provider that the amounts so drawn under the Letter of Credit, together with interest thereon, if any, due pursuant to any Reimbursement Agreement, have been reimbursed to the Credit Provider and that the amount so drawn under the Letter of Credit with respect to such 2007B Bonds has been, or upon such release will be, correspondingly and fully reinstated. If the Book Entry System is in effect and less than all of the 2007B Bonds become Pledged Bonds, the Tender Agent shall withdraw any Pledged Bonds from the Book Entry System and shall authenticate and hold physical bonds as described in this subsection until such 2007B Bonds are

released as provided in this subsection, at which time the Tender Agent shall reinstate the Book Entry System with respect to such 2007B Bonds.

Section 3.03 *Purchase and Remarketing of Multi-Modal Bonds.*

(a) (1) As soon as practicable, but in no event later than 10:00 a.m. (New York City time) on the Business Day next following the Business Day that the Tender Agent receives the notice described in 3.01 with respect to Multi-Modal Bonds bearing interest at a Weekly Rate, the Tender Agent shall give notice by Electronic Means to the Remarketing Agent, the Paying Agent, the Credit Provider and the City specifying the principal amount of such Multi-Modal Bonds, if any, with respect to which any notice has been delivered to it demanding the purchase of such Multi-Modal Bonds in accordance with Section 3.01.

(2) The Tender Agent shall purchase, but only from the sources listed below, Multi-Modal Bonds or portions thereof which are then required to be purchased (pursuant to an optional or mandatory tender) in accordance with Section 3.01 or Section 3.02 from the Owners thereof with immediately available funds by 3:00 p.m. (New York City time) on the date such Multi-Modal Bonds are required to be purchased at the purchase price provided in Section 3.01 or Section 3.02. Funds for the payment of such purchase price shall be derived from the following sources in the order of priority indicated:

(A) proceeds of the remarketing of such Multi-Modal Bonds (but only such remarketing proceeds received from purchasers of the Multi-Modal Bonds pursuant to Section 3.03(b)) furnished to the Tender Agent by the Remarketing Agent for deposit into the 2007B General Account;

(B) moneys furnished to the Tender Agent for deposit into the 2007B Purchase Account representing the proceeds of a drawing under the Credit Facility then in effect; and

(C) any other moneys available to the Tender Agent for such purpose which the City may elect (but shall not in any event be required) to make available for such purpose.

The Tender Agent shall segregate amounts derived from the sources described in (A), (B) and (C) above by depositing proceeds derived from the source described in (A) above into the 2007B General Account, by depositing proceeds derived from the source described in (B) above into the 2007B Purchase Account, and by depositing proceeds derived from the source described in (C) above, if any, in all cases for the benefit of the tendering Holder.

(3) With respect to any Multi-Modal Bonds or portions thereof required to be purchased pursuant to Section 3.01 and any Multi-Modal Bonds or portions thereof required to be tendered for purchase in accordance with 3.02 as to which sufficient funds to accomplish such purchase are available to the Tender Agent at the respective times at which payment of the purchase price was to be made as provided herein:

(A) Such Multi-Modal Bonds or portions thereof shall be deemed to have been purchased, for all purposes of this Appendix B, irrespective of whether or not such Multi-Modal Bonds have been presented to the Tender Agent, and the former Owner or Owners of such Multi-Modal Bonds shall have no claim thereon under this Appendix B or otherwise for any amount other than the purchase price thereof which would have been

paid on the date set for purchase, and such Multi-Modal Bonds or portions thereof shall no longer be deemed to be Outstanding for purposes of this Appendix B.

(B) If any such Multi-Modal Bonds or portions thereof are not presented to the Tender Agent, the Tender Agent shall segregate and hold the moneys for the purchase price of such Multi-Modal Bonds in trust, uninvested and without liability for interest thereon, for the benefit of the former Owners of such Multi-Modal Bonds, who thereafter are restricted exclusively to such moneys for the satisfaction of any claim for the purchase price of such Multi-Modal Bonds.

(C) If any such Multi-Modal Bonds or portions thereof are not presented to the Tender Agent at the time specified in Section 3.01 or Section 3.02, then the Tender Agent shall request, and then the City shall issue and the Tender Agent shall immediately authenticate a new Multi-Modal Bond or Bonds in an aggregate principal amount equal to the principal amount of the Multi-Modal Bonds or portions thereof so purchased, but not presented, bearing a number or numbers not contemporaneously Outstanding. Every Multi-Modal Bond authenticated and delivered as provided in the preceding sentence is entitled to all the benefits of this Appendix B equally and proportionately with any and all other Multi-Modal Bonds duly issued under this Appendix B. The Tender Agent shall maintain a record of the Multi-Modal Bonds or portions thereof not tendered for purchase pursuant to Section 3.01 or Section 3.02 together with the names and addresses of the former Owners thereof.

(D) If any Multi-Modal Bonds or portions thereof which have been deemed purchased as provided in Section 3.03(a)(3)(A) are delivered to the Tender Agent subsequent to the date and time specified for such delivery for payment of the purchase price thereof at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a participant in the STAMP or similar program, on any Business Day, the Tender Agent shall, subject to the provisions of paragraph (g) of this Section 3.03, pay the purchase price of such Multi-Modal Bond or portion thereof to the Owner (A) no later than 3:00 p.m. (New York City time) on such Business Day, if such Multi-Modal Bond is presented by 10:00 a.m. (New York City time) on such Business Day, and (B) no later than 12:00 noon (New York City time) on the next succeeding Business Day, if such Multi-Modal Bond is presented after 10:00 a.m. (New York City time) on such Business Day and, if appropriate, shall also deliver to such Owner a new Multi-Modal Bond in an aggregate principal amount equal to the portion of any Multi-Modal Bond not so purchased; provided, however, while the Multi-Modal Bonds are in the Book-Entry System, the Multi-Modal Bonds shall be presented to the Tender Agent according to the normal and customary practices between the Securities Depository and the Tender Agent. Any such Multi-Modal Bonds so delivered to the Tender Agent shall be canceled by it and delivered to the Paying Agent pursuant to Section 516 of the Bond Order.

(b) (1) Promptly on becoming aware of any requirement that any Multi-Modal Bond or portion thereof be purchased pursuant to Section 3.01 or Section 3.02(a), (b), (d), (e) or (f), the Remarketing Agent shall offer for sale and use its best efforts to remarket such Multi-Modal Bonds, any such remarketing to be made on the date of such purchase. The Remarketing Agent shall remit the proceeds from the remarketing of such Multi-Modal Bonds remarketed by it by 2:00 p.m. (New York City time) on the Business Day on which such Multi-Modal Bonds are to be purchased pursuant to 3.01 or Section 3.02.

(2) Subject to the provisions of Section 2.07, the Remarketing Agent shall determine the rate of interest to be borne by the Multi-Modal Bonds during each Interest Rate Period as provided in Section 2.07 and shall furnish to the Paying Agent and the Tender Agent in a timely manner all information necessary for the Paying Agent or the Tender Agent to carry out their respective duties hereunder, including, but not limited to, the interest rates applicable to the Multi-Modal Bonds.

(3) By 10:45 a.m. (New York City time) on the Business Day on which any Multi-Modal Bonds are to be purchased pursuant to Section 3.01 or Section 3.02, the Remarketing Agent shall give written notice or telephonic notice (promptly confirmed by Electronic Means) to the Credit Provider, the Paying Agent and the Tender Agent, specifying the principal amount of such Multi-Modal Bonds, if any, sold by it pursuant to 3.03(b)(1) and the principal amount of such Multi-Modal Bonds being purchased by each such purchaser and the amount of the remarketing proceeds held by the Remarketing Agent. To the extent of any deficiency in the amount of such remarketing proceeds, the Tender shall draw on the Credit Facility to cure any shortfall in the amount of such Multi-Modal Bonds sold by it pursuant to 3.03(b)(1). If the Credit Provider has wrongfully failed to honor a proper draw under the Credit Facility, the Tender Agent will direct the Trustee to transfer funds from the 2007B Subaccount of the Revenue Bond Principal Account and the 2007B Subaccount of the Revenue Bond Interest Account, to cure any such shortfall.

(4) Notwithstanding anything herein to the contrary, under no circumstances shall the Remarketing Agent remarket any Multi-Modal Bonds hereunder to or for the account of the City.

(c) (1) Multi-Modal Bonds purchased with moneys described in Section 3.03(a)(2)(A) shall be registered by the Tender Agent as directed by the Remarketing Agent and made available to the Remarketing Agent by 2:00 p.m. (New York City time) on the purchase date registered in accordance with the instructions provided by the Remarketing Agent pursuant to Section 3.03(b)(3). Simultaneously with the receipt of the funds supplied by the Remarketing Agent to the Tender Agent, acting as agent for the Credit Provider for this purpose, as described in the preceding sentence, the Tender Agent shall (1), while the Book-Entry System is not in effect, cancel the Bank Bonds (or portions thereof for which remarketing proceeds have been made available) then Outstanding by reason of the prior purchase pursuant to Section 3.03(a)(2)(A) and delivery pursuant to Section 3.03(c)(2), and (2) simultaneously transfer such funds supplied by the Remarketing Agent, together with any money supplied by the City, to the Credit Provider as payment for the purchase price of, or, if the Credit Facility is a Letter of Credit, reimbursement of the drawing on the Letter of Credit for the purchase price of, such Bank Bonds (or portions thereof).

(2) 2007B Bonds purchased with proceeds from a drawing under the Credit Facility shall constitute Bank Bonds and (A) while the Book-Entry System is not in effect, shall be registered on receipt of funds from the Credit Provider for the purchase of such Bank Bonds pursuant to the terms of the Credit Facility or Reimbursement Agreement, and such Bank Bonds shall be held by the Tender Agent, as agent of the Credit Provider or registered in the name of the City and pledged as collateral to the Credit Provider, as applicable, and (B) while the Book-Entry System is in effect, the beneficial ownership interests in such Bank Bonds shall be transferred to the Tender Agent as agent for the Credit Provider or registered in the name of the City and pledged as collateral to the Credit Provider, as applicable. The Tender Agent shall not release such Bank Bonds, or such ownership interest therein, and the Tender Agent shall not authenticate

any other 2007B Bonds in lieu thereof, until the Tender Agent receives written notification (which may be by Electronic Means) from the Credit Provider, that it has received payment in full in immediately available funds of the purchase price of such Bank Bonds, plus interest accrued as provided in the Credit Facility, that the principal component referred to in the Credit Facility has been increased by the principal amount of such Bank Bonds, that the interest component referred to in the Credit Facility has been increased as therein provided, and that such Bank Bonds may be released.

(3) Multi-Modal Bonds purchased with moneys described in Section 3.03(a)(2)(C) shall be delivered to the Tender Agent for cancellation.

(4) If the Remarketing Agent is able to remarket any Multi-Modal Bonds required to be purchased pursuant to Section 3.01 or Section 3.02 after the time on which the Remarketing Agent is required to provide notice to the Paying Agent and the Tender Agent as specified in Section 3.03(b)(3), and the Tender Agent has not already purchased such Multi-Modal Bonds with the proceeds of the Credit Facility, the Remarketing Agent shall give notice in the manner and containing the details set forth in Section 3.03(b)(3), as appropriate, as soon as practicable after such remarketing, but in no event later than 1:00 p.m. (New York City time) on the date such Multi-Modal Bonds are required to be purchased, and the Multi-Modal Bonds shall be registered in the name of the purchasers thereof (or while the Book-Entry System is in effect, the beneficial ownership interests in such Multi-Modal Bonds shall be transferred on the registration books of the Securities Depository) and made available to the Remarketing Agent as soon as practicable thereafter on such date.

(d) If the Tender Agent has received a demand for the purchase of 2007B Bonds or portions thereof (other than Bank Bonds) in accordance with Section 3.01 or if any 2007B Bonds are required to be tendered for purchase in accordance with Section 3.02 and the Remarketing Agent has not then provided the Tender Agent with sufficient funds to make such purchase by depositing in the 2007B General Account immediately available funds by no later than one hour before the time provided in the Credit Facility for presentation of notices in order to receive payment in immediately available funds by 2:30 p.m. (New York City time) on the date such 2007B Bonds are required to be purchased, then the Tender Agent shall draw under the Credit Facility by no later than the time provided in the Credit Facility for presentation of notices in order to receive payment in immediately available funds by 2:30 p.m. (New York City time) on such day, the amount sufficient to pay the portion of the purchase price of such 2007B Bonds which exceeds the amount provided by the Remarketing Agent for deposit in the 2007B General Account in order to fully pay the purchase price of the applicable 2007B Bonds. The Tender Agent shall deposit the proceeds of such drawing in respect of such 2007B Bonds in accordance with the provisions of Section 3.03(a)(2). The Tender Agent shall notify the City and the Paying Agent by telephone, promptly confirmed in writing, of the amounts to be drawn, as soon as practicable and, when possible, at least one day prior to such draw on the Credit Facility.

(e) The proceeds of the sale by the Remarketing Agent of any Multi-Modal Bonds or portions thereof shall be transferred to the Tender Agent on receipt of Multi-Modal Bonds therefor and, except for Multi-Modal Bonds not tendered as described in Section 3.03(a)(3) or 3.03(g), immediately applied by the Tender Agent to the payment of the purchase price of Multi-Modal Bonds or portions thereof pursuant to Section 3.03(a)(2)(A) or, in the case of the sale of Bank Bonds, to the payment of the purchase price of such Bank Bonds, whether or not the Tender Agent has at the time received a Multi-Modal Bond or ownership interest in a Multi-Modal Bond pursuant to Section 3.03(c)(2). In making such payments to the Credit Provider, the Tender Agent may conclusively assume that the Credit Provider has not been paid from any other sources. To the extent that the Credit Provider is so paid with proceeds of the sale of Multi-Modal Bonds by the Remarketing Agent, any Bank Bond or ownership interest in such

Multi-Modal Bond shall be immediately returned to or released by the Tender Agent and new Multi-Modal Bonds representing such sale proceeds shall be registered and delivered as provided in Section 3.03(c)(1).

(f) Notwithstanding anything in this Appendix B to the contrary, if there has occurred and is continuing an Event of Default described in Section 802(a) or (b) of the Bond Order, there shall be no sales of Multi-Modal Bonds pursuant to Section 3.03(b)(1). Sales of Multi-Modal Bonds may continue if any Event of Default other than as described in the preceding sentence has occurred and is continuing.

(g) The Tender Agent shall, at the end of the 10th Business Day after the date on which Multi-Modal Bonds are to be purchased, set aside on its books all funds then held in the 2007B General Account and the 2007B Purchase Account by virtue of the fact that Multi-Modal Bonds deemed purchased on such date were not presented for purchase to the Tender Agent in accordance with the provisions of Section 3.03(a) and shall hold the same in trust for the payment to the Owners of such Multi-Modal Bonds of the purchase price thereof as required by the provisions of Section 3.03(a). The Tender Agent shall pay such purchase price from such amounts by check or draft of the Tender Agent made payable to the party entitled to such payment as soon as practicable after such party surrenders the Multi-Modal Bond or Bonds so deemed purchased to the Tender Agent.

(h) Notwithstanding anything in this Appendix B to the contrary, if the conditions to a conversion of ARS Rate Bonds to another Interest Rate Period are not satisfied, there shall be no conversion, the Trustee shall promptly notify the applicable Owners of such ARS Rate Bonds of the failed conversion, and the Auction Period Rate for the next Auction Period shall be the Maximum Rate and the Auction Period shall be a seven-day Auction Period.

(i) Notwithstanding anything in this Appendix B to the contrary, a Beneficial Owner may give notice to elect to have its 2007B Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and may effect delivery of such 2007B Bonds by causing the Direct Participant to transfer the Participant's interest in the 2007B Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of 2007B Bonds in connection with an optional tender or a mandatory purchase may be deemed satisfied when the ownership rights in the 2007B Bonds are transferred by Direct Participants on DTC's records and followed by a book entry credit of tendered 2007B Bonds to the Remarketing Agent's DTC account.

Section 3.04 *The Credit Facility.*

(a) The Tender Agent shall take such actions as may be necessary to obtain funds under the Credit Facility for the 2007B Bonds to pay the principal of, interest on, and purchase price, including accrued interest, if any, of 2007B Bonds then subject to purchase under the Credit Facility tendered for purchase or required to be purchased pursuant to the provisions of this Appendix B at the times, on the dates, to the extent and in the manner provided by Section 3.03(d) and deposit the proceeds of such drawing in the 2007B Purchase Account pending application of such moneys to the payment of the principal of, interest on, and purchase price, including accrued interest, if any, of such 2007B Bonds.

(b) If all of the 2007B Bonds then subject to purchase under the Credit Facility have been defeased pursuant to Article XII of the Bond Order, such 2007B Bonds shall continue to be subject to optional or mandatory tender as otherwise provided herein, and the Tender Agent shall maintain the Credit Facility in accordance with the terms of the Reimbursement Agreement until such 2007B Bonds have been redeemed or otherwise cancelled. The Tender Agent shall comply with the procedures, if any, set forth in the Credit Facility relating to the termination thereof and is authorized to deliver certificates reducing the stated amount of the Credit Facility in accordance with the provisions thereof, if any.

(c) In connection with a Credit Modification Date requiring mandatory purchase of 2007B Bonds as provided in Section 3.02, the Tender Agent shall give the notice of mandatory tender for purchase of the 2007B Bonds as provided in Section 3.02(b).

