
MASSACHUSETTS WATER RESOURCES AUTHORITY

**FIFTY-FOURTH SUPPLEMENTAL RESOLUTION
AUTHORIZING THE ISSUANCE OF UP TO \$1,300,000,000
MULTI-MODAL SUBORDINATED GENERAL REVENUE REFUNDING BONDS**

**2008 Series E
Part 4**

Adopted February 13, 2008 as Amended and Supplemented on March 12, 2008

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**FIFTY-FOURTH SUPPLEMENTAL RESOLUTION AUTHORIZING THE
ISSUANCE OF UP TO \$1,300,000,000 MULTI-MODAL SUBORDINATED GENERAL
REVENUE REFUNDING BONDS, 2008 SERIES E**

PART IV

WHEREAS, the Massachusetts Water Resources Authority (hereinafter sometimes referred to as the “Authority”) has determined that it is necessary and desirable at this time to issue its Bonds under the Massachusetts Water Resources Authority Act and pursuant to the General Revenue Bond Resolution of the Authority to refund a portion of its Outstanding Bonds;

WHEREAS, by resolution adopted on February 13, 2008 the Board of Directors of the Authority authorized the issuance pursuant to a Fifty-Fourth Supplemental Resolution of up to \$575,000,000 Multi-Modal Subordinated General Revenue Refunding Bonds and authorized certain officers of the Authority (the “Authorized Officers”) to approve the final form of said Fifty-Fourth Supplemental Resolution;

WHEREAS, by resolution adopted on March 12, 2008 the Board of Directors of the Authority adopted an amendment to the Fifty-Fourth Supplemental Resolution authorizing the issuance of up to \$1,300,000,000 Multi-Modal Subordinated General Revenue Refunding Bonds; and

WHEREAS, the Authorized Officers have determined that it is in the best interest of the Authority to issue the aforesaid bonds in six separate series and, to facilitate such issuance, to divide said Fifty-Fourth Supplemental Resolution into five separate and independent Parts, of which this is Part 4;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Massachusetts Water Resources Authority as follows:

ARTICLE I

CERTAIN DEFINITIONS

SECTION 1.1. Definitions by Reference. Unless the context shall clearly indicate some other meaning, all words and terms used in this Fifty-Fourth Supplemental Resolution that are defined in the General Revenue Bond Resolution adopted by the Authority on January 24, 1990 (said resolution as from time to time amended or supplemented being defined as the “Resolution”), shall for all purposes of this Fifty-Fourth Supplemental Resolution have the respective meanings given to them in the Resolution.

SECTION 1.2. Special Definitions. As used in this Fifty-Fourth Supplemental Resolution, the following words and phrases shall have the meanings hereinafter set forth unless the context shall clearly indicate that another meaning is intended.

“Alternate Credit Facility” means an instrument that provides (to the extent, and subject to the terms and conditions, set forth therein) for the payment of principal of and interest on the 2008 Bonds becoming due and payable during the term thereof and is issued in substitution for a Credit Facility in accordance with, and pursuant to, Section 5.2 hereof.

“Alternate Liquidity Facility” means a liquidity facility, a counterpart original or conformed copy of which shall be filed with the Trustee, that provides (to the extent, and subject to the terms and conditions, set forth therein) for the payment of the Purchase Price of 2008 Bonds tendered or deemed tendered to the Tender Agent pursuant to this Fifty-Fourth Supplemental Resolution, satisfies the Liquidity Requirement and is issued in substitution for the Liquidity Facility in accordance with, and pursuant to, Section 5.3 hereof

“Alternate Rate” means, on any Rate Determination Date, the rate per annum determined on the basis of an index (the “Index”). The Index shall be the most recently provided index, provided that (a) with respect to 2008 Bonds which are in the Daily Mode, Weekly Mode or a Commercial Paper Mode with an Interest Period of 30 days or less, the Index shall be 110% of the SIFMA Swap Index, and (b) with respect to 2008 Bonds which are in a Commercial Paper Mode or in a Term Rate Mode with an Interest Period of greater than 30 days the Index shall be the rate per annum equal to 85% of the interest rate on high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* as reported on the first day of such Interest Period and which maturity most nearly equals the Interest Period for which an interest rate is being calculated.

“Annual Installment Date” means a date selected by the Authority within 60 days after each Bond Year which date is not a Rebate Installment Date.

“Authorized Denominations” means with respect to 2008 Bonds (i) in a Short-Term Mode, \$100,000 and any integral multiple of \$5,000 in excess of \$100,000 (ii) in a Term Rate Mode, \$5,000 and any integral multiple thereof, provided, however, that if as a result of the change in the Mode of the 2008 Bonds it is not possible to deliver all the 2008 Bonds required or permitted to be Outstanding in a denomination permitted above, 2008 Bonds may be delivered, to the extent necessary, in different denominations.

“Authorized Officer” means each of the Executive Director, the Chief Financial Officer and the Treasurer of the Authority.

“Bank Bond” means any 2008 Bond during any period commencing on the day such 2008 Bond is owned by or held on behalf of the Liquidity Facility Issuer or its successors and assigns under the Liquidity Facility Agreement as a result of such 2008 Bond having been purchased pursuant to Article IV of this Fifty-Fourth Supplemental Resolution from the proceeds

of an advance under the Liquidity Facility and ending when such 2008 Bond is, pursuant to the provisions of the applicable Standby Bond Purchase Agreement, no longer deemed to be a Bank Bond.

“Bank Interest Rate” means with respect to any amounts owing under any Bank Bond, the rate of interest which is (a) applicable to the amounts owing under such Bank Bond as calculated and specified in the applicable Liquidity Facility Agreement and (b) not in excess of the lesser of twenty-five percent (25%) per annum or the maximum rate permitted by applicable law as advised by counsel to the Authority.

“Bond Counsel” means any firm of attorneys selected by the Authority and experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for federal income tax purposes, which may be an attorney or firm regularly providing services to the Authority, the Trustee, any Underwriter, any Remarketing Agent, the Tender Agent, the Credit Facility Issuer, if any, the Liquidity Facility Issuer or any Owner.

“Bond Payment Date” means each Interest Payment Date and each Principal Payment Date.

“Bond Purchase Fund” means the Bond Purchase Fund established in the Tender Agent Agreement.

“Bond Year” shall be the one-year period commencing each July 1.

“Business Day” means, with respect to the 2008 Bonds, any day except (i) a Saturday, Sunday or other day on which commercial banks in the City of New York, New York, or any other city in which is located the Principal Office of the Trustee or any of (as applicable) the Tender Agent, the Remarketing Agent, the Liquidity Facility Issuer, or the Credit Facility Issuer, if any, are authorized by law to close or (ii) a day on which the New York Stock Exchange is closed. For purposes of this definition, the Principal Office of the Liquidity Facility Issuer and of any Credit Facility Issuer shall be their respective office at which drawings are made under the Liquidity Facility, in the case of the Liquidity Facility Issuer, or the Credit Facility, in the case of the Credit Facility Issuer.

“Closing Date” means the date on which the 2008 Bonds are first issued, sold and delivered.

“Commercial Paper Mode” means the mode during which the duration of the Interest Periods and the interest rates are determined under Section 2.3.

“Commercial Paper Rate Bond” means any 2008 Bond while in a Commercial Paper Mode.

“Credit Facility” means an instrument or instruments that provide (to the extent, and subject to the terms and conditions, set forth therein) for the payment of principal of and interest on the 2008 Bonds becoming due and payable during the term thereof, provided that if the Credit Facility is surrendered for cancellation pursuant to Section 5.2 in connection with the provision of an Alternate Credit Facility, then such Alternate Credit Facility shall thereafter be the “Credit Facility.”

“Credit Facility Agreement” means any agreement with a Credit Facility Issuer which provides for the terms of reimbursement with respect to a Credit Facility and any and all modifications, alterations, amendments and supplements thereto including, with respect to any Alternate Credit Facility, the agreement providing for such Alternate Credit Facility and any and all modifications, alterations, amendments and supplements to such agreement.

“Credit Facility Expiration Date” means, with respect to a Credit Facility, the scheduled expiration date of such Credit Facility, or such scheduled expiration date as it may be extended from time to time as provided in the Credit Facility; provided, however, that “Credit Facility Expiration Date” shall not mean any date upon which the Credit Facility is no longer effective by reason of an event specified in subclause (i) of the definition of the term “Credit Facility Termination Date” or the date such Credit Facility expires in connection with the 2008 Bonds bearing interest at a Term Rate fixed to the maturity thereof or by reason of the obtaining of an Alternate Credit Facility in substitution for such Credit Facility.

“Credit Facility Issuer” means any bank or banks, insurance company or companies, or other financial institution or institutions, or any combination of the foregoing, which is the issuer of a Credit Facility and of which the Trustee is notified in writing by the Credit Facility Issuer.

“Credit Facility Termination Date” means the date, if any, upon which a Credit Facility is to terminate as the result of (i) the occurrence of any event specified in the applicable Credit Facility Agreement as providing the Credit Facility Issuer an option to terminate the Credit Facility or (ii) the termination of the Credit Facility at the option of the Authority in accordance with the terms of the Credit Facility.

“Credit Requirement” means at any time and with respect to: (i) Commercial Paper Rate Bonds, an amount equal to the principal amount thereof then Outstanding plus such additional amount as is necessary to cause the 2008 Bonds to be assigned the highest short term rating of each of Moody’s, S&P and Fitch, as evidenced by a written confirmation of rating delivered by each such rating agency; (ii) the 2008 Bonds bearing interest at the Daily Rate or Weekly Rate, an amount equal to the principal amount of 2008 Bonds then Outstanding plus 34 days’ interest thereon calculated at the Maximum Rate on the basis of a 365 or 366 year, as applicable; and (iii) the 2008 Bonds in the Term Rate Mode (unless such Term Rate Mode extends to the Maturity Date), an amount equal to the principal amount of 2008 Bonds then Outstanding plus such additional amount as is necessary to cause the 2008 Bonds in the Term Rate Mode to be assigned the highest applicable rating of Moody’s, S&P and Fitch, as evidenced by a written confirmation of rating delivered by each such rating agency.

