

MASTER INDENTURE OF TRUST

between

RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION

as Trustee

securing

Revenue Bonds

Dated as of July 1, 2003

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EXHIBIT A - Form of Requisition For Construction Fund Project Accounts

EXHIBIT B - Requisition For Cost of Issuance Account

THIS MASTER INDENTURE OF TRUST, made and entered into as of the 1st day of July, 2003, between the RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY (the "Authority" or "Issuer"), a body corporate and politic and public instrumentality of the State of Rhode Island and Providence Plantations and U.S. BANK NATIONAL ASSOCIATION, a national banking association having a place of business in Boston, Massachusetts, as Trustee (the "Trustee"),

WITNESSETH:

WHEREAS, pursuant to Rhode Island General Laws § 24-12-1 et seq. as amended (the "Act"), the Authority is authorized to issue its revenue bonds for the purpose of financing projects within the meaning of the Act; and

WHEREAS, the Authority intends to issue its revenue bonds (the "Bonds"), potentially in several series (each a "Series of Bonds"), to provide funds to finance or refinance, among other things, the Cost of certain System Projects (as hereinafter defined), related to, or in connection with the System, to finance Capitalized Interest, to fund the Debt Service Reserve Fund, and to finance related costs of issuing the Bonds; and

WHEREAS, each Series of Bonds will be issued pursuant to a Supplemental Indenture which will provide for the terms for such Series of Bonds; and

WHEREAS, the Trustee agrees to accept and administer the trusts created hereby;

GRANTING CLAUSES:

NOW, THEREFORE, THIS MASTER INDENTURE FURTHER WITNESSETH: In consideration of the premises, the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of each Series of Bonds by the Holders thereof, and for the purpose of fixing and declaring the general terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Holders thereof, and to secure the payment of the Principal Amount of each Series of Bonds at any time issued and Outstanding hereunder and the Interest and Redemption Premium, if any, thereon according to their tenor, purpose, and effect, and to secure Qualified Swap Payments related to such Bonds, and to grant certain rights to the applicable Credit Providers and Counterparties, if any, as hereinafter defined, and to secure the performance and observance of all of the covenants, agreements and conditions contained therein and herein or in any Reimbursement Agreement or Qualified Swap Agreement, the Authority has executed this Master Indenture and does hereby grant a first priority security interest in, assign, transfer, pledge, grant and convey unto the Trustee and its successors and assigns forever, each as their interests may lie for the benefit of the Bondholders as further provided in Section 605 and each Credit Provider or Counterparty, if any, until the applicable Credit Facility or Qualified Swap Agreement is no longer outstanding and no amounts are due under the applicable Reimbursement Agreement or Qualified Swap Agreement, the following property, which constitutes the Trust Estate:

A. Net Revenues;

B. Amounts on deposit from time to time in the Funds and Accounts created pursuant hereto, including the earnings thereon as provided herein, subject to the provisions of this Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein; provided, however, that there expressly is excluded from any pledge, assignment, lien or security interest created by this Master Indenture any amount on deposit in the Operation and Maintenance Fund, the Rebate Fund, the General Fund and the Purchase Fund, if any;

C. Any and all other revenues and property of any kind from time to time hereafter acquired by delivery or by writing specifically conveyed, pledged, assigned or transferred, as and for additional security hereunder for the Bonds, by the Authority or by anyone on their behalf, or with their written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all said properties pledged, assigned and conveyed by the Authority hereunder, including all additional property which by the terms hereof has or may become subject to the encumbrance hereof, unto the Trustee and its successors in trust and its assigns forever, subject, however, to the rights reserved hereunder.

IN TRUST NEVERTHELESS, for the equal and proportionate benefit and security of each Credit Provider, if any, and the Holders from time to time of all Bonds issued, authenticated, delivered and Outstanding hereunder, without preference, priority or distinction as to lien or otherwise of any of such Bonds over any other such Bonds, except to the extent otherwise provided in Section 103 hereof.

PROVIDED, HOWEVER, that if the Authority shall pay fully and promptly when due all liabilities, obligations and sums at any time secured hereby or provide for the payment thereof in accordance with the provisions hereof, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein and in each Reimbursement Agreement, if any, then and in such event, except for the provisions of Article X, as applicable, this Master Indenture shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trusts and subject to the covenants and conditions hereafter set forth.

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. Definitions. The following terms, for all purposes of this Master Indenture, shall have the following meanings unless a different meaning clearly applies from the context:

"Account" shall mean any account or subaccount created in any Fund created hereunder or under a Supplemental Indenture.

"Accountants" shall mean the independent firm of nationally recognized certified public accountants at the time employed by the Authority under the provisions of Section 608 to perform and carry out the duties of imposed on Accountants by this Master Indenture.

"Accreted Amount" means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the amount established pursuant to the Supplemental Indenture authorizing such Capital Appreciation Bonds as the amount representing the initial public offering price, plus the accumulated and compounded interest on such Bonds to the date of calculation.

"Act" shall mean Title 24, Chapter 12 of the General Laws of Rhode Island as amended from time to time.

"Additional Bonds" shall mean all Bonds issued pursuant to Section 214.

"Additional Facility" shall mean any bridge, feeder road, highway, road, freeway, tunnel, overpass, underpass, equipment or signal and information system or transportation facility in the State which the Authority is authorized by the Act, as amended from time to time, or other law to construct, reconstruct, renovate, acquire, maintain, repair, operate or manage, or any portion thereof.

"Annual Debt Service" shall mean, without duplication, the amount of payments required to be made for the Principal Amount of and Interest on any specified indebtedness, including mandatory sinking fund redemptions and payments pursuant to agreements with Credit Providers with respect to such indebtedness to reimburse such Credit Providers for debt service payments made, to pay Credit Facility fees, or Qualified Swap Payments scheduled to come due within a specified Fiscal Year of the Authority or within one (1) day thereafter and including Trustee fees, Paying Agent fees, Remarketing Agent fees, if any, Authenticating Agent fees, and Registrar fees.

"Assumed Variable Rate" means in the case of:

(a) Outstanding Bonds in the form of Variable Rate Bonds, the greater of (1) the average interest rate on such Bonds for the most recently completed sixty (60) month period or the period such Variable Rate Bonds has been outstanding if it is less than sixty (60) months, or (2) the rate to be determined pursuant to clause (b) below assuming the Outstanding Variable Rate Bonds were being issued on the date of calculation; and

(b) proposed Bonds in the form of Variable Rate Bonds either

(1) to be issued on the basis that, in the opinion of Bond Counsel to be delivered at the time of the issuance thereof, interest on such Variable Rate Bonds would be excluded from gross income for federal income tax purposes, the greater of the (i) the average of the Bond Market

Association Swap Index ("BMA Index") for the twelve (12) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or (ii) the average of the Bond Market Association Swap Index ("BMA Index") for the sixty (60) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or

(2) to be issued as Variable Rate Bonds not described in clause (1), the greater of the (i) average of the London Interbank Offered Rate ("LIBOR") for the time period most closely resembling the reset period for the Variable Rate Bonds for the twelve (12) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or (ii) average of LIBOR for the time period most closely resembling the reset period for the Variable Rate Bonds for the sixty (60) month period ending seven (7) days preceding the date of calculation plus 100 basis points; and provided that if the BMA Index or LIBOR shall cease to be published, the index to be used in its place shall be that index which the Authority in consultation with the Financial Advisor determines most closely replicates such index, as set forth in a certificate of an Authorized Representative of the Authority filed with the Trustee. Notwithstanding the foregoing, in no event shall the Assumed Variable Rate be in excess of the maximum interest rate allowed by law on obligations of the Authority.

"Authenticating Agent" shall mean, with respect to each Series of Bonds, the entity or entities designated as such for such Series of Bonds in the applicable Supplemental Indenture.

"Authority" shall mean the Rhode Island Turnpike and Bridge Authority.

"Authorized Representative" shall mean, with respect to the Authority, the Chairman, Vice Chairman or Executive Director of the Authority or such other person as may be designated to act on behalf of the Authority by written certificate or resolution furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Authority by the Chairman or Vice Chairman.

"Balloon Bonds" means Bonds (and any Reimbursement Agreement for any Credit Facility relating thereto), other than Bonds which mature within one year of the date of issuance thereof, 25% or more of the principal installments on which (a) are due or (b) at the option of the Holder thereof may be redeemed, during any period of twelve consecutive months.

"Bond" or "Bonds" shall mean any revenue bonds or any other evidences of indebtedness issued from time to time pursuant to Article II and the terms of a Supplemental Indenture. The term shall also include, where appropriate, obligations of the Authority under any Qualified Swap Agreement. The term "Bonds" shall not include Bond Anticipation Notes.

"Bond Anticipation Notes" shall mean notes issued by the Authority with a final maturity not longer than four (4) years (or such longer period as may be permitted by the provisions of the Act) in anticipation of the refinancing thereof from all or a portion of the proceeds of Series of Bonds. Bond Anticipation Notes may take the form of commercial paper.

"Bond Counsel" shall mean an attorney or firm or firms of attorneys of national recognition, selected or employed by the Authority and acceptable to the Trustee, experienced in the field of municipal bonds, whose opinions are generally accepted by purchasers of municipal bonds.

"Bond Purchase Contract" shall mean the contract of purchase, with respect to a Series of Bonds, by and between the Authority and the Original Purchaser pertaining to the sale of such Series of Bonds.

"Bond Year" shall mean, with respect to a Series of Bonds, the annual period with respect to such Series of Bonds set forth in the applicable Supplemental Indenture.

"Business Day" shall mean, unless specified otherwise in the applicable Supplemental Indenture, any day of the week other than Saturday, Sunday or a day which shall be, in the State of Rhode Island, the State of New York or in the jurisdiction in which the Corporate Trust Office of the Trustee or the principal office of the Registrar is located, a legal holiday or a day on which banking corporations are authorized or obligated by law or executive order to close.

"Capital Appreciation Bonds" shall mean any Bond the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Indenture and is payable on the date, if any, on which such Bonds become Current Interest Bonds or upon redemption or on the maturity date of such Bonds.

"Claiborne Pell Bridge" shall be deemed to have the same meaning as Newport Bridge.

"Code" shall mean the Internal Revenue Code of 1986, as amended, including applicable Treasury Regulations, rulings and procedures promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

"Completion Bonds" shall mean all Bonds issued pursuant to Section 215.

"Construction Fund" shall mean the Fund so designated and created pursuant to Section 401.

"Construction Manager" shall mean the individual or entity designated by the Authority to act as construction manager with respect to a certain Project or Projects.

"Consultant" shall mean a firm or firms of national recognition experienced in matters relating to the planning, development, operation and management (including financial operations) of bridges and transportation facilities, selected and employed by the Authority, from time to time.

"Consulting Engineers" shall mean the engineer or engineering firm or corporation at the time employed by the Authority under the provisions of Section 608 of this Master Indenture to perform and carry out the duties imposed on the Consulting Engineers by this Master Indenture.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement between the Authority and the Trustee dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Corporate Trust Office" shall mean the designated office of the Trustee at which its corporate trust business is conducted with respect to the administration of this Agreement, which at the date hereof is located in Boston, Massachusetts.

"Cost" or "System Project Cost" shall mean (1) as applied to any System Project to be constructed, reconstructed, renovated, maintained, repaired, operated or managed by the Authority shall embrace the cost of construction, reconstruction, renovation, maintenance, repair, operation or management, the cost of the acquisition of all land, rights-of-way, property, rights, easements and interests acquired by the authority for the construction, reconstruction, renovation, maintenance, repair, operation or management, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which the buildings or structures may be moved, the cost of all machinery and equipment, financing charges, an amount equal to the interest prior to and during construction, reconstruction, renovation, maintenance, repair, operation or management and for one year after completion of construction, reconstruction, renovation, maintenance, repair, operation or management, cost of traffic estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenues, other expenses necessary or incident to determining the feasibility or practicability of such construction, reconstruction, renovation, maintenance, repair, operation or management, administrative expenses, and such other expenses as may be necessary or incident to the construction, reconstruction, renovation, maintenance, repair, operation or management, the financing of the construction and the placing of the project in operation, such amounts as the Authority may deem necessary for working capital and to create a reserve for interest; (2) as applied to any System Project which the Authority may be authorized to acquire shall mean the amount of the purchase price or the amount of any condemnation award in connection with the acquisition of the project, and shall include the cost of acquiring all the capital stock of the corporation owning the project, if such be the case, and the amount to be paid to discharge all of the obligations of the corporation in order to vest title to the project in the Authority, the cost of improvements to the project which may be determined by the Authority to be necessary prior to the financing thereof, an amount equal to the interest during the period of construction of the improvements and for one year thereafter, the cost of all lands, properties, rights, easements, franchises, and permits acquired, the cost of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenues, other expenses necessary or incident to determining the feasibility or practicability of the acquisition or improvement, administrative expenses, and such other expenses as may be necessary or incident to the financing of the acquisition or improvement and the placing of the project in operation by the Authority and such amounts as the Authority may deem necessary for working capital and to create a reserve for interest; and (3) as applied to the Mount Hope Bridge shall mean such amount, if any, as the Authority may deem necessary to place the bridge in safe and efficient condition for its operation.

"Cost of Issuance Account" shall mean, with respect to a Series of Bonds, the Account of that name in the Construction Fund created for such Series of Bonds pursuant to Section 401.

"Counterparty" means an entity who is a counterparty to a Qualified Swap Agreement. Such entity shall be a member of the International Swap Dealers Association and meet the requirements of applicable laws of the State and the applicable policies and procedures established by the Authority from time to time, provided that the senior unsecured debt of such counterparty shall be in one (1) of the three (3) highest rating categories without regard to gradations within such categories by each of the Rating Agencies or in any event shall have ratings by each of the Rating Agencies not lower than the ratings of the Authority at the time of execution of a Qualified Swap Agreement.

"Credit Facility" shall mean, with respect to a Series of Bonds, the irrevocable letter of credit, line of credit, municipal bond insurance, or other form of credit enhancement or liquidity support, if any, for such Series of Bonds, provided for in the applicable Supplemental Indenture, including any alternate Credit Facility with respect to such Series of Bonds delivered in accordance with provisions of the Supplemental Indenture providing for the issuance of such Series of Bonds and including any Credit Facility in connection with a Qualified Swap Agreement.

"Credit Provider" shall mean, with respect to a Series of Bonds, the provider of the Credit Facility for such Series of Bonds specified in the applicable Supplemental Indenture and shall include, without limitation any Credit Provider in connection with a Qualified Swap Agreement.

"Cross-over Date" means with respect to Cross-over Refunding Bonds, the date on which the principal portion of the related Cross-over Refunded Bonds is to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds.

"Cross-over Refunded Bonds" means Bonds or other obligations refunded by Cross-over Refunding Bonds.

"Cross-over Refunding Bonds" means Bonds issued for the purpose of refunding Bonds or other obligations upon the irrevocable deposit of the proceeds of such Cross-over Refunding Bonds in escrow in satisfaction of the requirements of this Master Indenture or any Supplemental Indenture, as applicable to the Cross-Over Refunded Bonds, to secure the payment on an applicable redemption date or maturity date of the Cross-over Refunded Bonds (subject to possible use to pay principal of the Cross-over Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are required to be applied to pay interest on the Cross-over Refunding Bonds until the Cross-over Date.

"Current Interest Bond" means any Bond the interest on which is payable on the Interest Payment Dates provided therefor in the Supplemental Indenture authorizing such Bond.

"Debt Service Fund" shall mean the fund so designated and created pursuant to Section 501(c).

"Debt Service Reserve Fund" shall mean the fund so designated and created pursuant to Section 501(d).

"Debt Service Reserve Fund Requirement" shall mean, as of any date of calculation, an amount equal to the lesser of (A) 10% of the principal amount of Outstanding Bonds, (B) one hundred twenty-five percent (125%) of average Annual Debt Service on Outstanding Bonds, (C) the Maximum Annual Debt Service requirement, or (D) the maximum amount permitted by federal tax law to be funded from Bond proceeds without requiring yield restriction. The Debt Service Reserve Fund Requirement, in respect of a Series of Bonds that constitute Variable Rate Bonds, shall be computed by applying the Assumed Variable Rate. In computing the Debt Service Reserve Fund Requirement in respect of a Series of Variable Rate Bonds with respect to which a Qualified Swap Agreement is in effect pursuant to which the Authority has agreed to pay a Counterparty an amount based on a fixed interest rate, such Series of Variable Rate Bonds shall be deemed to bear interest at an effective rate equal to the fixed interest rate payable by the Authority under such Qualified Swap Agreement; provided that such effective fixed rate may be utilized only if such Qualified Swap Agreement does not result in a reduction or withdrawal of any rating then in effect with respect to the Bonds and so long as such Qualified Swap Agreement is contracted to remain in full force and effect through the stated maturity date of the Variable Rate Bonds. The Authority may, by Supplemental Indenture, establish a different Debt Service Reserve Fund Requirement for a subaccount of a Debt Service Reserve Account that is established to secure one or more, but less than all Series of Bonds issued under this Master Indenture.

"Defeasance Obligations" shall mean moneys, noncallable Government Obligations, noncallable Government Certificates or pre-refunded municipal obligations described in paragraph (d) of the definition of Permitted Investments in this Section, or any combination thereof.

"Deferred Interest Bonds" shall mean any Bond issued pursuant to the provisions of Section 202(f) hereof.

"Depository" shall mean any national banking association, savings or savings and loan institution or trust company selected by the Authority and authorized by law to act as a depository of money and securities held under the provisions of this Master Indenture, and may include the Trustee.

"Discount Bonds" shall mean any Bond which is sold to the public at a price less than the aggregated Principal Amount thereof.

"Event of Default" shall mean any one or more of those events set forth in Section 701.

"Financial Advisor" shall mean an attorney or firm or firms of national recognition experienced in matters relating to the planning and marketing of obligations similar in nature to the Bonds.

"Fiscal Year" shall mean the fiscal year of the Authority commencing July 1 and ending June 30 or such other period as may be designated in writing by the Authority to the Trustee.

"Fitch" shall mean Fitch Investors Service, Inc., a corporation existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, "Fitch" shall mean any other nationally recognized Rating Agency designated by the Authority and acceptable to the Credit Provider.

"Fixed Rate Bonds" shall mean any Bond which bears a fixed rate or rates of Interest during the term thereof.

"Fund" shall mean any fund created hereunder or under a Supplemental Indenture.

"General Fund" shall mean the fund so designated and created pursuant to Section 501(g).

"Government Certificates" shall mean evidences of ownership of proportionate interest in future interest or principal payments of Government Obligations, including depository receipts thereof. Investments in such proportionate interest must be limited to circumstances wherein (i) a bank or trust company acts as custodian and holds the underlying Government Obligations; (ii) the owner of the investment is the real party-in-interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (iii) the underlying Government Obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Government Obligations" shall mean direct and general obligations of, or obligations the timely payment of principal and interest on which, are unconditionally guaranteed by the United States of America.

"Holder" or "Bondholder" shall mean the registered owner of any Bond but shall not include any Counterparty under a Qualified Swap Agreement or any other party contracting with the Authority in connection with a Qualified Swap Agreement.

"Immediate Notice" shall mean oral or telephonic notice, promptly followed by written notice, by telex, telecopier or other electronic means, or first class mail to such address as the addressee shall have directed in writing; provided, however, that verbal or telephonic notice shall be effective notwithstanding any failure to receive such written notice.

"Insurance Consultant" shall mean a nationally recognized firm having a favorable reputation for experience in surveying risks and recommending insurance coverage for matters relating to the construction, repair, rehabilitation, operation and management of bridges and transportation facilities, selected and employed by the Authority, from time to time.

"Interest" shall mean that portion of debt service other than the Principal Amount or Redemption Premium payable with respect to any Bond.

"Interest Account" shall mean the account of that name in the Debt Service Fund created pursuant to Section 501(c).

"Interest Payment Date" shall mean, with respect to each Series of Bonds, each date set forth in the applicable Supplemental Indenture with respect to such Series of Bonds on which Interest is payable.

"Interest Rate Swap" means an agreement between the Authority or the Trustee (at the written direction of the Authority) and a Swap Counterparty related to Bonds of one or more Series whereby (A) a variable rate cash flow (which may be subject to any interest rate cap) on a principal or notional amount is exchanged for a fixed rate of return on an equal principal or notional amount, or (B) a fixed rate cash flow on a principal or notional amount is exchanged for a variable rate of return on an equal principal or notional amount. If the Authority or the Trustee enters into more than one Interest Rate Swap with respect to a Series of Bonds (to the extent applicable), each Interest Rate Swap shall specify the same payment dates.