Section 3.05 *Alternate Credit Facility.*

(a) At least 45 days prior to the expiration or termination of the Credit Facility, the City may provide for the delivery to the Tender Agent of an Alternate Credit Facility, which shall have an effective date not later than the date on which the 2007B Bonds are subject to mandatory tender on a Credit Modification Date. Any such Alternate Credit Facility may be for a term of years which is more or less than the Credit Facility (but any such Alternate Credit Facility in no event shall be less than 364 days unless all 2007B Bonds shall mature in less than one year), shall contain administrative provisions reasonably acceptable to the Remarketing Agent, the Paying Agent and the Tender Agent and provide for the payment of interest in either the Term Rate Period or Weekly Rate Period, as applicable. The Alternate Credit Facility shall provide for the purchase on its effective date of any Bank Bonds held by or pledged to the existing Credit Provider. On or prior to the date of the delivery of such Alternate Credit Facility to the Tender Agent, the City shall furnish to the Trustee, the Remarketing Agent, and the Tender Agent a Favorable Opinion of Bond Counsel. On receipt of such documents and the documents set forth in this Section 3.05(c), the Tender Agent shall accept such Alternate Credit Facility and promptly surrender the Credit Facility then in effect to the Credit Provider which issued such Credit Facility in accordance with its terms for cancellation or deliver any document necessary to reduce the coverage of such Credit Facility.

(b) The Tender Agent shall comply with any procedures set forth in the outstanding Credit Facility relating to the termination thereof. In addition, on conversion of the 2007B Bonds to the Auction Period Rate, the Fixed Rate, or, in the event an Alternate Credit Facility will be in place immediately after the conversion to, a Term Rate, in accordance with Section 2.03, the Tender Agent shall comply with the procedures set forth in the outstanding Credit Facility relating to the termination thereof.

(c) Notwithstanding anything contained herein to the contrary, no Alternate Credit Facility shall be accepted by the Tender Agent and the Paying Agent, in its capacity as Trustee, unless such Alternate Credit Facility is accompanied by (1) opinions of counsel reasonably satisfactory to the City and the Remarketing Agent to the effect that (A) the Credit Provider is duly organized and existing under the laws of the jurisdiction of its organization and, if applicable, is duly qualified to do business in the United States of America; (B) the Alternate Credit Facility is a legal, valid and binding obligation of the Credit Provider, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally the enforcement of, creditors' rights and remedies, and by the availability of equitable remedies, including specific performance and injunctive relief; and (C) unless the opinion specified in (1)(A) and (1)(B) is delivered, no registration under the Securities Act of 1933, as amended, or qualification of an indenture in respect thereof under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of such Alternate Credit Facility or the remarketing of the 2007B Bonds with the benefits thereof; and (2) the written consent of the City and the LGC to the selection of the Credit Provider and the Alternate Credit Facility. Furthermore, a Credit Facility shall be in place at all times during a Weekly Rate Period or Term Rate Period.

Section 3.06 *Notice of Termination, Expiration or Substitution of Credit Facility.* The Tender Agent shall give notice by first class mail, postage redeemed, to the LGC and the Owners of the 2007B Bonds then subject to purchase under the Credit Facility on or before the 30th day preceding the termination, expiration or substitution of the Credit Facility in accordance with its terms, which notice

shall (1) describe generally the Credit Facility, if any, in effect prior to such termination or expiration and the substitute Alternate Credit Facility, if any, in effect or to be in effect on such termination or expiration, (2) state the date of such termination or expiration and the date of the proposed provision of the substitute Alternate Credit Facility, if any, (3) specify the ratings, if any, to be applicable to the 2007B Bonds after such termination or expiration of the Credit Facility, describe any Alternate Credit Facility, or state that no ratings will be assigned to such 2007B Bonds subsequent to such termination or expiration of the Credit Facility and (4) state whether a mandatory tender of such 2007B Bonds will occur pursuant to Section 3.02(b), with respect to termination or expiration, or Section 3.02(d), with respect to substitution, and the terms thereof. The Tender Agent shall also provide a copy of the foregoing notice to the Trustee and the Paying Agent.

Section 3.07 *Credit Provider or Alternate Credit Provider.* The City may proceed with substitution or termination of the Credit Facility at any time in accordance with its terms and Sections 3.02, 3.05 and 3.06.

Section 3.08 *No Tender, Sales or Remarketing in Certain Circumstances.* Anything in this Appendix B to the contrary notwithstanding, there will be no optional or mandatory tenders, or remarketing of 2007B Bonds, and no obligation of the City to fund any such tenders, if: (a) there is no Credit Facility in effect; or (b) the Credit Provider is in default under the Credit Facility.

The Paying Agent shall, to the extent it has actual notice thereof, give notice to the 2007B Bondholders, the LGC, each Rating Agency which then maintains a rating on the 2007B Bonds, the Remarketing Agent, the City and the Credit Provider of (a) the occurrence and continuation of any of the events set forth in the first paragraph of this Section 3.08, and that such events result in no tenders, sales or remarketing of 2007B Bonds being permitted, and (b) the curing of any of the events set forth in the first paragraph of this Section 3.08 and that as a consequence tenders, sales and remarketings are again permitted under this Appendix B.

[End of Article III]

ARTICLE 4

REDEMPTION OF 2007B BONDS

Section 4.01 ***Privilege of Redemption and Redemption Price.*** The 2007B Bonds are subject to redemption prior to maturity as set forth or referred to in this Article IV. If and to the extent of any inconsistency between this Article IV and Article III of the Bond Order, this Article IV shall govern with respect to the 2007B Bonds. On the date fixed for redemption, funds shall be deposited with the Paying Agent, in its capacity as Trustee, to pay, and the Trustee is hereby authorized and directed to apply such funds to the payment of, the 2007B Bonds or portions thereof called for redemption, together with accrued interest thereon to the redemption date; provided, however, Bank Bonds shall be redeemed by the City prior to the redemption of other 2007B Bonds. 2007B Bonds subject to redemption prior to maturity are redeemable, on notice as provided in this Article IV, at such times, at such Redemption Prices and on such terms in addition to the terms contained or referred to in this Article IV and as are specified in the Bond Order.

Section 4.02 ***Extraordinary Redemption of 2007B Bonds.*** The 2007B Bonds will be subject to optional redemption by the City, in whole or in part on any date at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, on instructions from the City, from the Net Proceeds of insurance or Eminent Domain which are deposited in the Series 2007B Subaccount of the Revenue Bond Redemption Account, as provided in the Bond Order.

Section 4.03 ***Mandatory Sinking Fund Redemption.***

(a) The 2007B Bonds are subject to mandatory sinking fund redemption before their scheduled maturity, on the Interest Payment Date or Dates (but only with respect to 2007B Bonds having such Interest Payment Date) on or immediately following July 1 of each year, commencing July 1, 2008, without premium, at the Redemption Price equal to 100% of the principal amount thereof being redeemed in the principal amounts set forth in the certificate of the Finance Director delivered under Section 2.01(4).

(b) If the ARS Rate Bonds are subject to sinking fund redemption and the scheduled redemption date is not an Interest Payment Date, the ARS Rate Bonds must be redeemed on the Interest Payment Date immediately preceding the scheduled sinking fund redemption date. The 2007B Bonds in a Flexible Auction Period may be redeemed prior to the end of the Flexible Auction Period pursuant to the sinking fund redemption schedule. All redemptions must be in integral multiples of the Authorized Denomination.

Section 4.04 ***Optional Redemption of 2007B Bonds.***

(a) The 2007B Bonds bearing interest at a Weekly Rate may be redeemed before their maturity, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on any Interest Payment Date at a Redemption Price equal to 100% thereof, plus accrued interest to the redemption date.

(b) While the 2007B Bonds bear interest at an Auction Period Rate, they are callable by the City at par plus accrued interest on the Interest Payment Date immediately following the end of an Auction Period; provided that after any optional redemption there should be not less than \$10,000,000 in aggregate principal amount of any 2007B Bonds bearing interest at an Auction Period Rate unless

otherwise consented to by the Broker-Dealers. All redemptions should be in integral multiples of the Authorized Denomination.

(c) If the interest rate on the 2007B Bonds is converted to a Fixed Rate or a Term Rate, the City, on written notice to the Trustee, the Remarketing Agent and the Credit Provider, may supplement this Appendix B to put into effect optional redemption provisions that will govern the 2007B Bonds during the Fixed Rate Period or the Term Rate Period, as applicable. Any such revisions shall also be subject to the receipt by the Trustee prior to the making of such revisions of a Favorable Opinion of Bond Counsel with respect to such revisions.

Section 4.05 ***Partial Redemption.*** If called for redemption in part under this Article IV, the 2007B Bonds to be redeemed shall be redeemed in such order as the City shall select and, as to all partial redemptions, within the same maturity as selected by DTC under its rules and procedures or, if the book-entry system with respect to the 2007B Bonds is discontinued as provided in Section 2.01, by lot within a maturity in such manner as the Trustee in its discretion may determine; provided, that Bank Bonds shall be selected for redemption before any other 2007B Bonds.

The Trustee shall pay to the Owners of 2007B Bonds so redeemed the amounts due on their respective 2007B Bonds at the principal corporate trust office of the Trustee on presentation and surrender of the 2007B Bonds; provided, however, that, if redeemed in part, the 2007B Bonds may be redeemed only in Authorized Denominations. Redemptions shall be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the unpaid principal amount of the 2007B Bond immediately before the payment, the portion of the payment representing interest, and the remaining portion, if any, which shall be designated and paid as a redemption premium.

Anything in this Appendix B to the contrary notwithstanding, if an Event of Default occurs and is continuing, there will be no redemption of less than all of the 2007B Bonds Outstanding.

Section 4.06 ***Notice to Trustee; Notice of Redemption.***

(a) If the City wishes that any 2007B Bonds be redeemed pursuant to any optional redemption provisions in this Appendix B, the Finance Director shall notify the Trustee, the Paying Agent, the Bond Registrar, the LGC, the Credit Provider and the Remarketing Agent in writing of the applicable provision, the redemption date, the principal amount of 2007B Bonds to be redeemed and other necessary particulars. The Finance Director shall give such notices at least 45 days but no more than 60 days before the redemption date.

(b) The Trustee shall prepare and the Paying Agent shall send notice of each redemption to each Owner whose 2007B Bonds are being redeemed, the City, the Remarketing Agent and the Credit Provider by first-class mail at least 30 days but not more than 60 days before each redemption. The notice shall identify the 2007B Bonds or portions thereof to be redeemed and shall state (i) the type of redemption and the redemption date, (ii) the Redemption Price, (iii) that the 2007B Bonds called for redemption must be surrendered to collect the Redemption Price, (iv) the address at which the 2007B Bonds must be surrendered, (v) that if, and only if, on the redemption date the Series 2007B Revenue Bond Redemption Account contains moneys sufficient to pay the Redemption Price, redemption of the 2007B Bonds will occur and interest on the 2007B Bonds called for redemption will cease to accrue on the redemption date, (vi) the CUSIP number of the 2007B Bonds and (vii) any condition to the redemption.

A copy of each notice of redemption shall also be sent by the Paying Agent by certified or registered mail to the Securities Depository two Business Days before mailing notice to Owners and to

two national information services which disseminate redemption notices on the same date notices are mailed to the Owners, provided that the Paying Agent may, in its discretion, provide for overnight, telecopied or other form of notice to the Securities Depository acceptable to or requested by such depository. Notwithstanding the foregoing, in the event that the Securities Depository for the 2007B Bonds is DTC, the Trustee shall follow the procedure for redemption and notice as set forth in the Letter of Representations.

With respect to any 2007B Bonds to be redeemed which have not been presented for redemption within 60 days after the redemption date, the Trustee, at the expense of the Finance Director, shall prepare and the Paying Agent shall give a second notice of redemption to the Owner of any such 2007B Bonds which have not been presented for redemption, by first-class mail, within 30 days after the end of such 60 day period.

Failure by the Paying Agent to give any notice of redemption or any defect in such notice as to any particular 2007B Bonds shall not affect the validity of the call for redemption of any 2007B Bonds in respect of which no such failure or defect has occurred. Any notice mailed as provided in this Appendix B shall be conclusively presumed to have been given whether or not actually received by any Owner.

Section 4.07 ***Defeasance of 2007B Bonds.*** While the 2007B Bonds are Variable Rate Bonds, the 2007B Bonds may only be defeased by depositing money or Government Obligations with the Trustee as permitted under Section 1201 of the Bond Order if the City has received a written confirmation from each Rating Agency then maintaining a rating on the 2007B Bonds that the respective rating then in effect will not be withdrawn or reduced.

[End of Article IV]

ARTICLE 5

FUNDS AND ACCOUNTS

Section 5.01 *Establishment of Funds and Accounts; Disposition of Proceeds.* There are hereby established with the Trustee, the following Funds, and Accounts within Funds, each of which shall be held by the Trustee in accounts segregated from all other moneys of the Trustee:

- (a) Series 2007B Subaccount of the Revenue Bond Interest Account;
- (b) Series 2007B Subaccount of the Revenue Bond Principal Account;
- (c) Series 2007B Subaccount of the Revenue Bond Redemption Account;
- (d) Series 2007B Subaccount of the Revenue Bond Reserve Account;
- (e) Series 2007B Subaccount of the Revenue Bond Sinking Fund Account;
- (f) Series 2007B Construction Account of the Construction Fund; and
- (g) Bond Purchase Fund to be held by the Tender Agent and within the Bond Purchase Fund, a 2007B General Account and a 2007B Purchase Account.

All accounts other than the Bond Purchase Fund are established with and held by the Trustee under the Bond Order.

Section 5.02 *Revenues Received by the City.* The City shall, subject to the provisions of the Bond Order, deposit or cause to be deposited from Net Revenues with the Trustee the following amounts and at the following time, and the Trustee shall apply such amounts to the various accounts and subaccounts specified herein in the following order:

- (a) If the 2007B Bonds bear interest at other than a Term Rate or Fixed Rate:

- (1) on the fifth day before each Interest Payment Date, into the Series 2007B Subaccount of the Revenue Bond Interest Account an amount necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, commencing on the date established in the certificate of the Finance Director delivered under Section 2.01(4), to pay the next maturing installment of interest, on the 2007B Bonds then Outstanding; and

- (2) on or before the 25th day of each month, into the Series 2007B Subaccount of the Revenue Bond Principal Account an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand each June 25, commencing on the date established in the certificate of the Finance Director delivered under Section 2.01(4), to pay the next maturing installment of principal, on the 2007B Bonds then Outstanding; or

- (3) on or before the 25th day of each month, into the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, 1/12th of the amount required to retire the 2007B

Bonds to be called by mandatory redemption or to be paid at maturity on the Interest Payment Date on or immediately following July 1 of each year, in accordance with the Sinking Fund Requirement therefor.

In each month following a month in which the Trustee has failed to make any deposit required by this Section 5.02 and on each Interest Payment Date, the City shall pay, but only from Net Revenues, and the Trustee shall deposit, in addition to the amounts then due, an amount sufficient to cure the deficiency in the deposits unless such deficiency has been cured by a transfer of money to such fund or account from other funds and accounts created hereby, pursuant to the terms of this Appendix B.

(b) If the 2007B Bonds bear interest at a Term Rate or Fixed Rate, on or before the 25th day of each month beginning in the first month during which the 2007B Bonds bear interest at a Term Rate or Fixed Rate:

(1) into the Series 2007B Subaccount of the Revenue Bond Interest Account an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account and any other moneys from time to time available therefor from whatever source, to have funds on hand each June 25 and December 25, commencing the first June 25 or December 25 following conversion, to pay the next maturing installment of interest, on the 2007B Bonds then Outstanding; and

(2) into the Series 2007B Subaccount of the Revenue Bond Principal Account an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account and any other moneys from time to time available therefor from whatever source, to have funds on hand each June 25, commencing the first June 25 or December 25 following conversion, to pay the next maturing installment of principal, on the 2007B Bonds then Outstanding; or

(3) into the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account, 1/12th of the amount required to retire the 2007B Bonds to be called by mandatory redemption or to be paid at maturity on the next ensuing July 1, in accordance with the Sinking Fund Requirement therefor.

In each month following a month in which the Trustee has failed to make any deposit required by this Section 5.02, the City shall pay, but only from Net Revenues, and the Trustee shall deposit, in addition to the amounts then due, an amount sufficient to cure the deficiency in the deposits in the prior months unless such deficiency has been cured by a transfer of money to such fund or account from other funds and accounts created hereby, pursuant to the terms of this Appendix B.

Section 5.03 ***Application of Money in the Series 2007B Subaccount of the Revenue Bond Interest Account and the Series 2007B Subaccount of the Revenue Bond Principal Account.*** If no Letter of Credit is in place or the Credit Provider has wrongfully failed to honor a proper draw under the Letter of Credit, the Trustee shall make regularly scheduled payments of principal of and interest on the 2007B Bonds from the 2007B Subaccount of the Revenue Bond Principal Account and the 2007B Subaccount of the Revenue Bond Interest Account, respectively. If a Letter of Credit is in effect, on each principal payment date or Interest Payment Date, the Trustee shall draw on the Letter of Credit, in accordance with its terms, to pay the principal of and interest on the 2007B Bonds, respectively, and shall thereafter transfer funds from the Series 2007B Subaccount of the Revenue Bond Principal Account, with respect to the principal amount of such 2007B Bonds then due, and the Series 2007B Subaccount of the Revenue Bond Interest Account, with respect to the amount of interest due on such Interest Payment Date, to the Credit Provider in order to reimburse the Credit Provider for the amount of such drawing on the Letter of Credit.