“Current Mode” has the meaning specified in Section 2.9(b).

“Daily Mode” means the mode during which the 2008 Bonds bear interest at a Daily Rate.

“Daily Rate” means an interest rate determined pursuant to Section 2.4 hereof.

“Delivery Office” means such address as may be specified by the Tender Agent for receiving the 2008 Bonds and the notices provided for in Article IV of this Fifty-Fourth Supplemental Resolution.

“Differential Interest Amount” has the meaning specified in Section 2.2.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“DTC Participant” means each participant for which DTC holds securities.

“Electronic Means” means telecopy, telegraph, telex, facsimile transmission, email transmission or other similar electronic means of communication, including a telephonic communication confirmed in writing.

“Expiration Date” means any Credit Facility Expiration Date and any Liquidity Facility Expiration Date.

“Expiration Tender Date” has the meaning provided in Section 4.5(a).

“Favorable Opinion of Bond Counsel” means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel, which shall be a Bond Counsel, to the effect that such action is permitted under the Act and the Resolution and will not impair the exclusion of interest on the 2008 Bonds from gross income for purposes of federal income taxation or the exemption of interest on the 2008 Bonds from personal income taxation under the laws of the Commonwealth (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the 2008 Bonds).

“Fifty-Fourth Supplemental Resolution” means this Part 4 of the Fifty-Fourth Supplemental Resolution Authorizing the Issuance of up to \$1,300,000,000 Multi-Modal Subordinated General Revenue Refunding Bonds, 2008 Series E.

“Fitch” means Fitch Ratings, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Initial Liquidity Facility” means the Initial Liquidity Facility Agreement issued by JPMorgan Chase Bank, National Association.

“Initial Liquidity Facility Agreement” means the Standby Bond Purchase Agreement dated May 1, 2008 among the Liquidity Facility Issuer, the Authority and the Tender Agent.

“Interest Payment Date” means, with respect to 2008 Bonds, the following dates upon which interest is payable on 2008 Bonds: (i) any Principal Payment Date or Mode Change Date; (ii) with respect to each Commercial Paper Rate Bond, the day following the last day of the Interest Period therefor; (iii) with respect to the Daily Mode and Weekly Mode, the first Business Day of each calendar month, commencing July 1, 2008; (iv) with respect to the Term Rate Mode, each August 1 and each other date specified by the Authority pursuant to Section 2.9(b) prior to the Purchase Date or the Maturity Date, as the case may be, and the Purchase Date, if applicable; and (v) with respect to Bank Bonds, the first Business Day of each calendar month or as otherwise provided in the Liquidity Facility Agreement.

“Interest Period” means the period of time that any interest rate remains in effect, which period:

(i) with respect to each Commercial Paper Rate Bond, shall be the period of time established by the Remarketing Agent pursuant to Section 2.3;

(ii) with respect to 2008 Bonds in the Daily Mode, shall be the period from and including a Business Day to and excluding the next Business Day;

(iii) with respect to 2008 Bonds in the Weekly Mode, shall be the periods from and including the day that they began to bear interest at the Weekly Rate to and including the following Wednesday and thereafter commencing on each Thursday to and including Wednesday of the following week;

(iv) with respect to 2008 Bonds in the Term Rate Mode, shall be the period from and including the Mode Change Date to and including the date (which shall be a day next preceding a Business Day or the Maturity Date) selected by the Authority prior to the Mode Change Date as the last day upon which an interest rate determined by the Remarketing Agent pursuant to Section 2.6 shall be in effect and thereafter shall be the period beginning on the day after the end of the prior Interest Period and ending on the date selected by the Authority as the last day upon which an interest rate determined by the Remarketing Agent pursuant to Section 2.6 shall be in effect, provided, that each Interest Period with respect to 2008 Bonds in the Term Rate Mode shall be not less than 271 days; and

(v) with respect to Bank Bonds, shall be the period that such Bonds remain Bank Bonds;

provided, that no Interest Period shall extend beyond the day preceding any Mandatory Purchase Date or the Maturity Date.

“Issuance Resolution” means the Issuance Resolution adopted by the Board of Directors of the Authority on February 13, 2008 as amended and supplemented by the Amendment and Supplement to Issuance Resolution adopted by the Authority on March 12, 2008.

“Letter of Credit” means any Letter of Credit issued by a Credit Facility Issuer, under which the Tender Agent may draw (i) an amount necessary to pay in full the principal amount of the Outstanding 2008 Bonds tendered for optional or mandatory purchase or to pay such principal amount when due, either upon scheduled maturity or sinking fund installment payment dates or upon acceleration of the 2008 Bonds as provided in Section 1001 of the Resolution, plus (ii) such additional amount to pay interest on the 2008 Bonds or to pay the interest portion of the Purchase Price of the 2008 Bonds tendered for optional or mandatory purchase as is necessary to cause the 2008 Bonds to be assigned the highest short term rating of each of Moody's, S&P and Fitch, as evidenced by a written confirmation of rating delivered by each such rating agency.

“Liquidity Facility” means, with respect to the 2008 Bonds, the Initial Liquidity Facility, provided that if the Initial Liquidity Facility is surrendered for cancellation pursuant to Section 5.3, or if the purchase or other funding obligations (in respect of 2008 Bonds or portions thereof tendered or deemed tendered for purchase in accordance with the terms hereof) of the Liquidity Facility Issuer under the Liquidity Facility are otherwise terminated (in accordance with the express terms of such Liquidity Facility), in each case in connection with the provision of an Alternate Liquidity Facility, then such Alternate Liquidity Facility shall thereafter be the “Liquidity Facility” (and shall thereafter be the “Initial Liquidity Facility” for purposes of subsequent application of this proviso).

“Liquidity Facility Default” means (i) the occurrence of an event set forth in the Liquidity Facility that has resulted in the immediate termination or suspension of the obligation of the Liquidity Facility Issuer to make funds available pursuant to the Liquidity Facility to purchase 2008 Bonds subject to optional or mandatory tender for purchase pursuant to Article IV hereof, or (ii) the failure of a Liquidity Facility Provider to honor a properly presented draw on the Liquidity Facility in accordance with the terms of the Liquidity Facility Agreement.

“Liquidity Facility Expiration Date” means, with respect to a Liquidity Facility, including without limitation the Initial Liquidity Facility, the scheduled expiration date of such Liquidity Facility, or such scheduled expiration date as it may be extended from time to time as provided in the Liquidity Facility, provided, however, that the “Liquidity Facility Expiration Date” shall not mean any date upon which the Liquidity Facility is no longer effective by reason of an event specified in subclause (i) of the definition of the term “Liquidity Facility Termination Date” or the date such Liquidity Facility expires in connection with all 2008 Bonds bearing interest at a Term Rate fixed to the maturity thereof or by reason of the obtaining of an Alternate Liquidity Facility in substitution for such Liquidity Facility.

“Liquidity Facility Issuer” means JPMorgan Chase Bank, National Association, or any other bank or banks, insurance company or companies, or other financial institution or institutions, or any combination of the foregoing, which is the issuer of a Liquidity Facility of which the Trustee and the Tender Agent are notified in writing by the Authority or the Liquidity Facility Issuer.

“Liquidity Facility Termination Date” means the date upon which a Liquidity Facility, including without limitation the Initial Liquidity Facility, is to terminate as the result of (i) the occurrence of any event specified in the Standby Bond Purchase Agreement as providing the Liquidity Facility Issuer an option to terminate the Liquidity Facility or (ii) the termination of the Liquidity Facility at the option of the Authority in accordance with the terms of the Liquidity Facility.

“Liquidity Requirement” means at any time and with respect to (i) Commercial Paper Rate Bonds, an amount equal to the principal amount thereof then Outstanding plus such additional amount as is necessary to cause the 2008 Bonds to be assigned the highest short term rating of each of Moody's, S&P and Fitch, as evidenced by a written confirmation of rating delivered by each such rating agency; (ii) the 2008 Bonds bearing interest at the Daily Rate or Weekly Rate, an amount to pay the Purchase Price equal to the principal amount of 2008 Bonds then Outstanding plus 34 days' interest thereon calculated at the Maximum Rate on the basis of a 365 or 366 day year, as applicable, for the actual number of days elapsed; and (iii) the 2008 Bonds in the Term Rate Mode (unless such Term Rate Mode extends to the Maturity Date), an amount equal to the principal amount of such 2008 Bonds then Outstanding plus such additional amount as is necessary to cause the 2008 Bonds in the Term Rate Mode to be assigned the highest applicable rating of Moody's, S&P and Fitch, as evidenced by a written confirmation of rating delivered by each such rating agency.

“Mandatory Purchase Date” means (i) the Purchase Date of 2008 Bonds in the Commercial Paper Mode or the Term Rate Mode, (ii) any Mode Change Date, (iii) the Substitution Date, (iv) the Expiration Tender Date and (v) the Termination Tender Date.

“Maturity Date” means, with respect to the 2008 Bonds, August 1, 2037.

“Maximum Rate” means twelve percent (12%) per annum; provided that the Maximum Rate may be increased by the Authority to a higher rate, not to exceed twenty percent (20%) per annum, if there shall have been delivered to the Trustee (a) a Favorable Opinion of Bond Counsel, (b) a new or amended Liquidity Facility in an amount equal to the Liquidity Requirement calculated using the new Maximum Rate and (c) the written approval of the Credit Facility Issuer, if any, of such increase; provided further, that the Maximum Rate shall never exceed the highest lawful rate as advised by counsel to the Authority. The Maximum Rate shall not apply to Bank Bonds, which shall bear interest at the Bank Interest Rate.