"Issuer" shall mean the Rhode Island Turnpike and Bridge Authority.

"Jamestown Bridge" shall mean the existing bridge over the west passage of Narragansett Bay between the towns of Jamestown and North Kingstown and the approaches thereto, and shall embrace all tollhouses, administration and other buildings and structures used in connection therewith, together with all property, rights, easements and interests acquired in connection with the construction and operation of the bridge, and shall also refer to the "Jamestown Verrazzano Bridge" constructed in replacement of the Jamestown Bridge.

"Master Indenture" shall mean this Master Indenture of Trust, dated as of July 1, 2003, between the Authority and the Trustee and when amended or supplemented, such Indenture, as amended or supplemented.

"Maximum Annual Debt Service" shall mean the maximum Annual Debt Service with respect to any specified indebtedness for any Fiscal Year of the Authority during the term of such indebtedness.

"Moody's" shall mean Moody's Investors Service, Inc., a corporation existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall no longer

perform the functions of a securities rating agency, "Moody's" shall mean any other nationally recognized Rating Agency designated by the Authority and acceptable to the Credit Provider.

"Mount Hope Bridge" shall mean the existing bridge between the towns of Bristol and Portsmouth and the approaches thereto, and shall embrace all tollhouses, administration and other buildings and structures used in connection therewith, together with all property, rights, easements and interests in connection with the construction and operation of the bridge.

"Net Debt Service" shall mean the amount required to be deposited in the Debt Service Fund to pay Annual Debt Service; provided however:

(i) In determining the amount of such required deposits, a credit shall be allowed for amounts already on deposit therein, including, without limitation, (a) interest earnings on amounts deposited into the Interest Account, the Principal Account, the Redemption Account, and the Debt Service Reserve Fund (amounts on deposit in the Debt Service Reserve Fund securing one or more Series of Bonds will be deducted from the amount of principal due at final maturity of such Bonds, and in each preceding year until such amounts are exhausted), and (b) capitalized interest;

(ii) for the purposes of calculating the requirements of Section 601 hereof, for the collection of tolls and other charges, and the requirements of Section 214 hereof for the issuance of Additional Bonds the amount of interest earnings on the accounts as provided in subparagraph (i)(a) above for the applicable Fiscal Year shall be calculated using the lower of: (1) the current interest rate in effect for such investments or (2) the average interest rate in effect for such investments during any 12 consecutive calendar months of the 15 consecutive calendar months immediately preceding the date of calculation;

(iii) when calculating the amount of such required deposits during such Fiscal Year for any Series of Variable Rate Bonds bearing interest at a variable rate which cannot be ascertained for any particular Fiscal Year, the interest rate on such Variable Rate Bonds shall be the Assumed Variable Rate;

(iv) when calculating the amount of such required deposits during such Fiscal Year for any Series of Variable Rate Bonds with respect to which a Qualified Swap Agreement is in effect pursuant to which the Authority has agreed to pay a Counterparty an amount based on a fixed interest rate, such Series of Variable Rate Bonds shall be deemed to bear interest at an effective rate equal to the fixed interest rate payable by the Authority under such Qualified Swap Agreement; provided that such effective fixed rate may be utilized only if such Qualified Swap Agreement does not result in a reduction or withdrawal of any rating then in effect with respect to the Bonds and so long as such Qualified Swap Agreement is contracted to remain in full force and effect through the stated maturity date of the Variable Rate Bonds;

(v) when calculating the amount of such required deposits during such Fiscal Year for any Series of Bonds with respect to which a Qualified Swap Agreement is in effect pursuant to which the Authority has agreed to pay to a Counterparty an amount based on a variable or floating interest rate, the Annual Debt Service requirement shall include the interest payable on such Series of Bonds, less fixed amounts to be received by the Authority under such Qualified Swap Agreement plus the amount of the floating payments (estimated in a manner similar to that described in (iii) above, unless another method of estimation is more appropriate, in the opinion of the Authority's financial advisor, underwriter or similar agent, for such floating payments) to be made by the Authority under the Qualified Swap Agreement; provided that the above described calculation of the Annual Debt Service requirement may be utilized only if such Qualified Swap Agreement does not result in a reduction or withdrawal of any rating then in effect with respect to the Bonds and so long as such Qualified Swap Agreement is contracted to remain in full force and effect through the stated maturity date of the such Series of Bonds;

(vi) when calculating the amount of such required deposits during such Fiscal Year for any Series of Balloon Bonds, there shall be treated as payable in such Fiscal Year the amount of principal installments which would have been payable during such Fiscal Year had the principal of each Series of Balloon Bonds Outstanding been amortized, from the end of the fifth anniversary of the issuance of such Balloon Bonds over a period of 25 years thereafter, on a level debt service basis at an interest rate equal to the rate borne by such Balloon Bonds on the date of calculation, provided that if the date of calculation is within twelve months before the actual maturity of such Balloon Bonds or Reimbursement Agreements, the full amount of principal payable at maturity shall be included in such calculation; and

(vii) when calculating the amount of such required deposits during such Fiscal Year with respect to any Capital Appreciation Bonds, all amounts payable on a Capital Appreciation Bond shall be considered a principal payment in the year it becomes due;

provided further, however, that there shall be excluded from the calculation of the amount of such required deposits (x) interest on Bonds (including Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest or capitalized interest is available to pay such interest, (y) principal on Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are irrevocably deposited in escrow in satisfaction of the requirements of this Master Indenture, and such proceeds or the earnings thereon are required to be applied to pay such principal (subject to the possible use to pay the principal of the Cross-over Refunding Bonds under certain circumstances) and such amounts so required to be applied are sufficient to pay such principal.

"Net Proceeds" shall mean, with respect to the System and any System Project, proceeds from any insurance, condemnation, performance bond, federal or state flood disaster assistance or any other financial guaranty (except that Net Proceeds shall not include the monies received from any Credit Provider) paid with respect to the System or such System Project remaining after payment

therefrom of all reasonable expenses, including attorneys' fees, incurred in the collection thereof; and, with respect to insurance, to the extent the Authority elects to self-insure, any monies payable from any appropriation made by the Authority with respect to such self-insurance.

"Net Revenues" for any particular period of time shall mean Revenues less the amount needed for the payment of Operating Expenses for such period and less amounts deposited to the Operation and Maintenance Reserve Account.

"Newport Bridge" or "Claiborne Pell Bridge" shall mean the bridge or tunnel or combination of bridge and tunnel constructed or to be constructed over or under the waters of Narragansett Bay between Conanicut Island and the island of Rhode Island, shall embrace the substructure and the superstructure thereof and the approaches thereto and the entrance plazas, interchanges, overpasses, underpasses, tollhouses, administration, storage and other buildings, and highways connecting the bridge or tunnel with the Jamestown Bridge and the State highways as the Authority may determine to construct from time to time in connection therewith, together with all property rights, easements and interests acquired by the Authority for the construction and operation of such bridge or tunnel or combination of bridge and tunnel.

"Non-System Project" shall mean any bridge, feeder road, highway, road, freeway, tunnel, overpass, underpass, equipment or signal and information system or transportation facility which the Authority may now or hereinafter construct, reconstruct, renovate, acquire, maintain, repair, operate or manage as an Additional Facility pursuant to the Act. Each Non-System Project shall be designated as a Non-System project by a resolution of the Authority and shall not be part of the System unless designated as a System Project pursuant to Section 618.

"Officer's Certificate" shall mean the certificate of an Authorized Representative of the Authority.

"Operating Expenses" shall mean the Authority's reasonable and necessary current expenses of maintenance, repair and operation of the System and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance, repair and operation, which may include expenses not annually recurring, premiums and reserves for insurance, fees or premiums for a Credit Facility (but not including any amounts payable as interest, whether or not characterized as a fee or premium, on draws, advances or loans), all administrative and engineering expenses relating to maintenance, repair and operation, fees and expenses of the Trustee, the Bond Registrar, the Paying Agents, any Depositary, indexing agents and Remarketing Agents, legal expenses, advertising expenses, any taxes or assessments lawfully levied on the System, any payment to pension or retirement funds, any other expenses required or permitted to be paid by the Authority under the provisions of this Master Indenture or by law and any expenses incurred by the Authority for any of the foregoing purposes, but shall not include payments made by the Authority in respect of any reserves for extraordinary maintenance or repair of a type or any allowance for depreciation or any payments of principal or interest on the Bonds, or any deposits or transfers to the credit of the General Fund. Operating Expenses shall not include any expenses for maintenance, repair and

operation of a Non-System Project unless such Non-System Project shall be designated as a System Project pursuant to Section 618 hereof.

"Operation and Maintenance Fund" shall mean the Fund so designated and created pursuant to Section 501(b).

"Operation and Maintenance Reserve Account" shall mean the Account of that name in the Operation and Maintenance Fund so designated and created pursuant to Section 501(b).

"Operation and Maintenance Reserve Account Requirement" shall mean an amount equal to one-fifth (1/5th) of the amount budgeted for the then current Fiscal Year of the Authority for Operating Expenses, which shall initially be funded as set forth in the Supplemental Indenture.

"Opinion of Bond Counsel" shall mean a written opinion of Bond Counsel.

"Opinion of Counsel" shall mean a written opinion of an attorney or firm or firms of attorneys acceptable to the Trustee as the Authority and who (except as otherwise expressly provided herein) may be either counsel for the Authority or the Trustee.

"Option Rights" shall mean, with respect to any Series of Bonds, any rights to call such Bonds for purchase pursuant to the Supplemental Indenture authorizing the issuance of such Bonds.

"Original Purchaser" shall mean the person or entity designated in each Bond Purchase Contract as the initial purchaser or purchasers of a Series of Bonds or, if so designated in such Bond Purchase Contract, the representatives or lead or managing underwriters of such initial purchasers.

"Outstanding," when used with reference to a Series of Bonds, shall mean, as of any date of determination, all Bonds of such Series theretofore authenticated and delivered except: (a) Bonds of such Series theretofore cancelled by the Trustee or delivered to the Trustee for cancellation; (b) Bonds of such Series which are deemed paid and no longer Outstanding as provided in this Master Indenture; (c) Bonds of such Series in lieu of which other Bonds of such Series have been issued pursuant to the provisions of this Master Indenture relating to Bonds mutilated, destroyed, lost or stolen, unless evidence satisfactory to the Trustee has been received that any such Bond is held by a bona fide purchaser; (d) after any tender date as may be provided for in the applicable Supplemental Indenture, any Bond of such Series held by a Bondholder who has given a tender notice or was required to tender such Bond in accordance with the provisions of the applicable Supplemental Indenture and which was not so tendered and for which sufficient funds for the payment of the purchase price of which have been deposited with the Trustee or the Paying Agent, if any, or any Remarketing Agent appointed under such Supplemental Indenture; and (e) for purposes of any consent or other action to be taken under this Master Indenture by the Holders of a specified percentage of Principal Amount of Bonds of a Series or all Series, Bonds held by or for the account of the Authority.

"Paying Agent" shall mean, with respect to each Series of Bonds, the banks or trust companies, if any, and their successors designated in the applicable Supplemental Indenture as the paying agent for such Series of Bonds.

"Payment of a Series of Bonds" shall mean payment in full of all the Principal Amount, Redemption Premium, if any, and Interest on a Series of Bonds.

"Permitted Investments" shall mean and include any of the following, if and to the extent the same are at the time legal for the investment of the Authority's money, except as may be provided in the applicable Supplemental Indenture:

- (a) Government Obligations and Government Certificates.
- (b) Obligations issued or guaranteed by any of the following:
 - (i) Federal Home Loan Bank System;
 - (ii) Export-Import Bank of the United States;
 - (iii) Federal Financing Bank;
 - (iv) Government National Mortgage Association;
 - (v) Farmers' Home Administration;
 - (vi) Federal Home Loan Mortgage Company;
 - (vii) Federal Housing Administration;
 - (viii) Private Export Funding Corp;
 - (ix) Federal Farm Credit Bank;
 - (x) Resolution Trust Company, and
 - (xi) Student Loan Marketing Association,
- (c) Senior debt obligations of the Federal National Mortgage Association, participation certificates of the General Services Administration, guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration, local authority bonds of the U.S. Department of Housing & Urban Development, guaranteed Title XI financings of the U.S. Maritime Administration, and guaranteed transit bonds of the Washington Metropolitan Area Transit Authority.
- (d) Pre-refunded municipal obligations rated in the highest rating category by at least two Rating Agencies and meeting the following conditions:
 - (i) such obligations are (A) not to be redeemed prior to maturity or the trustee for such municipal obligations has been given irrevocable instructions concerning their calling and redemption and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(ii) such obligations are secured by Government Obligations or Government Certificates that may be applied only to principal, premium payments and interest of such obligations;

(iii) the principal of and interest on such Government Obligations or Government Certificates (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations;

(iv) the Government Obligations or Government Certificates serving as security for the obligations are held by an escrow agent or trustee; and

(v) such Government Obligations or Government Certificates are not available to satisfy any other claims, including those against the trustee or escrow agent.

(e) Direct and general long-term obligations of any state of the United States of America or the District of Columbia to the payment of which the full faith and credit of such state is pledged and that are rated in either of the two highest rating categories by at least two Rating Agencies.

(f) Direct and general short-term obligations of any state, to the payment of which the full faith and credit of such state is pledged and that are rated in the highest rating category by at least two Rating Agencies.

(g) Interest-bearing demand or time deposits with, or interests in money market portfolios rated AAA-m by Standard & Poor's issued by, state banks or trust companies or national banking associations, including the Trustee if otherwise eligible, that are members of the Federal Deposit Insurance Corporation ("FDIC"). Such deposits or interests must be (i) continuously and fully insured by FDIC, (ii) if they have a maturity of one (1) year or less, with or issued by banks that are rated in one of the two (2) highest short term rating categories by at least two (2) Rating Agencies, (iii) if they have a maturity longer than one (1) year, with or issued by banks that are rated in one (1) of the two (2) highest rating categories by at least two (2) Rating Agencies, or (iv) fully secured by Government Obligations and Government Certificates. Such Government Obligations and Government Certificates must have a market value at all times at least equal to the principal amount of the deposits or interests. The Government Obligations and Government Certificates must be held by a third party (who shall not be the provider of the collateral), or by any Federal Reserve Bank or depository, as custodian for the institution issuing the deposits or interests. Such third party should have a perfected first lien in the Government Obligations and Government Certificates serving as collateral, and such collateral is to be free from all other third party liens.

(h) Eurodollar time deposits issued by a bank with a deposit rating in one of the top two (2) short-term deposit rating categories by at least two (2) Rating Agencies.

(i) Long-term or medium-term corporate debt guaranteed by any corporation that is rated by at least two Rating Agencies in one of their two (2) highest rating categories.

(j) Repurchase agreements including those of the Trustee in its corporate capacity, (i) the maturities of which are thirty (30) days or less or (ii) the maturities of which are longer than thirty (30) days provided the collateral subject to such agreements are marked to market weekly, entered into with financial institutions such as banks or trust companies organized under State law or national banking associations, insurance companies, or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York or with a dealer or parent holding company that is rated investment grade ("A" or better) by at least two (2) Rating Agencies. The repurchase agreement shall be collateralized with Government Obligations and Government Certificates or obligations described in paragraph (b) of this definition (the "Collateral"). The repurchase agreement securities and, to the extent necessary, Government Obligations and Government Certificates or obligations described in paragraph (b), exclusive of accrued interest, shall be maintained in an amount at least equal to the amount invested in the repurchase agreements. In addition, the provisions of the repurchase agreement shall meet the following additional criteria:

(i) the third party (who shall not be the provider of the collateral) has possession of the Collateral;

(ii) failure to maintain the requisite collateral levels will require the third party having possession of the securities to liquidate the securities immediately.

(k) Prime commercial paper of a corporation, finance company or banking institution rated in the highest short-term rating category by at least two (2) Rating Agencies.

(l) Public housing bonds issued by public agencies. Such bonds must be: fully secured by a pledge of annual contributions under a contract with the United States of America; temporary notes, preliminary loan notes or project notes secured by a requisition or payment agreement with the United States of America; or state or public agency or municipality obligations rated in the highest credit rating category by at least two Rating Agencies.

(m) Shares of a diversified open-end management investment company, as defined in the Investment Company Act of 1940, or shares in a regulated investment company, as defined in Section 851(a) of the Code, that is a money market fund that has been rated in the highest rating category by at least two Rating Agencies.

(n) Money market accounts of any state or federal bank, or bank whose holding parent company is, rated in the two highest short-term or long-term rating categories by at least two Rating Agencies.

(o) Investment agreements, the issuer of which is rated in one of the two highest rating categories, by at least two Rating Agencies.

(p) Any debt or fixed income security, the issuer of which is rated in the highest rating category by at least two Rating Agencies.

"Principal Account" shall mean the Account of that name in the Debt Service Fund created pursuant to Section 501(c).

"Principal Amount" with respect to any Bond shall mean the stated principal amount thereof or such other amount payable thereon, whether at maturity or upon redemption prior thereto, and with respect to any Capital Appreciation Bond or Discount Bond the amount designated as the Principal Amount thereof pursuant to the applicable Supplemental Indenture.

"Project" shall mean the Newport Bridge, the Mount Hope Bridge, the Turnpike or any Additional Facility, or any portion thereof as permitted by the Act, as amended from time to time. All Projects of the Authority shall be designated by the Authority as System Projects or Non-System Projects.

"Project Account" shall mean, with respect to a Series of Bonds, the Account of that name in the Construction Fund so designated and created for such Series of Bonds pursuant to Section 401.

"Purchase Fund" shall mean, with respect to a Series of Bonds, the Fund of that name as may be created in the related Supplemental Indenture as provided in Section 514.

"Purchase Price" shall mean the price at which a Series of Bonds is purchased.

"Qualified Swap Agreement" shall mean (a) an agreement between the Authority or the Trustee (at the written direction of the Authority) and a Swap Counterparty which is an Interest Rate Swap, forward rate agreement, commodity swap, interest rate option, forward foreign exchange agreement, rate cap agreement, rate floor agreement, rate collar agreement, currency swap agreement, embedded cap, cross-currency rate swap agreement, currency option, any other similar agreement (including any option to enter into any of the foregoing), (b) any combination of the foregoing, or (c) a master agreement for any of the foregoing together with all supplements.

"Qualified Swap Payments" means as of each payment date specified in a Qualified Swap Agreement, the amount, if any, payable to the Swap Counterparty by the Authority or the Trustee on behalf of the Authority, but excluding any payments due from the Authority or the Trustee on behalf of the Authority, as a cost, expense or fee under the Qualified Swap Agreement, including, but not limited to, any swap termination payment.

"Qualified Swap Receipts" means as of each payment date specified in a Qualified Swap Agreement, the amount, if any, payable to the Authority or the Trustee for the account of the Authority by the Swap Counterparty.

"Rate Covenant" shall mean the covenant by the Authority contained in Section 601.

"Rating Agency" shall mean, with respect to a Series of Bonds, Moody's, Standard & Poor's, or Fitch, or any other nationally recognized credit rating agency designated by the Authority, the Trustee and the Credit Provider.

"Rebate Fund" shall mean the Fund so designated and created by Section 501(f).

"Redemption Account" shall mean the Account of that name in the Debt Service Fund so designated and created pursuant to Section 501(c).

"Redemption Premium" shall mean with respect to any Bond or portion thereof the premium, if any, payable upon redemption thereof.

"Redemption Price" shall mean, with respect to any Bond, or portion thereof, the Principal Amount thereof or such portion or such other amount as may be provided in the applicable Supplemental Indenture plus premium, if any, payable upon redemption thereof.

"Refunding Bonds" shall mean any Bonds authorized pursuant to Section 216.

"Register" shall mean, with respect to each Series of Bonds, the registration books of the Authority kept to evidence the registration and registration of transfer of such Series of Bonds.

"Registrar" shall mean the entity set forth with respect to a Series of Bonds in the applicable Supplemental Indenture, serving as keeper of the Register for such Series of Bonds.

"Reimbursement Agreement" shall mean, with respect to a Series of Bonds, any agreement or agreements in each case between a Credit Provider or Credit Providers and the Authority under or pursuant to which a Credit Facility for such Series of Bonds is issued, and any agreement that replaces such original agreement that sets forth the obligations of the Authority to such Credit Provider or Credit Providers and the obligations of such Credit Provider or Credit Providers to the Authority.

"Remarketing Agent" shall mean, with respect to a Series of Bonds, the placement, tender, or Remarketing Agent or agents, if any, at the time serving as such under the Remarketing Agreement and designated in a Supplemental Indenture as the Remarketing Agent with respect to such Series of Bonds for purposes of this Master Indenture.