Section 5.04 *Application of Money in the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account.* Money held in the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account will be applied during each Fiscal Year to the purchase or retirement of 2007B Bonds then Outstanding, or, if a Letter of Credit is in effect, to reimburse the Credit Provider, as follows:

(a) The Trustee shall, at the request of the City, endeavor to purchase and cancel 2007B Bonds or portions thereof subject to redemption by operation of the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account or maturing on the next ensuing July 1 at the most advantageous price readily obtainable with reasonable diligence. The Redemption Price of each such 2007B Bond shall not exceed par plus accrued interest to the date of purchase. The Trustee shall pay the interest accrued on such 2007B Bonds to the date of settlement therefore from the Series 2007B Subaccount of the Revenue Bond Interest Account and the principal on such 2007B Bonds from the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account, but no such purchase shall be made by the Trustee from money in the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account within the period of 45 days immediately preceding any July 1 on which such 2007B Bonds are subject to redemption, except from moneys other than the moneys set aside in the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account for the redemption of 2007B Bonds. The aggregate principal amount of 2007B Bonds during each Fiscal Year shall not exceed the amount to be deposited in the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account on account of the Sinking Fund Requirement for the 2007B Bonds for such Fiscal Year. If in any Fiscal Year the sum of the amount on deposit in the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account for the payment of any 2007B Bonds and the principal amount of the 2007B Bonds that were purchased during such Fiscal Year pursuant to the provisions of this paragraph (a) or delivered during such Fiscal Year to the Trustee by the City exceeds the Sinking Fund Requirement for the Outstanding 2007B Bonds for such Fiscal Year, the Trustee shall endeavor to purchase Outstanding 2007B Bonds with such excess money;

(b) The Trustee shall call for redemption on July 1 in each Fiscal Year 2007B Bonds in a principal amount equal to the aggregate Sinking Fund Requirement for the 2007B Bonds for such Fiscal Year, less the principal amount of any such 2007B Bonds retired during such Fiscal Year by purchase pursuant to paragraph (a) of this Section or delivered during such Fiscal Year to the Trustee by the City. On each redemption date the Trustee shall withdraw from the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account the amount required to pay the principal amount of the 2007B Bonds so called for redemption. The amount of interest on the 2007B Bonds so called for redemption shall be paid from the Series 2007B Subaccount of the Revenue Bond Interest Account. If such date is the stated maturity date of any such 2007B Bonds, the Trustee shall not call such 2007B Bonds for redemption but, on such maturity, shall withdraw the amount required for paying the principal of such 2007B Bonds when due and payable.

(c) If a Letter of Credit is in effect, the Trustee shall pay the Redemption Price of such 2007B Bonds from the proceeds of a drawing under the Letter of Credit and shall transfer funds from the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account, with respect to the principal amount of such 2007B Bonds, and the Series 2007B Subaccount of the Revenue Bond Interest Account, with respect to the amount of interest accrued on the 2007B Bonds so called for redemption, to the Credit Provider in order to reimburse the Credit Provider for the amount of such drawing.

If at any date there is money in the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account and no 2007B Bonds are then Outstanding or if on any payment date money remains therein after the mandatory redemption of 2007B Bonds in accordance with the Sinking Fund Requirement therefor, the Trustee shall withdraw such money and shall apply the same as follows: (a) deposit in the Series 2007B Subaccount of the Revenue Bond Reserve Account, the amounts, if any, required to be paid

thereto in such month pursuant to Section 503(g) of the Bond Order and (b) deliver all remaining amounts to the City.

If the balance in the Series 2007B Subaccount of the Revenue Bond Sinking Fund Account on the 25th day of the month next preceding a payment date on which 2007B Bonds are to be redeemed in accordance with the Sinking Fund Requirements therefor is insufficient to satisfy such Sinking Fund Requirement, the Trustee shall transfer to such Subaccount such amounts as may be necessary to remedy the deficiency, drawing on money in the Series 2007B Subaccount of the Revenue Bond Reserve Account.

On the retirement of any 2007B Bonds by purchase or redemption under the provisions of this Section, the Trustee shall file with the City a statement identifying such 2007B Bonds and setting forth the date of purchase or redemption, the amount of the Purchase Price or the Redemption Price of such 2007B Bonds, and the amount paid as interest thereon. The expenses incurred in connection with the purchase or redemption of any such 2007B Bonds shall be paid by the City from the Operating Fund or from any other available moneys.

Section 5.05 ***Application of Money in the Series 2007B Revenue Bond Redemption Account.***
The Trustee shall apply money in the Series 2007B Revenue Bond Redemption Subaccount to the purchase or redemption of 2007B Bonds, or, if a Letter of Credit is in effect, to reimburse the Credit Provider, as follows:

(a) Subject to the provisions of paragraph (c) of this Section, the Trustee shall endeavor to purchase and cancel 2007B Bonds or portions thereof, regardless of whether such 2007B Bonds or portions thereof are then subject to redemption, at the most advantageous price readily obtainable with reasonable diligence, provided that the Redemption Price of each 2007B Bond shall not exceed the Redemption Price that would be payable on the next redemption date to the Owner of such 2007B Bond under the provisions of this Appendix B if such 2007B Bond or such portion thereof should be called for redemption on such date from the money in the Series 2007B Subaccount of the Revenue Bond Redemption Account. The Trustee shall pay the interest accrued on such 2007B Bonds or portions thereof to the date of settlement from the Series 2007B Subaccount of the Revenue Bond Interest Account and the principal amount of such 2007B Bonds from the Series 2007B Subaccount of the Revenue Bond Redemption Account, but no such purchase shall be made by the Trustee from money in the Series 2007B Subaccount of the Revenue Bond Redemption Account within the period of 45 days immediately preceding any Interest Payment Date on which such 2007B Bonds or portions thereof are to be redeemed, except from moneys other than the moneys set aside in the Series 2007B Subaccount of the Revenue Bond Redemption Account for the redemption of Bonds.

(b) Subject to the provisions of paragraph (c) of this Section, the Trustee shall call for redemption on a date permitted by this Appendix B such amount of 2007B Bonds or portions thereof as, with the redemption premium, if any, will exhaust the money then held in the Series 2007B Subaccount of the Revenue Bond Redemption Account as nearly as may be. The Trustee shall pay the accrued interest on the 2007B Bonds or portions thereof to be redeemed to the date of redemption from the Series 2007B Subaccount of the Revenue Bond Interest Account and the Redemption Price of such 2007B Bonds or portions thereof from the Series 2007B Subaccount of the Revenue Bond Redemption Account. The Trustee shall withdraw from the Series 2007B Subaccount of the Revenue Bond Redemption Account and set aside the respective amounts required to pay the principal amount of the 2007B Bonds or portions thereof so called for redemption.

(c) Money in the Series 2007B Subaccount of the Revenue Bond Redemption Account shall be applied by the Trustee in each Fiscal Year to the purchase or the redemption of 2007B Bonds then Outstanding in accordance with the Sinking Fund Requirement.

(d) If a Letter of Credit is in effect, the Trustee shall pay the Redemption Price of such 2007B Bonds from the proceeds (in a principal amount equal to the money then held in the Series 2007B Subaccount of the Revenue Bond Redemption Account, plus any accrued interest) of a drawing under the Letter of Credit. The Trustee shall set aside funds from the Series 2007B Subaccount of the Revenue Bond Redemption Account and, to the extent any interest accrued on such 2007B Bonds, the Series 2007B Subaccount of the Revenue Bond Interest Account, in order to reimburse the Credit Provider in the amount of such drawing as set forth above.

On the retirement of any 2007B Bonds by purchase or redemption pursuant to the provisions of this Section, the Trustee shall file with the City a statement identifying such 2007B Bonds and setting forth the date of purchase or redemption, the amount of the Purchase Price or the Redemption Price of such 2007B Bonds and the amount paid as interest thereon. The expense incurred by the Trustee in connection with the purchase or redemption of any such 2007B Bonds shall be paid by the City from the Operating Fund or from any other available moneys.

Section 5.06 *Application of Money in the Series 2007B Construction Account of the Construction Fund.* Money held in the Series 2007B Construction Account of the Construction Fund will be applied in accordance with Article IV of the Bond Order.

Section 5.07 *Application of Money in Series 2007B Subaccount of the Revenue Bond Reserve Account.*

(a) There will be deposited in the Series 2007B Subaccount of the Revenue Bond Reserve Account the Qualified Surety Bond delivered by the City on the issuance of the 2007B Bonds. As long as the Qualified Surety Bond is in full force and effect, the City, Trustee and Paying Agent, if appropriate, agree to comply with the following provisions:

(i) In the event and to the extent that moneys on deposit in the 2007B Subaccount of the Revenue Bond Reserve Account, plus all amounts on deposit in and credited to the 2007B Subaccount of the Revenue Bond Fund, in excess of the amount of the Qualified Surety Bond, are insufficient to reimburse the Credit Provider for a drawing on the Letter of Credit in the amount of principal and interest coming due, then upon the later of: (i) one (1) day after receipt by the General Counsel of the Qualified Surety Bond Provider of a demand for payment in the form attached to the Qualified Surety Bond as Attachment 1 (the "*Demand for Payment*"), duly executed by the Paying Agent certifying that payment due under this Appendix B and the Bond Order has not been made to the Paying Agent; or (ii) the payment date of the 2007B Bonds as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of the Qualified Surety Bond Provider, the Qualified Surety Bond Provider will make a deposit of funds in an account with the Paying Agent or its successor, in New York, New York, sufficient for the payment to the Paying Agent, of amounts which are then due to the Credit Provider under this Appendix B (as specified in the Demand for Payment) up to but not in excess of the Qualified Surety Bond Coverage, as defined in the Qualified Surety Bond.

(ii) the Trustee, or Paying Agent, if appropriate, shall, after submitting to the Qualified Surety Bond Provider the Demand for Payment as provided in (a) above, make available to the Qualified Surety Bond Provider all records relating to the funds and accounts maintained under this Appendix B.

(iii) the Trustee, or Paying Agent, if appropriate, shall, upon receipt of moneys received from the draw on the Qualified Surety Bond, as specified in the Demand for Payment, credit the 2007B Subaccount of the Revenue Bond Reserve Account to the extent of moneys received pursuant to such Demand.

(iv) the 2007B Subaccount of the Revenue Bond Reserve Account shall be replenished in the following priority: (i) principal and interest on the Qualified Surety Bond shall be paid from first available Revenues; (ii) after all such amounts are paid in full, amounts necessary to fund the 2007B Subaccount of the Revenue Bond Reserve Account to the required level, after taking into account the amounts available under the Qualified Surety Bond shall be deposited from next available Revenues.

(b) The Trustee will transfer amounts held in the Series 2007B Subaccount of the Revenue Bond Reserve Account to the Series 2007B Subaccount of the Revenue Bond Fund to make up any deficiency therein with respect to the 2007B Bonds, in accordance with the order of priorities set forth in Section 5.02 of this Appendix B.

Section 5.08 ***Investment of Money.*** Money held for the credit of all subaccounts or accounts established under this Appendix B on deposit with the Trustee shall be continuously invested and reinvested by the Trustee in such Investment Obligations as the City may direct in writing to the extent practicable. Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such subaccounts or accounts will be required for the purposes intended. No Investment Obligations in any such subaccount or account may mature beyond the latest maturity date of any 2007B Bonds Outstanding at the time such Investment Obligations are deposited. The Paying Agent shall hold the Bond Purchase Fund uninvested. Whenever the Trustee has not received written direction from the City and moneys in account created under this Appendix B are therefore uninvested, the Trustee shall invest the moneys in Government Obligations maturing the earlier of (1) the respective dates when the money held for the credit of such accounts will be required for the purposes intended or (2) 30 days after such investment. The Trustee may rely on the City's directions and is not responsible for any loss on the investment of moneys under this Appendix B made pursuant to the City's directions. The Trustee may make any and all investments permitted by this Section through its own bond or investment department unless otherwise directed in writing by the City.

The interest accruing on Investment Obligations in the subaccounts established hereunder and any profit or loss realized upon the disposition or maturity of such Investment Obligations shall be credited to or charged against the following Funds, accounts and subaccounts: interest and profit or loss resulting from each of the subaccounts established under Section 5.01 other than the Series 2007B Construction Account of the Construction Fund shall be credited to or charged against the Revenue Fund and interest and profit or loss resulting from the Series 2007B Construction Account of the Construction Fund shall be credited to or charged against that account.

Section 5.09 ***Payment of Principal, Interest and Premium and Pledge of Net Revenues.*** The City covenants that it will promptly pay the principal of and the interest on every 2007B Bond issued under this Appendix B at the places, on the dates and in the manner provided herein and in the 2007B Bonds, and any premium required for the retirement of the 2007B Bonds by purchase or redemption, according to the true intent and meaning thereof. The City represents and covenants that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the 2007B Bonds authorized hereby and to pledge the Net Revenues in the manner and to the extent herein and in the Bond Order set forth; that all action on its part for the issuance of the 2007B Bonds initially issued hereunder

has been duly and effectively taken; and that such 2007B Bonds in the hands of the Owners thereof are and will be valid and binding special obligations of the City according to their terms.

Except to the extent of a lien on Net Revenues from the Airport, the 2007B Bonds are not payable from the general funds of the City and do not constitute a legal or equitable pledge, lien or encumbrance on any of the properties of the City or on any of its income, receipts or revenues, except as provided in the Series Resolution, this Appendix B and the Bond Order, and neither the credit nor the taxing power of the City are pledged for the payment of the 2007B Bonds, or the City's obligations to comply with any covenant or agreement under the Series Resolution or any other agreement entered into by the City pursuant to its authority.

Section 5.10 ***Bond Purchase Fund.***

(a) There is hereby created with respect to the 2007B Bonds a fund to be held by the Tender Agent and designated as the "*Bond Purchase Fund.*" The following Accounts for 2007B Bonds that are 2007B Bonds shall be established within the Bond Purchase Fund: (1) the 2007B Purchase Account; and (2) the 2007B General Account. The Bond Purchase Fund is not subject to the pledge contained in the Bond Order. Amounts on deposit in the Bond Purchase Fund shall not be commingled with the amounts held in any other Fund or Account under the Bond Order.

(b) All drawings on the Credit Facility to pay the purchase price of 2007B Bonds shall be deposited in the 2007B Purchase Account and used only for the payment of the purchase price of Outstanding 2007B Bonds in the manner and at the times specified in Section 3.03. Any proceeds of any such drawing remaining in the 2007B Purchase Account after payment of the purchase price of the 2007B Bonds to be purchased shall be returned to the Credit Provider before the close of business on the date of such drawing.

(c) All amounts received by the Tender Agent from the Remarketing Agent representing the purchase price of 2007B Bonds remarketed by the Remarketing Agent shall be deposited in the 2007B General Account and shall be used only for payments of the purchase price of the 2007B Bonds so remarketed as provided in Section 3.03 or to reimburse the Credit Provider for 2007B Bonds purchased as a result of a draw under the Credit Facility and remarketed.

(d) No moneys provided by the City shall be accepted for deposit to the credit of the Bond Purchase Fund, nor shall any such moneys if deposited by mistake or otherwise, be used for the purchase of 2007B Bonds tendered or deemed tendered for purchase pursuant to the terms of Article III. Moneys in the Bond Purchase Fund shall be held uninvested and without liability for interest thereon.

[End of Article V]

ARTICLE 6

AUCTION AGENT; BROKER-DEALERS

Section 6.01 *Appointment of Auction Agent.*

(a) At such times as the 2007B Bonds are converted to ARS Rate Bonds, the Trustee, as agent for the Beneficial Owners of the ARS Rate Bonds, is hereby directed to enter into the Auction Agent Agreement with the Auction Agent designated by the City and approved by the Broker-Dealer if the Interest Rate on the 2007B Bonds is converted to an ARS Rate. Any Substitute Auction Agent shall be (1) subject to the written approval of the Broker-Dealer, (2) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, New York, or such other location as approved by the Trustee in writing and having a combined capital stock or surplus of at least \$100,000,000, or (3) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$100,000,000, and, in either case, authorized by law to perform all the duties imposed on it hereunder and under the Auction Agent Agreement. The Auction Agent may at any time resign and be discharged of the duties and obligations created by this Appendix B by giving at least 90 days notice to the Trustee, the City, and the Broker-Dealer (or such other notice period as may be set forth in the Auction Agreement). The Auction Agent may be removed at any time by the Trustee, on the written direction of (1) the City or (2) the Beneficial Owners of two-thirds of the aggregate principal amount of the ARS Rate Bonds then outstanding, by an instrument signed by such Beneficial Owners or their attorneys and filed with the Auction Agent and the Trustee on at least 30 days notice (or such other notice period as may be set forth in the Auction Agreement). Neither resignation nor removal of the Auction Agent pursuant to the preceding two sentences shall be effective until and unless a Substitute Auction Agent has been appointed and has accepted such appointment. Notwithstanding the foregoing, the Auction Agent may terminate the Auction Agreement if, within 45 days (or such other period as may be set forth in the Auction Agreement), after notifying the Trustee and the City in writing that it has not received payment of any fees due it in accordance with the terms of the Auction Agreement, the Auction Agent does not receive such payment. The Trustee shall not be liable for any action taken, suffered or omitted by the Auction Agent.

(b) If the Auction Agent shall resign or be removed or be dissolved, or if the property or affairs of the Auction Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Trustee, at the direction of the City, shall use its best efforts to appoint a Substitute Auction Agent.

(c) The Auction Agent is acting as agent for the Trustee in connection with Auctions. In the absence of bad faith, negligent failure to act or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or any error of judgment made by it in the performance of its duties under the Auction Agreement and shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining or failing to ascertain the pertinent facts.

(d) The Auction Agent may be removed at any time, at the request of the City for any breach of its obligations hereunder or under the Auction Agent Agreement.

Section 6.02 *Broker-Dealers.*

(a) At such times as the 2007B Bonds are converted to ARS Rate Bonds, the Auction Agent will enter into a Broker-Dealer Agreement with the Broker-Dealer designated by the City specified in the 2007B Bond. The City may, from time to time, approve one or more additional Persons to serve as Broker-Dealers under Broker-Dealer Agreements, and shall be responsible for providing such Broker-Dealer Agreements to the Trustee and the Auction Agent.

(b) Any Broker Dealer may be removed at any time, at the request of the City for any breach of its obligations hereunder or under a Broker-Dealer Agreement; provided, that at least one Broker-Dealer Agreement must be in effect immediately following such removal.