“Mode” means each of the Commercial Paper Mode, the Daily Mode, the Weekly Mode, and the Term Rate Mode.

“Mode Change Date” means, with respect to 2008 Bonds, the date one Mode terminates and another Mode begins.

“Moody's” means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody's” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“New Mode” has the meaning specified in Section 2.9(b).

“Nonpurpose Payments” has the meaning ascribed to such term in the Regulations.

“Notice Parties” means the Authority, the Trustee, each Remarketing Agent, the Tender Agent, the Credit Facility Issuer, if any, and the Liquidity Facility Issuer.

“Opinion of Counsel” means a written legal opinion from an attorney or a firm of attorneys experienced in the matters to be covered in the opinion.

“Owners” means the registered owners of 2008 Bonds or the duly authorized attorney in fact, representative or assign thereof; the term “Owners” shall include the Liquidity Facility Issuer or its assignee, if appropriate.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds 2008 Bonds as securities depository.

“Principal Payment Date” means any date upon which the principal amount of 2008 Bonds is due hereunder at maturity or on any Redemption Date.

“Purchase Date” means, with respect to a 2008 Bond (i) in the Commercial Paper Mode or the Term Rate Mode, the Business Day after the last day of the Interest Period applicable thereto and (ii) during the Daily Mode or Weekly Mode, any Business Day upon which such 2008 Bond is tendered or deemed tendered for purchase pursuant to Section 4.1.

“Purchase Price” means an amount equal to the principal amount of any 2008 Bonds purchased on any Purchase Date or Mandatory Purchase Date, plus, unless the Purchase Date is an Interest Payment Date or the Mandatory Purchase Date would be an Interest Payment Date even if not a Mandatory Purchase Date, accrued interest to the Purchase Date or Mandatory Purchase Date plus, in the case of 2008 Bonds in the Term Rate Mode, any redemption premium applicable to such 2008 Bonds on the Purchase Date as provided pursuant to Section 3.1(d).

“Rate Determination Date” means any date on which the interest rate on any 2008 Bonds that are not Bank Bonds is required to be determined, being: (i) in the case of any Commercial Paper Rate Bond, the first day of each Interest Period therefor; (ii) in the case of 2008 Bonds in

the Daily Mode, each Business Day; (iii) in the case of any 2008 Bonds to be, or continue to be, in the Weekly Mode, for any Interest Period commencing on the Closing Date or on any Mode Change Date, the Business Day immediately preceding the respective Closing Date or Mode Change Date, and for other Interest Periods, each Wednesday or, if such Wednesday is not a Business Day, the next succeeding day or, if such day is not a Business Day, the Business Day next preceding such Wednesday; and (iv) in the case of any 2008 Bonds to be, or continue to be, in the Term Rate Mode, a Business Day prior to the first day of the applicable Interest Period.

“Rating Agency” means each of Fitch, Moody’s and S&P.

“Rating Category” means one of the general rating categories of any of Moody’s, S&P or Fitch, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

“Rebate Installment Date” means the dates selected by the Authority pursuant to the Regulations for the computation of rebate as provided in Section 8.1(b) hereof, the first of which shall be no later than five years after the date of issue of the 2008 Bonds. Each subsequent Rebate Installment Date shall be no more than five years following the next preceding Rebate Installment Date. Rebate Installment Date shall also include the date on which final payment of the 2008 Bonds is made.

“Rebate Payment Date” means, with respect to any Rebate Installment Date, 60 days after the Rebate Installment Date.

“Record Date” means with respect to 2008 Bonds other than Bank Bonds, (i) in a Commercial Paper Mode, the day (whether or not a Business Day) next preceding each Interest Payment Date, (ii) in the Daily Mode or the Weekly Mode, the opening of business on the Business Day next preceding an Interest Payment Date and (iii) in the Term Rate Mode, the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.

“Redemption Date” means the date fixed for redemption of any 2008 Bonds subject to redemption in any notice of redemption given in accordance with the terms hereof.

“Redemption Price” means an amount equal to the principal of and premium, if any, and accrued interest, if any, on the 2008 Bonds to be paid on the Redemption Date.

“Refunded Bonds” means the Secured Bonds set forth below issued pursuant to the supplemental resolutions set forth aside each Series of Secured Bonds:

Supplemental Resolution

Series of Secured Bonds

Thirtieth Supplemental Resolution Authorizing the Issuance of up to \$150,000,000 Multi-Modal Subordinated General Revenue Refunding Bonds, 2000 Series B

\$135,300,000 Massachusetts Water Resources Authority Multi-Modal Subordinated General Revenue Refunding Bonds, 2000 Series B

Thirty-Ninth Supplemental Resolution Authorizing the Issuance of up to \$430,000,000 Multi-Modal Subordinated General Revenue Refunding Bonds, Part 4 Relating to the Issuance of \$90,900,000 Multi-Modal Subordinated General Revenue Refunding Bonds, 2002 Series F

\$90,900,000 Massachusetts Water Resources Authority Multi-Modal Subordinated General Revenue Refunding Bonds, 2002 Series F

“Regulations” means the Treasury Regulations applicable to Section 148(f) of the Code.

“Remarketing Agent” means the remarketing agent at the time serving as such for the 2008 Bonds pursuant to Section 6.1 of this Fifty-Fourth Supplemental Resolution.

“Representation Letter” means the Blanket Issuer Letter of Representations dated January 4, 1996 from the Authority to DTC.

“S&P” means Standard & Poor's, a Division of The McGraw-Hill Companies, Inc., and its successors and assigns, except that if such division shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Serial Bonds” means any 2008 Bonds provided to be such pursuant to Section 2.9(e).

“SIFMA Swap Index” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or any other entity producing similar indices selected by the Authority and approved by the Credit Facility Issuer, if any, the Liquidity Facility Issuer and the Remarketing Agent.

“Short-Term Mode” means each of the Daily Mode, the Weekly Mode and the Commercial Paper Mode.

“Standby Bond Purchase Agreement” means (i) with respect to the Initial Liquidity Facility, the Initial Liquidity Facility Agreement and any and all modifications, alterations, amendments and supplements thereto and (ii) with respect to any Alternate Liquidity Facility, the agreement providing for such Alternate Liquidity Facility and any and all modifications, alterations, amendments and supplements to such agreement.

“Substitution Date” means the date on which an Alternate Credit Facility is to be substituted for any Credit Facility then in effect pursuant to Section 5.2 hereof or on which an Alternate Liquidity Facility is to be substituted for the Liquidity Facility in effect pursuant to Section 5.3 hereof. In no event shall an extension of any Credit Facility or an extension of any Liquidity Facility constitute a substitution of such Credit Facility or Liquidity Facility.

“Tender Agent” means the tender agent appointed for the 2008 Bonds pursuant to Section 6.2.

“Tender Agent Agreement” means the Tender Agent Agreement dated as of May __, 2008, among the Authority, the Trustee and the Tender Agent, as from time to time amended, and any replacement or substitute Tender Agent and Paying Agent Agreement entered into under this Fifty-Fourth Supplemental Resolution.

“Term Rate” means an interest rate determined pursuant to Section 2.6.

“Term Rate Mode” means the mode during which the 2008 Bonds bear interest at a Term Rate.

“Termination Date” means any Credit Facility Termination Date and any Liquidity Facility Termination Date.

“Termination Tender Date” has the meaning provided in Section 4.5(b).

“2008 Bonds” has the meaning specified in Section 2.1.

“Weekly Mode” means the mode during which the 2008 Bonds bear interest at a Weekly Rate.

“Weekly Rate” means an interest rate determined pursuant to Section 2.5.

SECTION 1.3. Time. All references to the time of day or the close of business used in this Fifty-Fourth Supplemental Resolution are to the time in effect and the close of business in the City of New York, New York.

ARTICLE II

AUTHORIZATION OF ISSUANCE OF 2008 BONDS

SECTION 2.1. Authorization of 2008 Bonds.

(a) Authorization of 2008 Bonds. There is hereby authorized to be issued a Series of Bonds designated “Multi-Modal Subordinated General Revenue Refunding Bonds, 2008 Series E” (herein referred to as the “2008 Bonds”) in the total principal

amount of Two Hundred Twenty-Four Million Seven Hundred Seventy Thousand Dollars (\$224,770,000).

The 2008 Bonds shall, subject to the rights and requirements of prior redemption and purchase under Article III and Article IV hereof, and except as otherwise permitted by Section 2.9(e), mature and become payable on August 1, 2037. The 2008 Bonds shall be subject to mandatory sinking fund redemption prior to stated maturity, as provided in Article VI of the Resolution, on August 1 of each year set forth below in sinking Fund Installments in the amount set forth next to each year at a redemption Price equal to 100% of the principal amount thereof plus accrued interest to the redemption date:

<u>Year</u>	<u>Sinking Fund Installment</u>	<u>Year</u>	<u>Sinking Fund Installment</u>
2012	\$44,510,000	2024	\$ 3,625,000
2013	46,620,000	2025	3,725,000
2014	-	2036	15,425,000
2015	-	2027	3,925,000
2016	-	2028	-
2017	-	2030	-
2018	-	2031	-
2019	-	2032	2,825,000
2020	26,500,000	2033	5,625,000
2021	12,200,000	2034	6,030,000
2022	29,545,000	2035	6,530,000
2023	3,325,000	2036	6,930,000
		2037	7,430,000

(b) Application of 2008 Bond Redemptions to Mandatory Sinking Fund Installments. In the event that the 2008 Bonds shall be optionally redeemed in part pursuant to Section 3.1, then the principal amount so redeemed (including principal of Bank Bonds) shall be applied to reduce the amount of Sinking Fund Installments of such 2008 Bonds (including principal due on the Maturity Date) as the Authority shall specify in writing to the Trustee and the Remarketing Agent; provided that the amounts so applied shall be in integral multiples of \$100,000 and \$5,000 in excess thereof (except that during a Term Rate Mode which has an Interest Period extending to the maturity of the 2008 Bonds, the amounts so applied may be in integral multiples of \$5,000).