"Remarketing Agreement" shall mean the Remarketing Agreement, if any, with respect to a Series of Bonds, between the Authority and the Remarketing Agent as from time to time amended and supplemented, or if such Remarketing Agreement shall be terminated, then such other agreement which may from time to time be entered into with any Remarketing Agent with respect to the tender and subsequent remarketing or placement of such Series of Bonds.

"Renewal and Replacement Fund" shall mean the Renewal and Replacement Fund so designated and created pursuant to Section 501(e).

"Renewal and Replacement Fund Requirement" shall mean an initial amount of \$29,000,000 and redetermined by resolution of the Authority at least once every year by July 1 of such year, taking into account the findings of the Consulting Engineers as set forth in Section 603 and for purposes set forth in Section 507 hereof. Such Renewal and Replacement Fund Requirement shall be fully funded on the date on which the first Series of Bonds is issued pursuant to this Master Indenture.

"Responsible Officer" shall mean an officer of the Trustee assigned to the Trustee's corporate trust department, including, without limitation, any Vice-President, any Assistant Vice-President, any Trust Officer, or any other officer and also means any other officer of the Trustee to whom any corporate trust matter involving the Authority is referred because of his or her knowledge of and familiarity with the particular subject.

"Revenue Fund" shall mean the fund so designated and created pursuant to Section 501(a).

"Revenues" shall mean (whether existing at the date of this Master Indenture or coming into existence hereafter) (1) all tolls, leasehold payments, concession payments, revenues, rates, fees, rents, charges and other income and receipts derived by or for the account of the Authority from the leasing or operation of the System, (2) investment income received on any amounts held in the Revenue Fund, the General Fund, the Construction Fund, the Operation and Maintenance Fund and the Renewal and Replacement Fund, (3) the proceeds of any use and occupancy insurance on any portion of the System, and (4) all accounts receivable, general intangibles and contract rights to receive the amounts described in (1) through (3). "Revenues" shall not include revenues derived from the operation of Non-System Projects (unless designated part of the System pursuant to Section 618 hereof), payments pursuant to a Credit Facility, payments pursuant to a Qualified Swap Agreement, or the proceeds of any insurance, other than as mentioned above, the proceeds of any condemnation awards, any gifts, grants, or other payments to the Authority from the United States government, the State or any public or private instrumentality, individual or entity that are not in the nature of an operating, concession or rental payment with respect to the use and operation of the System.

"Series of Bonds" or "Bonds of a Series" or "Series" shall mean a series of bonds issued pursuant to this Master Indenture and the terms of a Supplemental Indenture, and when appropriate, shall include a Qualified Swap Agreement.

"Standard & Poor's" shall mean Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns and, if such corporation shall no longer perform the functions of a securities rating agency, Standard & Poor's shall mean any other nationally recognized securities rating agency designated by the Authority and acceptable to the Credit Provider.

"State" shall mean the State of Rhode Island and Providence Plantations.

"Subordinated Debt" shall mean bonds or other forms of indebtedness which have a subordinated claim to the Trust Estate.

"Supplemental Indenture" shall mean an indenture supplementing or modifying the provisions of this Master Indenture entered into by the Authority and the Trustee in accordance with Article IX.

"System" shall mean the Projects known as the "Newport Bridge" and the "Mount Hope Bridge" as defined in the Act as in existence on the date of execution and delivery of this Master Indenture, and any additions, extensions and improvements to the System as permitted by this Master Indenture, including System Projects, but shall not include Non-System Projects that have not been designated System Projects and met the requirements of Section 618 hereof.

"System Project" shall mean any bridge, feeder road, highway, road, freeway, tunnel, overpass, underpass, equipment or signal and information system or transportation facility which the Authority may now or hereafter construct, reconstruct, renovate, repair, operate or manage as an Additional Facility under the Act designated as such by official action of the Authority and meeting the requirements of Section 618.

"Taxable Bonds" shall mean Bonds on which the interest is not excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Code.

"Tax-Exempt Bonds" shall mean Bonds on which the interest is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Code.

"Tender Bonds" shall mean any Variable Rate Bonds or Fixed Rate Bonds issued with an option, exercisable by the Holders thereof, to have such Bonds either repurchased or redeemed prior to the maturity thereof, provided however, such Tender Bonds shall only be payable from moneys provided by a Qualified Swap Agreement or Credit Facility obtained for such purpose.

"Traffic Engineers" shall mean the engineer or engineering firm or corporation at the time employed by the Authority under the provisions of Section 608 of this Master Indenture to perform and carry out duties imposed on the Traffic Engineers by this Master Indenture.

"Trustee" shall mean U.S. Bank National Association, and its successors and assigns.

"Trust Estate" shall mean:

(a) Net Revenues;

(b) Amounts on deposit from time to time in the Funds and Accounts created pursuant hereto, including the earnings thereon, subject to the provisions of this Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein; provided, however, that there expressly is excluded from any pledge, assignment, lien or security interest created by this Master Indenture any amount on deposit in the Operation and Maintenance Fund, Rebate Fund, General Fund and the Purchase Fund, if any;

(c) Any and all other property of any kind from time to time hereafter acquired by delivery or by writing specifically conveyed, pledged, assigned or transferred, as and for additional security hereunder for the Bonds, by the Authority or by anyone on their behalf, or with their written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

"Turnpike" shall have the meaning ascribed to that term in the Act, as amended from time to time.

"Variable Rate Bonds" shall mean any Bond which provides for a variable, adjustable, convertible or other similar rates of Interest, not fixed as to percentage at the date of issuance thereof.

"Variable Rate Ceiling" shall mean the maximum Interest rate payable on Variable Rate Bonds during such period as such Bonds shall be Variable Rate Bonds and as stated in the applicable Supplemental Indenture.

Section 102. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Master Indenture.

(a) Any reference herein to the Authority, the boards thereof or any officer thereof shall include any persons or entities succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) The use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine and feminine gender.

(c) Words importing the singular number shall include the plural number and vice versa.

(d) Words importing the redemption or calling for redemption of Bonds shall not be deemed to refer to or connote the payment of Bonds at their stated maturity.

(e) All references herein to particular articles or sections are references to articles or sections of this Master Indenture.

(f) The Headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Master Indenture nor shall they affect its meaning, construction or effect.

(g) All references to terms such as herein, hereunder, hereto, refer to this Master Indenture, as amended or supplemented.

(h) All references herein to payment of Bonds are references to payment of the Principal Amount of, Redemption Premium, if any, and Interest on Bonds.

Section 103. Parity as to Net Revenues; Bonds of a Series Equally and Ratably Secured. All Bonds issued hereunder and at any time Outstanding shall be equally and ratably secured with all other Outstanding Bonds, with the same right, lien and preference with respect to Net Revenues, without preference, priority or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds.

All Bonds of a particular Series shall in all respects be equally and ratably secured and shall have the same right, lien and preference hereunder established for the benefit of such Series of Bonds, including, without limitation, rights in any related Project Account in the Construction Fund, the Debt Service Fund or the Series Debt Service Reserve Account (except as otherwise provided in Section 506).

Amounts drawn under any Credit Facility with respect to a particular Series and all other amounts held in accounts or funds established with respect to such Series pursuant to the provisions of Article V and the Supplemental Indenture providing for the terms of such Series shall be applied solely to make payments on such Series of Bonds.

Nothing herein contained shall prohibit the Authority from issuing Subordinated Debt.

ARTICLE II

TERMS OF BONDS

Section 201. Issuance. The Authority may issue Bonds from time to time in one or more Series as hereinafter provided without limitation as to amount, except as may be limited by the applicable Supplemental Indenture or by Section 214 hereof, for the purpose of providing funds to finance or refinance all or a part of the Cost of System Projects. Unless otherwise provided in the Supplemental Indenture providing for the issuance of a Series of Bonds, the Bonds shall be designated "Rhode Island Turnpike and Bridge Authority Revenue Bonds" and shall bear an appropriate designation to indicate the Series.

Section 202. Terms. Each Series of Bonds shall have the terms provided herein and in the applicable Supplemental Indenture.

The Bonds may be issued as Fixed Rate Bonds, Variable Rate Bonds, Tender Bonds, Capital Appreciation Bonds, Deferred Interest Bonds, Discount Bonds, Refunding Bonds, Cross-over Refunding Bonds, Completion Bonds, Tax-Exempt Bonds, or Taxable Bonds, or any combination thereof in accordance with applicable provisions set forth below and in the applicable Supplemental Indenture.

(a) The Authority may issue Fixed Rate Bonds. The applicable Supplemental Indenture shall specify the rate or rates of Interest borne by such Bonds and the Interest Payment Dates thereof.

(b) The Authority may issue Variable Rate Bonds. Any Variable Rate Bond issued hereunder may be issued with provisions allowing for conversion of such Bond, at the option of the Authority or the Holder thereof, into a Fixed Rate Bond.

If any Variable Rate Bonds are issued hereunder, the applicable Supplemental Indenture shall specify:

(i) the Variable Rate Ceiling payable on such Bonds during the period such Bonds are Variable Rate Bonds;

(ii) the method or methods for determining the rate of Interest borne by such Bonds and the frequency of change thereof; and

(iii) if deemed desirable by the Authority, provisions with respect to the conversion of such Bonds to Fixed Rate Bonds.

Any Variable Rate Bonds which contain an option to convert such Bonds to Fixed Rate Bonds shall be deemed Variable Rate Bonds hereunder until the date of such conversion.

The method or methods for determining the rate of Interest on Variable Rate Bonds pursuant to (ii) above may include the selection of such rate by a Remarketing Agent, as provided in a Remarketing Agreement, the utilization of an index or indices as described in the applicable Supplemental Indenture, or such other standard or standards set forth by the Authority in the applicable Supplemental Indenture or any combination of the foregoing.

(c) The Authority may provide that Bonds issued as Variable Rate Bonds or Fixed Rate Bonds may include an option exercisable by the Holders thereof to have such Bonds either repurchased or redeemed prior to the maturity thereof. If any Tender Bonds are issued hereunder, the applicable Supplemental Indenture shall specify:

(i) the period or periods during which and the circumstances under which such option may be exercised, including provisions for the variation of such periods;

(ii) provisions, as the Authority shall deem desirable, with respect to the repurchase of such Bonds and the remarketing thereof, including provisions with respect to the appointment of a Remarketing Agent therefor;

(iii) provisions, as the Authority shall deem desirable, for the adjustment of the rate of Interest or redemption date of such Bonds upon the exercise of any such option; and

(iv) the Purchase Price.

Unless otherwise provided in the applicable Supplemental Indenture, any Tender Bonds which shall have been repurchased pursuant to any Remarketing Agreement and not otherwise redeemed by the Authority shall continue to be Outstanding Bonds hereunder.

(d) The Authority may issue Capital Appreciation Bonds upon such terms, with respect thereto, as set forth in the applicable Supplemental Indenture. In the applicable Supplemental Indenture for any Capital Appreciation Bonds, the Authority shall provide for the determination of the Principal Amount and Interest payable on such Bonds and for the purposes hereof, such terms, with respect to such Bonds, shall have the meaning given in such applicable Supplemental Indenture.

(e) The Authority may issue Discount Bonds in order to provide such yield thereon as deemed appropriate and desirable by the Authority. In the applicable Supplemental Indenture for any Discount Bonds, the Authority shall provide for the determination of the Principal Amount and Interest payable on such Bonds and for the purposes hereof, such terms, with respect to such Bonds shall have the meaning given in such applicable Supplemental Indenture.

(f) The Authority may issue Deferred Interest Bonds. In the applicable Supplemental Indenture for any Deferred Interest Bonds, the Authority shall provide for the rate at which Interest accrues on such Deferred Interest Bonds, the time period during which the Deferred Interest Bonds do not pay Interest on a current basis, the amount by which the Principal Amount of such Deferred Interest Bond will increase when Interest is not paid on a current basis, and the amount of Interest payable annually, if any.

(g) The Authority may issue Taxable Bonds upon such terms with respect thereto, as set forth in the applicable Supplemental Indenture.

Section 203. Medium and Place of Payment. (a) The Principal Amount of, Redemption Premium, if any, and Interest on the Bonds shall be payable in currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. The Principal Amount of, Redemption Premium, if any, and Interest on a Series

of Bonds shall be payable in the manner and at the place specified in the Supplemental Indenture providing for the issuance of such Series of Bonds.

(b) In the event of a default by the Authority in the payment of Interest due on a Bond on any Interest Payment Date, such defaulted Interest will be payable to the person in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted Interest established by notice mailed by the Registrar for such Bond to the Holder thereof not less than ten (10) days preceding such special record date.

Section 204. Mutilated, Destroyed, Lost and Stolen Bonds. If (a) any mutilated Bond is surrendered to the Trustee or if the Authority, the Registrar, and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Trustee such security or indemnity as may be required by them to hold the Authority, the Registrar, and the Trustee harmless, then, in the absence of notice to the Authority, the Registrar, or the Trustee that such Bond has been acquired by a bona fide purchaser and upon the Holder's paying the reasonable expenses of the Authority, the Registrar, and the Trustee, then the Authority shall cause to be executed and the applicable Authenticating Agent shall authenticate and deliver, in exchange for such mutilated Bond or in lieu of such destroyed, lost, or stolen Bond, a new Bond of the same Series and tenor. If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, then the Trustee and any Paying Agent may, in their discretion, pay such Bond when due instead of delivering a new Bond.

Section 205. Execution and Authentication of Bonds. All Bonds shall be executed for and on behalf of the Authority by its Chairman or Vice Chairman and attested by its Secretary or Treasurer. The signatures of the Chairman or Vice Chairman and the Secretary or Treasurer may be mechanically or photographically reproduced on the Bonds. If any officer of the Authority whose signature appears on any Bond ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. Each Bond shall be authenticated manually by an authorized officer of the Authenticating Agent, without which authentication, no Bond shall be entitled to the benefits hereof.

Section 206. Exchange of Bonds. Bonds, upon presentation and surrender thereof to the Registrar together with written instructions satisfactory to the Registrar, duly executed by the Holder or his or her attorney duly authorized in writing, may be exchanged for an equal aggregate Principal Amount of fully registered Bonds of the same Series and tenor.

Section 207. Negotiability and Transfer of Bonds. (a) All Bonds issued under this Master Indenture shall be negotiable, notwithstanding the provisions for registration and registration of transfer thereof contained herein or in the Bonds.

(b) The Authority shall cause the Register, with respect to each Series of Bonds, to be maintained at the offices of the Registrar therefor and shall provide for the registration and registration of transfer of any Bond of such Series under such reasonable regulations as the Authority

or the Registrar may prescribe. The Registrar with respect to each Series of Bonds shall maintain the Register for purposes of exchanging and registering Bonds in accordance with the provisions hereof.

(c) Each Bond of a Series shall be registered or registered for transfer only upon the Register maintained by the Registrar, by the Holder thereof in person or by his or her attorney duly authorized in writing, upon presentation and surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered Holder or his or her duly authorized attorney. Upon surrender for registration of transfer of any such Bond, the Authority shall cause to be executed and the Authenticating Agent shall authenticate and deliver, in the name of the transferee, one or more new Bonds of the same Series, Interest rate, maturity, Principal Amount and date as the surrendered Bond, as fully registered Bonds only.

Section 208. Persons Deemed Owners. Except as provided in the applicable Supplemental Indenture, as to any Bond, the person in whose name such Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the Principal Amount of, Redemption Premium, if any, and Interest on any Bond shall be made, as provided in the applicable Supplemental Indenture, only to or upon the written order of the registered Holder thereof. Such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the amount so paid.

Section 209. Provisions with Respect to Transfers and Exchanges. (a) All Bonds surrendered in any exchange or registration of transfer of Bonds shall forthwith be cancelled by the Registrar.

(b) In connection with any such exchange or registration of transfer of Bonds, the Holder requesting such exchange or registration of transfer shall, as a condition precedent to the exercise of the privilege of making such exchange or registration of transfer, remit to the Registrar an amount sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer.

(c) Except with respect to Bonds of a Series that are subject to optional tender or are purchased, paid, or held by a Credit Provider, neither the Authority nor the Registrar shall be obligated to register the transfer or exchange of any Bond which has been or is being called for redemption, in whole or in part.

Section 210. Conditions for Delivery of Bonds. Upon the execution and delivery of a Supplemental Indenture providing for the issuance of a Series of Bonds, the Authority shall execute and deliver such Series of Bonds to the Trustee, the Trustee shall deliver such Series of Bonds to the Authenticating Agent for authentication and delivery to or for the account of the Original Purchaser as directed by the Authority, and the Authenticating Agent shall authenticate such Series of Bonds; provided, however, that prior to delivery by the Trustee of such Series of Bonds there shall be delivered to the Trustee the following:

(a) A certified copy of the applicable resolution authorizing the issuance of such Series of Bonds, including the resolutions authorizing the execution and delivery on behalf of the Authority of such Supplemental Indenture, the applicable Reimbursement Agreement, if any, any applicable Remarketing Agreement, such Series of Bonds, the applicable Bond Purchase Contract, and any other applicable agreement.

(b) Executed or true counterparts of this Master Indenture, such Supplemental Indenture, any Bond Purchase Contract, such Reimbursement Agreement, if any, and the executed Credit Facility, Remarketing Agreement, if any, and any other agreement required by a Supplemental Indenture.

(c) A request and authorization by the Authority to the Authenticating Agent to authenticate and deliver the Series of Bonds, describing such Series of Bonds, designating the Original Purchaser to whom such Bonds are to be delivered upon payment therefor and stating the Purchase Price.

(d) The amounts specified in the Supplemental Indenture for deposit to the credit of the applicable Funds and Accounts created hereunder or thereunder, to the extent of those Funds and Accounts held by the Trustee.

(e) Any other items required by the Supplemental Indenture pursuant to which such Series of Bonds is being issued.

(f) Such other closing documents as the Authority (as to which it shall have given written notice to the Trustee), the Trustee or their Counsel may reasonably require (provided, however, that nothing herein shall impose or imply any obligation on the part of the Trustee to require any other closing documents).

Section 211. Form of Bonds. The definitive Bonds of each Series shall be in substantially the form set forth in or as an exhibit to the Supplemental Indenture providing for the issuance of such Series of Bonds.

Section 212. Book-Entry System. The provisions of this Article II may be modified as set forth in a Supplemental Indenture authorizing the issuance of a Series of Bonds in order to implement and maintain a book-entry system of registration of the Bonds of such Series.

The Trustee is hereby authorized to enter into agreements with The Depository Trust Company of New York and other depository trust companies, including but not limited to, agreements necessary for wire transfers of Interest and Principal Amounts with respect to the Bonds, utilization of electronic book-entry data received from The Depository Trust Company of New York and other depository trust companies in place of delivery of definitive Bonds and provision of notices with respect to Bonds registered by The Depository Trust Company of New York and other depository trust companies (or any of their designees identified to the Trustee) by overnight delivery,

courier service, telegram, telecopy or other similar means of communication. No such agreements with The Depository Trust Company of New York and other depository trust companies may adversely affect the interests of any of the Holders of the Bonds; provided, however, that the Trustee shall not be liable with respect to any such agreements it may enter into pursuant to this Section.

Section 213. Temporary Bonds. (a) The Authority may execute and, upon request by the Authority, the Authenticating Agent shall authenticate and deliver temporary Bonds ("Temporary Bonds") which may be typewritten, printed, or otherwise reproduced, in lieu of definitive Bonds, subject to the same provisions, limitations and conditions as definitive Bonds. The Temporary Bonds shall be dated as provided in the applicable Supplemental Indenture, shall be in such denomination or denominations and shall be numbered as prepared and executed by the Authority, shall be substantially of the tenor of the definitive Bonds of such Series, but with such omissions, insertions and variations as the officers of the Authority executing the same may determine, may only be issued in fully registered form, and may be issued in the form of a single Bond.

(b) Without unreasonable delay after the issuance of Temporary Bonds, if any, the Authority shall cause the definitive Bonds to be prepared, executed, and delivered to the Authenticating Agent. The definitive Bonds of such Series shall be prepared in such fashion as is acceptable to the Original Purchaser. Any Temporary Bonds issued shall be exchangeable for definitive Bonds of such Series upon surrender to the Registrar at its principal office (or such other location as may be designated by it) of any such temporary Bond or Bonds, and, upon such surrender, the Authority shall execute and, upon delivery of a certificate of an Authorized Representative, the Authenticating Agent shall authenticate and deliver to the Holder of the Temporary Bond or Bonds, in exchange therefor, a like face amount of definitive Bonds of such Series in authorized denominations. Until so exchanged the Temporary Bonds shall in all respects be entitled to the same benefits as definitive Bonds of such Series authenticated and issued pursuant hereto.