[End of Article VI]

ARTICLE 7

TENDER AGENT

Section 7.01 *Tender Agent; Appointment and Acceptance of Duties.*

(a) The Trustee shall serve as the initial Tender Agent for the 2007B Bonds, and may at any time or from time to time appoint one or more other Tender Agents having the qualifications set forth in Section 7.04 for a successor Tender Agent. One or more Tender Agent(s) may be appointed by the City to the extent necessary to effectuate the rights of the Owners to tender 2007B Bonds for purchase.

(b) Each Tender Agent shall signify its acceptance of the duties and obligations imposed on it by this Appendix B by executing and delivering to the City, the Trustee, the Credit Provider and the Remarketing Agent a written acceptance thereof.

(c) Unless otherwise provided, the principal corporate trust offices of the Tender Agents are designated as the respective offices or agencies of the City for the payment of the purchase price of tendered 2007B Bonds.

Section 7.02 *Tender Agent; General Responsibilities.*

(a) The Tender Agent shall perform the duties and obligations set forth in this Appendix B and in particular shall:

(1) hold all 2007B Bonds delivered to it for purchase hereunder in trust as bailee of, and for the benefit of, the respective Owners who have so delivered such 2007B Bonds, until moneys representing the purchase price of such 2007B Bonds have been delivered to or for the account of or to the order of such Owners;

(2) hold all moneys delivered to it hereunder for the purchase of 2007B Bonds in trust as bailee of, and for the benefit of, the person who has so delivered such moneys, until the 2007B Bonds purchased with such moneys have been delivered to or for the account of such person;

(3) hold all Bank Bonds and deliver such Bank Bonds to the Credit Provider or transfer or pledge 2007B Bonds as directed by the Credit Provider or as set forth in the Reimbursement Agreement; and

(4) keep such books and records as are consistent with prudent industry practice and make such books and records available for inspection by the City, the Trustee, the Credit Provider and the Remarketing Agent at all reasonable times.

(b) In addition, the following conditions apply to the performance of the Tender Agent's duties hereunder:

(1) The duties and obligations of the Tender Agent are to be determined solely by the express provisions of this Appendix B, and no implied duties or obligations or covenants on the part of the Tender Agent are to be read into this Appendix B.

(2) The Tender Agent may, in the absence of negligence or bad faith on its part, rely on any document furnished to it and believed by it to be genuine and to have been signed, acknowledged or presented by the proper party or parties, and it is not answerable for any action taken in good faith on the basis thereof. The Tender Agent is not liable for any error of judgment made in good faith by a responsible officer, agent or employee of the Tender Agent unless the Tender Agent was negligent in ascertaining the pertinent facts.

(3) The Tender Agent may consult with counsel satisfactory to it, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or thing suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(4) The Tender Agent may become the owner of, or acquire any interest in, any obligations of the City (including, without limitation, the 2007B Bonds or any other Bonds or obligations of the City) with the same rights that it would have if it were not the Tender Agent hereunder; and it may engage in, or be interested in, any financial or other transaction with the City, and may act for, or as depository, trustee or agent for, any holders of any obligations of the City, or any committee or body of such holders, as freely as if it were not the Tender Agent hereunder.

(5) Anything herein to the contrary notwithstanding, the Tender Agent has no liability hereunder for any act or omission except as results from its negligence or bad faith.

(6) Except with respect to any responsibilities the Tender Agent may have under this Appendix B to demand payment under the Credit Facility, pay principal or interest on the 2007B Bonds or cause a mandatory tender or redemption of the 2007B Bonds, the Tender Agent may require that it be furnished an indemnity bond satisfactory to it for the reimbursement to it of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the negligence or willful default of the Tender Agent, by reason of any action so taken by the Tender Agent.

(c) In performing its duties hereunder, the Tender Agent shall be entitled to all of the rights, protections and immunities accorded to the Trustee as a Fiduciary under the terms of Article IX of the Bond Order.

(d) The City shall cooperate to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified herein will be made available for the purchase of 2007B Bonds presented at the designated office of the Tender Agent, and to otherwise enable the Tender Agent to carry out its duties under this Appendix B.

(e) The Tender Agent shall cooperate with the Remarketing Agent to the extent necessary to permit the preparation, execution, issuance and authentication of replacement 2007B Bonds in connection with the tender and remarketing of 2007B Bonds under this Appendix B.

Section 7.03 *Tender Agent; Procedures for Tendering 2007B Bonds.*

(a) The Tender Agent shall promptly return any Tender Notice (together with any 2007B Bonds submitted in connection therewith) that is incomplete or improperly completed or not delivered in a timely fashion to the person submitting the notice on surrender of the receipt, if any, issued therefor.

(b) The Tender Agent's determination of whether a Tender Notice is properly completed or delivered on a timely basis is binding on the City, the Trustee and the Owner of the 2007B Bonds submitted therewith.

(c) The Tender Agent shall comply fully with the notice and other requirements described in Articles III and IV.

Section 7.04 ***Resignation or Removal of Tender Agent and Appointment of Successor.***

(a) Any Tender Agent may at any time resign and be discharged of the duties and obligations created by this Appendix B by giving at least 60 days written notice to the City, the Credit Provider, the Remarketing Agent and the Trustee, provided that any such resignation is effective only on the appointment of, and acceptance of such appointment by, a successor Tender Agent (which may be the Trustee), as the case may be. Any Tender Agent may be removed at any time by an instrument filed with such Tender Agent and the Trustee and signed by an Authorized Officer, provided that any such removal is effective only on the appointment of, and acceptance of such appointment by, a successor Tender Agent (which may be the Trustee), as the case may be. The City agrees that on the resignation of the Tender Agent, it will act expeditiously and use its best efforts to appoint a successor Tender Agent, such successor Tender Agent to be a commercial bank with trust powers or a trust company organized under the laws of any state of the United States, having capital stock and surplus aggregating at least \$100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed on it by this Appendix B; provided, however, that if no appointment of a successor Tender Agent is made within 45 days after written notice of resignation of such office is given to the City, the Tender Agent, as applicable, or the Trustee or the Owner of any 2007B Bond may apply to any court of competent jurisdiction to appoint a successor Tender Agent.

(b) If any Tender Agent resigns or is removed, such Tender Agent shall pay over, assign and deliver any moneys, 2007B Bonds, including authenticated 2007B Bonds, and other instruments, including the Credit Facility, held by it to its successor.

(c) Notwithstanding any other provision of this Appendix B to the contrary, the duties of the Tender Agent terminate with respect to Multi-Modal Bonds on conversion of all of the Outstanding 2007B Bonds to a Fixed Rate or during an ARS Rate Period.

[End of Article VII]

ARTICLE 8

THE REMARKETING AGENT

Section 8.01 ***The Remarketing Agent.*** The City hereby appoints UBS Securities LLC as Remarketing Agent for the 2007B Bonds. The Remarketing Agent is authorized by law to perform all of the duties imposed on it by this Appendix B. The Remarketing Agent or any successor shall signify its acceptance of the duties and obligations imposed on it under this Appendix B by executing the Remarketing Agreement under which the Remarketing Agent will agree to:

- (a) determine (which shall include inquiries of market sources as necessary to accurately ascertain the then-prevailing market conditions for the 2007B Bonds) each Weekly Rate, each Term Rate and each Fixed Rate and give notice of such rates as set forth in Article II;
- (b) keep such books and records with respect to the remarketing of the 2007B Bonds as are consistent with prudent industry practice; and
- (c) use its best efforts to remarket the 2007B Bonds and Bank Bonds in accordance with this Appendix B and the Remarketing Agreement.

Section 8.02 ***Removal or Resignation of Remarketing Agent.*** Subject to the provisions of the Remarketing Agreement, the Remarketing Agent may be removed at any time with or without cause by an instrument filed with the Remarketing Agent and the Trustee and signed by a City Representative. The City may appoint a successor Remarketing Agent, and each successor Remarketing Agent shall at all times be either a member of the National Association of Securities Dealers, Inc. or registered as a dealer of municipal securities under the Securities Exchange Act of 1934, as amended, and having net capital of at least \$50,000,000. Subject to the provisions of the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Appendix B by giving at least 60 days written notice to the City, the Credit Provider, the Trustee and the Tender Agent. Resignation or removal of the Remarketing Agent shall take effect only on the appointment by the City of a successor Remarketing Agent and such successor Remarketing Agent has delivered an acceptance of its appointment to the Trustee. The Trustee shall promptly give written notice to the 2007B Bondholders of any removal or resignation of the Remarketing Agent.

Section 8.03 ***Successor Remarketing Agents.*** Any corporation, association, partnership or firm which succeeds to the business of the Remarketing Agent as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, is thereby vested with all the property, rights and powers of the Remarketing Agent under this Appendix B.

Section 8.04 ***Modification of Remarketing Agent's Duties.*** Modifications may be made to the provisions hereof regarding the duties and responsibilities of the Remarketing Agent, the dates and times at which interest rates are to be determined and the tender for purchase and notices of tenders, provided that the prior consent of the Remarketing Agent is obtained in writing and that:

- (a) any such modification is subject to the prior written consent of the Credit Provider (which consents shall not be unreasonably withheld);
- (b) the effective date for any such modification, as it affects the 2007B Bonds, is a Business Day which occurs not less than 35 days following the mailing by the

Trustee to all 2007B Bondholders of a notice setting forth the nature of the modifications and specifying the effective date thereof; and

(c) if directed by the City, replacement 2007B Bonds reflecting the modification are to be prepared prior to the effective date thereof and such replacement 2007B Bonds are to be delivered in connection with all transfers (including transfers on tender) and exchanges made on or after the effective date of the modification.

[End of Article VIII]

ARTICLE 9

THE CREDIT FACILITY

Section 9.01 **Credit Facility.** The Tender Agent or, if the Credit Facility is a Letter of Credit, the Trustee shall draw on the Credit Facility in accordance with the provisions of the Credit Facility to ensure (1) if the Credit Facility is a Letter of Credit, timely payments of principal, premium, if any (if such Credit Facility provides for payment of such premium), and interest on the 2007B Bonds, and (2) in order to effect the timely payment of the purchase price of tendered 2007B Bonds and deposit the proceeds of such drawing in the 2007B Purchase Account. The Tender Agent shall promptly provide notice to the Trustee of any failure to pay principal of, premium, if any, or interest on the Bonds. The Tender Agent shall promptly provide notice to the Trustee of any failure to pay principal of, premium, if any, or interest on the Bonds or the Purchase Price thereof.

The Tender Agent shall notify the City, the Paying Agent and the Credit Provider (which notice is to be in addition to any notices required to be given to the Credit Provider pursuant to the Reimbursement Agreement) by telephone, promptly confirmed in writing, of the amounts to be drawn, as soon as practicable, but in any event, at least one day prior to such draw on the Credit Facility.

No 2007B Bonds held for the account of the City, any affiliate thereof, or for the account of the Credit Provider are entitled to the benefit of the Credit Facility, and the Credit Facility is not to be drawn on for the benefit of any such 2007B Bonds. If at any time during the term of the Credit Facility any successor Tender Agent is appointed and qualified under this Appendix B, the resigning Tender Agent shall request that the Credit Provider transfer the Credit Facility to said successor Tender Agent. If the resigning Tender Agent fails to make this request, the successor Tender Agent shall do so before accepting appointment. When the Credit Facility terminates or expires in accordance with its terms, the Tender Agent (or successor Tender Agent) which is holding the Credit Facility shall immediately surrender it to the Credit Provider.

Notwithstanding anything contained in this Appendix B, the Tender Agent or Trustee shall not seek to be paid from proceeds of the Credit Facility or remarketing proceeds for any of its fees and expenses as Tender Agent or Trustee, as applicable, but will look solely to the City for payment of such obligations.

Section 9.02 **Release of Credit Facility.** The Tender Agent shall not release, amend or waive the right to draw under any then-existing Credit Facility with respect to 2007B Bonds subject to purchase under such Credit Facility, unless and until (1) an Alternate Credit Facility has been provided or if the principal amount of 2007B Bonds Outstanding has been reduced and the release is in exchange for a Credit Facility substantially the same as that released, but in a stated amount reflecting said lesser principal amount, or (2) all of the 2007B Bonds have been converted to a Fixed Rate Period or to an ARS Rate Period and the City directs such a release, and (3) in any case, a drawing has been made and honored under the then-existing Credit Facility to the extent required to pay the purchase price of 2007B Bonds then subject to mandatory tender for purchase.

Section 9.03 **Reduction or Termination of Credit Facility.** The City shall, in accordance with the applicable provisions of the Credit Facility, take such action or cause such action to be taken (including filing of certificates of reduction) as shall be required to reduce the amounts available for drawing thereunder in respect of principal of and interest on the 2007B Bonds to reflect any permanent reduction in the amount of 2007B Bonds Outstanding; provided, however, that the amount available to be drawn under the Credit Facility shall at all times be equal to the principal amount of the Outstanding

2007B Bonds with respect to which such Credit Facility was issued and the interest thereon referenced in such Credit Facility with respect to such reduced principal amount of 2007B Bonds Outstanding calculated at the Maximum Rate on such 2007B Bonds.

Section 9.04 ***Amendment of Credit Facility.*** The City through the Bond Registrar shall notify the 2007B Bondholders, the Tender Agent, the Remarketing Agent, the LGC, the Trustee and each Rating Agency of any proposed amendment of the Credit Facility, which would adversely affect the interests of the 2007B Bondholders or the Tender Agent, and may consent thereto on receipt of the consent of the Owners of all 2007B Bonds then Outstanding which would be so affected by the action proposed to be taken; provided, that the City shall not, without the consent of the registered Owners of all 2007B Bonds the Outstanding which would be so affected by the action proposed to be taken, consent to any amendment which would (a) decrease the amount of the Credit Facility, or (b) reduce the term of the Credit Facility, and provided further, however, that any change in the principal and interest amount of 2007B Bonds subject to the Credit Facility shall be effective only on receipt by the City of a Rating Confirmation Notice from each Rating Agency. The City is not required to notify 2007B Bondholders, or cause 2007B Bondholders to be notified, or obtain their consent for any proposed amendment to the Credit Facility or Reimbursement Agreement which would not adversely affect their interests, including any extension of the Credit Facility and any change in the fees payable by the City pursuant to the Reimbursement Agreement. Notwithstanding anything else provided herein, an amendment of this Appendix B altering the rights and duties of the Credit Provider under this Appendix B shall require the prior written consent of the Credit Provider. The City further agrees that it will not amend the Credit Facility or Reimbursement Agreement without the consent of the LGC or in any manner which would adversely affect the interests of the Tender Agent without the prior written consent of the Tender Agent.

Section 9.05 ***References to Credit Provider.*** Any provision of this Appendix B regarding the consent of, or mandating the direction of action by, the Credit Provider is, except as expressly provided, ineffective if (1) the Credit Facility issued thereby is no longer in effect and no amount is due and owing under such Credit Facility or (2) the Credit Provider has wrongfully failed to honor a proper draw under the Credit Facility.

[End of Article IX]

ARTICLE 10

SUPPLEMENTAL SERIES RESOLUTION

Section 10.01 *Supplemental Series Resolutions Without Consent of Owners.* The City may, from time to time and at any time, adopt such resolutions supplemental hereto as are consistent with the terms and provisions of this Appendix B and, in the opinion of the Trustee, do not affect adversely the interest of the Owners including, without limitation:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Appendix B that shall be consistent with the provisions of this Appendix B, or

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

(c) to add to the covenants and agreements of the City in this Appendix B other covenants and agreements thereafter to be observed by the City or to surrender any right or power herein reserved to or conferred upon the City, in each instance, only with the consent of the LGC, or

(d) to permit the qualification of this Appendix B under any federal statute now or hereafter in effect or under any state Blue Sky law, or

(e) to provide for the issuance of any Series of the 2007B Bonds in bearer form, or

(f) to make modifications in the provisions for the issuance of any Series of the 2007B Bonds under a book-entry system, or

(g) to obtain a rating on the 2007B Bonds from a national rating service.

Section 10.02 *Modification of Series Resolution with Consent of Owners.* Subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than 51% in aggregate principal amount of the 2007B Bonds then Outstanding have the right, from time to time anything contained in this Appendix B to the contrary notwithstanding, to consent to and approve the adoption by the City and the acceptance by the Trustee of such series resolution supplemental hereto as are necessary or considered desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Appendix B or in any supplemental series resolution; but nothing herein contained permits, or may be construed as permitting (a) an extension of the maturity of the principal of or the interest on any 2007B Bond or (b) a reduction in the principal amount of any 2007B Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a pledge of Net Revenues other than any pledge created or permitted by the Bond Order or the Series Resolution, or (d) a preference or priority of any 2007B Bond over any other 2007B Bond, or (e) a reduction in the aggregate principal amount of 2007B Bonds required for consent to such supplemental series resolution. Nothing herein contained, however, may be construed as making necessary the approval by the Owners of the adoption and acceptance of any supplemental series resolution as authorized in Section 10.01.

The Trustee shall, at the expense of the City, such expense to be paid solely from the Operating Fund or from any other available moneys, cause notice of the proposed adoption of such supplemental series resolution to be mailed, postage prepaid, the LGC, the Credit Provider and all Owners. Such notice shall briefly set forth the nature of the proposed supplemental series resolution and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Owners. The Trustee is not, however, subject to any liability to any Owner by reason of its failure to mail the notice required by this Section, and any such failure will not affect the validity of such supplemental series resolution when approved and consented to as provided in this Section.

Whenever the City delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than 51% in aggregate principal amount of 2007B Bonds then Outstanding that are affected by a proposed supplemental series resolution, which instrument or instruments shall refer to the proposed supplemental series resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, then the City may adopt such supplemental series resolution in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

If the Owners of not less than 51% in aggregate principal amount of the 2007B Bonds Outstanding have consented to and approved the adoption thereof as herein provided, to the extent permitted by law, no Owner has any right to object to the adoption of such supplemental series resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

On the adoption of any supplemental series resolution pursuant to the provisions of this Section or Section 10.01, this Appendix B shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Appendix B, the Trustee and all Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Appendix B as so modified and amended.