(c) Purposes. The 2008 Bonds are issued for the purposes of (i) refunding a portion of the Outstanding Refunded Bonds and (ii) paying the Costs of Issuance of the 2008 Bonds.

SECTION 2.2. Denominations, Medium, Method and Place of Payment of Principal and Interest and Dating of 2008 Bonds. The 2008 Bonds shall be issued in the form of fully registered 2008 Bonds in Authorized Denominations. The principal and Purchase Price of and premium, if any, and interest on the 2008 Bonds shall be payable in lawful money of the United States of America. The interest on the 2008 Bonds that are not Bank Bonds shall be due on the Interest Payment Dates and payable (i) in the case of 2008 Bonds in a Short-Term Mode, by wire transfer of immediately available funds to the account specified by the Owner or by the Remarketing Agent in a written direction delivered to the Trustee (such direction to remain in effect until revoked or revised by such Owner or the Remarketing Agent in a subsequent written direction delivered to the Trustee) or, if no such account number is furnished, by check mailed by the Trustee to the Owner at the address appearing on the books required to be kept by the Trustee pursuant to the Resolution, and (ii) in the case of 2008 Bonds in the Term Rate Mode, by check mailed by the Trustee to the respective Owners thereof at their addresses as they appear on the applicable Record Date in the registration books of the Authority kept at the principal corporate trust office of the Trustee pursuant to the Resolution, except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of 2008 Bonds, upon the written request of such Owner to the Trustee, received on or prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest when due shall be made by wire transfer of immediately available funds. Any such request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Trustee. The principal of and premium, if any, on each 2008 Bond shall be payable on its Principal Payment Date, upon surrender thereof at the principal corporate trust office of the Trustee.

Each 2008 Bond shall be dated as of the Closing Date and shall also show the date of authentication thereof and shall bear interest from the Interest Payment Date next preceding the date of authentication, unless such date of authentication is after a Record Date and on or before the next succeeding Interest Payment Date, in which event such 2008 Bond shall bear interest from and including such Interest Payment Date, or unless such date of authentication is prior to the Record Date with respect to the first Interest Payment Date, in which event such 2008 Bond shall bear interest from the Closing Date, until the entire principal amount thereof is paid; provided if, at the time of authentication of any 2008 Bond, interest is in default or overdue thereon, such 2008 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid in full or made available for payment in full.

Interest on 2008 Bonds (other than Bank Bonds) in a Short-Term Mode shall be calculated on the basis of a year of 365 or 366 days, as appropriate, for the actual number of days elapsed to the Interest Payment Date. Interest on 2008 Bonds (other than Bank Bonds) in the Term Rate Mode shall be calculated on the basis of a year of 360 days composed of twelve 30-day months.

The interest rates for 2008 Bonds contained in the records of the Trustee, absent manifest error, shall be conclusive and binding upon the Authority, the Remarketing Agent, the Tender Agent, the Trustee, the Credit Facility Issuer, if any, the Liquidity Facility Issuer and the Owners.

Each Bank Bond shall bear interest on the outstanding principal amount thereof, and on the amount (if any) of accrued and unpaid interest thereon paid by the Liquidity Facility Issuer as part of the Purchase Price of such 2008 Bond at the Bank Interest Rate for each day from and including the date such 2008 Bond becomes a Bank Bond to, but not including, the date such 2008 Bond is paid in full or is remarketed. The Owner of a 2008 Bond other than the Liquidity Facility Issuer shall be paid (and, shall be obligated to pay, as part of the price paid by such Owner in connection with the remarketing to it of such 2008 Bond) interest thereon for an Interest Period only in the amount that would have accrued thereon at the rate or rates established pursuant to Section 2.3, 2.4, 2.5, 2.6, 2.7 or 2.8, as applicable, regardless of whether such 2008 Bond was a Bank Bond during any portion of such Interest Period. Accrued interest in respect of any Bank Bond shall be payable to the Liquidity Facility Issuer on each Interest Payment Date applicable thereto; provided that any Differential Interest Amount due to the Liquidity Facility Issuer upon a remarketing of 2008 Bonds shall be paid by the Authority at the times specified in the applicable Liquidity Facility Agreement. For purposes of the preceding sentence “Differential Interest Amount” means, with respect to any Bank Bond, the excess of (a) interest which has accrued and could actually be paid on such Bank Bond at the Bank Interest Rate, up to but excluding the Business Day on which such Bank Bond is purchased from the Liquidity Facility Issuer pursuant to the Liquidity Facility Agreement, less (b) the interest accrued on such Bank Bonds received by the Liquidity Facility Issuer of such Bank Bond as part of the sale price of such Bank Bonds.

No 2008 Bond other than a Bank Bond may bear interest at an interest rate higher than the Maximum Rate.

SECTION 2.3. Determination of Interest Rates and Interest Periods During Commercial Paper Mode. Interest Periods in a Commercial Paper Mode shall be of such duration, of at least one day and not more than 270 days, ending on a day next preceding a Business Day or the Maturity Date (and on a day that is not later than the Expiration Tender Date then in effect), as the Remarketing Agent shall determine in accordance with the provisions of this Section 2.3; provided, that such Interest Periods shall be limited in duration as necessary to assure that the Liquidity Requirement for the 2008 Bonds in a Commercial Paper Mode is not exceeded. In making the determinations with respect to Interest Periods, subject to limitations imposed by the preceding sentence, the Remarketing Agent shall on each Rate Determination Date select for each 2008 Bond then subject to such adjustment the Interest Period which, if implemented on such Rate Determination Date, would result in the Remarketing Agent being able to remarket such 2008 Bond at par in the secondary market at the lowest interest rate then available and for the longest Interest Period available at such rate, provided that if on any Rate

Determination Date, the Remarketing Agent determines that current or anticipated future market conditions or anticipated future events are such that a different Interest Period would result in a lower average interest cost on such 2008 Bond, then the Remarketing Agent shall select the Interest Period which in the judgment of the Remarketing Agent would permit such 2008 Bond to achieve such lower average interest cost; provided, however, that if the Remarketing Agent has received notice from the Authority that any 2008 Bond is to be changed from the Commercial Paper Mode to any other Mode or if it is to be purchased pursuant to Section 4.5, the Remarketing Agent shall, with respect to such 2008 Bond, select Interest Periods which do not extend beyond the Mandatory Purchase Date. The determination by the Remarketing Agent of each interest rate and Interest Period under this Section 2.3 shall be conclusive and binding, in the absence of manifest error, upon the Remarketing Agent, the Tender Agent, the Trustee, the Credit Facility Issuer, if any, the Liquidity Facility Issuer, the Authority and the Owners.

At or after 4:00 p.m. on the Business Day next preceding the Rate Determination Date for any Commercial Paper Rate Bonds, any Owner of such Commercial Paper Rate Bonds may telephone the Remarketing Agent and receive notice of the anticipated next Interest Period(s) and the anticipated interest rate(s) for such Interest Periods.

By 1:00 p.m. on each Rate Determination Date, the Remarketing Agent shall, with respect to each Commercial Paper Rate Bond that is subject to adjustment on such date, determine an interest rate for the Interest Period then selected for such 2008 Bond and, no later than 1:00 p.m., shall give notice by Electronic Means to the Tender Agent, the Authority and the Trustee of the applicable Interest Period, Purchase Date and interest rate.

By acceptance of any Commercial Paper Rate Bond, the Owner thereof shall be deemed to have agreed, during each Interest Period, to the interest rate (including the Alternate Rate, if applicable), Interest Period and Purchase Date then applicable thereto and to have further agreed to tender such 2008 Bond to the Tender Agent for purchase on the next succeeding Purchase Date at the Purchase Price if funds for such purchase are on deposit with the Tender Agent on such Purchase Date, such Owner shall have no rights under the Resolution other than to receive the payment of such Purchase Price and that interest shall cease to accrue to such Owner on such Purchase Date.

SECTION 2.4. Determination of Interest Rate During Daily Mode. The interest rate for the 2008 Bonds in the Daily Mode shall be the rate of interest per annum determined by the Remarketing Agent on or before 9:30 a.m. on the Rate Determination Date as the minimum rate of interest that, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the 2008 Bonds in the Daily Mode on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. The Remarketing Agent shall make the rates available by Electronic Means to the Authority, the Trustee and the Tender Agent promptly on request and, absent a request, no less frequently than once a week and on the last day of each month. With respect to any day that is not a Business Day, the interest rate shall be the

same rate as the interest rate established for the immediately preceding Business Day. The determination by the Remarketing Agent of each interest rate under this Section 2.4 shall be conclusive and binding, in the absence of manifest error, upon the Remarketing Agent, the Tender Agent, the Trustee, the Credit Facility Issuer, the Liquidity Facility Issuer, the Authority and the Owners.

SECTION 2.5. Determination of Interest Rate During Weekly Mode. The interest rate for the 2008 Bonds for each Interest Period during the Weekly Mode shall be the rate of interest per annum determined by the Remarketing Agent on or before 9:30 a.m. on the Rate Determination Date as the minimum rate of interest that, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the 2008 Bonds in the Weekly Mode on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. The Remarketing Agent shall make the rate available by Electronic Means to the Authority, the Trustee and the Tender Agent by 5:00 p.m. on each Wednesday or, if such Wednesday is not a Business Day, by 5:00 p.m. on the next succeeding day or, if such day is not a Business Day, by 5:00 p.m. the Business Day next preceding such Wednesday. The determination by the Remarketing Agent of each interest rate under this Section 2.5 shall be conclusive and binding, in the absence of manifest error, upon the Remarketing Agent, the Tender Agent, the Trustee, the Credit Facility Issuer, if any, the Liquidity Facility Issuer, the Authority and the Owners.