(c) Interest on Temporary Bonds, when and as payable, shall be paid to the Holders thereof.

(d) All Temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall forthwith be cancelled by the Registrar.

Section 214. Additional Bonds. For the purposes of providing funds for additions, extensions, repairs, replacements, enhancements or expansions to the System, the Authority may issue additional Series of Bonds ("Additional Bonds") from time to time on a parity with other Outstanding Bonds, upon such terms with respect thereto as set forth in the applicable Supplemental Indenture, provided, however, there shall have been filed with the Trustee the following:

(a) A copy, certified by an Authorized Officer of the Authority, of any Supplemental Indenture relating to the Additional Bonds;

(b) a certificate, signed by an Authorized Representative of the Authority, stating that the Authority is not then in default in the performance of any covenants, conditions, agreement or provisions of this Master Indenture or any Supplemental Indenture;

(c) A written opinion of the Traffic Engineers (or such other firm or corporation performing functions similar to the Traffic Engineers, having a nationwide and favorable reputation for skill and experience in such work and retained by the Authority in connection with the issuance of Additional Bonds), stating that for any consecutive twelve (12) month period out of the last eighteen (18) months Net Revenues were not less than one hundred twenty percent (120%) of Maximum Annual Debt Service with respect to all Bonds Outstanding including such Additional Bonds proposed to be issued.

(d) A certificate of the Consulting Engineers stating the estimated Cost of the System Project to be financed with proceeds of the Additional Bonds and that funds available or reasonably expected to become available for such Cost of the System Project, together with the proceeds for the Additional Bonds, will be sufficient to pay such Cost of the System Project;

(e) A written opinion of counsel to the Authority stating that the issuance of such Additional Bonds has been duly authorized, that all conditions precedent to the delivery of such Bonds have been fulfilled, and that any Indenture or Supplemental Indenture relating to such Bonds creates a valid and enforceable pledge of Net Revenues and a lien for the benefit of the applicable Bondholders on the monies on deposit in the Funds and Accounts and the Net Revenue.

Section 215. Completion Bonds. For the purpose of providing funds to pay all or part of the Cost of completing a System Project, the Authority may, without satisfying the requirements of Section 214 hereof, issue Completion Bonds on a parity with other Outstanding Bonds, upon such terms with respect thereto as set forth in a Supplemental Indenture, provided, however, the aggregate amount of such Completion Bonds shall not exceed ten percent (10%) of the original estimated Cost of the System Project at the time of issuance of the Bonds funding such System Project (however the amount of such Completion Bonds shall not be limited if the Rating Agencies certify that the Authority's credit would not be adversely impacted as a result of the issuance of such Completion Bonds) and provided further, there shall have been filed with the Trustee the following:

(a) A copy, certified by an Authorized Officer of the Authority, of any Supplemental Indenture relating to the Completion Bonds;

(b) A certificate of the Consulting Engineers stating the original estimated Cost of the System Project at the time of issuance of the Bonds, that such estimated Cost will be exceeded, the Cost of completing the System Project, and that other funds available or reasonably expected to become available for such Cost of completion, together with the proceeds of the Completion Bonds, will be sufficient to pay such Cost of completion;

(c) A written opinion of Bond Counsel stating that the issuance of the Completion Bonds has been duly authorized, that all conditions precedent to the delivery of such Completion Bonds have been provided for or fulfilled or otherwise satisfied, and that this Master Indenture creates a valid and enforceable pledge of the Net Revenues and a lien for the benefit of the Completion Bonds and the Bondholders thereof on the monies on deposit in the Funds and Accounts; and

(d) A certificate signed by an Authorized Officer of the Authority, stating that no Event of Default has occurred and is continuing as of the date of said certificate (except any Event of Default that will be cured by application of the proceeds of the Completion Bonds), which shall be dated as of the date of issuance of the Completion Bonds.

Section 216. Refunding Bonds. For the purpose of providing funds, together with other legally available funds, for refunding all or a portion of Outstanding Bonds of any one or more Series issued under the provisions of this Master Indenture, the Authority may, without satisfying the requirements of Section 214 hereof, issue refunding Bonds or Cross-Over Refunding Bonds ("Refunding Bonds") from time to time on a parity with other Outstanding Bonds, upon such terms with respect thereto as set forth in a Supplemental Indenture, provided there shall have been filed with the Trustee the following:

(a) A copy, certified by the Secretary of the Authority, of any Supplemental Indenture relating to the Refunding Bonds;

(b) A written opinion of Bond Counsel stating that he is of the opinion that the issuance of the Refunding Bonds has been duly authorized, that all conditions precedent to the delivery thereof, including defeasance of the obligations to be refunded thereby, have been irrevocably provided for, fulfilled or otherwise satisfied, and that the Master Indenture and any Supplemental Indenture relating thereto creates a valid and enforceable pledge of the Revenue and a lien for the benefit of the applicable Bonds and Bondholders thereof on the monies on deposit in the Funds and Accounts and on the Revenues, which lien is on a parity with the lien of any other Outstanding Bonds;

(c) A certificate of a Consulting Engineer or Accountant, confirming that the Annual Debt Service (and the redemption or provision for payment of the Bonds to be refunded) for each Bond Year for all Outstanding Bonds following issuance of the Refunding Bonds with respect to which the certificate is made is less than the Annual Debt Service for each Bond Year for all Outstanding Bonds (including the Bonds to be refunded) prior to the issuance of such Refunding Bonds;

(d) A certificate of an Authorized Officer to the effect that no Event of Default has occurred and is continuing as of the date of said certificate, which shall be dated within fifteen days prior to the date of issuance of the Refunding Bonds.

Section 217. Non-Presentation of Bonds. (a) If any Bond is not presented for payment when the Principal Amount thereof becomes due (whether at maturity or upon call for redemption or otherwise), all liability of the Authority to the Holder thereof for the payment of such Bond shall

be completely discharged if moneys sufficient to pay the Principal Amount of such Bond and the Interest due thereon shall be held by the Trustee for the benefit of such Bondholder, and thereupon it shall be the duty of the Trustee to hold such moneys subject to subsection (b) below, without liability for interest thereon, for the benefit of such Bondholder, who shall thereafter be restricted exclusively to such moneys for any claim of whatever nature under this Master Indenture or on, or with respect to, such Bond.

(b) Notwithstanding any provision of this Master Indenture to the contrary, moneys held by the Trustee for the payment of the Principal Amount of, Redemption Premium, if any, or Interest on the Bonds of any Series left unclaimed for three (3) years after the date on which such payment is due shall, at the written direction of the Authority, be repaid promptly by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee shall, at the expense of the Authority, cause to be mailed to the holders of all Outstanding Bonds of the Series a notice that said monies remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of mailing of such notice, the balance of such monies then unclaimed will be returned promptly to the Authority.

Section 218. Bond Anticipation Notes. The Authority may issue Bond Anticipation Notes, secured on a parity as to the pledge of Net Revenues with Bonds issued hereunder, provided that the requirements set forth in Section 214 and 601 are met. For purposes of the covenants contained in such sections, Bond Anticipation Notes shall be deemed to have approximate equal installments of debt service (assuming a rate equal to The Bond Buyer 25-Bond Revenue Index over the anticipated term of the Bonds to be issued to retire such Bond Anticipation Notes).

Section 219. Qualified Swap Agreements. The Authority may enter into Qualified Swap Agreements secured on a parity as to the pledge of Net Revenues with the Bonds issued hereunder, provided that the requirements set forth in Section 214 (except for Section 214(d)) and 601 are met. The provisions of Article II hereof shall not be applicable to any Qualified Swap Agreement, except for Sections 210, 211, 214 and 219 hereof, nor shall any provisions of this Master Indenture relating to the authentication, transfer, presentment or redemption of Bonds or rights of Holders of Bonds, defaults or remedies be applicable to any Qualified Swap Agreement. The provisions of any Swap Agreement providing for defaults and remedies shall apply to such Qualified Swap Agreement.

Section 220. Bonds not to be Obligations of the State. The Bonds and other obligations authorized pursuant to this Master Indenture (including without limitation, Qualified Swap Payments) are special obligations of the Authority. Neither the State nor the Authority shall be obligated to pay the principal of premium, if any, or interest on the Bonds or other obligations issued under this Master Indenture except from Net Revenues and other Funds and Accounts pledged therefor under the provisions of the Act. In no event shall the Bonds be deemed to constitute a debt,

liability or obligation of the State or any political subdivision thereof and neither the faith and credit nor taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or any other obligations issued under this Master Indenture.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Right to Redeem; Special Mandatory Redemption. The Bonds of a Series shall be subject to optional redemption prior to maturity at such times, to the extent and in the manner provided herein and in the applicable Supplemental Indenture. The Bonds of each Series issued under the provisions of this Master Indenture shall be subject to special mandatory redemption in part from amounts deposited in the Redemption Accounts pursuant to Section 401 hereof or Section 610(b)(i) hereof and in whole from amounts deposited in the Redemption Accounts pursuant to Section 610(b)(ii) hereof, at a redemption price of par plus the interest accrued to the date fixed for redemption, in accordance with Section 505 hereof. The special mandatory redemption date shall be the Interest Payment Date that is not less than 60 days after the deposit to the Redemption Accounts pursuant to Sections 401 or 610, as may be applicable. The Authority will notify the Trustee of its intent to effect the special mandatory redemption of Bonds at least sixty (60) days prior to the date fixed for such redemption.

If less than all of the Bonds of a Series or of any one maturity of a Series shall be called for redemption, the particular Bonds to be redeemed shall be selected by an Authorized Representative in such manner as the Authorized Representative in his discretion deems fair and appropriate except to the extent otherwise provided in any Supplemental Indenture applicable to such Bonds.

Section 302. Sinking Fund Redemption. Bonds of a Series shall be subject to mandatory sinking fund redemption and shall be redeemed in the amounts and on the dates and in the years set forth in the Supplemental Indenture providing for the issuance of such Bonds.

Section 303. Notice of Redemption. (a) If all the Bonds of a Series are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and maturity dates. If less than all Bonds of a Series are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, the CUSIP and/or serial numbers and maturity date. Each notice of redemption shall specify: (i) the date fixed for redemption, (ii) the Principal Amount of Bonds or portions thereof to be redeemed, (iii) the applicable Redemption Premium, if any, (iv) the place or places of payment, (v) that payment of the Principal Amount and Redemption Premium, if any, will be made upon presentation and surrender to the Trustee or Paying Agent, as applicable, of the Bonds to be redeemed, unless provided otherwise in the applicable Supplemental Indenture, (vi) that Interest accrued to the date fixed for redemption will be paid as specified in such notice, (vii) that on and after said date Interest on Bonds

which have been redeemed will cease to accrue, and (viii) the designation, including Series, and the CUSIP numbers of the Bonds to be redeemed and, if less than the face amount of any such Bond is to be redeemed, the Principal Amount to be redeemed.

Notice of redemption of any Bonds shall be mailed at the times and in the manner set forth in subsection (b) of this Section.

(b) Except as may be provided otherwise in the applicable Supplemental Indenture, any notice of redemption shall be sent by the Trustee not less than thirty (30) nor more than sixty (60) days prior to the date set for redemption by first class mail (i) to the Holder of each such Bond to be redeemed in whole or in part at the Holders address as it appears on the Register (ii) to at least two (2) information services of national recognition which disseminate redemption information with respect to obligations such as the Bonds. Failure to give any notice specified in (i) to any particular Holder of a Bond, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other Bonds with respect to which no such failure or defect has occurred and failure to give any notice specified in (ii) or (iii), or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which the notice specified in (i) has been given correctly. Any notice mailed by the Trustee pursuant to this Section shall be deemed received within five (5) days after mailing whether or not actually received.

Section 304. Selection of Bonds to be Redeemed. Except as provided otherwise in the applicable Supplemental Indenture: (a) if less than all Bonds of a Series are to be redeemed the maturities to be redeemed or the method of their selection shall be determined by the Authority, and (b) if less than all such Bonds of a single maturity are to be redeemed, such Bonds to be redeemed will be selected by lot in such customary manner as the Trustee shall determine.

Section 305. Option to Sell Right to Redeem or Purchase Bonds. The Authority shall be entitled to reserve or exercise the right to sell, assign or transfer one or more Option Rights with respect to any Series of Bonds as provided for in a Supplemental Indenture.

ARTICLE IV

ESTABLISHMENT OF FUNDS AND ACCOUNTS: CONSTRUCTION FUND

Section 401. Construction Fund. There is hereby created and established Construction Fund, to be held by the Trustee, which shall contain one or more Project Accounts, a Cost of Issuance Account for each Series of Bonds and may contain a Capitalized Interest Account for each Series of Bonds therein and such other accounts as may be specified in the applicable Supplemental Indenture. Moneys, instruments and securities in the Construction Fund shall be held by the Trustee in each Project Account, in trust for the Holders of the Bonds of such Series until such moneys have been committed or encumbered to pay lawfully incurred obligations of the Authority in connection with paying the Costs of System Projects. The Authority covenants that the moneys in such Project

Accounts shall be applied, in accordance with the provisions of this Article and the applicable Supplemental Indenture to the payment of the Cost of the System Projects financed by such Series of Bonds.

After payments of, and reimbursements with respect to, all costs of issuance of a Series of Bonds to be financed with proceeds of such Bonds, any amounts remaining in the applicable Cost of Issuance Account of the Series of Bonds shall be transferred to the applicable Project Account in the Construction Fund and used to pay the Cost of the System Projects financed by the applicable Series of Bonds.

After payments of, and reimbursements with respect to, the System Projects financed by the related Series of Bonds are completed, as certified by the Authority and the Construction Manager and provided no Event of Default has occurred and is continuing in the payment of the Principal Amount of or Interest on any Bonds, surplus money in the related Project Account in the Construction Fund shall be applied (i) to eliminate any deficiency in the related Series Account of the Debt Service Reserve Fund, (ii) for any other Cost of System Projects, (iii) to the Principal Account, or (iv) to the Redemption Account, if so required by, and as provided in, the applicable Supplemental Indenture. If the related Series of Bonds was issued as Tax-Exempt Bonds, prior to the application of such moneys to pay the Cost of any other System Projects, the Authority must also receive an Opinion of Bond Counsel to the effect that (i) such use will not adversely affect the exclusion of Interest on such Bonds from gross income for federal income tax purposes, (ii) if applicable, as to the non-tax preference status of such Interest for federal alternative minimum income tax purposes, and (iii) as to the qualification of earnings on any Fund or Accounts for treatment pursuant to Section 148(f)(4)(B) as meeting the requirements of Section 148(f)(2) to rebate amounts to the United States.

Section 402. Application of Monies in the Construction Fund. Payments shall be made by the Trustee from a Project Account in the Construction Fund upon receipt of a properly executed requisition in substantially the form attached hereto as Exhibit A as such form may be amended from time to time in the applicable Supplemental Indenture. Payments shall be made by the Trustee from the Cost of Issuance Account in the Construction Fund upon receipt of a properly executed requisition in substantially the form attached hereto as Exhibit B as such form may be amended from time to time in the applicable Supplemental Indenture.

Moneys shall be transferred by the Trustee from the Capitalized Interest Account at such times and in such amounts as provided in Section 510 hereof and the applicable Supplemental Indenture.

ARTICLE V

ESTABLISHMENT OF OTHER FUNDS AND ACCOUNTS

Section 501. Creation of Other Funds and Accounts. There are hereby established the following other Funds and Accounts:

- (a) Revenue Fund, to be held (except as provided in Section 503) by the Trustee.
- (b) Operation and Maintenance Fund, to be held by the Authority, which shall contain a Operation and Maintenance Reserve Account therein.
- (c) Debt Service Fund, to be held by the Trustee, which shall contain an Interest Account, Principal Account, Sinking Fund Account and Redemption Account with respect to each Series of Bonds:
- (d) Debt Service Reserve Fund, to be held by the Trustee, which shall contain an Account with respect to each Series of Bonds, if provided for pursuant to terms of the applicable Supplemental Indenture.
- (e) Renewal and Replacement Fund to be held by the Authority.

- (f) Rebate Fund, to be held by the Trustee.
- (g) General Fund, to be held by the Authority.

In addition to the Funds and Accounts created by this Section 501, the Authority may by Supplemental Indenture direct the Trustee to create one or more accounts or subaccounts within such Funds and Accounts, to be held by the Trustee or the Authority, as applicable.

Section 502. Application of Bond Proceeds. All proceeds of the sale of each Series of Bonds shall be paid to the Trustee, against receipt therefor, at or prior to the delivery of such Series of Bonds and shall be deposited or delivered by the Trustee as provided by the Supplemental Indenture providing for the issuance of such Bonds.

Section 503. Revenue Fund. Commencing immediately after the issuance of the first Series of Bonds pursuant to this Master Indenture, the Authority shall deposit all moneys it has on hand into the Revenue Fund. Thereafter, the Authority shall deposit all Revenues upon receipt, daily, as far as practicable, in trust accounts in the name of the Trustee with one (1) or more Depositories selected by the Authority, written notice of which is given by the Authority to the Trustee, and satisfactory to the Trustee. All such Revenues shall be deemed to be held for the Revenue Fund and shall be transferred to the Trustee for deposit in the Revenue Fund no less than

monthly (but in no event later than one (1) Business Day prior to the date of any payment provided for in Section 510). Amounts in the Revenue Fund are pledged to Bondholders.

Section 504. Operation and Maintenance Fund. Amounts in the Operation and Maintenance Fund shall be used by the Authority to pay Operating Expenses. Amounts in the Operation and Maintenance Fund shall not be pledged to Bondholders.

Amounts in the Operation and Maintenance Reserve Account shall be used to pay Operating Expenses to the extent that the amounts on deposit in the Operation and Maintenance Fund are not sufficient to make such payments. Amounts in the Operation and Maintenance Reserve Account shall not be pledged to the Bondholders.

The Operation and Maintenance Reserve Account Requirement in any Fiscal Year of the Authority is one-fifth (1/5th) of the Operating Expenses for such Fiscal Year as set forth in the Annual Budget of the Authority in accordance with Section 604 hereof and shall be funded as provided in Section 510 hereof. The Operation and Maintenance Reserve Account shall be fully funded on the date on which the first Series of Bonds is issued under this Master Indenture.

Section 505. Debt Service Fund. Amounts in the Debt Service Fund shall be used by the Trustee to pay debt service on Bonds from the applicable Account therein at the times and in the amounts such debt service is due, and to pay any Qualified Swap Payments under any Qualified Swap Agreement; provided, however, that while there is a Credit Facility in effect with respect to any Series of Bonds, amounts in the related Series Interest, Principal, Sinking Fund or Redemption Account in the Debt Service Fund may be used to reimburse any Credit Provider for amounts paid by it pursuant to a Credit Facility for Interest, Principal Amounts or Redemption Premium, respectively, paid to Holders of such Bonds. Amounts in the Debt Service Fund are pledged to Bondholders.

The Authority may deposit or cause to be deposited in the Redemption Account for any Series of Bonds any moneys not otherwise required by this Master Indenture to be deposited or applied. Subject to the foregoing, amounts in the Redemption Account may be applied at the written direction of the Authority to the redemption of Bonds in accordance with Article III and the applicable Supplemental Indenture or, in lieu thereof, to the purchase of Bonds at prices not exceeding the applicable Redemption Prices (plus accrued interest) had such Bonds been redeemed (or, if not then subject to redemption, at the applicable Redemption Prices when next subject to redemption), such purchases to be made by the Trustee at such times and in such manner as directed by the Authority. Net Proceeds transferred to Redemption Accounts pursuant to Section 610(b)(ii) hereof, shall be applied to effect the special mandatory redemption, in whole, of Outstanding Bonds. Net Proceeds transferred to the Redemption Account pursuant to Section 610(b)(i) hereof, and excess of sums in the Construction Fund transferred to the Redemption Accounts pursuant to Section 401 hereof, if required by the provisions of the applicable Supplemental Indenture, shall be applied to effect the special mandatory redemption, in part, of Outstanding Bonds. In any case, such special mandatory redemption shall be made pursuant to the provisions of Article III hereof, by retiring such

amount of Bonds as will exhaust the monies which will be held in the applicable Redemption Accounts as nearly as may be; provided that no less than Fifty Thousand Dollars (\$50,000) principal amount of Bonds or such other principal amount of Bonds as may be specified in a Supplemental Indenture shall be called for special mandatory redemption at any one time. An Authorized Representative shall notify the Trustee, in writing, as provided in Article III hereof, of its intent to call Bonds for such special mandatory redemption.