Section 10.03 ***2007B Bonds Affected.*** For purposes of this Appendix B, 2007B Bonds shall be deemed to be "affected" by a supplemental series resolution if the same adversely affects or diminishes the rights of Owners against the City or the rights of the Owners in the security for such 2007B Bonds. The Trustee may in its discretion determine whether any 2007B Bonds would be affected by any supplemental series resolution and any such determinations is conclusive on the Owners of all 2007B Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee is not liable for any such determination made in good faith.

Section 10.04 ***Exclusion of 2007B Bonds.*** 2007B Bonds owned or held by or for the account of the City shall not be deemed Outstanding 2007B Bonds for the purpose of any consent or other action or any calculation of Outstanding 2007B Bonds provided for in this Article, and City as Owner of such 2007B Bonds is not entitled to 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 City shall furnish the Trustee certificates of the Finance Director, on which the Trustee may rely, describing all 2007B Bonds so to be excluded.

Section 10.05 ***Responsibilities of Trustee and City Under this Article.*** The Trustee and the City shall be entitled to exercise their discretion in determining whether or not any proposed supplemental series resolution or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the City, the rights and interests of the Owners, and the rights, obligations and interests of the Trustee. The Trustee is entitled to receive, and is fully protected in relying on, the

opinion of counsel approved by it, who may be bond counsel for the City, as conclusive evidence that any such proposed supplemental series resolution does or does not comply with the provisions of this Appendix B, and that it is or is not proper for it, under the provisions of this Article, to accept such supplemental series resolution.

Section 10.06 *Consent of the Credit Provider, Qualified Surety Bond Provider and LGC.*

(a) So long as the Credit Facility is in effect and the Credit Provider has not defaulted thereunder, (1) the consent of the Credit Provider will be required to amend, modify or supplement this Appendix B, and (2) the Credit Provider is deemed to be the sole Owner of the 2007B Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 2007B Bonds are entitled to take under the Bond Order or this Appendix B.

(b) Any provision of the Bond Order or this Appendix B expressly recognizing or granting rights in or to the Qualified Surety Bond Provider may not be amended in any manner which affects the rights of the Qualified Surety Bond Provider without the prior written consent of the Qualified Surety Bond Provider. The Qualified Surety Bond Provider reserves the right to charge the City a fee for any consent or amendment to the Bond Order or this Appendix B or related financing documents as long as the Qualified Surety Bond is outstanding. Unless otherwise provided in this Section, the Qualified Surety Bond Provider's consent is required in addition to Owner consent, when required, for the following purposes: (1) execution and delivery of any supplemental resolution or any amendment, supplement or change to or modification of the Bond Order, or this Appendix B; (2) removal of the Trustee and selection and appointment of any successor trustee; and (3) initiation or approval of any action not described in (1) or (2) above which requires Owner consent.

(b) The consent of the LGC is required to amend, modify or supplement the provisions of Section 11.01(b) of this Appendix B or provisions relating to Authorized Denominations or the Maximum Rate.

[End of Article X]

ARTICLE 11

MISCELLANEOUS

Section 11.01 *Non-Presentation of 2007B Bonds.*

(a) If any 2007B Bond is not presented for payment when the principal thereof becomes due, either at maturity or otherwise, if moneys sufficient to pay such 2007B Bond have been deposited with the Trustee, the Trustee shall hold such moneys, without liability to the City, any Bondholder or any other person for interest thereon, for the benefit of the Owner of such 2007B Bond.

(b) Any moneys so deposited with and held by the Trustee, due to non-presentation of 2007B Bonds, must be retained and applied by the Trustee in accordance with Section 806 of the Bond Order. Any money that is so set aside or transferred and that remains unclaimed by the Owners for a period of five and one-half years after such payment has become due and payable will be treated as abandoned property under N.C.G.S. § 116B-53, and the Trustee or Tender Agent will report and remit this property to the Escheat Fund according to the requirements of N.C.G.S. § 116B. Thereafter, the Owners may look only to the Escheat Fund for payment and then only to the extent of the amounts so received without any interest thereon, and the City and the Trustee or Tender Agent will have no responsibility with respect to such money.

Section 11.02 *Notices.* The Trustee shall mail notice to each Rating Agency then rating the 2007B Bonds of the occurrence of any of the following events of which it has actual knowledge or has been informed: (1) any amendment or supplement to the Bond Order, the Policy or the Series Resolution; (2) any redemption of Outstanding 2007B Bonds; or (3) any expiration, termination, substitution or renewal of the Credit Facility. All notices required or authorized to be given to the City, the Trustee, the Bond Registrar, the Paying Agent, the Auction Agent, the Broker-Dealer, the Tender Agent, the Remarketing Agent, the Credit Provider, the Qualified Surety Bond Provider and the Rating Agencies pursuant to this Appendix B must be in writing and must be sent by registered or certified mail, postage redeemed, recognized private carrier, with delivery charges redeemed and acknowledgement of delivery, or by Electronic Means, to the following addresses:

If to the City:

City of Charlotte
600 East Fourth Street
Charlotte, North Carolina 28202
Attention: Director of Finance

If to the Trustee:

U.S. Bank National Association
214 N. Tryon Street, 27th Floor
Charlotte, North Carolina 28202
Attention: Corporate Trust Services
Telephone: (704) 335-4559
Facsimile: (704) 335-4676

If to Qualified Surety Bond Provider:

Ambac Assurance Corporation
One State Street Plaza
19th Floor
New York, New York 10004
Attn: Surveillance Department
Telephone: (212) 668-0340

If to Moody's:

Moody's Investors Service
99 Church Street
New York, New York 10003
Attention: Public Finance Department Rating Desk

If to S&P:

Standard & Poor's Ratings Services,
a Division of The McGraw-Hill Companies, Inc.
55 Water Street, 38th Floor
New York, New York 10041
Attention: Public Finance Department
Email: pubfin_structured@sandp.com

If to Fitch Ratings:

Fitch, Inc.
One State Street Plaza
New York, New York 10004
Attn: Municipal Finance Department
Telephone: (212) 908-0500
Fax: (212) 480-4421

If to the Auction Agent, at the address therefor indicated in the Auction Agent Agreement.

If to the Broker-Dealer, at the address therefor indicated in the Broker-Dealer Agreement.

If to the Tender Agent, at the address therefor indicated at the time of the appointment thereof.

If to the Remarketing Agent, at the address therefor indicated in the Remarketing Agreement.

If to the Credit Provider, at the address therefor indicated in the Reimbursement Agreement.

or to such other addresses as may from time to time be furnished to the parties, effective on the receipt of notice thereof given as set forth above.

Notwithstanding any contrary provision contained herein, the City shall notify the Rating Agencies and the LGC of (1) any extension, expiration or termination of the Reimbursement Agreement or effectiveness of an Alternate Credit Facility, (2) any redemption of any of the 2007B Bonds (other than pursuant to mandatory sinking fund provisions) or defeasance or mandatory tender of any 2007B Bonds, (3) any conversion of the Interest Rate Period, (4) any change in the identity of the Remarketing Agent, the Tender Agent, the Trustee or the Paying Agent and (5) any amendment to the Bond Order, the Series Resolution, the 2007B Bonds, the Reimbursement Agreement, the Credit Facility, the Remarketing Agreement, the Auction Agent Agreement, or the Broker-Dealer Agreement.

Section 11.03 **Several Capacities.** Anything in this Appendix B to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Tender Agent, the Credit Provider and the Remarketing Agent and in any other combination of such capacities, to the extent permitted by law; *provided, however*, that the following conditions and requirements apply whenever the same entity simultaneously acts as the Trustee and the Credit Provider (the "*Trustee/Credit Provider Institution*"):

(a) Promptly after and as of June 30 of each year, the Trustee/Credit Provider Institution shall provide to the Local Government Commission of the State of North Carolina (the "*LGC*") the following:

(1) A certification that the procedures and controls the Trustee/Credit Provider Institution maintains are adequate to manage potential conflicts of interest; and

(2) A current listing of each North Carolina financing in which it is serving in a dual capacity and identifying such capacities.

(b) The Trustee/Credit Provider Institution must, within 60 days of receiving any sort of notice concerning any litigation pending or threatened against the Trustee/Credit Provider Institution in its capacity as Trustee, Credit Provider or both, for the 2007B Bonds, provide such notice and related documentation to the LGC. The Trustee/Credit Provider Institution also must notify the LGC immediately of any failure to perform or any default in its capacity as Credit Provider for the 2007B Bonds.

(c) In addition to the provisions of Section 803 of the Bond Order regarding removal of the Trustee, the LGC, in its sole discretion and at any time, has the power to remove or require the replacement of the Trustee by giving 30 days' written notice to the Trustee, the Credit Provider and the City; *provided, however*, that such removal will not be effective until the appointment of a successor Trustee as set forth in Section 803 of the Bond Order.

Section 11.04 **Headings.** Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, are solely for convenience of reference and does not constitute a part of this Appendix B or affect its meaning, construction or effect.

Section 11.05 **Application to Local Government Commission.** The City Council hereby ratifies and confirms its request to the LGC to sell the 2007B Bonds at private sale and without

advertisement in accordance with the provisions of Section 159-123 of the General Statutes of North Carolina.

Section 11.06 ***Approval of Amount of 2007B Bonds and Interest Rate.*** The Finance Director is hereby authorized and directed to approve the actual amount of the 2007B Bonds and each Sinking Fund Requirement for the 2007B Bonds to be issued under this Appendix B to the limits specified in Section 2.01.

Section 11.07 ***Approval of Official Statement and Other Documents.*** The City hereby approves and consents to the use and distribution of copies of the Official Statement, the Bond Order, the Series Resolution and this Appendix B by the Purchasers in connection with the public offering of the 2007B Bonds. Any of the Mayor, City Manager and Finance Director is hereby authorized and directed to complete, execute and deliver the Official Statement relating to the 2007B Bonds, the Credit Facility, the Purchase Contract and the Remarketing Agreement, in substantially the form of the drafts of each presented at this meeting, together with such changes, modifications, and deletions as the Finance Director, with the advice of counsel, may deem necessary and appropriate; such execution and delivery shall be conclusive evidence of the approval and authorization in all respects of the form and content thereof.

Section 11.08 ***Authorization for Other Acts.***

(a) The Finance Director and other officers, agents and employees of the City and the officers and agents of the Trustee are hereby authorized and directed to do all acts and things required of them by the provisions of the 2007B Bonds, the Bond Order, the Series Resolution, this Appendix B and the Purchase Contract for the full, punctual and complete performance of the terms, covenants, provisions and agreements of the same and also to do all acts and things required of them by the provisions of this Appendix B, including the advancement of any fees and expenses in connection with the transactions described therein with the expectation that such fees and expenses will be reimbursed to the City from 2007B Bond proceeds. Subject to Section 10.06, the Finance Director may make any change, amendment or other revisions to the Articles II, III and V of this Appendix B necessary to obtain a rating on the 2007B Bonds.

(b) The Mayor, the Finance Director, the Airport Manager, the Airport Attorney, the City Attorney, the City Clerk and any Deputy City Clerk, or any of them or their deputies, are further authorized and directed (without limitation except as may be expressly set forth herein) to employ and compensate advisers, bond counsel, counsel, and consultants, to take such action and to execute and deliver any such documents, deeds, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary and appropriate to effect the transactions contemplated by the Bond Order, the Series Resolution, this Appendix B and the Purchase Contract.

Section 11.09 ***Acceptance of Duties by Trustee as Paying Agent.*** The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Bond Order and the Series Resolution as Paying Agent hereunder by executing and delivering to the City and the Credit Provider a written acceptance thereof.

Section 11.10 ***Holidays.*** Except as otherwise provided herein, whenever any payment or action to be made or taken hereunder shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall be included in computing interest, if any, in connection with such payment or action.

Section 11.11 **Replacement of Bond Registrar or Paying Agent.** If the Bond Registrar or Paying Agent initially appointed under this Appendix B resigns (whether before or after the issuance of any 2007B Bonds), or if the Finance Director reasonably determines that the Bond Registrar or Paying Agent has become incapable of performing its duties hereunder, the City may, on notice mailed to each Owner of the 2007B Bonds, if any, at such Owner's address last shown on the registration records, appoint a successor Bond Registrar or Paying Agent which meets any requirement set forth in the Bond Order, including the prior approval by the LGC of a successor Bond Registrar. No resignation or dismissal of the Bond Registrar or Paying Agent may take effect until a successor is appointed. The same institution is not required to serve as both Bond Registrar and Paying Agent hereunder, but the City has the right to have the same institution serve as both Bond Registrar and Paying Agent hereunder. Whenever in this Appendix B the Bond Registrar or Paying Agent is named or referred to, such provision is deemed to include any successor of the Bond Registrar or Paying Agent, respectively.

Section 11.12 **Amendments to Bond Order Affecting Credit Provider.** Anything herein to the contrary notwithstanding, an amendment to the Bond Order or this Appendix B altering the rights and duties of the Credit Provider thereunder or hereunder or otherwise adversely affecting the Credit Provider requires the prior written consent of the Credit Provider.

Section 11.13 **Provisions Relating to LGC.** The provisions contained herein relating to any notice to, approval of or other action by the LGC may not be amended, modified or supplemented without the prior written consent of the LGC.

Section 11.14 **Notice and other Information to the Qualified Surety Bond Provider.**

(a) The City will send the following notices and information to the Qualified Surety Bond Provider at One State Street Plaza, New York, New York 10004, Attention: Surveillance Department:

- (1) as soon as practicable after the filing thereof, a copy of any financial statement of the City and a copy of any audit and annual report of the City;
- (2) such additional information as it may reasonably request;
- (3) a copy of any notice to be given to the Owners of the 2007B Bonds, including, without limitation, notice of any redemption of or defeasance of 2007B Bonds, and any certificate rendered pursuant to the Bond Order or this Appendix B relating to the security for the 2007B Bonds; and
- (4) a copy of all information or notices required to be provided or given by the City under the City's continuing disclosure obligation undertaken under Section 11.17.

(b) The following notices shall be sent to the Qualified Surety Bond Provider at One State Street Plaza, New York, New York 10004, Attention: General Counsel Office:

- (1) notification by the Trustee of any failure of which it has knowledge of the City to provide relevant notices or certificates; and

(2) notwithstanding any other provision of the Bond Order or this Appendix B, the Trustee or the City shall immediately notify the Qualified Surety Bond Provider if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately on the occurrence of any event of default under the Bond Order.

(c) The City will permit the Qualified Surety Bond Provider to discuss the affairs, finances and accounts of the City or any information the Qualified Surety Bond Provider may reasonably request regarding the security for the 2007B Bonds with appropriate officers of the City. The Trustee or the City will permit the Qualified Surety Bond Provider to have access to the projects being financed with the proceeds of the 2007B Bonds and have access to and make copies of all books and records relating to the 2007B Bonds at any reasonable time.

Section 11.15 ***Acceptance and Execution of Purchase Contract; Approval of Award.*** The Purchase Contract providing for the sale of the 2007B Bonds authorized hereunder in substantially the form presented at this meeting is hereby approved and accepted by the City; the award of the 2007B Bonds by the LGC to the Purchasers as underwriters for the 2007B Bonds; and the Mayor or City Manager, or other appropriate officials of the City hereby are authorized and directed to approve additional Purchasers at any time and to execute the Purchase Contract on the behalf and in the name of the City at such time as may be determined by the Mayor, City Manager or Finance Director, and so to enter into the Purchase Contract as provided in such agreement, with such changes, variations, omissions and insertions as any official executing such document shall approve. The execution thereof by such officials constitutes conclusive evidence of such approval.

Section 11.16 ***Selection of Broker-Dealer and Auction Agent.*** The City, having considered the recommendations of the Finance Director, hereby (1) finds that the firm of UBS Securities LLC possess the expertise necessary to perform services required as Broker-Dealer and Auction Agent to the City in connection with the 2007B Bonds and has adequately provided in similar financial transactions, services of a nature and sophistication comparable to those required for the issue and sale of the 2007B Bonds, and (2) approves the retention of, and contract with, such firm as Broker-Dealer and Auction Agent in connection with the 2007B Bonds and this Appendix B.

Section 11.17 ***Continuing Disclosure.*** The City agrees, in accordance with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") and for the benefit of the registered owners and beneficial owners of the 2007B Bonds, as follows:

(1) by not later than seven months after the end of each Fiscal Year to provide to each nationally recognized municipal securities repository ("NRMSIR") and to the state information depository ("SID"), if any, for the State, in each case as designated by the SEC, the audited financial statements of the City for such Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the City for such Fiscal Year to be replaced subsequently by audited financial statements of the City to be delivered within 15 days after such audited financial statements become available for distribution;

(2) by not later than seven months after the end of each Fiscal Year to provide to each NRMSIR and to the SID, if any, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the captions in the Official Statement dated on or about August __, 2007 relating to the 2007B Bonds (the "Official

Statement") identified in the Purchase Contract to the extent such items are not included in the financial statements referred to in paragraph (1) above;

(3) in a timely manner to each NRMSIR or to the Municipal Securities Rulemaking Board (the "*MSRB*"), and to the SID, if any, notice of any of the following events with respect to the 2007B Bonds, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (e) substitution of any credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the 2007B Bonds;
- (g) modification to the rights of the beneficial owners of the 2007B Bonds;
- (h) call of any of the 2007B Bonds for redemption, except mandatory sinking fund redemptions;
- (i) defeasance of any of the 2007B Bonds;
- (j) release, substitution or sale of any property securing repayment of the 2007B Bonds;
- (k) rating changes; and

(4) in a timely manner, to each NRMSIR or to the MSRB, and to the SID, if any, notice of a failure of the City to provide required annual financial information described in (1) or (2) above on or before the date specified.