SECTION 2.6. Determination of Term Rate(s). The Term Rate to be effective for the Interest Period commencing on any Mode Change Date after which the 2008 Bonds will bear interest at a Term Rate or any Purchase Date while the 2008 Bonds are in the Term Rate Mode, shall be determined by the Remarketing Agent. No later than 4:00 p.m. on the Business Day next preceding the Mode Change Date or the Purchase Date, as the case may be, the Remarketing Agent shall determine the Term Rate and shall make the Term Rate available by Electronic Means to the Trustee, the Authority and the Tender Agent. The Term Rate shall be the minimum rate that, in the sole judgment of the Remarketing Agent, would result in a sale of the 2008 Bonds at a price equal to the principal amount thereof (or, but only in the case of 2008 Bonds in a Term Rate Mode extending to the Maturity Date, at such lesser price, not to be less than 97% of the outstanding aggregate principal amount of the 2008 Bonds, as shall have been approved in writing by the Authority) on the Rate Determination Date taking into consideration the duration of the Interest Period, which shall be established by the Authority.

SECTION 2.7. [Reserved]

SECTION 2.8. Alternate Rate for Interest Calculation. In the event (i) the Remarketing Agent fails to determine the interest rate(s) or Interest Periods with respect to the 2008 Bonds, or (ii) the method of determining the interest rate(s) or Interest Periods with respect to the 2008 Bonds shall be held to be invalid by a court of law of competent jurisdiction, the 2008 Bonds shall thereupon, until such time as the Remarketing Agent again makes such determination or until there is delivered to the Authority and the Trustee

a Favorable Opinion of Bond Counsel to the effect that the method of determining such rate is valid, bear interest at the Alternate Rate for the Mode in effect.

SECTION 2.9. Changes in Mode.

(a) Authority Option to Change Modes. The 2008 Bonds shall initially be in the Weekly Mode. At the option of the Authority, all (and not less than all) of the 2008 Bonds in any Mode, other than a Term Rate Mode expiring on the day before the Maturity Date, may be changed to any other Mode at the times and in the manner hereinafter provided. Subsequent to such change in Mode, the 2008 Bonds may again be changed at the option of the Authority to a different Mode at the times and in the manner hereinafter provided; provided, however, that any 2008 Bonds converted to a Term Rate Mode fixed to the maturity thereof shall not be changed to any other Mode.

(b) Notice of Intention to Change Mode. The option of the Authority to change the Mode of the 2008 Bonds shall be exercised by written notice from the Authority to the Notice Parties stating the Authority's intention to effect a change in the Mode from the Mode then prevailing (the "Current Mode") to another Mode (the "New Mode") specified in such written notice, together with the proposed Mode Change Date. Such written notice shall be given not later than 20 days prior to the proposed Mode Change Date for any change from one Short-Term Mode to another Short-Term Mode and not later than 45 days prior to the proposed Mode Change Date for any change to or from a Term Rate Mode. Such notice shall include, as applicable, the information described in subsections (3), (4), (5), (7) and (8) of Section 2.9(c).

(c) Notice to Owners of Changes to Modes Other Than Term Rate Mode Fixed to the Maturity of 2008 Bonds. In the case of any change from one Short-Term Mode to another Short-Term Mode, on or before the 15th day preceding the proposed Mode Change Date, and in the case of any change to or from a Term Rate Mode (other than to a Term Rate Mode having an Interest Period extending to the maturity of the 2008 Bonds), on or before the 30th day preceding the proposed Mode Change Date, the Trustee shall mail to the Owners of the 2008 Bonds a notice of the proposed change in Mode stating:

- (1) the title, outstanding principal amount and CUSIP number(s) of the 2008 Bonds and the New Mode to which the 2008 Bonds are to be subject;
- (2) the proposed Mode Change Date;
- (3) the date on which the interest rate for the New Mode will be determined, and, in the case of a change to a Term Rate Mode, the Interest Period and the Interest Payment Dates for such Term Rate Mode;

(4) except in the case of a change to the Commercial Paper Mode, the Interest Payment Dates applicable to the New Mode;

(5) the redemption provisions and the terms of purchase to be applicable to the 2008 Bonds in the New Mode;

(6) that such Owner is required to tender such Owner's 2008 Bonds for purchase on the Mode Change Date at a price equal to par plus accrued interest, if applicable, to the Mode Change Date;

(7) whether a Credit Facility and/or a Liquidity Facility will be in effect during the New Mode and the anticipated ratings on the 2008 Bonds if available;

(8) such of the other conditions to the effectiveness of the change in Mode described in Section 2.9(d) below as are applicable; and

(9) that if all conditions precedent to the effectiveness of the New Mode are not met, the Mode applicable to the 2008 Bonds will not be changed on the Mode Change Date.

(d) General Provisions Applying to Changes from One Mode to Another.

(1) The Mode Change Date must be a Business Day.

(2) Additionally, the Mode Change Date:

(i) from the Commercial Paper Mode shall be the last Purchase Date for the Commercial Paper Rate Bonds with respect to which a change is to be made; and

(ii) from a Term Rate Mode shall be the Purchase Date of the current Interest Period.

(3) On or prior to the date the Authority provides the notice to the Notice Parties pursuant to Section 2.9(b), the Authority shall deliver to the Trustee (i) a letter from Bond Counsel reasonably acceptable to the Trustee and addressed to the Trustee (with a copy to all other Notice Parties) to the effect that it expects to be able to deliver a Favorable Opinion of Bond Counsel on the Mode Change Date, (ii) if the Liquidity Facility is insufficient to satisfy the Liquidity Requirement (if any) applicable to the New Mode, a letter from the Liquidity Facility Issuer indicating the Liquidity Facility Issuer's willingness to increase the amount of the Liquidity Facility to the Liquidity Requirement (if any) to be applicable during the New Mode, or a letter from a prospective Liquidity Provider indicating its willingness to provide an Alternate Liquidity Facility meeting such Liquidity Requirement, and (iii) if a Credit Facility then in effect is insufficient to

satisfy the Credit Requirement (if any) applicable to the New Mode, a letter from such Credit Facility Issuer indicating such Credit Facility Issuer's willingness to increase the amount of the Credit Facility to the Credit Requirement (if any) to be applicable during the New Mode, or a letter from a prospective Credit Facility Issuer indicating its willingness to provide an Alternate Credit Facility meeting such Credit Requirement.

(4) No change in Mode will become effective unless funds sufficient to purchase all of the 2008 Bonds subject to such change shall be provided on the Mode Change Date as provided in Section 4.8, all conditions precedent thereto have been met and the following items shall have been delivered to the Trustee and the Remarketing Agent by 12:00 noon, or such later time as is acceptable to the Authority, the Trustee and the Remarketing Agent, on the Mode Change Date:

- (i) a Favorable Opinion of Bond Counsel dated the Mode Change Date;
- (ii) a Liquidity Facility, if any, meeting the Liquidity Requirement for the New Mode; and
- (iii) a Credit Facility, if any, meeting the Credit Requirement for the New Mode.

(5) If all conditions to the change of Mode are met by the time specified in Section 2.9(d)(4), the Interest Period(s) for the New Mode shall commence on the Mode Change Date and the Interest Rate(s) (together, in the case of a change to the Commercial Paper Mode, with the Interest Period(s)) shall be determined by the Remarketing Agent in the manner provided in Sections 2.3, 2.4, 2.5 and 2.6, as applicable.

(6) In the event the foregoing conditions have not been satisfied by the Mode Change Date, the New Mode shall not take effect and the 2008 Bonds will remain in the same Mode as currently in effect.

(e) Serial Bonds. The Authority may, in the notice given pursuant to Section 2.9(b) hereof in connection with any change to the Term Rate Mode, provide that all or some of the 2008 Bonds shall be Serial Bonds. The principal amount of Serial Bonds due on any August 1 shall be equal to the Sinking Fund Installment specified for such date in Section 2.1 hereof, and the remaining Sinking Fund Installments shall continue to be Sinking Fund Installments for the 2008 Bonds due on the Maturity Date, unless the Authority specifies otherwise in the notice. The interest rate for the Serial Bonds maturing on a particular date may be different from the interest rate or rates established for other 2008 Bonds.

SECTION 2.10. Form of 2008 Bonds. The 2008 Bonds and the assignment to appear thereon initially shall each be in substantially the form set forth in Exhibit A

attached hereto and incorporated herein, with appropriate or necessary insertions, omissions and variations as permitted or required hereby. Upon any change in Mode, the Authority may prepare a new form of 2008 Bonds satisfactory to the Trustee, the Credit Facility Issuer, if any, and the Liquidity Facility Issuer which contains the terms of the 2008 Bonds applicable in the New Mode. Unless the Authority shall otherwise direct, each 2008 Bond shall be designated "08E -__" followed by the number of such 2008 Bond. The 2008 Bonds of each maturity shall be numbered consecutively from one upward.

SECTION 2.11. Registration and Authentication of 2008 Bonds.

(a) The Tender Agent shall be co-authenticating agent and co-registrar for the purpose of authenticating and registering the transfer of 2008 Bonds required to be purchased pursuant to Article IV. The Tender Agent shall have no responsibility to maintain a complete record of the registered holders of the 2008 Bonds. The Trustee will deliver to the Tender Agent such records as it may request in order to enable it to perform its duties as co-authenticating agent and co-registrar for the 2008 Bonds and shall mail to the Tender Agent copies of each communication sent to the Owners of the 2008 Bonds not later than the date such communication is mailed to the Owners thereof. The Tender Agent shall promptly deliver to the Trustee for cancellation all 2008 Bonds surrendered to it for purchase along with copies of transfer documents, including any written notice of tender.