In the case of a special mandatory redemption in whole, the Trustee shall, prior to the date fixed for such redemption, withdraw from the Redemption Accounts (and such other of the Funds and Accounts as may be necessary in accordance with Section 610) amounts on deposit therein and set aside therefrom, in separate accounts, or deposit with the Paying Agent, the respective amounts required for paying the debt service on all Outstanding Bonds.

In the case of a special mandatory redemption in part, the Trustee shall, prior to the date fixed for such redemption, withdraw from the Interest Accounts the interest accrued on the Bonds to be redeemed to the date of redemption thereof and transfer such amount to the Redemption Accounts and the Trustee shall then withdraw from the Redemption Accounts amounts on deposit therein and set aside therefrom, in separate accounts or deposit with the Paying Agent, the respective amounts required for paying the interest on, and the principal of, Outstanding Bonds so called for special mandatory redemption.

~~Section 506. Debt Service Reserve Fund. (a) Amounts in each Account in the Debt Service Reserve Fund shall be used to pay debt service on the related Series of Bonds on the date such debt service is due when insufficient moneys for that purpose are available in the Bond Fund; provided, however that all amounts in an Account in the Debt Service Reserve Fund shall be used, together with other amounts available for such purpose hereunder, to provide for payment of the related Series of Bonds when the aggregate of such amounts is sufficient for such purpose. Amounts in each Account of the Debt Service Reserve Fund shall be pledged only to Holders of Bonds of the related Series; provided, however, if so provided in a Supplemental Indenture, upon the issuance of a Series of Refunding Bonds to advance refund a portion of a Series of Outstanding Bonds, amounts in the related Account of the Debt Service Reserve Fund securing the Outstanding Bonds may be pledged to the unrefunded Series of Outstanding Bonds and the Holders of the Series of Refunding Bonds on a pro rata basis.~~

(b) In lieu of or in addition to cash or investments, at any time, the Authority may cause to be deposited to the credit of an Account in the Debt Service Reserve Fund, any form of Credit Facility, in the amount of the related Series Debt Service Reserve Fund Requirement, as provided for in the appropriate Supplemental Indenture, irrevocably payable to the Trustee as beneficiary for the Holders of the related Series of Bonds.

Each Credit Facility shall provide that the Credit Provider shall notify the Authority and the Trustee in writing at least twenty-four (24) months prior to the expiration of the Credit Facility. If (A) the Authority and the Trustee receive such expiration notice and the Credit Provider has not

agreed in writing twenty-four (24) months prior to the expiration date to extend its expiration date, (B) the Authority and the Trustee receives written notice from the Credit Provider of the termination of the Credit Facility, or (C) the credit rating of the Credit Provider is no longer rated in the two (2) highest credit rating categories by two (2) Rating Agencies, the Authority shall (x) at least twelve (12) months prior to the expiration date provide a substitute Credit Facility, (y) deposit the applicable Series Debt Service Reserve Fund Requirement to the related Account in the Debt Service Reserve Fund (1) commencing twenty-four (24) calendar months prior to the termination date in equal monthly installments over the next succeeding twelve (12) months, in the case of receipt of an expiration notice, (2) promptly, but in any event, prior to the termination date, in the case of receipt of a termination notice, or (3) within one hundred eighty (180) days, in the case of such reduction in credit rating, or (z) instruct the Trustee to draw on such Credit Facility in the amount of the related Series Debt Service Reserve Requirement (1) twelve (12) months prior to expiration of the Credit Facility, in the case of receipt of an expiration notice, (2) prior to the termination date, in the case of receipt of a termination notice, or (3) after one hundred eighty (180) days, in the case of such reduction in credit rating and deposit any funds so drawn to the appropriate Series Account in the Debt Service Reserve Fund.

Section 507. Renewal and Replacement Fund. Amounts in the Renewal and Replacement Fund may be used to pay the costs of any non-annually recurring repair and rehabilitation to the System. Amounts in the Renewal and Replacement Fund are pledged to Bondholders.

Section 508. Rebate Fund. Amounts deposited into the Rebate Fund shall be applied as provided in any Supplemental Indenture. Amounts in the Rebate Fund shall not be pledged to the Bondholders.

Section 509. General Fund. Amounts in the General Fund shall be available for use by the Authority for any lawful purpose, including the payment of any Subordinated Debt of the Authority. Amounts in the General Purpose Fund shall not be pledged to Bondholders.

Section 510. Flow of Funds. On the first Business Day of each month, but in no event later than the fifth Business Day of each month commencing August 1, 2003, except as otherwise provided below, amounts in the Revenue Fund shall be withdrawn by the Trustee and deposited as follows in the following order of priority:

(i) To the Operation and Maintenance Fund, an amount which, along with amounts remaining in the Operation and Maintenance Fund (excluding amounts in the Operation and Maintenance Reserve Account), are, according to the written certificate of an Authorized Representative delivered to the Trustee on or prior to the first Business Day of each month, needed to pay the Operating Expenses during such month.

(ii) Except as otherwise provided in the applicable Supplemental Indenture,

(a) for deposit into the Interest Account in the Debt Service Fund such sums as shall be sufficient to pay (i) one-sixth (1/6) of the interest becoming due on the next semiannual interest payment date with respect to Bonds that bear interest payable semiannually, (ii) the amount of interest next becoming due or maturing on the Bonds that bear interest payable monthly, and (iii) the amount of interest accruing in such month on Bonds that bear interest payable on other than a monthly or semiannual basis (other than Capital Appreciation Bonds), and (iv) the amount of any Qualified Swap Payment payable by the Authority accruing in such month.

(b) for deposit in the Principal Account in the Debt Service Fund an amount equal to, one-sixth (1/6) of the principal amount of the Bonds which will mature and become due on the next semiannual maturity date and one-twelfth (1/12) of the principal amount of the Serial Bonds which will mature and become due on the next annual maturity date in such Fiscal Year.

(c) for deposit into the Redemption Account, an amount sufficient to pay one-sixth (1/6) of the principal amount of Term Bonds subject to mandatory sinking fund redemption on the next semiannual payment date with respect to Bonds subject to semiannual mandatory sinking fund redemption and one-twelfth (1/12) of the principal amount of Term Bonds subject to mandatory sinking fund redemption on the next annual payment date with respect to Bonds subject to annual mandatory sinking fund redemption.

Any monthly deposits required as set forth above, for the purpose of making payments into the Debt Service Fund for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of Interest Payment Dates applicable to such Series and the frequency of payment of Qualified Swap Payments. On or before each Interest Payment Date, the Authority shall make up any deficiencies in such interest deposit, based on the actual interest accruing through such date, from and to the extent monies remain on deposit in the Revenue Fund.

Deposits to the Interest Account, Principal Account and Redemption Account shall not be required to the extent moneys are on deposit therein and available to make the payments which such deposits are intended to provide for, including, without limitation, amounts derived from capitalized interest, Debt Service Reserve Fund interest earnings, investment earnings on the Interest, Principal and Redemption Accounts and payments by a Counterparty pursuant to a Qualified Swap Agreement providing for payments to the Authority or the Trustee.

Amounts in the applicable Interest, Principal, Sinking Fund or Redemption Account in the Debt Service Fund may be used upon the written instructions of the Authority to reimburse the Credit Provider for amounts paid under a Credit Facility in the same proportion that such Interest, Principal, Sinking Fund or Redemption Price represents payments made to Holders of the related Series of Bonds.

If the deposits provided in this Section 510(ii) are not sufficient to comply with the provisions of the Supplemental Indenture with respect to each Series of Bonds, such deposits shall be made pro rata in accordance with amounts due for each Series of Bonds.

(iii) Except as otherwise provided with respect to any Series of Bonds in the applicable Supplemental Indenture, to the applicable Series Account in the Debt Service Reserve Fund with respect to each Series of Bonds, one-twenty fourth (1/24th) of the amount necessary to restore the amount on deposit therein to the Debt Service Reserve Fund Requirement in the case where the deficiency has occurred because of a loss in the investment of the monies in the Debt Service Reserve Fund or in the case where the deficiency has occurred because the Authority or the Trustee has drawn upon the Account in the Debt Service Reserve Fund to pay debt service on the related Series of Bonds, one-sixth (1/6th) of the amount necessary to restore the amount on deposit to the Series Debt Service Reserve Requirement.

If such deposits are not sufficient to comply with the provisions of the applicable Supplemental Indenture with respect to each Series of Bonds, such deposits shall be made pro rata in accordance with amounts due for each Series of Bonds.

(iv) To make deposits and payments with respect to obligations secured by the Net Revenues junior and subordinate to the Bonds as required pursuant to this Master Indenture, including but not limited to, swap termination payments, or any indenture or instrument pursuant to which such obligations are issued.

(v) To the Operation and Maintenance Reserve Account, the amount, if any, necessary to fund a deficiency in the Operation and Maintenance Reserve Account Requirement, in the case where the deficiency has occurred because the Authority has drawn upon the Operation and Maintenance Reserve Account to pay Operation and Maintenance Expenses or because (according to the written certificate of an Authorized Representative) the amount budgeted to pay Operation and Maintenance Expenses has increased or exceeded the amount projected, in twelve (12) equal monthly installments.

(vi) To the Renewal and Replacement Fund the amount, if any, necessary to fund a deficiency in the Renewal and Replacement Fund Reserve Requirement, in the case where a deficiency has occurred because (a) the Authority has drawn upon the Renewal and Replacement Fund, or (b) the Renewal and Replacement Fund Reserve Requirement has been increased pursuant to a Supplemental Indenture or a resolution of the Authority.

(vii) To the Rebate Fund, the amount required by the applicable Supplemental Indenture.

(viii) To the General Fund all money remaining in the Revenue Fund.

Deposits shall be made into each Series Interest Account, Principal Account, Sinking Fund Account, Redemption Account or Series Account of the Debt Service Reserve Fund pro rata in accordance with amounts due on each Series of Bonds or amounts necessary to restore each Series Account of the Debt Service Reserve Fund, as the case may be.

Section 511. Investment of Moneys. (a) Moneys in all Funds and Accounts shall be invested by the holder of such Fund or Account as soon as practicable upon receipt in Permitted Investments as directed in writing by an Authorized Representative of the Authority; provided that (i) the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes thereof, provided that for investments in the Debt Service Reserve Fund the maximum maturity shall be seven (7) years.

(b) For purposes of subsection (a) of this Section, moneys in the following Funds or Accounts shall be invested in Permitted Investments maturing or redeemable at the option of the holder, including the Trustee, of such Permitted Investments not later than the respective following dates: (i) Principal Account, the last Business Day of the then current Bond Year with respect to each applicable Series of Bonds set forth in the applicable Supplemental Indenture; (ii) Interest Account, the Business Day preceding the next Interest Payment Date with respect to the applicable Series; and (iii) Redemption Account, the Business Day preceding the next date on which Bonds of the applicable Series are to be redeemed.

(c) Investment of amounts in any Fund or Account shall be made in the name of such Fund or Account.

(d) Amounts credited to a Fund or Account may be invested, together with amounts credited to one or more other Funds or Accounts, in the same Permitted Investment; provided, however, that (i) each such investment complies in all respects with the provisions of subsection (a) of this Section as they apply to each Fund or Account for which the joint investment is made, (ii) separate records are maintained for each Fund and Account and such investments are accurately reflected therein and (iii) amounts credited to the Construction Fund may not be invested together with amounts credited to any other Fund or Account.

(e) The Trustee may make any investment permitted by this Section through or with its own commercial banking or investment departments, unless otherwise directed by the Authority.

(f) Except as otherwise specifically provided herein at Section 513(b) or in any Supplemental Indenture, in computing the amount in any Fund or Account, Permitted Investments purchased as an investment of moneys therein shall be valued on the opening of business on the first Business Day of June and December at the current market value thereof or at the redemption price thereof, if then redeemable, at the option of the holder, in either event inclusive of accrued interest.

(g) If Bonds are issued as Tax-Exempt Bonds, neither the Trustee nor the Authority shall knowingly use or direct or permit the use of any moneys in any manner which would cause any Bond to be an "arbitrage bond" within the meaning ascribed to such term in Section 148 of the Code, or any successor section of the Code.

(h) Any transfer to or deposit in any Fund or Account required by this Master Indenture may be satisfied by transferring or depositing an investment with a market value equal to the required transfer or deposit in lieu of transferring or depositing cash.

Section 512. Liability of Trustee for Investments. The Trustee shall not be liable for any loss resulting from any investment made in accordance with the provision of this Article, so made, except for its own negligence or willful misconduct.

Section 513. Investment Income or Losses. Unless otherwise specified in the applicable Supplemental Indenture, (a) all investment income or losses on all Funds and Accounts shall be credited to the Fund or Account on which such amount was earned or lost.

(b) Investments in the Debt Service Reserve Fund shall be valued, at the lesser of market value or amortized cost as of the opening of business on each June 1 and December 1. Immediately after each such valuation, any excess attributable to interest earnings and not needed to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement shall be transferred to the related Interest Account in the Debt Service Fund. Any excess attributable to an increase in market value may be transferred to the Revenue Fund upon the written directions of the Authority.

Section 514. Purchase Fund. The Trustee shall establish a separate Purchase Fund for any Series of Bonds that, pursuant to the Supplemental Indenture providing for issuance of such Bonds, is or may be subject to tender for purchase at the option of the Holders or mandatory tender for purchase. The Purchase Fund for a Series and the amounts deposited therein shall not be subject to the lien and pledge created by this Master Indenture but shall be held by the Trustee or Paying Agent, as applicable, for the benefit of tendering Holders of Bonds of such Series. Amounts in each Series Purchase Fund shall be held and disbursed as provided in the applicable Supplemental Indenture.

Section 515. Transfer of Excess Funds. Any amounts remaining in any Account of the Debt Service Fund or the Debt Service Reserve Fund for a Series of Bonds, after payment of the applicable Series of Bonds and reimbursement of the Credit Provider for any drawings on or payments under any applicable Credit Facility which were used to pay Principal Amount, Redemption Premium, if any, or Interest on such Bonds, the fees and expenses of the Trustee, the Paying Agent, and all other amounts required to be paid hereunder, shall upon the written directions of the Authority be transferred to the General Fund to be used for any lawful purpose.

Section 516. Holding of Special Deposits. Except as otherwise provided in any Supplemental Indenture, moneys (a) held by or for the account of the Authority in connection with the System which are required to be applied under the terms of an agreement to the acquisition, construction or alteration of a facility which is the subject of such agreement (including, but not limited to, any such moneys received by the Authority for such purpose under any grant or loan agreement with the United States of America or the State or any agency, political subdivision or instrumentality of either) or (b) which are subject to refund by the Authority or held for the account of others or subject to refund to others, including, without limitation, any amounts which, under any agreement by the Authority providing for adequate separation of such amounts from Revenues, are collected by the Authority on behalf of others for services rendered or commodities provided to customers of the System, any amounts deducted by the Authority from wage and salary payments to the employees of the Authority, any amounts contributed by the Authority to any pension or retirement fund or system which amounts are held in trust for the benefit of the employees of the Authority and any amounts held as deposits, including customers' service deposits, guaranteed revenue contract deposits, unexpended developer's deposits, minimum revenue deposits and unexpended jobbing deposits, together with any investments of such money and interest and profit thereon, to the extent such interest and profits are also held for the account of others or subject to refund to others, may be held by the Authority outside of the various funds and accounts established by this Master Indenture and, notwithstanding anything herein to the contrary, shall not be subject to the pledge created by this Master Indenture or be considered Revenues hereunder while so held.

ARTICLE VI

GENERAL COVENANTS OF THE AUTHORITY

Section 601. Covenants as to Tolls, etc. The Authority covenants

(a) that it will continue in effect the present schedules of tolls for traffic using the System until such schedules shall be changed or revised as hereinafter provided,

(b) that it shall establish and maintain tolls for traffic using the System at such levels, as shall, in the opinion of the Traffic Engineers from time to time, result in producing Revenues sufficient to provide an amount of Net Revenues for the System in each Fiscal Year during which Bonds are Outstanding, equal to the greater of (i) one hundred twenty-five percent (125%) of Net Debt Service during such Fiscal Year with respect to all Bonds then Outstanding; or (ii) one hundred percent (100%) of Net Debt Service during such Fiscal Year plus amounts required to be on deposit in the Renewal and Replacement Fund, and

(c) that on or before the 1st day of each Fiscal Year, the Authority shall review the adequacy of its schedule of tolls with respect to the System to satisfy the requirements of this Section for the next succeeding Fiscal Year. If such review, or report of Traffic Engineers provided in connection with such review or in accordance with any Section hereof, indicates that the schedules

of tolls then in effect for traffic using the System are not producing Net Revenues sufficient to satisfy the requirements in paragraph (b) above in the succeeding Fiscal Year, it will request the Traffic Engineers to make recommendations as to a revision of the schedules of tolls in order to produce the maximum amount of Net Revenues possible and, upon receiving such recommendations, it will revise such schedules of tolls in order to produce the maximum amount of Net Revenues possible; provided, however, that such maximum amount produced by such schedules of tolls need not exceed the Net Revenues sufficient to satisfy the requirements in paragraph (b) above.

Anything in this Master Indenture to the contrary notwithstanding, if the Authority shall comply with all recommendations of the Traffic Engineers (or such independent engineer or engineering firm or corporation as hereinafter provided for in this Section) in respect of tolls, it will not constitute an Event of Default under the provisions of Section 701 of this Master Indenture even though the amount of the Net Revenues in any Fiscal Year shall be less than the amount required to satisfy the requirements of paragraph (b) above for such Fiscal Year. In the event of any such deficiency and regardless of any recommendations of the Traffic Engineers or compliance therewith by the Authority, the Trustee or the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding may, however, and the Trustee shall, upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction, institute and prosecute in a court of competent jurisdiction an appropriate action to compel the Authority to revise the schedules of tolls in order to produce the amount of Net Revenues required to satisfy the requirements of paragraph (b) above. The Authority covenants that it will adopt and charge tolls in compliance with any final order, decree or judgment entered in any such proceeding, or any modification thereof.

The Authority further covenants that upon its making any request to the Traffic Engineers for their recommendations as to a revision of the schedules of tolls or upon the receipt of any such opinion or recommendations from the Traffic Engineers or upon the adoption by the Authority of any revised schedule of tolls, certified copies of any such request, recommendations or revised schedule of tolls so adopted will forthwith be filed with the Trustee and mailed by the Authority to all bondholders who shall have filed their names and addresses with the Secretary of the Authority for such purpose.

(d) Except as provided in Section 602 and in this Section 601, the Authority covenants that it will not effect any reduction in any rate of toll fixed for passage over portions of the System which are subject to tolls, unless it shall first obtain or certify as follows in connection with any action of the Authority authorizing such reduction:

(i) The Authority shall have obtained a certificate of a Consultant or Traffic Engineer setting forth estimates of Revenues and the Net Revenues pledged to the Bonds for the then current and each future Fiscal Year to and including the latest maturity of the Bonds, which may take into consideration, among other things, the additional use of the System projected to result from such reduction in the rate of toll and the estimated costs, deposits and expenses

described in (ii) below, and a favorable recommendation from the Consultant or Traffic Engineer that such proposed reduction be placed in effect;

(ii) The certificate of a Consultant or Traffic Engineer described in (i) above shall be based in part on estimates of the Operating Expenses and deposits to the Operation and Maintenance Reserve Account prepared by the Authority and certified by an Authorized Officer of the Authority;

(iii) The certificate of a Consultant or Traffic Engineer described in (i) above shall be accompanied by a certificate of an Authorized Officer of the Authority setting forth:

(A) the Net Debt Service for the then current and each future Fiscal Year;

(B) that the estimated Net Revenues for the then current and each future Fiscal Year are not less than 1.50 times the Net Debt Service for such respective current or future Fiscal Year (as shown in subsection (A) of this subsection (iii)),

(C) that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Master Indenture, and

(D) that immediately prior to such proposed reduction the amount on deposit in the Debt Service Reserve Fund was equal to the Debt Service Reserve Requirement.

Section 602. Uniformity of Tolls. The Authority covenants that tolls will be classified in a reasonable way to cover all traffic, so that the tolls may be uniform in application to all traffic falling within any reasonable class regardless of the status or character of any person, firm or corporation participating in the traffic, and that no reduced rate of toll will be allowed within any such class except that provision may be made for the use of commutation or other tickets or privileges based upon frequency or volume or method of payment; and provided further that the Authority may revise or reclassify tolls to allow for discounts, temporary rates, one-way collection, congestion pricing, removal or addition of tollhouse and plazas upon receipt by the Authority of a certificate of the Traffic Engineers stating that had such revision or reclassification of tolls been in effect the succeeding Fiscal Year, the requirements of paragraph 601(b) above would have been met. The Authority further covenants that no free vehicular passage will be permitted over portions of the System which are subject to tolls, except to vehicles of members, officers and employees of the Authority, to vehicles traveling on official business of the State Department of Transportation and the State Police, to emergency vehicles while conducting emergency services in the discretion of the Executive Director, to contractors and suppliers engaged by the Authority and to other vehicles during a state of emergency declared by the Governor of the State.