The City agrees that its undertaking under this Section is intended to be for the benefit of the Owners and the beneficial owners of the 2007B Bonds and is enforceable by the Trustee or by any of them, including an action for specific performance of the City's obligations under this Article, but a failure to comply will not be an event of default under Section 802 of the Bond Order and will not result in acceleration of the payment of the 2007B Bonds. An action must be instituted, had and maintained in the manner provided in this paragraph for the benefit of all of the Owners and beneficial owners of the 2007B Bonds.

The City may modify from time to time, consistent with the Rule, the information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, but:

(1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City;

(2) the information to be provided, as modified, would have complied with the requirements of the Rule as of the date of the Official Statement, after taking into account any amendments or interpretations of the Rule as well as any changes in circumstances;

(3) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by the Trustee or Bond Counsel or by the approving vote of the Owners of a majority in principal amount of the 2007B Bonds pursuant to Section 6.02 of this Appendix B.

Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Article terminate on payment, or provision having been made for payment in a manner consistent with the Rule, in full of the principal of and interest on the 2007B Bonds.

The City may comply with the undertaking described above by transmitting the required filings and notices to DisclosureUSA in accordance with its rules and procedures so long as that method for discharging such undertaking satisfies the Rule.

[End of Article XI]

payable in such coin or currency of the United States of America as is legal tender for the payment of public and private debts to the Owners at the Principal Office of the Paying Agent in Charlotte, North Carolina on presentation and surrender of the 2007B Bonds.

THE 2007B BONDS ARE SPECIAL OBLIGATIONS OF THE CITY. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2007B BONDS ARE NOT PAYABLE FROM THE GENERAL FUNDS OF THE CITY, NOR DO THEY CONSTITUTE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN, OR ENCUMBRANCE UPON ANY OF ITS PROPERTY OR UPON ANY OF ITS INCOME, RECEIPTS, OR REVENUES EXCEPT THE FUNDS WHICH ARE PLEDGED UNDER THE BOND ORDER (HEREINAFTER DEFINED). NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR THE CITY ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2007B BONDS, AND NO OWNER OF THIS 2007B BOND HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER BY THE STATE OR THE CITY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT.

The 2007B Bonds shall be initially held by means of a book-entry system administered by the Securities Depository. On receipt of the documents referred to in the Appendix B to the Series Resolution, the Trustee shall authenticate one 2007B Bond registered in the name of the Securities Depository Nominee, and issue such 2007B Bond to the Securities Depository to be immobilized in its custody; provided that if The Depository Trust Company, New York, New York ("*DTC*") is acting as Securities Depository, such 2007B Bond shall be issued to Cede & Co. to be immobilized in its custody pursuant to the rules and procedures of DTC. Thereafter, in the event that 2007B Bonds are issued to the Owners thereof in bond (physical) form, the Trustee will authenticate and deliver to the Owners new 2007B Bonds in the principal amount equal to the aggregate principal amount of 2007B Bonds then Outstanding (less the principal amount of the 2007B Bonds not held by means of a book-entry system), registered in the name of the Owners, in exchange for the 2007B Bond then held by the Securities Depository and the Securities Depository shall surrender such 2007B Bond then held by it to the Trustee for cancellation and destruction in accordance with the terms of the Bond Order.

If any 2007B Bonds are held by means of a book-entry system, such book-entry system will evidence beneficial ownership of the 2007B Bonds so held (or, as applicable, positions held by the Securities Depository's Participants, beneficial ownership being evidenced in the records of such Participants) in Authorized Denominations. Registration and transfers of ownership shall be effected on the records of the Securities Depository (and, as applicable, its Participants) pursuant to rules and procedures established by the Securities Depository, and the Registrar will provide the Securities Depository with all information required for such purposes. The City, the Trustee, the Paying Agent and the Registrar will recognize the Securities Depository Nominee, while the registered owner of the 2007B Bonds so held, as the Owner of the 2007B Bonds for all purposes, including (i) payments of principal and Purchase Price of, and interest on, the 2007B Bonds, (ii) notices and (iii) voting. Transfer of principal, interest and Purchase Price payments to beneficial owners of the 2007B Bonds so held will be the responsibility of the Securities Depository (or, as applicable, its Participants and other nominees of such beneficial owners). The City, the Trustee, the Paying Agent and the Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, the Securities Depository's Participants (if any) or persons acting through such Participants. While the Securities Depository Nominee is the owner of the 2007B Bonds so held, notwithstanding the provisions hereinabove contained, payments of principal and Purchase Price of and interest on such 2007B Bonds shall be made in accordance with the Letter of Representations.

If (1) DTC determines not to continue to act as securities depository for the 2007B Bonds or (2) the Trustee and the City determine to discontinue the book entry system in accordance with DTC's rules and the City fails to identify another qualified securities depository to replace DTC, the City will deliver fully registered definitive 2007B Bonds to DTC.

This Bond is one of an issue of Bonds designated "*City of Charlotte, North Carolina Variable Rate Airport Revenue Bonds, Series 2007B*" (the "*2007B Bonds*") issued under a bond order adopted by the City Council of the City (the "*City Council*") on November 18, 1985, which the City Council supplemented and amended on June 8, 1992 and August 23, 2004 (the "*Bond Order*") and a resolution adopted by the City Council on July 23, 2007 (the "*Series Resolution*"). Unless the context indicates otherwise, all capitalized, undefined terms used herein have the meanings ascribed to them in the Bond Order, the Series Resolution, or the Appendix B attached to, and incorporated in, the Series Resolution (the "*Appendix B*"). Simultaneously with the issuance of the 2007B Bonds, the City will issue its Airport Revenue and Refunding Revenue Bonds, Series 2007A (the "*2007A Bonds*"), under the Bond Order. Under the Bond Order, the City has previously issued its \$107,900,000 Variable Rate Airport Refunding Revenue Bonds, Series 1993A (the "*1993A Bonds*") of which \$71,900,000 remain outstanding, its \$70,295,000 Variable Rate Airport Refunding Revenue Bonds, Series 1997A (the "*1997A Bonds*") of which \$48,700,000 remain outstanding, its \$7,950,000 Fixed Rate Airport Revenue Bonds, Series 1999A (the "*1999A Bonds*") all of which remain outstanding, its \$80,200,000 Fixed Rate Airport Revenue Bonds, Series 1999B (the "*1999B Bonds*") of which \$75,630,000 remain outstanding, its \$88,805,000 Variable Rate Airport Revenue Bonds, Series 1999D (the "*1999D Bonds*" together with the 1999A Bonds and the 1999B Bonds, the "*1999 Bonds*") of which \$34,830,000 remain outstanding, its \$87,095,000 Airport Revenue Bonds, Series 2004A (the "*2004A Bonds*") all of which remain outstanding, its \$48,465,000 Airport Revenue Bonds, Series 2004B (the "*2004B Bonds*") all of which remain outstanding, its \$15,215,000 Taxable Airport Revenue Bonds, Series 2004C (the "*2004C Bonds*") of which \$10,790,000 remain outstanding, and its \$16,160,000 Variable Rated Demand Airport Revenue Bonds, Series 2004D (the "*2004D Bonds*" together with the 2004A Bonds, the 2004B Bonds and the 2004C Bonds, the "*2004 Bonds*") of which \$15,555,000 remain outstanding. The 2007 Bonds, the 2004 Bonds, the 1993A Bonds, the 1997A Bonds and any additional Bonds which may be issued under the Bond Order are parity obligations under the Bond Order.

The 2007 Bonds are being issued to pay a portion of the costs to (1) acquire, rehabilitate, renovate, expand and construct certain improvements to the Airport, consisting of the (a) construction of a new runway, (b) the construction of the East Parking Deck, (c) reconstruction of concourse restrooms, (d) replacement of terminal signage, and (e) acquisition of land for the Airport, (2) pay for other improvements at the Airport consistent with the Airport's mission (the "*2007 Improvements*"), pay the costs of issuance of the 2007 Bonds (as hereinafter defined), and to refund in advance of their maturities the City's Airport Revenue Bonds, Series 1999A maturing on July 1, 2029 (the "*Refunded Bonds*").

The 2007B Bonds, together with interest thereon, are special obligations of the City payable solely from Revenues after payment of the Current Expenses of the Airport and constitute a valid claim of the respective Owners thereof only against the funds and other moneys held by the Trustee for the benefit of the Owners of the 2007B Bonds, which amounts are pledged and assigned pursuant to the Bond Order for the equal and ratable payment of the 2007B Bonds and will be used for no other purpose than to pay the principal of, premium, if any, and interest on the 2007B Bonds, except as may be otherwise expressly authorized in the Bond Order and the Series Resolution.

As used herein, "*Revenues*" means (a) except to the extent hereinafter excluded, all payments, proceeds, fees, charges, rents and all other income derived by or for the City for the use of and for the services and facilities furnished by or from the operation or ownership of, the Airport and all other income derived by the City from the operation or ownership of the Airport and all rights to receive the same, whether in the form of accounts receivable, contract rights or other rights, and the proceeds of such rights whether now owned or held or hereafter coming into existence, (b) amounts which the City is authorized, but not obligated, to pay or transfer to the Revenue Fund to the extent of any such payments or transfers, including transfers from the Airport Discretionary Fund which amounts shall become Revenues only at the time of payment or transfer of the Revenue Fund, (c) amounts transferred from the

Rebate Account to the Revenue Fund following each Fiscal Year, and (d) any proceeds of business interruption insurance. Revenues does not include, unless paid or transferred pursuant to (b) above, (1) any gifts, grants, bequests, contributions or donations; (2) proceeds from the sale and disposition of all or any part of all or any part of the Airport; (3) reimbursements to the City of its advances to the Operating Fund specified in the series resolution relating to the Project Bonds; (4) investment income to the extent of amounts transferred from the Revenue Fund to the Rebate Account as of the last day of each Fiscal Year; (5) the investment income on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the City in any Funds and Accounts established by the Bond Order, but only to the extent such income and gains are not directed to the Revenue Fund as provided in the Bond Order or in any series resolution; (6) to the extent and for so long as such payments are pledged to secure the financing of the same, debt service from the financing of any facilities to which reference is made in the Bond Order, except to the extent otherwise provided by the City in respect of any such facilities; (7) any proceeds of Eminent Domain or insurance other than the business interruption insurance mentioned above; (8) the investment income on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the City in the fund in which Airport revenues relating to the period prior to the date of beneficial occupancy under certain 1978 airport agreements are held; (9) taxes collected at the Airport; (10) revenues described in clauses (a) and (c) above of Excluded Cost Centers; (11) the proceeds of any indebtedness; (12) payments made by the counterparty in connection with any interest rate exchange or swap agreement; and (13) PFC Revenues.

"Current Expenses" means (A) the City's cost of capital items (including the cost of capital leases) in an amount not to exceed in any Fiscal Year 15% of all current expenses as hereinafter determined and budgeted for such Fiscal Year, plus (B) the City's current expenses for the operation, maintenance and repair of the Airport as determined in accordance with generally accepted accounting principles, including, without limiting the generality of the foregoing: (a) all ordinary and usual expenses of operation, maintenance and repair, (b) administrative expenses, (c) salaries, (d) interest with respect to working capital loans, (e) payments to any retirement plan or plans properly chargeable to the Airport, (f) insurance expenses, (g) engineering expenses relating to the operation, maintenance or repair of the Airport, (h) fees and expenses of the Trustee, legal expenses, and fees of consultants, and (i) any other expenses required to be paid by the City under the Bond Order or by law. Current Expenses does not include (u) any reserves for extraordinary replacements or repairs, (v) any allowance for depreciation, (w) any interest other than as provided in (d) above, (x) any principal payment in respect of capital leases, except as permitted under (A) above, or indebtedness other than Bonds, (y) any deposits to any Fund or Account created under the Bond Order and payments of principal, premium, if any, and interest from such Funds and Accounts, or (z) any of the foregoing set forth in paragraphs (A) and (B) with respect to Excluded Cost Centers.

Pursuant to the Bond Order the City has, for the benefit of the Owners of the 2007B Bonds, assigned Net Revenues, the City's rights to receive Net Revenues, the moneys and Investment Obligations in the Renewal and Improvement Fund to the extent such moneys and Investment Obligations have not been encumbered by the City and the moneys and Investment Obligations in the subaccounts of the Revenue Bond Fund relating to the 2007B Bonds, to the Trustee in trust.

Reference is made to the Bond Order and the Series Resolution for a more complete statement of the provisions thereof and of the rights of the City, the Trustee and the Owners of the 2007B Bonds. Copies of the Bond Order and Series Resolution are on file and may be inspected at the principal office of the Trustee in Charlotte, North Carolina. By the purchase and acceptance of this 2007B Bond, the Owner hereof signifies assent to all of the provisions of the aforementioned documents.

To further secure the 2007B Bonds, the City has entered into a Letter of Credit and Reimbursement Agreement with Bank of America, N.A. (the "*Bank*"), whereby the Bank will issue its irrevocable direct pay letter of credit (the "*Credit Facility*") to pay the principal of, interest on, premium

(if any) and purchase price of the 2007B Bonds when due. In accordance with the terms thereof, the Credit Facility will expire before the maturity of the 2007B Bonds, unless extended, and may be terminated before its stated expiration date, with or without notice to the Owners.

This Bond is issued and the Bond Order and the Series Resolution were made and entered into under and pursuant to the Constitution and laws of the State, and particularly in conformity with the provisions, restrictions and limitations of General Statutes of North Carolina Section 159-80 et seq., as amended.

This Bond is exchangeable upon the presentation and surrender hereof at the principal corporate trust office of the Registrar for the 2007B Bonds in Authorized Denominations. Upon surrender for registration of transfer, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner hereof or his or her attorney duly authorized in writing, the Registrar will authenticate and deliver in the name of the transferee or transferees a new fully registered 2007B Bond or 2007B Bonds. The Registrar may require the payment by any Owner requesting registration of transfer or exchange of 2007B Bonds of any tax, fee or other governmental charge required to be paid with respect to such registration of transfer or exchange. The Registrar is not required to register the transfer of or exchange any 2007B Bonds selected, called or being called for redemption in whole or in part. The person in whose name this Bond is registered will be deemed and regarded as the absolute owner hereof for all purposes, and payment of this Bond will be made only to or upon the written order of the Owner hereof to his or her legal representative. All such payments will be valid and effectual to satisfy and discharge this Bond to the extent of the sum or sums paid.

Interest Rates on 2007B Bonds.

The 2007B Bonds shall initially bear interest at a Weekly Rate (unless and until converted). In no event shall the rate of interest on any 2007B Bond exceed at any time (a) 12% per annum, as to 2007B Bonds other than Bank Bonds and (b) as to Bank Bonds, the rate per annum required under the applicable Reimbursement Agreement not to exceed 22% per annum. In no event is any Owner entitled to receive any interest payment on any 2007B Bond in excess of the amount permitted by any applicable usury or similar law. Interest on the 2007B Bonds is to be computed, in the case of the Fixed Rate Period or a Term Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, in the case of the ARS Rate Period, on the basis of a 365 or 366- day year for the actual number of days elapsed, and in the case of a Weekly Rate Period, on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed.

“Record Date” means with respect to each Interest Payment Date for the 2007B Bonds bearing interest at a Term Rate or a Fixed Rate, the 15th day of the calendar month immediately preceding such Interest Payment Date, with respect to each Interest Payment Date for Multi-Modal Bonds bearing interest at a Weekly Rate, the last Business Day preceding such Interest Payment Date, and with respect to each Interest Payment Date for Multi-Modal Bonds bearing interest at an Auction Period Rate, the second Business Day next preceding such Interest Payment Date.

During each Weekly Rate Period for the Multi-Modal Bonds, the Multi-Modal Bonds shall bear interest at the Weekly Rate. During each ARS Rate Period for the Multi-Modal Bonds, the Multi-Modal Bonds shall bear interest at the Auction Period Rate, except during the Initial Period when the ARS Rate Bonds will bear interest at the rate determined by the Broker-Dealer to be the minimum interest rate necessary to market the ARS Rate Bonds at par for the Initial Period. During each Term Rate Period for any Multi-Modal Bonds, each Multi-Modal Bond shall bear interest at the applicable Term Rate. During the Fixed Rate Period for any Multi-Modal Bonds, such Multi-Modal Bonds shall bear interest at the Fixed Rate.

The interest rate on the Multi-Modal Bonds during any Weekly Rate Period shall be established from time to time as a rate equal to the rate determined by the Remarketing Agent to be the minimum interest rate which, if borne by the Multi-Modal Bonds, would enable the Remarketing Agent to remarket the Multi-Modal Bonds at the time the interest rate is being determined at a price equal to the principal amount thereof plus accrued interest, if any. The interest rate on the Multi-Modal Bonds during any ARS Rate Period and for any Auction Interest Period shall be determined through the implementation of the Auction Procedures. The determination of each Weekly Rate, any Term Rate and any Fixed Rate by the Remarketing Agent (or with respect to any Auction Period Rate through the implementation of the Auction Procedures with respect to ARS Rate Bonds) is conclusive and binding on the Trustee, the Credit Provider (if any), the City, the Tender Agent, the Broker-Dealer, and the Owners of such Multi-Modal Bonds, absent manifest error.