(b) The Tender Agent shall promptly notify the Trustee of the number, principal amount, date of authentication and registered Owner(s) of all 2008 Bonds authenticated by the Tender Agent. All 2008 Bonds authenticated by the Tender Agent shall have the same force and effect as if authenticated by the Trustee.

SECTION 2.12. Book-Entry System.

(a) The 2008 Bonds shall be initially issued in the form of a separate single certificated fully registered 2008 Bond registered in the name of Cede & Co., as partnership nominee of DTC as Owner.

(b) With respect to 2008 Bonds registered in the name of Cede & Co., as nominee of DTC, the Authority, the Trustee and the Tender Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the 2008 Bonds, (ii) the delivery to any Participant or any other person, other than the Owner, of any notice with respect to any 2008 Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than the Owner, of any amount with respect to principal of, premium, if any, interest on, or Purchase Price of the 2008 Bonds. The Authority, the Trustee and the Tender Agent may treat and consider the Owner of any 2008 Bond as the holder and absolute owner of such 2008

Bond for the purpose of payment of principal, premium, if any, the Purchase Price and interest with respect to such 2008 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2008 Bond, for the purpose of registering transfers with respect to such 2008 Bond, and for all other purposes whatsoever. The Trustee and the Tender Agent shall pay all principal of, premium, if any, the Purchase Price of and interest on the 2008 Bonds only to or upon the order of the Owner, as provided herein, or its respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, the Purchase Price and interest on the 2008 Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee and the Tender Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the word "Cede & Co." in this Fifty-Fourth Supplemental Resolution shall refer to such new nominee of DTC.

(c) The delivery of the Representation Letter by the Authority shall not in any way limit the provisions of Section 2.12(b) hereof or in any other way impose upon the Authority, the Trustee or the Tender Agent any obligation whatsoever with respect to persons having interests in the 2008 Bonds other than the Owner. The Trustee shall take all action necessary for all representations in the Representation Letter with respect to the Trustee to at all times be complied with.

(d) (i) DTC may determine to discontinue providing its services with respect to the 2008 Bonds at any time by giving written notice to the Authority, the Trustee and the Tender Agent and discharging its responsibilities with respect thereto under applicable law.

(ii) The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 2008 Bonds if the Authority determines that:

(A) DTC is unable to discharge its responsibilities with respect to the 2008 Bonds, or

(B) a continuation of the requirement that all 2008 Bonds be registered in the name of Cede & Co., or any other nominee of DTC, is not in the best interest of the beneficial owners thereof.

(iii) Upon the termination of the services of DTC with respect to the 2008 Bonds pursuant to subsection 2.12(d)(ii)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the 2008 Bonds pursuant to subsection 2.12(d)(i) or subsection 2.12(d)(ii)(A) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the

Authority, is willing and able to undertake such functions upon reasonable and customary terms, the Authority is obligated to deliver 2008 Bonds, as described in this Fifty-Fourth Supplemental Resolution, and the 2008 Bonds shall no longer be restricted to being registered in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Owners transferring or exchanging 2008 Bonds shall designate to the Trustee in writing, in accordance with the provisions of this Fifty-Fourth Supplemental Resolution.

(e) Notwithstanding any other provisions of this Fifty-Fourth Supplemental Resolution to the contrary, as long as the 2008 Bonds are registered in the name of Cede & Co., as nominee of DTC, or in the name of a substitute securities depository or a nominee thereof, all payments with respect to principal, premium, if any, the Purchase Price of and interest on the 2008 Bonds, all tenders, transfers and deliveries of 2008 Bonds and all notices with respect to the 2008 Bonds shall be made and given, respectively, in accordance with the procedures of DTC or such substitute securities depository, as the case may be.

ARTICLE III

REDEMPTION OF 2008 BONDS

SECTION 3.1. Optional Redemption.

(a) 2008 Bonds in the Commercial Paper Mode shall be subject to optional redemption at the option of the Authority, in whole or in part, on their respective Purchase Dates at a Redemption Price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

(b) 2008 Bonds in the Daily Mode or Weekly Mode shall be subject to optional redemption by the Authority, in whole or in part, on any Business Day, at a Redemption Price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

(c) 2008 Bonds in the Term Rate Mode shall be subject to redemption, in whole or in part on the applicable Purchase Dates, at the option of the Authority at a Redemption Price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

(d) 2008 Bonds in the Term Rate Mode also shall be subject to redemption, in whole or in part, at the option of the Authority, on such dates and at such redemption prices, plus accrued interest to the date of redemption, as the Authority may specify on or before the Mode Change Date in accordance with Section 2.9.

(e) The Authority may, in connection with a change to a Term Rate Mode, or on any Purchase Date for 2008 Bonds bearing interest at Term Rate, waive or otherwise alter its rights to redeem any 2008 Bonds on and after the Mode Change Date or Purchase Date, as the case may be; provided, that notice describing the waiver or alteration shall be submitted to the Tender Agent, the Trustee and the Remarketing Agent, together with a Favorable Opinion of Bond Counsel addressed to them.

(f) Each notice by the Authority of any optional redemption of 2008 Bonds under this Section 3.1 shall either (i) explicitly state that the proposed redemption is conditional on there being on deposit in the applicable Fund or Account on the Redemption Date sufficient money to pay the full Redemption Price of the 2008 Bonds to be redeemed, or (ii) be sent only if sufficient money to pay the full Redemption Price of the 2008 Bonds to be redeemed is on deposit in the applicable Fund or Account and invested in Government Obligations or other Investment Securities rated in the highest Rating Category by each of S&P, Moody's and Fitch maturing when needed.

SECTION 3.2. Redemption from Sinking Fund Installments. The 2008 Bonds shall be subject to redemption in part by lot on any August 1 on or after August 1, 2012 from the mandatory Sinking Fund Installments therefore specified in Section 2.1(a).*]

SECTION 3.3. Redemption of Bank Bonds. The Bank Bonds shall be subject to optional and mandatory redemption under the same terms and conditions as provided in Section 3.1 and 3.2 with respect to the 2008 Bonds; provided, however, that notwithstanding anything expressed or implied therein or in this Fifty-Fourth Supplemental Resolution to the contrary, any and all redemptions of the Bank Bonds in whole or in part shall be at a Redemption Price equal to the principal amount (or portion thereof) to be redeemed plus accrued and unpaid interest thereon to the redemption date; and in no event shall any redemption premium be payable under or with respect to the Bank Bonds.

Bank Bonds shall be retired by Sinking Fund Installments which shall be sufficient to redeem such Bank Bonds on the dates and in the amounts as may be required under the terms of the Liquidity Facility Agreement (which terms shall be specified to the Trustee by the Authority).

SECTION 3.4. Redemption in Part; Bank Bonds To Be Redeemed First. In the event of redemption of less than all the 2008 Bonds having the same Purchase Date, then the particular 2008 Bonds or portions thereof to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine; provided, however, the portion of such 2008 Bonds to be redeemed shall be in Authorized Denominations; and provided further that in the event of any partial redemption of 2008 Bonds, the Trustee shall first select for redemption all then Outstanding Bank Bonds prior

to selecting for redemption any 2008 Bonds which are not Bank Bonds, unless the Trustee shall have actual knowledge that the Liquidity Facility Issuer shall be in default under the Liquidity Facility, in which case, the Trustee shall at the written direction of the Authority first select for redemption all then Outstanding 2008 Bonds which are not Bank Bonds prior to selecting for redemption any Bank Bonds. The Trustee shall promptly give the Liquidity Facility Issuer and the Remarketing Agent notice by telephone of the selection of any Bank Bonds for redemption pursuant to the foregoing provision. Subject to Section 2.12, new 2008 Bonds representing the unredeemed balance of the principal amount thereof shall be issued to the registered Owner thereof, without charge therefor. Any new 2008 Bond issued pursuant to this Section 3.4 shall be executed by the Authority and authenticated by the Trustee and shall be in any Authorized Denominations in an aggregate unpaid principal amount equal to the unredeemed portion of such 2008 Bond surrendered.

SECTION 3.5. Notice of Redemption. The Authority shall notify the Trustee of its election to optionally redeem 2008 Bonds as provided in Section 602 of the Resolution and shall at the same time send copies of such notice to the Tender Agent, the Remarketing Agent, the Credit Facility Issuer, if any, and the Liquidity Facility Issuer. Notice of the redemption of each 2008 Bond shall be mailed by the Trustee during any period the 2008 Bonds are in a Short-Term Mode, at least once not less than seven (7) calendar days prior to the date fixed for the redemption thereof, by first class mail, postage prepaid, to the Owner of such 2008 Bond at its address as it appears on the books of registry kept pursuant to the Resolution as of the twentieth (20th) day (whether or not a Business Day) next preceding the date fixed for the redemption thereof, and during other periods, not less than thirty (30) calendar days nor not more than forty-five (45) days prior to the dated fixed for the redemption thereof, by first class mail, postage prepaid, to the Owner of such 2008 Bond at its address as it appears on such books of registry as of the forty-fifth (45th) day (whether or not a Business Day) next preceding the redemption date. The failure of the Owner of a 2008 Bond to receive such notice by mail or any defect in such notice will not affect the sufficiency of the proceedings for the redemption thereof.

The Trustee shall also send notice of any redemption by first class mail, postage prepaid, to the Information Services and the Securities Depositories at the same time it sends notice of redemption to the Owners.