Section 603. Annual Inspection of Project. The Authority covenants that it will cause the Consulting Engineers employed by it under the provisions of Section 608 of this Master Indenture, among such other duties as may be imposed upon them by the Authority or by this Master

Indenture, to make an inspection of the System at least once in each year and, on or before the first day of April in each Fiscal Year, to submit to the Authority a report setting forth with respect to the System (a) their findings whether the System has been maintained in good repair, working order and condition and (b) their recommendations as to

(i) the proper maintenance, repair and operation of the System during the ensuing Fiscal Year and an estimate of the amount of money necessary for such purposes;

(ii) the insurance to be carried under the provisions of Section 609 of this Master Indenture.

Promptly after the receipt of such reports by the Authority, copies thereof shall be filed with the Trustee and mailed by the Authority to the Traffic Engineers and all bondholders who shall have filed their names and addresses with the Secretary of the Authority for such purpose.

The Authority further covenants that, if any such report of the Consulting Engineers shall set forth that the System has not been maintained in good repair, working order and condition, it will, promptly restore the System to good repair, working order and condition with all expedition practicable in accordance with the recommendations of the Consulting Engineers.

Section 604. Annual Budget. The Authority covenants that on or before the 1st day of May in each Fiscal Year it will prepare a preliminary budget for the ensuing Fiscal Year of (i) Operating Expenses, and (ii) the amount to be deposited to the credit of the Renewal and Replacement Fund with respect to the System for the ensuing Fiscal Year.

The Authority further covenants that on or before the tenth day of June in such Fiscal Year it will finally adopt the budget for the ensuing Fiscal Year of (i) Operating Expenses and (ii) the amount to be deposited to the credit of the Renewal and Replacement Fund with respect to the System for the ensuing Fiscal Year and (iii) the amounts and purposes for which moneys held for the credit of the Renewal and Replacement Fund shall be appropriated (herein sometimes called the "Annual Budget"). On or before the twentieth day of June in such Fiscal Year copies of the Annual Budget shall be filed with the Trustee and mailed by the Authority to the Consulting Engineers, the Traffic Engineers.

If for any reason the Authority shall not have adopted the Annual Budget before the first day of any Fiscal Year, the preliminary budget for such Fiscal Year, if approved by the Consulting Engineers, or if there is none so approved, the budget for the preceding Fiscal Year shall, until the adoption of the Annual Budget, be deemed to be in force and shall be treated as the Annual Budget under the provisions of this Article.

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

any such amended or supplemental Annual Budget shall be filed with the Trustee and mailed by the Authority to the Consulting Engineers and the Traffic Engineers.

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

Section 605. Payment of Principal, Interest and Premium. The Authority covenants that it will promptly pay the principal of, Redemption Price and the interest on every Bond issued under the provisions of this Master Indenture at the places, on the dates and in the manner provided herein. Except as otherwise provided in this Master Indenture, such principal, Redemption Price and, interest are payable solely from tolls and other Revenues derived from the ownership or operation of the System which tolls and other Revenues and other moneys to the extent provide in this Indenture are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified, and nothing in the Bonds or in this Master Indenture shall be construed as obligating the State or any political subdivision thereof to pay the Bonds or the interest thereon, except from Revenues of the System and such other moneys, or as pledging the faith and credit or taxing power of the State or any political subdivision thereof.

Section 606. Use and Operation of System. The Authority covenants that it will establish and enforce reasonable rules and regulations governing the use of the System and the operation thereof, that all conditions of employment and all compensation, salaries, fees and wages paid by it in connection with the maintenance, repair and operation of the System will be reasonable, that no more persons will be employed by it than are necessary, that all persons employed by it will be qualified for their respective positions, that it will maintain and operate the System in an efficient and economical manner, that, from the revenues of the System, it will at all times maintain the same in good repair and in sound operating condition and will make all necessary repairs, renewals and replacements, and that it will observe and perform all of the terms and conditions contained in the Act.

Section 607. United States or State of Rhode Island May Pay to Maintain the System. Notwithstanding any other provision of this Master Indenture but subject nevertheless at all times to the Authority's covenants contained in Section 601 hereof, the Authority may permit the United States of America, the State or any of their agencies, departments or political subdivisions, to pay all or any part of the cost of constructing, maintaining, repairing and operating the System.

Section 608. Employment of Consulting Engineers, Traffic Engineers and Accountants. The Authority covenants that it will, for the purpose of performing any carrying out the duties imposed on the Consulting Engineers by this Master Indenture, employ an independent engineer or engineering firm or corporation having a nationwide and favorable reputation for skill and experience in such work, that it will, for the purpose of performing and carrying out the duties imposed on the Traffic Engineers by this Master Indenture, employ an independent engineer or engineering firm or corporation having a nationwide and favorable reputation for skill and experience in such work, and that it will, for the purpose of performing and carrying out the duties imposed on the Accountants by this Master Indenture, employ an independent firm of certified public accountants of recognized ability and national standing.

Section 609. Insurance and Inspection of Insurance Policies. The Authority covenants that it will insure and at all times keep the System insured with a responsible insurance company or companies against physical loss or damage however caused, with such exceptions as are ordinarily required by insurers of structures or facilities of similar type, in an amount that is the maximum probable loss as recommended by the Consulting Engineers to the extent such coverage is available at commercially reasonable rates.

The Authority covenants that it will at all times carry in a responsible insurance company or companies to the extent such coverage is available at commercially reasonable rates:

(a) use and occupancy insurance covering loss of revenues from the System by reason of necessary interruption, total or partial, in the use thereof resulting from damage to or destruction of any part thereof however caused, with such exceptions as are ordinarily required by insurers carrying similar insurance, in such amount that is the maximum probable loss as recommended by the Traffic Engineers; and provided, further, that if at any time the Authority shall be unable to obtain such insurance to the extent above required, either as to the amount of such insurance or as to the risks covered thereby or as to the deductible period or amount, it will not constitute an Event of Default under the provisions of this Master Indenture if the Authority shall carry such insurance to the extent reasonably obtainable;

(b) such workers' compensation or employers' liability insurance as may be required by law and such public liability, property damage and other insurance as the Insurance Consultant may recommend.

The Authority may establish certain minimum levels of insurance for which the Authority may self-insure. Such minimum levels of insurance shall be in amounts as recommended in writing by an insurance consultant who is of favorable reputation and experience and is qualified to survey risks and to recommend insurance coverage for public entities engaged in operating facilities similar to those comprising the System.

All insurance policies referred to in this Article shall be open at all reasonable times to inspection by the Trustee, the bondholders and their agents and representatives. A complete description of all such policies shall be furnished annually by the Authority to the Trustee together with a certificate of an Authorized Representative that the Authority's insurance coverage materially complies with the requirements for this Master Indenture. The Trustee shall be named as an additional insured with respect to all policies of insurance required by this Section other than workers' compensation insurance. All policies required under this section shall provide for at least 30 days' notice of cancellation to the Authority and the Trustee.

The Authority further covenants that, immediately after any substantial damage to or destruction of any part of the System, it will cause the Consulting Engineers to prepare plans and specifications for repairing, replacing or reconstructing the damaged or destroyed property (either in accordance with the original or a different design) and an estimate of the cost thereof, and to file copies of such estimate with the Authority.

The Net Proceeds of any casualty, whether from insurance or self-insurance, shall be applied pursuant to Section 610 hereof. The Net Proceeds of all insurance covering loss of Revenues shall be deposited to the credit of the Revenue Fund.

Section 610. Damage, Destruction or Condemnation. If the System or portion thereof is destroyed or damaged by fire or other casualty, or title to, or the temporary use of the System or any portion thereof shall be taken under the exercise of the power of eminent domain, the Authority shall, within sixty (60) days after such damage, destruction or condemnation elect, to the extent applicable, one of the two following options by written notice from an Authorized Representative of such election to the Trustee:

(a) Option A - Repair, Restoration or Replacement. Except as provided in Option B, the Authority will cause the Net Proceeds of any insurance or the Net Proceeds of any payment made in connection with a self-insurance election, or the Net Proceeds of any claim or condemnation award to be remitted to the Trustee to be applied to the prompt repair, restoration or replacement of the System. Any such Net Proceeds received by the Trustee shall be deposited in the Construction Fund and applied by the Trustee toward the payment of the Cost of such repair, restoration or replacement, utilizing the same requisition process set forth in Article IV hereof for the payment of the Cost of a System Project. If the Net Proceeds are sufficient for such purpose, the balance remaining shall be transferred to the credit of the Revenue Fund. If the Net Proceeds are insufficient for such purpose, such deficiency may be supplied out of any available monies in the Revenue Fund.

(b) Option B - Redemption.

(i) In the event that the Authority has determined that its operations have not been materially adversely affected and that it is not in the best interest of the Authority to repair, restore or replace that portion of the System so damaged, destroyed or condemned,

then the Authority shall not be required to comply with the provisions of subparagraph (a) set forth above and: (A) if the Net Proceeds are less than the debt service payable during the succeeding twelve months on all Outstanding Bonds after taking into account funds on deposit in the Sinking Fund Accounts intended to pay such debt service, such Net Proceeds shall be deposited in the Revenue Fund; or (B) if the Net Proceeds are equal to or greater than the net amount specified in clause (A), then the net amount specified shall be deposited in the Revenue Fund and the amount in excess thereof shall be deposited pro rata in the Redemption Accounts with respect to each Series of Bonds and applied to effect the special mandatory redemption, in part, of Outstanding Bonds in accordance with Section 505 hereof.

(ii) In the event that the Authority has determined that the System's operations have been materially adversely affected and that it is not in the best interest of the Authority to repair, restore or replace the System, and that the Net Proceeds, together with all other sums in the Funds and Accounts excluding amounts on deposit in the Rebate Fund, the General Fund and the Purchase Fund, if any, are at least equal to the interest and principal remaining payable on all Outstanding Bonds as of the next Interest Payment Date that is at least sixty (60) days after such determination, then the Authority shall not be required to comply with the provisions of subparagraph (a) set forth above and the Net Proceeds shall be deposited in the Redemption Accounts with respect to each Series of Bonds to be applied to effect the special mandatory redemption, in whole, of Outstanding Bonds in accordance with Section 505 hereof.

Section 611. Further Instruments and Action. The Authority covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Master Indenture.

Section 612. Accurate Records; Annual Audits. The Authority covenants that it will keep accurate records in which complete and correct entries will be made of its transactions relating to the System and the Funds and Accounts established by this Master Indenture. The Authority will also keep accurate records of the daily tolls and other revenues collected, of the number and class of vehicles using the System, and of the application of such tolls and other revenues. Such records shall be open at all reasonable times to the inspection by the bondholders and their agents and representatives.

The Authority further covenants that promptly after the close of each Fiscal Year it will cause an audit to be made of its books and accounts relating to the System for the preceding Fiscal Year by the Accountants. Within one hundred twenty (120) days after the close of each Fiscal Year reports of each such audit shall be filed with the Authority and the Trustee, and copies of such reports shall be mailed by the Authority to the Consulting Engineers, the Traffic Engineers and all bondholders who shall have filed their names and addresses with the Secretary of the Authority for such purpose. Each such audit report shall be prepared in accordance with generally accepted auditing standards and shall set forth in respect of the preceding Fiscal Year the same matters as are

hereinabove required and the findings of such Accountants as to whether the moneys received by the Authority under the provisions of this Master Indenture during such Fiscal Year have been applied in accordance with the provisions of this Master Indenture. Such audit reports shall be open at all reasonable times to the inspection of the owners of any Bonds and their agents and representatives.

The cost of the audits referred to in this Section shall be treated as a part of the Operating Expenses of the System.

Section 613. Accounts and Records. The Authority covenants that all the accounts and records of the Authority will be kept in accordance with generally accepted accounting principles for governmental entities consistent with the provisions of this Master Indenture.

Section 614. Covenant Against Sale or Encumbrance; Exceptions. Except as permitted by this Section 614 and as otherwise permitted in this Master Indenture, the Authority covenants that it will not sell or otherwise dispose of or encumber the System or any part thereof. The Authority may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments or other property acquired by the Authority in connection with the System, if the Authority by resolution shall determine that such property is no longer needed or no longer useful in connection with the construction or the maintenance and operation of the System, and the proceeds thereof shall be applied to the replacement of the property so sold or disposed of or to the improvement of any remaining properties or shall be deposited to the credit of such Fund as the Authority may determine.

Notwithstanding the foregoing, the Authority may from time to time permanently abandon the use of, sell, trade or otherwise dispose of any property forming a part of the System, but only if there shall be filed with the Authority prior to such abandonment, sale, trade or disposal:

(a) a certificate of an Authorized Officer of the Authority stating that no Event of Default has occurred and is continuing under this Master Indenture;

(b) a certificate of the Consulting Engineers opining that (i) the Revenues for the next succeeding twelve (12) months, after giving effect to such abandonment, sale, trade or disposal and any replacement, and after any adjustments to reflect changes in the schedule of tolls in effect on the date of such certificate, is anticipated to be sufficient in all respects to comply with Section 601 hereof, and (ii) the amount of Net Revenues projected in each of the next five (5) Fiscal Years, after giving effect to such abandonment, sale, trade or disposal and any replacement, and after any adjustments to reflect changes in the schedule of tolls projected for such five (5) Fiscal Years, is not less than one hundred twenty-five percent (125%) of Net Debt Service for such five (5) Fiscal Years; and

(c) an opinion of Bond Counsel with expertise in the field of tax-exempt municipal finance, that such abandonment, sale, trade or disposal will not impair the exclusion from gross revenues for federal income tax purposes then applicable to the interest on any Bonds.

The proceeds of any disposition authorized by the Consulting Engineer's certificate as described above shall be applied as stated therein or, if not so stated, to the replacement of the property so sold or disposed of or to the improvement of any remaining properties or shall be deposited to the credit of such Fund or Account as the Authority may determine. Any property acquired such replacement shall become a part of the System subject to the provisions of this Master Indenture.

Nothing in this Section 614 shall limit the power of the Authority to enter into any sale, lease or lease-purchase of the System or to enter into contracts generally referred to as lease-leaseback, like kind exchange and sale-leaseback agreements in connection with the system with any other governmental or private entity, provided such sale, lease or lease-purchase is subject to the terms of this Master Indenture and does not adversely impair the amount or pledge of Net Revenues and amounts in the Funds and Accounts available to Bondholders as set forth herein. Nothing in this Section 614 shall limit the power of the Authority to enter into operating agreements with governmental or private entities, provided such agreements are consistent with and subject to this Master Indenture and the Authority obtains an opinion of counsel with expertise in the field of tax-exempt municipal finance concluding that such agreement will not adversely impair the exclusion from gross revenue for federal income tax purposes then applicable to the interest on any Bonds.

Section 615. Covenants with Credit Providers and Counterparties and Providers of Qualified Swap Agreements. Provided that no such covenant shall conflict with any covenant set forth herein, the Authority may make such covenants as it may in its sole discretion determine to be appropriate with any Credit Provider that shall agree to insure or to provide a Credit Facility for Bonds of any one or more Series that shall enhance the security or the value of such Bonds and thereby reduce the Principal and Interest requirements on such Bonds and with any Counterparty under a Qualified Swap Agreement and any other party contracting with the Authority in connection with a Qualified Swap Agreement. Such covenants may be set forth in or provided for by the applicable Supplemental Indenture and shall be binding on the Authority, the Trustee, the Bond Registrar, the Paying Agents, the Depositories and all the owners of Bonds the same as if such covenants were set forth in full in this Master Indenture.

Section 616. Covenant as to Compliance with Constitution and Laws. The Authority covenants that upon the issuance of any Bonds under this Master Indenture all conditions, acts and things required by the Constitution and laws of the State of Rhode Island and by the Act or this Master Indenture to exist, to have happened and to have been performed precedent to or in the issuance of such bonds shall exist, have happened and have been performed.

Section 617. Tax Covenants. Except to the extent modified with respect to any Series of Bonds in the applicable Supplemental Indenture, and except where the Authority has issued Taxable Bonds, the Authority covenants as follows:

(a) The Authority will not knowingly make use of the proceeds of any Series of Bonds, or permit any use of the System, or take any action or permit any other action to be taken with respect to the System, that would (i) result in the Bonds' being classified as "arbitrage bonds" within the meaning of Section 148 of the Code, or (ii) affect adversely the exclusion from gross income of Interest on such Series of Bonds for federal income tax purposes and, if applicable, the non-tax preference status of such Interest for federal alternative minimum income tax purposes.

(b) The Authority shall comply with covenants with respect to the use of proceeds of Bonds and the use of the System as provided in the applicable Supplemental Indenture or other document.

Section 618. Addition of Non-System Projects to the System. Non-System Projects owned and controlled by the Authority may, by resolution of the Authority, be designated and become part of the System for purposes of this Master Indenture if there shall first have been obtained and filed with the Authority a certificate of the Consulting Engineers to the effect that for any period of twelve (12) consecutive calendar months out of the fifteen (15) consecutive calendar months immediately preceding such designation, the revenue received by the Authority with respect to such Non-System Project (that is, those payments received by the Authority with respect to such Non-System Project that would have constituted Revenues had such Non-System Project been part of the System) equalled or exceeded the aggregate for such period of (i) the Non-System Project Operating Expenses of such Non-System Project (plus additional cost of operation, cost of maintenance and administrative expenses and other costs, expenses or payments that would have been incurred by the Authority had such Non-System Project been part of the System, as estimated by such Consulting Engineers) and (ii) a reasonable renewal and replacement reserve deposit with respect to such Non-System Project, as determined by such Consulting Engineers.

Upon the filing of such certificate of the Consulting Engineers and the adoption of a resolution by the Authority designating such Non-System Projects as part of the System, such Non-System Projects shall be deemed and considered for all purposes of this Master Indenture as a part of the System.

Section 619. Indebtedness to Finance Non-System Projects. The Authority shall not issue any indebtedness secured by a pledge of Net Revenues to finance Non-System Projects, provided, however, nothing contained herein shall prohibit the Authority from issuing Subordinated Debt to finance Non-System Projects.

Section 620. Annual Certificate. The Authority shall deliver to the Trustee, within one hundred twenty (120) days after the close of each Fiscal Year an Officer's Certificate stating whether or not, having examined the appropriate records and records of the Authority and having made due inquiry of its officers and employees and to the best knowledge of such officer, the Authority is in default in the performance of any of the terms and conditions of this Article and, if the Authority shall be in default, specifying all such defaults and the nature and status thereof of which such officer may have knowledge.

ARTICLE VII

DEFAULT AND REMEDIES

Section 701. Events of Default. Each of the following is hereby declared an "Event of Default" hereunder:

(a) if payment in respect of any installment of Interest on any Bond shall not be made in full when the same becomes due and payable;

(b) if payment in respect of the Principal Amount of or the Redemption Price on any Bond shall not be made in full when the same becomes due and payable, whether at maturity or by proceedings for redemption or otherwise;

(c) if the Authority shall fail to observe or perform any covenant or agreement on its part under this Master Indenture or in the Bonds for a period of sixty (60) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding; provided, however, that if the breach of covenant or agreement is one which cannot reasonably, as evidenced by an Officer's Certificate delivered to the Trustee, be completely remedied within the sixty (60) days after written notice has been given, it shall not be an Event of Default with respect to such Series as long as the Authority has taken active steps within the sixty (60) days after written notice has been given to remedy the failure and is diligently pursuing such remedy;

(d) if the Authority shall institute proceedings to be adjudicated as bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Authority or of any substantial part of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; and

Section 702. No Acceleration. There shall be no rights of acceleration with respect to the Bonds.

Section 703. Remedies and Enforcement of Remedies. (a) Subject to the provisions of Section 713, upon the occurrence and continuance of any Event of Default with respect to a Series of Bonds, the Trustee may or, upon the written request of the Holders of not less than twenty-five percent (25%) in an aggregate Principal Amount of the Bonds of such Series, together with indemnification of the Trustee to its satisfaction therefore shall, proceed forthwith to protect and enforce its rights and the rights of the Bondholders hereunder and under the Act and such Bonds by

such suits, actions or proceedings, as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(i) Civil action to recover money or damages due and owing;

(ii) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders of such Bonds; and

(iii) Enforcement of any other rights of such Bondholders conferred by law, including the Act, or hereby, including, without limitation, by suit, action, injunction, mandamus or other proceedings to enforce and compel the performance by the Authority of actions required by the Act or this Master Indenture, including the fixing, changing and collection of the fees or other charges.