During each Weekly Rate Period, the 2007B Bonds in such Weekly Rate Period shall bear interest at a Weekly Rate, which shall be determined in accordance with Appendix B by the Remarketing Agent by 5:00 p.m. (New York City time) on Tuesday of each week during such Weekly Rate Period, or if such day shall not be a Business Day, then on the next succeeding Business Day. The first Weekly Rate determined for each Weekly Rate Period shall be determined on or prior to the first day of such Weekly Rate Period and shall apply to the period commencing on the first day of such Weekly Rate Period and ending on the next succeeding Tuesday. Thereafter, each Weekly Rate shall apply to the period commencing on Wednesday and ending on the next succeeding Tuesday, unless such Weekly Rate Period shall end on a day other than Tuesday, in which event the last Weekly Rate for such Weekly Rate Period shall apply to the period commencing on the Wednesday preceding the last day of such Weekly Rate Period and ending on the last day of such Weekly Rate Period. In the event that the Remarketing Agent fails to establish a Weekly Rate for any week, then the Weekly Rate for such week shall be the same as the Weekly Rate for the immediately preceding week if the Weekly Rate for such preceding week was determined by the Remarketing Agent. If the Weekly Rate for the immediately preceding week was not determined by the Remarketing Agent, or if the Weekly Rate determined by the Remarketing Agent is held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to the S&P Weekly Index on the day the Weekly Rate would otherwise be determined as provided herein for such Weekly Rate Period.

During the Fixed Rate Period, the 2007B Bonds in such Interest Rate Period shall bear interest at the Fixed Rate, which shall be determined, in accordance with Appendix B, by the Remarketing Agent on a Business Day selected by it prior to the first day that such Bonds begin the Fixed Rate Period.

During each ARS Rate Period and Auction Interest Period therein, each ARS Rate Bond shall bear interest, as determined in accordance with the Auction Procedures.

During each Term Rate Period, the 2007B Bonds shall bear interest at the Term Rate. The Term Rate shall be determined by the Remarketing Agent on a Business Day no earlier than two weeks before the effective date of such Term Rate Period and no later than 10:00 a.m. on the effective date of such Term Rate Period. The Term Rate shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by the 2007B Bonds, would enable the Remarketing Agent to remarket the 2007B Bonds on such effective date at a price (without regard to accrued interest) equal to the principal amount thereof. If, for any reason, the Term Rate is not so determined for any Term Rate Period by the Remarketing Agent on or prior to the first day of such Term Rate Period, then the 2007B Bonds shall bear interest at the Weekly Rate as provided above, and shall continue to bear interest at a Weekly Rate determined in accordance with Appendix B until such time as the interest rate on the 2007B Bonds is adjusted to another Interest Rate as provided herein, and the 2007B Bonds shall be subject to purchase on notice from the Owners thereof as described in Appendix B.

At any time, the City, by written direction to the Trustee, the Remarketing Agent, each Rating Agency then rating the 2007B Bonds and the Credit Provider, may elect that the 2007B Bonds shall bear, or continue to bear, interest at a Term Rate. The direction of the City required by the first sentence of this paragraph (1) shall specify the duration of the Term Rate Period during which the 2007B Bonds shall bear interest at a Term Rate which may not exceed 10 years or the remaining term of the Credit Facility; (2) shall specify the proposed effective date of such Term Rate Period, which date shall be (a) a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Trustee of such direction, and (b) in the case of an adjustment from a Term Rate Period to any other Interest Rate Period, the day immediately following the last day of the then current Term Rate Period or a day on which the 2007B Bonds would otherwise be subject to optional redemption under Appendix B if such adjustment did not occur, (3) shall specify the proposed last day of such Term Rate Period (which last day shall be either the day immediately prior to the maturity date of the 2007B Bonds, or a day which both immediately precedes a Business Day and is at least 181 days after the effective date thereof); and (4) with respect to any such Term Rate Period, may specify different Redemption Prices, and different Long-Term Rate Periods for which such Redemption Prices are applicable, than those set forth in Appendix B, if approved by nationally recognized bond counsel. Such direction of the City shall be accompanied by a Favorable Opinion of Bond Counsel.

The foregoing provisions notwithstanding, any 2007B Bond for any day during which it is a Bank Bond shall bear interest at the Bank Bond Rate in effect for such day (which shall not exceed the Maximum Rate).

So long as the 2007B Bonds remain in the Book-Entry System, the Paying Agent shall pay interest due on Bank Bonds (which shall not exceed the Maximum Rate), at the rate at which interest accrued on the 2007B Bonds of such Series other than Bank Bonds, in accordance with Appendix B and, to the extent interest accrued on the Bank Bonds at a rate in excess of such rate, to pay such excess by wire transfer of immediately available funds to the Credit Provider. So long as the 2007B Bonds are not maintained in such Book-Entry System, the Paying Agent shall pay interest due on Bank Bonds by wire transfer of immediately available funds to the Credit Provider.

Payment of the principal at maturity or on redemption in whole or in part of Bank Bonds shall be made (1) while the Book-Entry System is not in effect, only on presentation and surrender of such 2007B Bonds to the Paying Agent, and the Tender Agent or its nominee shall so present and surrender such 2007B Bonds for payment when due, and (2) while the Book -Entry System is in effect, in accordance with the procedures established by the Securities Depository.

Right of Weekly Rate 2007B Bondholders to Tender Weekly Rate Bonds.

The 2007B Bonds bearing interest at a Weekly Rate shall be purchased on demand of the Owners thereof prior to their maturity on the following terms:

(a) *Optional Tenders - Non Book-Entry System.* During any Weekly Rate Period for which the Book-Entry System with respect to the 2007B Bonds is not in effect, any 2007B Bond (or portion thereof) bearing interest at a Weekly Rate (provided that the principal amount of such 2007B Bond to be purchased and the principal amount to be retained shall each be an Authorized Denomination for 2007B Bonds subject to a Weekly Rate Period) shall be purchased or deemed purchased as provided in Appendix B on the date specified in the notice referred to in (b) below by the time set forth in (b) below at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the date of purchase, on delivery on any Business Day by the Owner of such 2007B Bond to the Tender Agent at its Delivery Office.

(b) *Optional Tenders – Book-Entry System.* During any Weekly Rate Period for which the Book-Entry System with respect to the 2007B Bonds is in effect, any 2007B Bond (or portion thereof) bearing interest at a Weekly Rate (provided that the principal amount of such 2007B Bond to be purchased and the principal amount to be retained shall each be an Authorized Denomination for 2007B Bonds subject to a Weekly Rate Period) shall be purchased or deemed purchased as provided in Appendix B on the date specified in the notice referred to below at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the date of purchase, provided, however, that in the event the Purchase Date is also an Interest Payment Date for the 2007B Bonds to be purchased, no accrued interest on such 2007B Bonds shall be included in the Purchase Price, on delivery on any Business Day by a Beneficial Owner (through its direct Participant in the Securities Depository) to the Tender Agent at its Delivery Office, the Paying Agent and the Remarketing Agent of an irrevocable written notice, executed by the Participant and stating the principal amount of such 2007B Bond (or portion thereof) bearing interest at a Weekly Rate to be purchased and the date on which the same shall be purchased, which date shall be a Business Day at least 7 days after the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, shall be deemed to have been received on the next succeeding Business Day. Payment of the purchase price of such 2007B Bond bearing interest at a Weekly Rate shall be made on, and solely from, the receipt of remarketing proceeds pursuant to Appendix B or the receipt by the Tender Agent of the proceeds of any drawing on the applicable Credit Facility, or as soon as possible thereafter on the Business Day specified in the notice. The Beneficial Owner shall effect delivery of such 2007B Bonds, in accordance with Appendix B, according to the normal and customary practice between the Securities Depository and the Tender Agent.

Mandatory Tender for Purchase of the 2007B Bonds.

(a) *Mandatory Tender on Conversion.* On the first day of any new Interest Rate Period for the 2007B Bonds being converted to a Weekly Rate Period, a Term Rate Period, an ARS Rate Period, or a Fixed Rate Period, the 2007B Bonds shall be purchased or deemed purchased as provided in Appendix B, and if such conversion is from a Term Rate Period or Weekly Rate Period the Tender Agent shall draw on the Credit Facility to pay the Purchase Price of such 2007B Bonds, at the purchase price therefor equal to the principal amount thereof plus accrued interest, if any. Payment of the purchase price of such 2007B Bonds shall be made by 3:00 p.m. (New York City time) on the first day of the new Interest Rate Period (provided, however, while the 2007B Bonds are in the Book-Entry System, the 2007B Bonds shall be presented to the Tender Agent according to the normal and customary practice between the Securities Depository and the Tender Agent) on delivery of such 2007B Bonds to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a participant in the Securities Transfer Agent Medallion Program (“*STAMP*”) or similar program, at or prior to 10:00 a.m. (New York City time) on the first day of the new Interest Rate Period.

If the new Interest Rate Period for the 2007B Bonds being converted to a Weekly Rate Period, a Term Rate Period, an ARS Rate Period, or a Fixed Rate Period is not able to begin by reason of the failure by the City to deliver, or cause to be delivered, a Favorable Opinion of Bond Counsel or to satisfy any other applicable condition as set forth in Appendix B, the 2007B Bonds shall be deemed purchased on the date that was to be the first day of the new Interest Rate Period (but for the failure of the City to deliver such Favorable Opinion of Bond Counsel or to satisfy any other applicable condition) at a purchase price equal to the principal amount thereof, plus accrued interest thereon, if any, except that ARS Rate Bonds shall not be purchased or deemed purchased in the event of a failed conversion, but rather shall be subject to the provisions of the Auction Procedures. Payment of the purchase price shall be made at the time and in the manner (including presentation of such 2007B Bonds) specified in this Section (a).

(b) *Mandatory Tender on Termination or Expiration of Credit Facility.* The 2007B Bonds shall be subject to mandatory tender for purchase on any Credit Modification Date as a result of a termination or expiration of the Credit Facility. Each such 2007B Bond or Bonds shall be purchased or deemed purchased as provided in Appendix B, at a purchase price equal to the principal amount thereof plus accrued interest, if any. Payment of the purchase price of such 2007B Bonds shall be made by 3:00 p.m. (New York City time) on such Business Day on delivery of such 2007B Bonds to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a participant in the STAMP or similar program, at or prior to 10:00 a.m. (New York City time) on such Business Day; provided, however, while the 2007B Bonds are in the Book-Entry System, the 2007B Bonds shall be presented to the Tender Agent according to the normal and customary practices between the Securities Depository and the Tender Agent.

(c) *Mandatory Tender at Direction of the City.* The 2007B Bonds in the Weekly Rate Period shall be subject to mandatory purchase on any Business Day designated by the City with the consent of the Remarketing Agent and the Credit Provider, provided that such designation and consent are made in writing and delivered to the Trustee at least 25 days (or such shorter period of time acceptable to the Trustee) before such date.

(d) *Mandatory Tender on Replacement of Credit Facility.* In the event of the replacement of the Credit Facility with an Alternate Credit Facility, with the effect that the 2007B Bonds do not have a rating from any Rating Agency that is equal to or higher than the rating on the 2007B Bonds from such Rating Agency immediately before such replacement, on the effective date of such Alternate Credit Facility, on the Credit Modification Date, all 2007B Bonds subject to such Credit Facility shall be purchased or deemed purchased as provided in Appendix B, at a purchase price equal to the principal amount thereof plus accrued interest, if any. Payment of such purchase price will be made in the manner specified in the last sentence of paragraph (b) above; provided, however, that any drawing made under the Credit Facility required in order to make such payment shall be made from the existing Credit Facility and not the Alternate Credit Facility.

(e) *Mandatory Tender at Direction of the Credit Provider.* While the Credit Facility is a Letter of Credit, on the occurrence and continuation of an event of default under the terms of the Credit Facility or Reimbursement Agreement the Credit Provider may direct the Trustee or Tender Agent, as applicable, to cause a mandatory tender for purchase of the 2007B Bonds. Each such 2007B Bond or Bonds shall be purchased or deemed purchased as provided in Appendix B, at a purchase price equal to the principal amount thereof plus accrued interest, if any. Payment of the purchase price of such 2007B Bonds shall be made by 3:00 p.m. (New York City time) on such Business Day on delivery of such 2007B Bonds to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a participant in the STAMP or similar program, at or prior to 10:00 a.m. (New York City time) on such Business Day; provided, however, while the 2007B Bonds are in the Book-Entry System, the 2007B Bonds shall be presented to the Tender Agent according to the normal and customary practices between the Securities Depository and the Tender Agent.

(f) *Mandatory Tender on End of Each Term Rate Period.* On the day next succeeding the last day of each Term Rate Period for a 2007B Bond bearing interest at a Term Rate, unless such day is the first day of a new Interest Rate Period (in which event such 2007B Bond shall be subject to mandatory tender for purchase pursuant to Section (a) above), such 2007B Bond bearing interest at a Term Rate shall be purchased from its Owner at a purchase price equal to the principal amount thereof payable in immediately available funds. The purchase price of any 2007B Bond bearing interest at a Term Rate so purchased shall be payable only on surrender of such 2007B Bond to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent,

executed in blank by the Owner thereof or his duly authorized attorney, with such signature guaranteed by a participant in the STAMP or similar program.

Purchase and Remarketing of 2007B Bonds.

(a) (1) As soon as practicable, but in no event later than 10:00 a.m. (New York City time) on the Business Day next following the Business Day that the Tender Agent receives the notice described in Appendix B with respect to 2007B Bonds bearing interest at a Weekly Rate, the Tender Agent shall give notice by Electronic Means to the Remarketing Agent, the Paying Agent, the Credit Provider and the City specifying the principal amount of such 2007B Bonds, if any, with respect to which any notice has been delivered to it demanding the purchase of such 2007B Bonds in accordance with Appendix B.

(2) The Tender Agent shall purchase, but only from the sources listed below, 2007B Bonds or portions thereof which are then required to be purchased (pursuant to an optional or mandatory tender) in accordance with Appendix B from the Owners thereof with immediately available funds by 3:00 p.m. (New York City time) on the date such 2007B Bonds are required to be purchased at the purchase price provided in Appendix B. Funds for the payment of such purchase price shall be derived from the following sources in the order of priority indicated:

(A) proceeds of the remarketing of such 2007B Bonds (but only such remarketing proceeds received from purchasers of the 2007B Bonds pursuant to Section (b) below) furnished to the Tender Agent by the Remarketing Agent for deposit into the 2007B General Account;

(B) moneys furnished to the Tender Agent for deposit into the 2007B Purchase Account representing the proceeds of a drawing under the Credit Facility then in effect; and

(C) any other moneys available to the Tender Agent for such purpose which the City may elect (but shall not in any event be required) to make available for such purpose.

The Tender Agent shall segregate amounts derived from the sources described in (A), (B) and (C) above by depositing proceeds derived from the source described in (A) above into the 2007B General Account, by depositing proceeds derived from the source described in (B) above into the 2007B Purchase Account, and by depositing proceeds derived from the source described in (C) above, if any, in all cases for the benefit of the tendering Holder.

(3) With respect to any 2007B Bonds or portions thereof required to be purchased pursuant to Appendix B and any 2007B Bonds or portions thereof required to be tendered for purchase in accordance with Appendix B as to which sufficient funds to accomplish such purchase are available to the Tender Agent at the respective times at which payment of the purchase price was to be made as provided herein:

(A) Such 2007B Bonds or portions thereof shall be deemed to have been purchased, for all purposes of Appendix B, irrespective of whether or not such 2007B Bonds have been presented to the Tender Agent, and the former Owner or Owners of such 2007B Bonds shall have no claim thereon under Appendix B or otherwise for any amount other than the purchase price thereof which would have been paid on the date set for purchase, and such 2007B Bonds or portions thereof shall no longer be deemed to be Outstanding for purposes of Appendix B.

(B) If any such 2007B Bonds or portions thereof are not presented to the Tender Agent, the Tender Agent shall segregate and hold the moneys for the purchase price of such 2007B Bonds in trust, uninvested and without liability for interest thereon, for the benefit of the former Owners of such 2007B Bonds, who thereafter are restricted exclusively to such moneys for the satisfaction of any claim for the purchase price of such 2007B Bonds.

(C) If any such 2007B Bonds or portions thereof are not presented to the Tender Agent at the time specified in Appendix B, then the Tender Agent shall request, and then the Corporation shall issue and the Tender Agent shall immediately authenticate a new 2007B Bond or Bonds in an aggregate principal amount equal to the principal amount of the 2007B Bonds or portions thereof so purchased, but not presented, bearing a number or numbers not contemporaneously Outstanding. Every 2007B Bond authenticated and delivered as provided in the preceding sentence is entitled to all the benefits of the Bond Order, the Series Resolution and Appendix B equally and proportionately with any and all other 2007B Bonds duly issued under Appendix B. The Tender Agent shall maintain a record of the 2007B Bonds or portions thereof not tendered for purchase pursuant to Appendix B together with the names and addresses of the former Owners thereof.

(D) If any 2007B Bonds or portions thereof which have been deemed purchased as provided in Section (a)(3)(A) above are delivered to the Tender Agent subsequent to the date and time specified for such delivery for payment of the purchase price thereof at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a participant in the STAMP or similar program, on any Business Day, the Tender Agent shall, subject to the provisions of paragraph (g) of this Section, pay the purchase price of such 2007B Bond or portion thereof to the Owner (A) no later than 3:00 p.m. (New York City time) on such Business Day, if such 2007B Bond is presented by 10:00 a.m. (New York City time) on such Business Day, and (B) no later than 12:00 noon (New York City time) on the next succeeding Business Day, if such 2007B Bond is presented after 10:00 a.m. (New York City time) on such Business Day and, if appropriate, shall also deliver to such Owner a new 2007B Bond in an aggregate principal amount equal to the portion of any 2007B Bond not so purchased; provided, however, while the 2007B Bonds are in the Book-Entry System, the 2007B Bonds shall be presented to the Tender Agent according to the normal and customary practices between the Securities Depository and the Tender Agent. Any such 2007B Bonds so delivered to the Tender Agent shall be canceled by it and delivered to the Paying Agent pursuant to the Bond Order.