As used in this Section 3.5, the term "Information Services" means any of the following services: Financial Information, Inc.'s "Daily Called Bonds Service", 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080; Mergent Incorporated, 60 Madison Avenue, 6th Floor, New York, New York 10010, Attention: Called Bond Data; Xcitek Inc., 5 Hanover Square, 25th Floor, New York, New York 10004, Attention: Called Bond Data/Bond Manager, or such other information services of national recognition that disseminate redemption information, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other services, as the Authority may designate

in a certificate of the Authority delivered to the Trustee. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given to the Owners as prescribed in the preceding paragraph.

As used in this Section 3.5, the term “Securities Depositories” means any of the following registered securities depositories: (i) The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax - 516/227-4039 or 4190, (ii) Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax - 312/663-2343, and (iii) Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax - 215/496-5058; or such other securities depositories as the Authority may designate in a certificate delivered to the Trustee.

SECTION 3.6. Notice to Tender Agent. Upon each redemption of 2008 Bonds or portions thereof pursuant to Section 3.1, the Trustee shall within five Business Days of each redemption notify each of the Tender Agent, the Credit Facility Issuer and the Liquidity Facility Issuer of such event.

SECTION 3.7. Purchase in Lieu of Redemption. When 2008 Bonds are called for redemption pursuant to Section 3.1, the Authority may purchase some or all of the 2008 Bonds called for redemption if it gives written notice, as appropriate, to the Trustee not later than the day before the Redemption Date that it wishes to purchase the principal amount of 2008 Bonds specified in the notice, at a purchase price equal to the Redemption Price. On the date specified as the Redemption Date, the Trustee will be furnished sufficient funds in sufficient time for the Trustee to make the purchase on the Redemption Date. Any such purchase of 2008 Bonds by the Authority shall, at the option of the Authority as designated in the written notice to the Trustee, either be credited against sinking fund installments and delivered to the Trustee for cancellation or not be deemed to be a payment or redemption of the 2008 Bonds or any portion thereof and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such 2008 Bonds.

ARTICLE IV

PURCHASE OF 2008 BONDS

SECTION 4.1. Optional Tenders of 2008 Bonds in Daily Mode and Weekly Mode.

(a) Any 2008 Bonds (or portions thereof in Authorized Denominations) in the Daily Mode that are not Bank Bonds are subject to purchase, on the demand of the Owner thereof, at a price equal to the Purchase Price on any Business Day (such purchase to be made on the Business Day upon which such demand is made), upon delivery of an irrevocable written notice of tender, or irrevocable telephonic notice of

tender promptly confirmed in writing, to the Remarketing Agent and the Tender Agent not later than 11:00 a.m. on such Business Day, stating the number and principal amount of the 2008 Bond being tendered and the Purchase Date. Such tender notice, once transmitted to the Remarketing Agent and the Tender Agent, shall be irrevocable with respect to the tender for which such tender notice was delivered and such tender shall occur on the Business Day specified in such Tender Notice. Upon request of the Remarketing Agent, the Tender Agent shall, as soon as practicable, provide by facsimile a summary of all such notices. The Tender Agent shall also, as soon as practicable after 11:00 a.m. on each Business Day on which it receives any such notice, notify the Authority, the Trustee and the Liquidity Facility Issuer of the principal amount of 2008 Bonds being tendered. The contents of any such irrevocable telephonic tender notice shall be conclusive and binding on all parties.

(b) The Owners of 2008 Bonds in a Weekly Mode that are not Bank Bonds may elect to have such 2008 Bonds (or portions thereof in Authorized Denominations) purchased at a price equal to the Purchase Price upon delivery of an irrevocable written notice of tender to the Remarketing Agent and the Tender Agent, not later than 4:00 p.m. on a Business Day not less than seven (7) days before the Purchase Date specified by the Owner. Such notice shall (i) state the number and the principal amount of such 2008 Bond being tendered and (ii) state that such 2008 Bond shall be purchased on the Purchase Date so specified by the Owner. The Tender Agent shall notify the Authority, the Remarketing Agent, the Trustee and the Liquidity Facility Issuer by the 12:00 p.m. (Noon) on the next succeeding Business Day of the receipt of any notice pursuant to this paragraph.

(c) Notwithstanding anything herein to the contrary, during any period that the 2008 Bonds are registered in the name of DTC or a nominee thereof pursuant to this Fifty-Fourth Supplemental Resolution, (i) any notice of tender delivered pursuant to this Section 4.1 shall also (A) provide evidence satisfactory to the Tender Agent that the party delivering the notice is the beneficial owner or a custodian for the beneficial owner of the 2008 Bonds referred to in the notice, and (B) if the beneficial owner is other than a DTC Participant, identify the DTC Participant through whom the beneficial owner will direct transfer; (ii) on or before the Purchase Date, the beneficial owner must direct (or if the beneficial owner is not a DTC Participant, cause its DTC Participant to direct) the transfer of said 2008 Bonds on the records of DTC; and (iii) it shall not be necessary for 2008 Bonds to be physically delivered on the date specified for purchase thereof, but such purchase shall be made as if such 2008 Bonds had been so delivered, and the purchase price thereof shall be paid to DTC. In accepting a notice of tender pursuant to this Section 4.1, the Trustee and the Tender Agent may conclusively assume that the person providing the notice of tender is the beneficial owner of the 2008 Bonds being tendered and therefore entitled to tender them. The Trustee and Tender Agent assume no liability to anyone in

accepting a notice of tender from a person whom it reasonably believes to be such a beneficial owner of the 2008 Bonds or, in the discretion of either, rejecting such tender, if it reasonably believes such person has not demonstrated its status as such a beneficial owner.

SECTION 4.2. Mandatory Purchase at End of Commercial Paper Mode Interest Periods. Each 2008 Bond in the Commercial Paper Mode shall be subject to mandatory tender for purchase on its Purchase Date at the Purchase Price. No notice of such mandatory purchase shall be given to the Owners.

SECTION 4.3. Mandatory Purchase on Any Mode Change Date. 2008 Bonds to be changed to any Mode from any other Mode are subject to mandatory tender for purchase on the Mode Change Date at the Purchase Price, whether or not all of the conditions to such Mode change are satisfied.

SECTION 4.4. Mandatory Purchase at End of Term Rate Period. 2008 Bonds in the Term Rate Mode are subject to mandatory purchase on each Purchase Date at the Purchase Price.

SECTION 4.5. Mandatory Purchase Upon Expiration Date, Termination Date and Substitution Date. The 2008 Bonds shall be subject to mandatory tender for purchase on:

(a) the fifth Business Day preceding each Credit Facility Expiration Date and each Liquidity Facility Expiration Date, which Business Day is hereinafter referred to as the “Expiration Tender Date”;

(b) a Business Day not later than the fifth calendar day following receipt by the Trustee and the Tender Agent of a notice of non-reinstatement of an interest drawing under a Letter of Credit (regardless of whether such non-reinstatement is based on a failure to reimburse the Credit Facility Issuer or is based on the occurrence of an event of default under the applicable Credit Facility Agreement) and, in any other event, the fifth Business Day preceding each Credit Facility Termination Date and Liquidity Facility Termination Date, which Business Day is hereinafter referred to as the “Termination Tender Date”; and

(c) the Substitution Date.

SECTION 4.6. Notice of Mandatory Tender for Purchase.

(a) The Trustee shall, at least 15 days prior to the Expiration Tender Date, give notice of mandatory tender of 2008 Bonds on such Expiration Tender Date if it has not thereto received confirmation that the Expiration Date has been extended (including, without limitation, by the provision of a Credit Facility, an Alternate Credit Facility and/or an Alternate Liquidity Facility).

(b) The Trustee shall, at least five days prior to each Termination Tender Date (or, in the case of a Termination Tender Date following the non-reinstatement of an interest drawing under a Letter of Credit, at least three days prior thereto), give notice of the mandatory tender of 2008 Bonds on such Termination Tender Date if it has not theretofore received from the Credit Facility Issuer, if any, or the Liquidity Facility Issuer, as the case may be, a notice stating that the occurrence which resulted in the giving of notice of the Termination Date has been cured or waived and that such Credit Facility Issuer or the Liquidity Facility Issuer has rescinded its election to terminate its Credit Facility or the Liquidity Facility, as the case may be. Such notice shall be given by Electronic Means capable of creating a written notice. Any notice given substantially as provided in this subsection (b) shall be conclusively presumed to have been duly given, whether or not actually received by each Owner.

(c) At least 15 days prior to each Substitution Date, the Trustee shall give notice of mandatory tender of the 2008 Bonds on the Substitution Date.

(d) At least 15 days prior to any Mode Change Date with respect to a change in Mode from a Short-Term Mode to another Short-Term Mode and at least 30 days prior to any other Mode Change Date or any Purchase Date for 2008 Bonds in the Term Rate Mode, the Trustee shall give notice of the mandatory tender for purchase of 2008 Bonds on such Date.

(e) Except as provided in Section 4.2 and in subsection (b) above, notice of any mandatory tender of 2008 Bonds shall state that such 2008 Bonds are to be purchased pursuant to Section 4.3, 4.4 or 4.5 and shall be provided by the Trustee or caused to be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail to each Owner of 2008 Bonds at the respective addresses shown on the books of registry. Each notice of mandatory tender for purchase shall identify the reason for the mandatory tender for purchase, specify the Purchase Date, the Purchase Price and the place and manner of payment and state that no further interest will accrue from and after the Mandatory Purchase Date to such Owner. In the event a mandatory tender of 2008 Bonds shall occur at or prior to the same date on which an optional tender for purchase is scheduled to occur, the terms and conditions of the applicable mandatory tender for purchase shall control. The Trustee shall give a copy of any notice of mandatory tender given by it to the other Notice Parties. Any notice mailed as provided in this Section 4.6(e) shall be conclusively presumed to have been duly given whether or not the Owner of any 2008 Bond receives the notice, and the failure of such Owner to receive any such notice shall not affect the validity of the action described in such notice.

SECTION 4.7. Remarketing of 2008 Bonds, Notices.