(b) Subject to the provisions of Section 713, regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than twenty-five percent (25%) in aggregate Principal Amount of the Bonds, shall upon being indemnified to its satisfaction therefore, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts or omissions to act which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders, provided that such request is in accordance with law and the provisions hereof and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Holders of Bonds of each Series not making such request.

(c) Notwithstanding anything else in this Section, the remedies herein provided for with respect to reaching Funds or Accounts hereunder shall be limited to the Funds or Accounts hereunder pledged to the applicable Series of Bonds with respect to which an Event of Default exists.

Section 704. Application of Revenues and Other Moneys After Default. During the continuance of an Event of Default with respect to any Series of Bonds, all moneys held and received by the Trustee with respect to such Series of Bonds pursuant to any right given or action taken under the provisions of this Article shall, after payment from such moneys to the extent thereof and then pursuant to Section 808 of the costs and expenses of the proceedings which result in the collection of such moneys and of the fees, expenses including reasonable attorneys fees and advances incurred or made by the Trustee with respect thereto, be applied according to the accrued debt service deposits or payments with respect to each such Series as follows provided, however, that any money drawn under a Credit Facility, if any, and amounts held in Accounts in the Bond Fund and the Debt Service Reserve Fund shall be applied solely to pay Interest or the Principal Amount, as applicable, on the related Series of Bonds:

(a) Unless the Principal Amount of all such Outstanding Bonds shall have become due and payable:

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

Second: To the payment to the persons entitled thereto of the unpaid Principal Amounts of any Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions hereof), whether at maturity or by proceedings for redemption or otherwise pursuant to the terms of the Supplemental Indenture providing for the issuance of such Bond, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds of such Series due on any date, then to the payment thereof, ratably, according to the Principal Amounts due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the Principal Amount of all such Outstanding Bonds shall have become due and payable, to the payment of the Principal Amount and Interest then due and unpaid upon such Bonds without preference or priority of Principal Amount over Interest or of Interest over Principal Amount, or of any installment of Interest over any other installment of Interest, or of any such Bond over any other such Bond, ratably, according to the amounts due respectively for Principal Amount and Interest, to the persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine in accordance with this Master Indenture, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date Interest on the Principal Amounts to be paid on such dates shall cease to accrue if so paid. The Trustee shall give such notice as it may deem appropriate in accordance with this Master Indenture of the deposit with it of any such money and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement of any partial payment or for cancellation or destruction if fully paid.

Whenever all Bonds and Interest thereon have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, and each Credit Provider, if any, has been reimbursed for all amounts drawn under the applicable Credit Facility, if any, and used to pay the Principal Amount, Redemption Premium, if any, and Interest on the Bonds and no Credit Facility shall be outstanding, any balance remaining shall be paid first to such Credit Provider to the extent any other amounts, including fees, are then owing to such Credit Provider under the applicable Reimbursement Agreement, then the balance shall be paid to the Authority or as a court of competent jurisdiction may direct.

Section 705. Remedies Not Exclusive. No remedy by the terms hereof conferred upon or reserved to the Trustee or the Bondholders or any Credit Provider is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute, including the Act, on or after the date hereof.

Section 706. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee may be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Section 704, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

Section 707. Control of Proceedings. (a) If an Event of Default shall have occurred and be continuing, the Holders of a majority in aggregate Principal Amount of Bonds of such Series then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee to direct the method and place of conducting any proceeding to be taken with respect to funds or assets solely securing such Series in connection with the enforcement of the terms and conditions hereof, provided that such direction is in accordance with law and the provisions hereof (including indemnity to the Trustee as provided herein) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders of each Series of Bonds not joining in such direction and provided further than nothing in this Section shall impair the right of the Trustee, in its discretion, to take any other action hereunder which it may deem proper and which is not inconsistent with such direction by Bondholders.

(b) If an Event of Default with respect to all Series of Bonds shall have occurred and be continuing, the Holders of a majority in aggregate Principal Amount of all Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee to direct the method and place of conducting any proceeding to be taken with respect to Net Revenues or other assets securing all Bonds in connection with enforcement of the terms and conditions hereof, provided that such direction is in accordance with law and the provisions hereof (including indemnity to the Trustee as provided herein) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders not joining in such direction and provided further than nothing in this Section shall impair the right of the Trustee, in its discretion, to take any other action hereunder which it may deem proper in accordance with this Master Indenture and which is not inconsistent with such direction by Bondholders.

Section 708. Individual Bondholder Action Restricted. (a) No Holder of any Bond of a Series shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof or for the execution of any trust hereunder or for any remedy hereunder unless:

(i) An Event of Default has occurred with respect to such Series (A) under subsection (a) or (b) of Section 701 of which the Trustee is deemed to have notice, or (B) under subsection (c) or (d) of Section 701 as to which a Responsible Officer has actual knowledge or as to which the Trustee has been notified in writing by the Authority;

(ii) The Holders of at least twenty-five percent (25%) in aggregate Principal Amount of Bonds then Outstanding shall have made written request to the Trustee to exercise the powers granted herein or to institute such action, suit or proceeding in its own name;

(iii) such Bondholders shall have offered the Trustee indemnity as provided in Section 1002;

(iv) the Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of sixty (60) days after receipt by it of such request and offer of indemnity; and

(v) during such 60-day period no direction inconsistent with such written request has been delivered to the Trustee by the Holders of a majority in aggregate Principal Amount of Bonds of such Series then Outstanding in accordance with Section 707.

(b) No one or more Holders of Bonds of such Series shall have any right in any manner whatsoever to affect, disturb or prejudice the security hereof or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds of such Series then Outstanding.

(c) Nothing contained herein shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond of such Series (i) to receive payment of the Principal Amount of or Interest on such Bond on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Bond of such Series may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien hereof on the moneys, funds and properties pledged hereunder for the equal and ratable benefit of all Holders of Bonds of such Series.

Section 709. Termination of Proceedings. In case any proceeding taken by the Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or to the Bondholders, then the Authority, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Section 710. Waiver of Event of Default. (a) No delay or omission of the Trustee, of any Holder of the Bonds or, if provided by Supplemental Indenture, any Credit Provider, to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Trustee, the Holders of the Bonds and, if provided by Supplemental Indenture, any Credit Provider, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Trustee, with the consent of any Credit Provider, if provided by Supplemental Indenture (provided, however, that such Credit Provider's consent may be required only in connection with an Event of Default on a Series of Bonds with respect to which such Credit Provider is providing a Credit Facility), may waive any Event of Default with respect to the Bonds, that in its opinion, shall have been remedied at any time, regardless of whether any suit, action or proceeding has been instituted, before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Notwithstanding anything contained herein to the contrary, the Trustee, upon the written request of (i) the Credit Provider, if any, if provided by Supplemental Indenture, with respect to an Event of Default which applies only to the related Series of Bonds, (ii) Holders of at least a majority of the aggregate Principal Amount of Bonds of a Series then Outstanding with respect to any Event of Default which applies only to such Series, with the consent of the applicable Credit Provider, if any, if provided by Supplemental Indenture or (iii) Holders of at least a majority of the aggregate Principal Amount of Bonds then Outstanding with respect to any Event of Default which applies to all Bonds, shall waive any such Event of Default hereunder and its consequences; provided, however, that a default in the payment of the Principal Amount of, Redemption Premium, if any, or Interest on any such Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds then Outstanding of such Series to which an event of Default applies and any consent of the applicable Credit Provider, if any, if provided by Supplemental Indenture.

(d) In case of any waiver by the Trustee of an Event of Default hereunder, the Authority, the Trustee, the Bondholders and, if provided by Supplemental Indenture, the Credit Provider shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to any one for waiving or refraining from waiving any Event of Default in accordance with this Section.

Section 711. Notice of Default. (a) Promptly, but in any event within thirty (30) days after (i) the occurrence of an Event of Default with respect to a Series of Bonds under Section 701(a) or (b), of which the Trustee hereby is deemed to have notice or (ii) receipt, in writing or otherwise, by a Responsible Officer of actual knowledge or notice of an Event of Default with respect to a Series of Bonds under Section 701(c) or (d), the Trustee shall, unless such Event of Default shall

have theretofore been cured, give written notice thereof by first class mail to each Holder of Bonds of such Series then Outstanding, provided that, except in the case of a default in the payment of Principal Amounts, the Redemption Premium of or Interest on any of the Bonds of such Series, the Trustee may withhold such notice to such Holders if, in its sole judgment in accordance with this Master Indenture, it determines that the withholding of such notice is in the best interest of the Holders of such Series of Bonds.

(b) The Trustee shall promptly notify the Authority and any Credit Provider, if provided by Supplemental Indenture, of (i) the occurrence of an Event of Default under Section 701(a) or (b), and (ii) when any Responsible Officer has received actual knowledge or notice from the Authority, in writing or otherwise, of an Event of Default under Section 701(c) or (d).

Section 712. Limitations on Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Trustee and Bondholders which lawfully may be granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled as above set forth, to every other right and remedy provided in this Master Indenture and by law.

Section 713. Credit Providers to Control Remedies. While a Credit Facility with respect to a Series of Bonds is in effect, notwithstanding anything else herein to the contrary, a Supplemental Indenture may provide that no right, power or remedy hereunder with respect to such Series of Bonds may be pursued without the prior written consent of such Credit Provider and a Supplemental Indenture may provide that the Credit Provider shall have the right to direct the Trustee to pursue any right, power or remedy available hereunder with respect to any assets available hereunder which secure the Series of Bonds secured by such Credit Facility, including, without limitation, any right, power or remedy with respect to Net Revenues or other assets securing all Bonds on a pro rata basis.

Section 714. Inconsistent or Lack of Directions in Default. Notwithstanding anything else herein to the contrary, if any applicable Credit Providers or Holders of separate Series in Default do not direct remedies or proceedings to be taken pursuant to this Article, the Trustee shall take whatever action, if any, pursuant to Section 706 it deems to be in the best interest of Bondholders without regard to the existence of any Credit Facility that may exist with respect to any or all Bonds.

ARTICLE VIII

THE TRUSTEE

Section 801. Acceptance of Trust; General. By execution hereof or by authenticating one or more Bonds, the Trustee shall evidence its acceptance of the powers, duties and obligations of the Trustee only as are specifically set forth herein. The Trustee shall have no duty, responsibility or obligation for the issuance of Bonds or for the validity or exactness hereof, or of any other document relating to such issuance. The Trustee shall have no duty, responsibility or obligation for

the payment of Bonds except for payment in accordance with the terms and provisions hereof from, and to the extent of, funds which are held in trust by the Trustee for the purpose of such payment.

Prior to an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. The Trustee shall have no liability for any act or omission to act hereunder, or under any other instrument or document executed pursuant hereto except for the Trustee's own negligent action, its own negligent failure to act, or its own willful misconduct. The duties and obligations of the Trustee shall be determined solely by the express provisions hereof, and no implied powers, duties, or obligations of the Trustee shall be read into this Master Indenture or any Supplemental Indenture. The Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or right or power conferred upon it by this Master Indenture. The Trustee may consult with counsel, who may or may not be counsel to the Authority, and any opinion or written advice of counsel shall be full and complete authorization and protection with respect to any action taken, suffered or omitted by it in good faith and in accordance therewith. The Trustee shall not be required to examine any of the copies of documents required to be filed with it pursuant to Section 601, 603, or 609 provided that such documents shall be available for inspection by any Bondholder upon prior written request. The grant of any permissive power to the Trustee hereunder shall be construed to be a duty.

During an Event of Default, the Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Trustee, except as may result from its own negligent action, its own negligent failure to act, or its own willful misconduct.

Notwithstanding any other provision hereof, the Trustee shall have no liability for any (a) error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts or (b) action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in Principal Amount of Bonds then Outstanding (subject to the right of the Credit Provider to direct or control) then existing relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee hereunder.

Section 802. Trustee Not Required to Take Action Unless Indemnified. The Trustee neither shall be required to make any investigation, nor institute any suit or action or other proceeding in which it may be a defendant, nor to take any steps to enforce its rights and expose it to liability, nor shall the Trustee be deemed liable for failure to take any such action, unless and until it shall have been indemnified, to its reasonable satisfaction, against any and all reasonable costs,

expenses, outlays, counsel and other fees, other disbursements, including its own reasonable fees and against all liability and damages. The Trustee nevertheless, may begin suit, or appear in and defend suit, or do anything else which in its judgment is proper to be done by it as the Trustee, without prior assurance of indemnity, and in such case the Authority shall reimburse the Trustee for all reasonable costs, expenses, outlays, counsel and other fees, and other reasonable disbursements including its own fees, and for all liability and damages suffered by the Trustee in connection therewith, except for the Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. If the Trustee begins, appears in or defends such a suit, the Trustee shall give reasonably prompt notice of such action to the Authority and shall give such notice prior to taking such action if possible. If the Authority shall fail to make such reimbursement, the Trustee may reimburse itself for costs and expenses in accordance with Section 704.

Section 803. Employment of Experts. The Trustee is hereby authorized to employ as its agents such attorneys at law, and other qualified independent consultants (who are not employees of the Trustee), as it may deem necessary, to carry out any of its obligations hereunder, and shall be reimbursed by the Authority for all reasonable expenses and charges in so doing. The Trustee shall not be responsible for any misconduct or negligence of any such agent appointed with due care by the Trustee.

Section 804. Enforcement of Performance by Others. It shall not be the duty of the Trustee, except as herein specifically provided, to seek the enforcement of any duties and obligations herein imposed upon the Authority.

Section 805. Right to Deal in Bonds and Take Other Actions. The Trustee may in good faith buy, sell or hold and deal in any Bonds with like effect as if it were not such Trustee and may commence or join in any action which a Holder is entitled to take with like effect as if the Trustee were not the Trustee. It is understood and agreed that the Trustee engages in a general banking business and no provision hereof is to be construed to limit or restrict the right of the Trustee to engage in such business with the Authority or any Holder. So engaging in such business shall not, in and of itself, and so long as the Trustee duly performs all of its duties as required hereby, constitute a breach of trust on the part of the Trustee.

Section 806. Removal and Resignation of Trustee. The Trustee may resign at any time. Written notice of such resignation shall be given to the Authority and such resignation shall take effect upon the appointment and qualification of a successor Trustee. In the event a successor Trustee has not been appointed and qualified within sixty (60) days after the date notice of resignation is given, the Trustee, the Authority may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

In addition, the Trustee may be removed at any time by the Authority but only for cause by Supplemental Indenture so long as (a) no Event of Default shall have occurred and be continuing and (b) the Authority determines, in such Supplemental Indenture, that the removal of the Trustee shall not have an adverse effect upon the rights or interests of the Bondholders.

In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the Authority shall be entitled to appoint a successor Trustee. In such event, the successor Trustee shall cause notice to be mailed to the Holders of all Bonds then Outstanding in such manner deemed appropriate by the Authority. If the Trustee resigns, the resigning Trustee shall pay for such notice. If the Trustee is removed, is dissolved, or otherwise becomes incapable of acting as Trustee, the Authority shall pay for such notice.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee shall be a trust company or bank having the powers of (a) a trust company as to trusts, qualified to do and doing trust business within or without the State of Rhode Island and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least \$50,000,000.

Every successor Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument, in writing, accepting such appointment hereunder, and thereupon such successor Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of such predecessor. The predecessor Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee. The predecessor Trustee promptly shall deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee.

Each successor Trustee, not later than ten (10) days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Holder of a registered Bond.

Section 807. Proof of Claim. The Trustee shall have the right and power to act in its name or in the name and place of the Authority or Holders to make proof of claim in any proceeding, bankruptcy, reorganization or otherwise where proof of claim may be required and to take all actions, including participating as a member of any committee of creditors, which it deems necessary or advisable in order to have the claims of the Trustee (including any claim for its reasonable compensation, expenses, disbursements and advances, and the claims of its agents and counsel) allowed in such proceedings. Any amount recovered by the Trustee as a result of any such claim, after payment of all fees (including reasonable attorneys' fees), costs, expenses and advances incurred by the Trustee or its agents in pursuing such claim shall be for the pro rata benefit of all the Holders of Bonds Outstanding.

Section 808. Trustee's Fees and Expenses. The Authority hereby agrees to pay fees to and expenses of the Trustee for its services hereunder as agreed to by the Authority, and the Trustee pursuant to the terms of a separate agreement. Any provision hereof to the contrary notwithstanding, if the Authority fails to make any payment properly due the Trustee for its reasonable fees, costs, expenses and fees of attorneys, certified public accountants, recognized authorities in their field and agents (not employees of the Trustee) incurred in performance of its duties, the Trustee may reimburse itself from any surplus moneys on hand in any Project Account held by it, other than any amounts in the Debt Service Fund.

Section 809. Reliance Upon Documents. In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon and shall be protected in acting or refraining from acting in reliance upon any document, including but not limited to any resolution certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper officials of the Authority, the Holders or agents or attorneys of the Holders; provided, however, in the case of any such document specifically required to be furnished to the Trustee hereby (other than those filed with it pursuant to Sections 601, 603, 604 and 609), the Trustee shall be under a duty to examine the same to determine whether it conforms on its face to the requirements hereof. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document submitted to the Trustee; provided, however, the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters. Whenever in the administration hereof, the Trustee shall deem it desirable that a matter be proven or established prior to taking or not taking any action hereunder, the Trustee (unless other evidence be specifically prescribed herein) may rely upon an Officer's Certificate or any document provided for in this Master Indenture.

Except where other evidence is required hereby, any request of direction of the Authority mentioned herein shall be sufficiently evidence by a certified copy of such request executed by an Authorized Representative. The Trustee shall not be charged with knowledge of any Default or Event of Default on other matters unless and except to the extent actually known to a Responsible Officer of the Trustee, or written notice thereof is received by the Trustee from the Authority or any Bondholder.

Section 810. Recitals and Representations. The recitals, statements and representations contained herein or in any Bond shall be taken and construed as made by and on the part of the Authority and not by the Trustee, and the Trustee neither assumes nor shall be under any responsibility for the correctness of the same other than the Trustee's certification of authentication of any Bonds as to which it is Authenticating Agent.

The Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof or, except as herein required, the filing or recording or registering of any document. The Trustee shall be deemed not to have made representations as to the security afforded

hereby or hereunder or as to the validity or sufficiency of such document. The Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. The Trustee shall not be responsible or liable for any loss suffered in connection with the investment of any funds made by it in accordance with the provisions hereof. Except with respect to Events of Default described in Section 701(a) and (b) hereof, the Trustee shall have no duty of inquiry with respect to any default which constitutes or with notice or lapse of time or both would constitute an Event of Default without actual knowledge of a Responsible Officer or receipt by the Trustee of written notice of a default which constitutes or with notice or lapse of time or both would constitute an Event of Default from the Authority or any Holder.

Section 811. Destruction of Bonds. Upon payment of or surrender to the Trustee for cancellation of any Bond, the Trustee shall destroy or register the cancellation of such Bond. The Trustee shall deliver a certificate of such destruction or cancellation to the Authority. Upon surrender of any Bond to a Paying Agent for payment, such Bond shall be cancelled by the Paying Agent and delivered to the Trustee for destruction or register of cancellation.

Section 812. Reports. The Trustee shall prepare and submit to the Authority monthly reports covering all moneys received and all payments, expenditures and investments made as the Trustee hereunder since the last previous such report.

Section 813. Paying Agent, Authenticating Agent and Registrar. The Authority may appoint a Paying Agent, an Authenticating Agent and a Registrar with respect to a Series of Bonds in the Supplemental Indenture pursuant to which such Series is issued. The Trustee may serve as Paying Agent, Authenticating Agent and Registrar. Each Paying Agent, Authenticating Agent and Registrar shall (i) designate to the Trustee its principal office and (ii) signify its acceptance of the duties and obligations imposed upon it hereunder and under such Supplemental Indenture by written instrument of acceptance delivered to the Authority and the Trustee. The Trustee is, in addition, authorized and directed to enter into an agreement with each Paying Agent as to such Paying Agent's rights and duties (the "Paying Agent Agreement").

Each Paying Agent shall exercise its duties in accordance with the terms of and shall have the protection provided to the Trustee in this Master Indenture.

If any Paying Agent, Authenticating Agent or Registrar shall resign or be removed, the Authority shall designate a successor. If the Authority shall designate a successor, then upon the Trustee's receipt of the written designation and the written acceptance of such designated successor, such entity shall thereupon, without further action by the Authority, be appointed as successor Paying Agent, Authenticating Agent and Registrar.