(b) (1) Promptly on becoming aware of any requirement that any Multi-Modal Bond or portion thereof be purchased pursuant to Appendix B, the Remarketing Agent shall offer for sale and use its best efforts to remarket such Multi-Modal Bonds, any such remarketing to be made on the date of such purchase. The Remarketing Agent shall remit the proceeds from the remarketing of such Multi-Modal Bonds remarketed by it by 2:00 p.m. (New York City time) on the Business Day on which such Multi-Modal Bonds are to be purchased pursuant to Appendix B.

(2) Subject to certain provisions of Appendix B, the Remarketing Agent shall determine the rate of interest to be borne by the 2007B Bonds during each Interest Rate Period as provided in Appendix B and shall furnish to the Paying Agent and the Tender Agent in a timely manner all information necessary for the Paying Agent or the Tender Agent to carry out their

respective duties hereunder, including, but not limited to, the interest rates applicable to the 2007B Bonds.

(3) By 10:45 a.m. (New York City time) on the Business Day on which any 2007B Bonds are to be purchased pursuant to Appendix B, the Remarketing Agent shall give written notice or telephonic notice (promptly confirmed by Electronic Means) to the Credit Provider, the Paying Agent and the Tender Agent, specifying the principal amount of such 2007B Bonds, if any, sold by it pursuant to Section (b)(1) above and the principal amount of such 2007B Bonds being purchased by each such purchaser and the amount of the remarketing proceeds held by the Remarketing Agent. To the extent of any deficiency in the amount of such remarketing proceeds, the Tender shall draw on the Credit Facility to cure any shortfall in the amount of such Multi-Modal Bonds sold by it pursuant to Section (b)(1) above. If the Credit Provider has wrongfully failed to honor a proper draw under the Credit Facility, the Tender Agent will direct the Trustee to transfer funds from the 2007B Subaccount of the Revenue Bond Principal Account and the 2007B Subaccount of the Revenue Bond Interest Account, to cure any such shortfall.

(4) Notwithstanding anything herein to the contrary, under no circumstances shall the Remarketing Agent remarket any 2007B Bonds hereunder to or for the account of the City.

(c) (1) 2007B Bonds purchased with moneys described in Section (a)(2)(A) above shall be registered by the Tender Agent as directed by the Remarketing Agent and made available to the Remarketing Agent by 2:00 p.m. (New York City time) on the purchase date registered in accordance with the instructions provided by the Remarketing Agent pursuant to Section (b)(3) above. Bank Bonds which have been remarketed and for which the Tender Agent has received remarketing proceeds from the Remarketing Agent and notice from the Credit Provider pursuant to Section (c)(2) above shall be made available to the Remarketing Agent by 2:00 p.m. (New York City time) on the purchase date, registered in accordance with instructions provided by the Remarketing Agent as set forth in Section (b)(3) above. Simultaneously with the receipt of the funds supplied by the Remarketing Agent to the Tender Agent, acting as agent for the Credit Provider for this purpose, as described in the preceding sentence, the Tender Agent shall (1), while the Book-Entry System is not in effect, cancel the Bank Bonds (or portions thereof for which remarketing proceeds have been made available) then Outstanding by reason of the prior purchase pursuant to Section (a)(2)(A) above and delivery pursuant to Section (c)(2) above, and (2) simultaneously transfer such funds supplied by the Remarketing Agent to the Credit Provider as payment for the purchase price of such Bank Bonds (or portions thereof).

(2) 2007B Bonds purchased with proceeds from a drawing under the Credit Facility shall constitute Bank Bonds and (1) while the Book-Entry System is not in effect, shall be registered on receipt of funds from the Credit Provider for the purchase of such Bank Bonds pursuant to the terms of the Reimbursement Agreement, and such Bank Bonds shall be held by the Tender Agent, as agent of the Credit Provider or registered in the name of the City and pledged as collateral to the Credit Provider, as applicable, and (2) while the Book-Entry System is in effect, the beneficial ownership interests in such Bank Bonds shall be transferred to the Tender Agent as agent for the Credit Provider or registered in the name of the City and pledged as collateral to the Credit Provider, as applicable. The Tender Agent shall not release such Bank Bonds, or such ownership interest therein, and the Tender Agent shall not authenticate any other 2007B Bonds in lieu thereof, until the Tender Agent receives written notification (which may be by Electronic Means) from the Credit Provider, that it has received payment in full in immediately available funds of the purchase price of such Bank Bonds, that the principal component referred to in the Credit Facility has been increased by the principal amount of such Bank Bonds, that the interest component referred to in the Credit Facility has been increased as therein provided, and that such Bank Bonds may be released.

(3) 2007B Bonds purchased with moneys described in Section (a)(2)(C) above shall be delivered to the Tender Agent for cancellation.

(4) If the Remarketing Agent is able to remarket any 2007B Bonds required to be purchased pursuant to Appendix B after the time on which the Remarketing Agent is required to provide notice to the Paying Agent and the Tender Agent as specified in Section (b)(3) above, the Remarketing Agent shall give notice in the manner and containing the details set forth in Section (b)(3) above, as appropriate, as soon as practicable after such remarketing, but in no event later than 1:00 p.m. (New York City time) on the date such 2007B Bonds are required to be purchased, and the 2007B Bonds shall be registered in the name of the purchasers thereof (or while the Book-Entry System is in effect, the beneficial ownership interests in such 2007B Bonds shall be transferred on the registration books of the Securities Depository) and made available to the Remarketing Agent as soon as practicable thereafter on such date.

(d) If the Tender Agent has received a demand for the purchase of 2007B Bonds or portions thereof (other than Bank Bonds) in accordance with Appendix B or if any 2007B Bonds are required to be tendered for purchase in accordance with Appendix B and the Remarketing Agent has not then provided the Tender Agent with sufficient funds to make such purchase by depositing in the 2007B General Account immediately available funds by no later than one hour before the time provided in the Credit Facility for presentation of notices in order to receive payment in immediately available funds by 2:30 p.m. (New York City time) on the date such 2007B Bonds are required to be purchased, then the Tender Agent shall draw under the Credit Facility by no later than the time provided in the Credit Facility for presentation of notices in order to receive payment in immediately available funds by 2:30 p.m. (New York City time) on such day, the amount sufficient to pay the portion of the purchase price of such 2007B Bonds which exceeds the amount provided by the Remarketing Agent for deposit in the 2007B General Account in order to fully pay the purchase price of the applicable 2007B Bonds. The Tender Agent shall deposit the proceeds of such drawing in respect of such 2007B Bonds in accordance with the provisions of Section (a)(2) above. The Tender Agent shall notify the City and the Paying Agent by telephone, promptly confirmed in writing, of the amounts to be drawn, as soon as practicable and, when possible, at least one day prior to such draw on the Credit Facility.

(e) The proceeds of the sale by the Remarketing Agent of any 2007B Bonds or portions thereof shall be transferred to the Tender Agent on receipt of 2007B Bonds therefor and, except for 2007B Bonds not tendered as described in Sections (a)(3) or (g) above, immediately applied by the Tender Agent to the payment of the purchase price of 2007B Bonds or portions thereof pursuant to Section (a)(2)(A) above or, in the case of the sale of Bank Bonds, to the payment of the purchase price of such Bank Bonds, whether or not the Tender Agent has at the time received a 2007B Bond or ownership interest in a 2007B Bond pursuant to Section (c)(2) above as a result of such payment by the Credit Provider. In making such payments to the Credit Provider, the Tender Agent may conclusively assume that the Credit Provider has not been paid from any other sources. To the extent that the Credit Provider is so paid with proceeds of the sale of 2007B Bonds by the Remarketing Agent, any Bank Bond or ownership interest in such 2007B Bond shall be immediately returned to or released by the Tender Agent and new 2007B Bonds representing such sale proceeds shall be registered and delivered as provided in Section (c)(1) above.

(f) Notwithstanding anything in Appendix B to the contrary, if there has occurred and is continuing an Event of Default described in the Bond Order, there shall be no sales of 2007B Bonds pursuant to Section (b)(1) above. Sales of 2007B Bonds may continue if any Event of Default other than as described in the preceding sentence has occurred and is continuing.

(g) The Tender Agent shall, at the end of the tenth Business Day after the date on which 2007B Bonds are to be purchased, set aside on its books all funds then held in the 2007B General Account and the 2007B Purchase Account by virtue of the fact that 2007B Bonds deemed purchased on such date were not presented for purchase to the Tender Agent in accordance with the provisions of Section (a) above and shall hold the same in trust for the payment to the Owners of such 2007B Bonds of the purchase price thereof as required by the provisions of Section (a) above. The Tender Agent shall pay such purchase price from such amounts by check or draft of the Tender Agent made payable to the party entitled to such payment as soon as practicable after such party surrenders the 2007B Bond or Bonds so deemed purchased to the Tender Agent.

(h) Notwithstanding anything in Appendix B to the contrary, if the conditions to a conversion of ARS Rate Bonds to another Interest Rate Period are not satisfied, there shall be no conversion, the Trustee shall promptly notify the applicable Owners of such ARS Rate Bonds of the failed conversion, and the ARS Rate Bonds shall continue to be in the ARS Rate Period and shall bear interest at an Auction Period Rate determined in accordance with the Auction Procedures.

(i) Notwithstanding anything in Appendix B to the contrary, a Beneficial Owner may give notice to elect to have its 2007B Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and may effect delivery of such 2007B Bonds by causing the Direct Participant to transfer the Participant's interest in the 2007B Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of 2007B Bonds in connection with an optional tender or a mandatory purchase may be deemed satisfied when the ownership rights in the 2007B Bonds are transferred by Direct Participants on DTC's records and followed by a book entry credit of tendered 2007B Bonds to the Remarketing Agent's DTC account.

No Tender, Sales or Remarketing in Certain Circumstances.

Anything in Appendix B to the contrary notwithstanding, there will be no optional or mandatory tenders or remarketing of 2007B Bonds, and no obligation of the City to fund any such tenders, if: (a) there is no Credit Facility in effect; or (b) the Credit Provider is in default under the terms of the Credit Facility.

The Paying Agent shall, to the extent it has actual notice thereof, give notice to the 2007B Bondholders, each Rating Agency which then maintains a rating on the 2007B Bonds, the Remarketing Agent, the City and the Credit Provider of (a) the occurrence and continuation of any of the events set forth in the first paragraph of this Section, and that such events result in no tenders or remarketing of 2007B Bonds being permitted, and (b) the curing of any of the events set forth in the first paragraph of this Section and that as a consequence tenders, sales and remarketings are again permitted under Appendix B.

Extraordinary Redemption of 2007B Bonds

The 2007B Bonds will be subject to optional redemption by the City, in whole or in part on any date at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, on instructions from the City, from the Net Proceeds of insurance or Eminent Domain which are deposited in the Series 2007B Subaccount of the Revenue Bond Redemption Account, as provided in the Bond Order.

Optional Redemption of 2007B Bonds.

The 2007B Bonds bearing interest at a Weekly Rate may be redeemed before their maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on

any Interest Payment Date at a Redemption Price equal to 100% thereof, plus accrued interest to the redemption date.

While the 2007B Bonds bear interest at an Auction Period Rate, they are callable by the City at par plus accrued interest on the Interest Payment Date immediately following the end of an Auction Period; provided that after any optional redemption there should be not less than \$10,000,000 in aggregate principal amount of any 2007B Bonds bearing interest at an Auction Period Rate unless otherwise consented to by the Broker-Dealers. All redemptions should be in integral multiples of the Authorized Denomination.

If the interest rate on the 2007B Bonds is converted to a Fixed Rate or a Term Rate, the City, on written notice to the Trustee, the Remarketing Agent and the Credit Provider, may supplement this Appendix B to put into effect optional redemption provisions that will govern the 2007B Bonds during the Fixed Rate Period or the Term Rate Period, as applicable. Any such revisions shall also be subject to the receipt by the Trustee prior to the making of such revisions of a Favorable Opinion of Bond Counsel with respect to such revisions.

Partial Redemption.

If called for redemption in part under this Article IV, the 2007B Bonds to be redeemed shall be redeemed in such order and from such Series as the City shall select and, as to all partial redemptions, within the same maturity as selected by DTC under its rules and procedures or, if the book-entry system with respect to the 2007B Bonds is discontinued as provided in Section 2.01, by lot within a maturity in such manner as the Trustee in its discretion may determine; provided, that Bank Bonds shall be selected for redemption before any other 2007B Bonds.

The Trustee shall pay to the Owners of 2007B Bonds so redeemed the amounts due on their respective 2007B Bonds at the principal corporate trust office of the Trustee on presentation and surrender of the 2007B Bonds; provided, however, that, if redeemed in part, the 2007 Bonds may be redeemed only in Authorized Denominations. Redemptions shall be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the unpaid principal amount of the 2007B Bond immediately before the payment, the portion of the payment representing interest, and the remaining portion, if any, which shall be designated and paid as a redemption premium.

Anything in Appendix B to the contrary notwithstanding, if an Event of Default occurs and is continuing, there will be no redemption of less than all of the 2007B Bonds Outstanding.

AMENDMENTS

The Bond Order permits amendment thereto upon the agreement of the City and the Trustee and with the approval of not less than 51% in aggregate principal amount of the Bonds then Outstanding under the Bond Order. The Bond Order also contains provisions permitting the City and the Trustee to enter into amendments to the Bond Order without the consent of the Owners of the Bonds then Outstanding for certain purposes which do not affect adversely the interest of the Owners of the Bonds.

Appendix B permits amendment thereto upon the agreement of the City and the Trustee and with the approval of not less than 51% in aggregate principal amount of the 2007B Bonds then Outstanding. Appendix B also contains provisions permitting the City and the Trustee to enter into amendments to Appendix B without the consent of the Owners of the 2007B Bonds then Outstanding for certain purposes which do not affect adversely the interest of the Owners of the Bonds.

So long as the Credit Facility is in effect and the Credit Provider has not defaulted thereunder, (1) the consent of the Credit Provider will be required to amend, modify or supplement Appendix B, and (2) the Credit Provider is deemed to be the sole Owner of the 2007B Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 2007B Bonds are entitled to take under the Bond Order or Appendix B.

MISCELLANEOUS

Any consent or request by the Owner of this 2007B Bond shall be conclusive and binding upon such Owner and upon all future Owners of this 2007B Bond and of any 2007B Bond issued upon the transfer of this 2007B Bond whether or not notation of such consent or request is made upon this 2007B Bond.

This 2007B Bond is issued with the intent that the laws of the State of North Carolina shall govern its legality, validity, enforceability and construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this 2007B Bond and the execution of the Bond Order, the Series Resolution and Appendix B have happened, existed and have been performed as so required.

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

IN WITNESS WHEREOF, the City of Charlotte, North Carolina has caused this 2007B Bond to be executed with the manual or facsimile signatures of the Mayor and City Clerk, and has caused the City's official seal or a facsimile thereof to be impressed or imprinted hereon.

CITY OF CHARLOTTE, NORTH CAROLINA

By _____
Mayor

[SEAL]

By: _____
City Clerk

The issue hereof has been approved under the provisions of The State and Local Government Revenue Bond Act.

T. VANCE HOLLOMAN
Secretary of the Local Government Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This 2007B Bond is one of the Variable Rate Airport Revenue Bonds, Series 2007B designated herein issued under the provisions of the within-mentioned Bond Order and Series Resolution.

U.S. BANK NATIONAL ASSOCIATION
as Registrar

By: _____
Vice President

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Bond on the books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a Participant of the Securities Transfer Agent Medallion Program ("*STAMP*") or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration, enlargement or any change whatever.

TRANSFER FEE MAY BE REQUIRED

**RESOLUTION FIXING DATE OF PUBLIC HEARING ON QUESTION
OF ANNEXATION PURSUANT TO G.S. 160A-31
SMITH CORNERS**

WHEREAS, a petition requesting annexation of the area described herein has been received; and

WHEREAS, certification by the City Clerk as to the sufficiency of the petition has been made;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Charlotte, North Carolina that:

Section 1. A public hearing on the question of annexation of the area described herein will be held in the Meeting Chamber of the Charlotte-Mecklenburg Government Center, 600 E. Fourth Street, Charlotte, N.C. at 7:00 p.m. on August 27, 2007.

Section 2. The area proposed for annexation is described as follows:

LEGAL DESCRIPTION

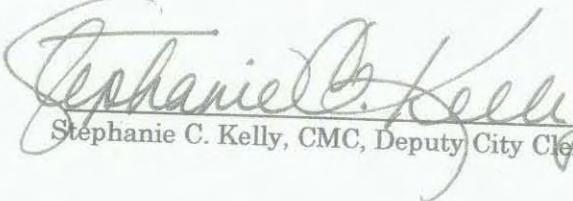
Beginning at a computed point being N 43°40'26" W a distance of 8.79' from a #4 rebar found along the western right of way line of Smith Corners Boulevard, thence; running with the existing Charlotte City Limits Line N 83°37'01" W 397.12' to a #4 rebar found on the R/W limits of Interstate 77, thence; leaving the Existing Charlotte City Limits line and with the R/W limits of Interstate 77 continuing N 19°14'29" E 105.10' feet to a #4 rebar found along the eastern right of way of Interstate 77, thence; leaving the R/W limits of Interstate 77 S 75°37'44" E 260.99' to a #4 rebar found, thence; S 43°40'26" E 103.11' to the Point and Place of Beginning. Containing 25,612 sq. ft. or .588 Acres intended for the Voluntary Annexation into the Limits of the City of Charlotte, as shown on a Boundary Survey by Craig L. Long, Professional Land Surveyor (L-2993) dated October 5, 2006 (Revised March 22, 2007) and being part of the property described in Deed Book 14619, Page 121 of the Mecklenburg Public Registry.

Section 3. Notice of the public hearing shall be published in the *Mecklenburg Times*, a newspaper having general circulation in the City of Charlotte, at least ten (10) days prior to the date of the public hearing.

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of July, 2007, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Pages (872-875).

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 25th day of July, 2007.


Stephanie C. Kelly, CMC, Deputy City Clerk