In the event that any Paying Agent, Authenticating Agent or Registrar shall resign or be removed, or be dissolved, or if the property or affairs of any Paying Agent, Authenticating Agent or Registrar 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, and no successor shall have been appointed, the Trustee shall, ipso facto be deemed to be any Paying Agent, Authenticating Agent or Registrar, until the appointment of a successor.

Any corporation into which any Paying Agent, Authenticating Agent or Registrar may be merged or converted or with which it may be consolidated, or any corporation resulting from any such merger, consolidation or conversion, or succeeding to the corporate trust business of Paying Agent, Authenticating Agent or Registrar, shall be the successor for the Paying Agent, the Authenticating Agent and the Registrar if such successor corporation is otherwise eligible under this Section, without the execution or filing of any further act on the part of the Trustee or the entity serving as Paying Agent, the Authenticating Agent and the Registrar or such successor corporation.

Section 814. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 901. Supplemental Indentures Not Requiring Consent of Bondholders. The Authority and the Trustee may, without the consent of or notice to any of the Holders, enter into one or more Supplemental Indentures for one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission herein;
- (b) to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder that shall not materially adversely affect the interest of the Holders;
- (c) to grant or confer upon the Trustee or the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;
- (d) to secure additional moneys or provide additional security or reserves for payment of the Bonds;

(e) to preserve the excludibility of Interest on any Bonds from gross income for purpose of federal income taxes, or to change the tax covenants set forth in Section 605 or 616, pursuant to an opinion of Bond Counsel that such action will not affect adversely such excludibility;

(f) to provide for the issuance of, and to set the terms and details of, each Series of Bonds hereunder, including covenants and provisions included therein which do not violate the terms of this Master Indenture;

(g) to remove the Trustee in accordance with the second paragraph of Section 806; and

(h) to add requirements the compliance with which is required by a Rating Agency in connection with issuing a rating with respect to any Series of Bonds.

Section 902. Supplemental Indentures Requiring Consent of Bondholders. (a) Other than Supplemental Indentures referred to in Section 901 and subject to the terms and provisions and limitations contained in this Article and not otherwise, the Holders of not less than a majority in aggregate Principal Amount of the Bonds of each Series may consent to or approve, from time to time, which consent to or approval shall be in writing anything contained herein to the contrary notwithstanding, the execution by the Authority and the Trustee of such Supplemental Indentures as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions with respect to such Series contained in this Master Indenture; provided, however, nothing in this Section shall permit or be construed as permitting a Supplemental Indenture which would:

(i) extend the stated maturity of or time for paying the Interest on any Bond or reduce the Principal Amount of or the Redemption Premium or rate of Interest payable on any Bond without the consent of the Holder of such Bond;

(ii) prefer or give a priority to any Bond over any other Bond without the consent of the Holder of each Bond then Outstanding not receiving such preference or priority; or

(iii) reduce the aggregate Principal Amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such Supplemental Indenture without the consent of the Holders of all Bonds then Outstanding.

(b) If at any time the Authority shall request the Trustee to enter into a Supplemental Indenture pursuant to this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by first class mail, postage prepaid, to all Holders of Bonds of any affected Series then Outstanding at their addresses as they appear on the Register. The Trustee, however, shall not be subject to any liability to any Bondholder by reason of its failure to mail, or the failure of such Bondholder to receive, the notice required by this Section, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section.

Such notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the office of the Trustee for inspection by all Bondholders.

(c) If within such period, not exceeding three (3) years, as shall be prescribed by the Authority, following the first giving of a notice as provided in (b) above, the Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate Principal Amount specified in subsection 902(a) for the Supplemental Indenture in question which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee may execute such Supplemental Indenture in substantially such form, without liability or responsibility to any Holder of any Bond, regardless of whether such Holder shall have consented thereto.

Any such consent shall be binding upon the Holder of the Bond giving such consent and upon any subsequent Holder of such Bond and of any Bond issued in exchange therefor (regardless of whether such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bond giving such consent or by a subsequent Holder thereof by filing with the Trustee, prior to the execution by the Trustee of such Supplemental Indenture, such revocation. At any time after the Holders of the required Principal Amount shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Authority a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(d) If the Holders of the required Principal Amount of the Bonds Outstanding shall have consented to and approved the execution of such Supplemental Indenture as herein provided, no Holder of any Bond shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof or to enjoin or restrain the Trustee or the Authority from executing the same or taking any action pursuant to the provisions thereof.

The consent of the Holders of any Series of Additional Bonds to be issued hereunder shall be deemed given if the underwriters or initial purchasers for resale consent in writing to such Supplemental Indenture and the nature of the amendment effected by such Supplemental Indenture is disclosed in the official statement or other offering document pursuant to which such Series of Additional Bonds is offered and sold to be public.

Section 903. Credit Provider as Holder of the Bonds. Subject to anything contrary set forth in a Supplemental Indenture, as long as a Credit Facility securing all or a portion of the Bonds Outstanding is in effect, the Credit Provider to the extent so authorized in the applicable Supplemental Indenture, shall be deemed to be the Holder of the Bonds secured by the Credit Facility; (i) at all times for the purpose of the execution and delivery of the Supplemental Indenture or of any amendment, change or modification of this Master Indenture or the initiation by

Bondholders of any action to be undertaken by the Trustee at the Bondholders' request, which under this Master Indenture requires the written approval or consent of or can be initiated by the Holders of at least a majority in aggregate principal amount of the Bonds at the time Outstanding, (ii) at all times for the purpose of the mailing of any notice to Bondholders under this Master Indenture, and (iii) following an Event of Default for all other purposes. Notwithstanding the foregoing, a Credit Provider shall not be deemed to be a Holder of the Bonds with respect to any such Supplemental Indenture or of any amendment, change or modification of this Master Indenture which would have the effect of permitting (i) a change in the terms of redemption or maturity of any Outstanding Bonds or of any installment of Interest thereon or (ii) a reduction in the Principal Amount or the Redemption Price thereof or in rate of Interest thereon or (iii) reducing the percentage or otherwise affecting the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

Section 904. Execution and Effect of Supplemental Indentures. (a) In executing any Supplemental Indenture permitted by this Article, the Trustee shall be entitled to receive and to rely upon an Opinion of Counsel stating that the execution of such Supplemental Indenture is authorized or permitted hereby. The Trustee may but shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Supplemental Indenture in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplemental Indenture shall form a part hereof for all purposes and every Holder of a Bond theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Bond authenticated and delivered after the execution and delivery of any Supplemental Indenture in accordance with this Article may, and if required by the Authority or the Trustee shall, bear a notation in form approved by the Authority and Trustee as to any matter provided for in such Supplemental Indenture. If the Authority shall so determine, new Bonds so modified as to conform in the opinion of the Trustee and the Authority to any such Supplemental Indenture may be prepared and executed by the authority and authenticated and delivered by the Trustee in exchange for and upon surrender of the Bonds then Outstanding.

ARTICLE X

SATISFACTION AND DISCHARGE

Section 1001. Discharge. If payment of all the Principal Amount of, Redemption Premium, if any, and Interest on a Series of Bonds in accordance with their terms and as provided herein is made, or is provided for in accordance with this Article, and if all other sums payable by the Authority hereunder with respect to such Series of Bonds shall be paid or provided for, then the liens, estates and security interests granted hereby shall cease with respect to such Series; provided, however, that the rebate provisions, if any, of the related Supplemental Indenture shall survive so

long as there is any amount due to the federal government pursuant to the provisions of such Supplemental Indenture. Thereupon, upon the request of the Authority, and upon receipt by the Trustee of an Opinion of Counsel stating that all conditions precedent to the satisfaction and discharge as provided above of the lien hereof have been satisfied with respect to such Series of Bonds, the Trustee shall execute and deliver proper instruments acknowledging such satisfaction and discharging the lien hereof with respect to such Series of Bonds. If the lien hereof has been discharged with respect to all Series of Bonds, the Trustee shall transfer all property held by it hereunder, other than moneys or obligations held by the Trustee for payment of amounts due or to become due on the Bonds to the Authority or such other person as may be entitled thereto as their respective interests may appear. Such satisfaction and discharge shall be without prejudice to the rights of the Trustee thereafter to charge and be compensated or reimbursed for services rendered and expenditures incurred in connection herewith.

The Authority may at any time surrender to the Trustee for cancellation any Bonds previously authenticated and delivered which the Authority at its option may have acquired in any manner whatsoever and such Bond upon such surrender and cancellation shall be deemed to be paid and retired.

Section 1002. Providing for Payment of Bonds. Payment of the Bonds or any Series of Bonds may be provided for by the deposit with the Trustee of Defeasance Obligations. Payment of the Bonds or any Series of Bonds shall be so provided for when the aggregate of amounts in the applicable Account of the Debt Service Reserve Fund together with other amounts available for such purpose hereunder is sufficient to so provide. The maturing principal and interest income on such Defeasance Obligations if any, shall be sufficient and available to pay when the Principal Amount of, whether at maturity or upon fixed redemption dates, and Redemption Premium, if any, and Interest on such Bonds. The Defeasance Obligations shall be held by the Trustee irrevocably in trust for the Holders of such Bonds solely for the purpose of paying the Principal Amount Redemption Premium, if any, and Interest on such Bonds as the same shall mature or become payable upon prior redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable, to the Trustee as to the dates upon which any such Bonds are to be redeemed prior to their respective maturities.

The Trustee shall receive an accountant's verification report as to the sufficiency of moneys and investments to provide for payment of a Series of Bonds in the case of a defeasance thereof.

If payment of a Series of Bonds is so provided for, the Trustee shall mail a notice so stating to each Holder of such Bond.

Bonds the payment of which have been provided for in accordance with this Section shall no longer be deemed Outstanding hereunder. The obligations of the Authority in respect of such Bonds shall nevertheless continue but the Holders thereof shall thereafter be entitled to payment only

from the Defeasance Obligations deposited with the Trustee to provide for the payment of such Bonds.

No Bond may be so provided for if, as a result thereof or of any other action in connection with which the provision for payment of such Bond is made, the interest payable on any Bond with respect to which an Opinion of Bond Counsel has been rendered that such Interest is excluded from gross income for federal income tax purposes is made subject to federal income taxes. The Trustee shall receive and may rely upon an Opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any Bonds.

Section 1003. Payment of Bonds After Discharge. Notwithstanding the discharge of the lien hereof as in this Article provided, the Trustee nevertheless shall retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Bonds, including pursuant to any sinking fund redemptions, and the registration, transfer, exchange and replacement of Bonds as provided herein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the Principal Amount of, Redemption Premium, if any, or Interest on any Bond remaining unclaimed for five (5) years after such payment has become due and payable, or such other period provided by law, whether at maturity or upon proceedings for redemption, shall be disposed of pursuant to the provisions of Section 217. After discharge of the lien hereof, but prior to payment of such amounts to Holders or as provided pursuant to Section 217, the Trustee shall invest such amounts in Government Obligations or pre-refunded municipal obligations described in paragraph (c) of the definition of Permitted Investments in Section 101 for the benefit of the Authority, as directed in writing by the Authority.

Section 1004. Variable Rate and Tender Bonds. (a) For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Governmental Obligations and moneys, if any, in accordance with Section 1002 hereof, the Interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Variable Rate Ceiling; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such Variable Rate Ceiling for any period, the total amount of moneys and Government Obligations on deposit with the Trustee for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Rate Bonds in order to satisfy the provisions of Section 1002 above, the Trustee shall, if requested by the Authority, pay promptly the amount of such excess to the Authority free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this Master Indenture.

(b) Tender Bonds shall be deemed to have been paid in accordance with Section 1202 hereof only if, in addition to satisfying the requirements thereof, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum Principal Amount and Redemption Price of and Interest on such Bonds which could become payable to the

Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to the provisions of Section 1002 above, the options originally exercisable by the Holders of Tender Bonds are no longer exercisable, such Bonds shall not be considered Tender Bonds for purposes of this Section. If any portion of the moneys deposited with the Trustee for the payment of the Principal Amount, Redemption Price of and Interest on Tender Bonds is not required for such purposes the Trustee shall, if requested by the Authority, pay promptly the amount of such excess to the Authority free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Master Indenture.

ARTICLE XI

MISCELLANEOUS

Section 1101. Evidence of Acts of Bondholders. Any request, direction, consent or other instrument provided hereby to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Trustee and the Authority with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(b) The ownership of all Bonds shall be proved by the Register.

Nothing in this Section shall be construed as limiting the Trustee to the proof herein specified, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

Any action taken or suffered by the Trustee pursuant to any provision hereof, upon the request or with the assent of any person who at the time is the Holder of any Bond or Bonds shall be conclusive and binding upon all future Holders of the same Bond or Bonds.

Section 1102. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Bonds is intended or shall be construed to give to any person other than the parties hereto, the Holders of the Bonds and any Paying Agents, Registrars, Authenticating Agents and Credit

Providers, if any, any legal or equitable right, remedy or claim under or in respect to this Master Indenture or any covenants, conditions and provisions herein contained; this Master Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Holders of the Bonds and any Paying Agents, Registrars, Authenticating Agents and Credit Providers, if any, as herein provided.

Section 1103. Notice to Rating Agencies. The Trustee hereby agrees that if at any time (a) the Authority shall redeem the entire Principal Amount of the Bonds Outstanding hereunder prior to maturity, (b) a successor Trustee is appointed hereunder, or (c) the Bondholders shall consent to any amendment to this Master Indenture or shall waive any provision of this Master Indenture then, in each case, the Trustee promptly will give notice of the occurrence of such event to each Rating Agency rating the Bonds, which notice in the case of an event referred to in clause (c) hereof shall include a copy of such amendment or waiver.

Section 1104. Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the Bonds issued pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

Section 1105. Holidays. When the date on which principal of or interest or premium on any Bond is due and payable is a day which is not a Business Day, payment may be made on Bonds on the next Business Day with effect as though payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date. When any other action is provided herein to be done on a day named or within a time period named, and the day or the last day of the period falls on a day other than a business Day, it may be performed on the next Business Day with effect as though performed on the appointed day or within the specified period.

Section 1106. Governing Law. This Master Indenture and the Bonds are contracts made under the laws of the State of Rhode Island and shall be governed and construed in accordance with such laws.

Section 1107. Notices. (a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid and addressed as follows:

- (i) If to the Authority, addressed to:

Rhode Island Turnpike and Bridge Authority
Claiborne Pell Bridge
One East Shore Road
Post Office Box 437

Administrative Building
Jamestown, Rhode Island 02835
Attention: Executive Director

- (ii) If to the Trustee, sent by registered or certified mail addressed to:

U.S. Bank National Association
Corporate Trust Department
One Federal Street, 3rd Floor
Boston, Massachusetts 02110
Attn: Rhode Island Turnpike and Bridge Authority Bonds

- (iii) If to the registered Holder of a Bond, addressed to such Holder at the address shown on the books of the Registrar kept pursuant hereto.

(b) The Authority and the Trustee may from time to time by notice in writing to all parties to this Master Indenture designate a different address or addresses for notice hereunder.

Section 1108. Counterparts. This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 1109. Immunity of Individuals. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future member, officer, employee, agent or consultant of the Authority, whether directly or indirectly and all such liability of any such individual is such as hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Bonds.

Section 1110. Limited Liability; Immunity of Directors of the Authority. This Master Indenture does not pledge the general credit or taxing power of the State. No provision, covenant or agreement contained in this Master Indenture or in the Bonds or in any Additional Bonds or any obligations herein or therein imposed upon the Authority or the breach thereof, shall constitute or give rise to or impose upon the Authority a pecuniary liability or a charge against its general credit. In making the agreements, provisions and covenants set forth in this Master Indenture, the Authority has not obligated itself except with respect to the Trust Estate and the application of the revenues, income and all other property therefrom, as hereinabove provided.

The Authority is not nor are the directors of the Authority, the agents, attorneys or employees of the Authority, or their respective heirs, personal representatives or successors personally or generally liable in connection with any matter, cause or thing pertaining to this Master

Indenture, or any instruments and documents executed and delivered by the Authority in connection with the Project.

No covenant or agreement contained in this Master Indenture shall be deemed to be the covenant or agreement of any director, officer, attorney, agent or employee of the Authority in an individual capacity. No recourse shall be had for the payment of the Principal Amount of or premium (if any) or interest on, the Bonds or any claim based thereon against any officer, director, agent, attorney or employee of the Authority past, present or future, or its successors or assigns, as such, present or future, either directly or through the Authority, or any such successor corporation, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all of such liability of such directors, officers, agents, attorneys or employees, being hereby released as a condition of, and as a consideration for, the execution and delivery of this Master Indenture.

Section 1111. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns subject to the limitations contained herein.

Section 1112. Resolution of Conflicts. To the extent that there may be a conflict among the provisions of this Master Indenture or the Loan Agreement or any other documents executed in connection with the issuance of the Bonds and this Master Indenture, the Master Indenture shall govern, except as it has been modified or changed by the First Supplemental Indenture.

Section 1113. Continuing Disclosure. The Authority and the Trustee hereby covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the Authority or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Trustee, as the case may be, to comply with its obligations under this Section.

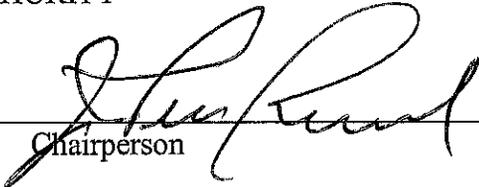
Section 1114. Use of Additional Funds For Debt Payment. Nothing herein contained shall preclude the Authority from using any legally available funds, in addition to the Net Revenues, which may come into their possession, including the proceeds of sale of Cross-over Refunding Bonds, contributions, or grants and Qualified Swap Receipts, for the purpose of payment of principal of and interest on the Bonds, or the purchase or redemption of such Bonds in accordance with the provisions of this Master Indenture.

Section 1115. Capital Appreciation Bonds. For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) computing the amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to the

Authority any notice, consent, request or demand pursuant to this Master Indenture for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Amount.

IN WITNESS WHEREOF, the Authority has caused these presents to be signed in its name and on its behalf by its duly authorized officer, and, to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officer, all as of the day and year first above written.

RHODE ISLAND TURNPIKE AND BRIDGE
AUTHORITY

By:  _____
Chairperson

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

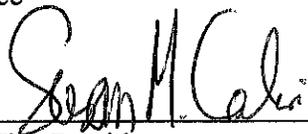
By:  _____
Its: Vice President

EXHIBIT A

FORM OF REQUISITION FOR
CONSTRUCTION FUND PROJECT ACCOUNTS

REQUISITION NO. []

TRUSTEE

RE: \$35,765,000 Rhode Island Turnpike and Bridge Authority
Taxable Refunding Revenue Bonds, Series 2003 A

TO: Trustee under the Master Indenture of Trust between the Rhode Island Turnpike
and Bridge Authority and U.S. Bank National Association, as Trustee dated as of
July 1, 2003

This Requisition is made pursuant to Section 402 of the above Indenture.

The Trustee is directed to pay sums out of the Project Account of the Construction
Fund entitled []

PAYEE

PURPOSE OF PAYMENT

AMOUNT

We hereby certify that the obligation mentioned herein (a) has been properly incurred, (b) is a proper charge against the Project Account of the Construction Fund named above, (c) is currently due and payable, (d) has not been previously paid or reimbursed, (e) has not been the basis of any previous withdrawal, and (f) is an item of "Cost" or "Project Cost" (as defined in the Master Indenture).

RHODE ISLAND TURNPIKE AND
BRIDGE AUTHORITY

By: _____
Chairman

CERTIFIED:

EXHIBIT B

REQUISITION FOR
COST OF ISSUANCE ACCOUNT

REQUISITION NO.

TRUSTEE

RE: \$35,765,000 Rhode Island Turnpike and Bridge Authority
Taxable Refunding Revenue Bonds, Series 2003 A

TO: Trustee under the Master Indenture of Trust between the Rhode Island Turnpike
and Bridge Authority and U.S. Bank National Association, as Trustee dated as of
July 1, 2003

This Requisition is made pursuant to Section 402 of the above Indenture.

The Trustee is directed to pay sums out of the Cost of Issuance Account of the
Construction Fund entitled [].

PAYEE

PURPOSE OF PAYMENT

AMOUNT

I hereby certify that

(i) the obligation mentioned herein (a) has been properly incurred, (b) is a proper charge against the Cost of Issuance Account of the Construction Fund, (c) is currently due and payable, (d) has not been previously paid or reimbursed, and (e) has not been the basis of any previous withdrawal.

(ii) attached hereto is an invoice or bill for the amount described herein.

RHODE ISLAND TURNPIKE AND
BRIDGE AUTHORITY

By: _____
Authorized Representative