(a) Remarketing of 2008 Bonds. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for (i) all 2008 Bonds or portions thereof as

to which notice of tender pursuant to Section 4.1 has been given, (ii) all 2008 Bonds required to be tendered for purchase pursuant to Section 4.2, 4.3, 4.4 or 4.5(c), and (iii) all Bank Bonds. No 2008 Bonds shall be remarketed after a notice of mandatory tender for purchase thereof has been provided pursuant to Section 4.5(a) or 4.5(b) (and not revoked) and before the Mandatory Purchase Date. Any 2008 Bonds purchased pursuant to Section 4.5 shall not be released unless the Liquidity Facility has been reinstated or an Alternate Liquidity Facility is in effect or unless the 2008 Bonds are in a Term Rate Mode with an Interest Period extending to the Maturity Date. No 2008 Bonds shall be remarketed to the Authority except as provided in Section 3.7. No Bank Bonds shall be remarketed unless the Liquidity Facility has or will be immediately upon such remarketing reinstated by the amount of the reduction that occurred when such 2008 Bonds became Bank Bonds or unless the Liquidity Facility is no longer to be in effect. So long as any Bank Bonds shall be outstanding and the Liquidity Facility Issuer is not in default under the Liquidity Facility, the Remarketing Agent shall assign priority to the remarketing of such Bank Bonds over the remarketing of other 2008 Bonds.

(b) Notice of Remarketing; Registration Instructions; New 2008 Bonds. If at any time the 2008 Bonds shall not be book-entry securities as provided in Section 2.12:

(1) The Remarketing Agent shall notify the Tender Agent by Electronic Means not later than 12:00 p.m. (noon) on the Purchase Date or Mandatory Purchase Date of the registration instructions (i.e., the names of the tendering Owners and the names, addresses and taxpayer identification numbers of the purchasers, the desired Authorized Denominations and, in the case of 2008 Bonds in Short-Term Mode, any account number for payment of principal and interest furnished by a purchaser to the Remarketing Agent) with respect thereto.

(2) The Tender Agent shall authenticate and have available for delivery to the Remarketing Agent prior to 2:30 p.m. on the Purchase Date or Mandatory Tender Date new 2008 Bonds for the respective purchasers thereof.

(c) Transfer of Funds: Draw on Liquidity Facility.

(1) (a) The Remarketing Agent shall, with respect to 2008 Bonds in the Weekly Mode or the Term Rate Mode, at or before 10:30 a.m. on the Purchase Date or Mandatory Purchase Date, as the case may be, (i) notify the Tender Agent by Electronic Means of the amount of tendered 2008 Bonds that were successfully remarketed and the amount of proceeds the Remarketing Agent is holding from the Purchase Price of such remarketed 2008 Bonds, and (ii) confirm to the Tender Agent the transfer of the Purchase Price of remarketed 2008 Bonds to the Tender Agent in immediately available funds at or before 1:00 p.m., such confirmation to include the pertinent Fed Wire reference number.

(b) The Remarketing Agent shall, with respect to 2008 Bonds in the Daily Mode or the Commercial Paper Mode, at or before 12:00 p.m. (noon) on the Purchase Date or Mandatory Purchase Date, as the case may be, (i) notify the Tender Agent by Electronic Means of the amount of tendered 2008 Bonds that were successfully remarketed, and (ii) confirm to the Tender Agent the transfer of the Purchase Price of remarketed 2008 Bonds to the Tender Agent in immediately available funds at or before 12:30 p.m., such confirmation to include the pertinent Fed Wire reference number.

(2) The Tender Agent shall draw on the Liquidity Facility by 11:00 a.m., with respect to 2008 Bonds in the Weekly Mode or the Term Rate Mode, and by 1:00 p.m., with respect to 2008 Bonds in the Daily Mode or the Commercial Paper Mode, on the Purchase Date or Mandatory Purchase Date, as the case may be, in an amount equal to the Purchase Price of all 2008 Bonds tendered or deemed tendered less the aggregate amount of remarketing proceeds to be transferred to the Tender Agent by the Remarketing Agent pursuant to clause (1) of this Section 4.7(c). If the Tender Agent does not receive notice from the Remarketing Agent pursuant to clause (1) above, the Tender Agent shall draw on the Liquidity Facility in an amount equal to the Purchase Price of all 2008 Bonds tendered or deemed tendered for purchase.

(3) The Tender Agent shall confirm to the Authority and the Trustee in writing by Electronic Means by the close of business on the Purchase Date or Mandatory Purchase Date, receipt or non-receipt of the proceeds of any draw on or advance under the Liquidity Facility.

(d) Notice to Authority. The Remarketing Agent shall notify the Authority and the Liquidity Facility Issuer by Electronic Means of any proposed remarketing of Bank Bonds by the close of business on the Business Day preceding the proposed date of remarketing of such Bank Bonds.

SECTION 4.8. Source of Funds for Purchase of 2008 Bonds. On or before the close of business on the Purchase Date or the Mandatory Purchase Date with respect to 2008 Bonds, the Tender Agent shall purchase such 2008 Bonds from the Owners at the Purchase Price. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and neither the Authority, the Trustee, the Tender Agent nor the Remarketing Agent shall be obligated to provide funds from any other source:

(a) first, immediately available funds on deposit in the “Remarketing Proceeds Account” established within the Bond Purchase Fund;

(b) second, immediately available funds on deposit in the “Liquidity Facility Purchase Account” established within the Bond Purchase Fund; and

(c) last, in the case of a Mandatory Purchase Date in connection with a change of Mode from a Term Rate Mode to a different Term Rate Mode having an Interest Period extending to the Maturity Date, when such 2008 Bonds are being remarketed at a discount to their par value as permitted by Section 2.6 and the definition of "Purchase Price", immediately available funds of the Authority not exceeding the amount of the discount.

In the event funds are not available in an amount sufficient to fund the payment of Purchase Price, the 2008 Bonds shall not be purchased and the Remarketing Agent shall continue to set the interest rate on the 2008 Bonds as provided in Subsections 2.3, 2.4, 2.5 or 2.6, as applicable. In no event shall the unavailability of an amount sufficient to fund the payment of Purchase Price be an Event of Default hereunder.

SECTION 4.9. Delivery of 2008 Bonds. The 2008 Bonds shall be delivered as follows:

(a) 2008 Bonds sold by the Remarketing Agent pursuant to Section 4.7 shall be delivered by the Remarketing Agent to the purchasers of those 2008 Bonds by 3:00 p.m., on the Purchase Date or the Mandatory Purchase Date, as the case may be.

(b) 2008 Bonds purchased by the Tender Agent with moneys drawn under the Liquidity Facility shall be immediately registered in the name of the Liquidity Facility Issuer or its nominee on or before the close of business on the Purchase Date or Mandatory Purchase Date, as the case may be.

(c) When any Bank Bonds are remarketed, the Tender Agent shall not release the 2008 Bonds so remarketed (including any Bank Bonds registered in the name of the Liquidity Facility Issuer) to the Remarketing Agent until the Tender Agent has received and forwarded to the Liquidity Facility Issuer the proceeds of such remarketing and (unless the Liquidity Facility is no longer to remain in effect) has been advised in writing by the Liquidity Facility Issuer that the Liquidity Facility has been reinstated by an amount equal to the Liquidity Requirement calculated with respect to the principal amount of such Bank Bonds.

SECTION 4.10. Delivery and Payment for Purchased 2008 Bonds; Undelivered 2008 Bonds. 2008 Bonds purchased pursuant to this Article shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date or Mandatory Purchase Date at the office of the Tender Agent in Boston, Massachusetts; provided, however, that payment of the Purchase Price of any 2008 Bond purchased pursuant to Section 4.1 shall be made only if such 2008 Bond so delivered to the Tender Agent conforms in all respects to the description thereof in the notice of tender. Payment of the Purchase Price shall be made by wire transfer in immediately available funds by the Tender Agent by the close of business on the Purchase Date or, if the Owner has not provided or caused to be provided wire transfer instructions, by check mailed to the

Owner. If 2008 Bonds to be purchased are not delivered by the Owners to the Tender Agent by 12:00 noon on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Tender Agent shall hold any funds received for the purchase of those 2008 Bonds in trust in the applicable account of the Bond Purchase Fund, uninvested, and shall pay such funds to the former Owners upon presentation of the 2008 Bonds subject to tender. Such undelivered 2008 Bonds shall be deemed tendered and cease to accrue interest or to be otherwise outstanding as to the former Owners on the Purchase Date or the Mandatory Purchase Date, as the case may be, and moneys representing the Purchase Price shall be available against delivery of those 2008 Bonds at the Principal Office of the Tender Agent; provided, however, that any funds which shall be so held by the Tender Agent and which remain unclaimed by the former Owner of any such 2008 Bond not presented for purchase for a period of five years after delivery of such funds to the Tender Agent, shall, to the extent permitted by law, upon request in writing by the Authority and the furnishing of security or indemnity to the Tender Agent's satisfaction, be paid to the Authority free of any trust or lien and thereafter the former Owner of such 2008 Bond shall look only to the Authority and then only to the extent of the amounts so received by the Authority without any interest thereon and the Tender Agent shall have no further responsibility with respect to such moneys or payment of the purchase price of such 2008 Bonds. The Tender Agent shall authenticate a replacement 2008 Bond for any undelivered 2008 Bond which may then be delivered to the purchasers thereof by the Remarketing Agent or to the Liquidity Facility Issuer by the Tender Agent.

SECTION 4.11. Draws on Credit Facility and Liquidity Facility.

(a) On each Purchase Date or Mandatory Purchase Date with respect to 2008 Bonds, as the case may be, the Tender Agent shall draw on the Liquidity Facility in accordance with the terms thereof so as to have funds deposited with the Tender Agent therefrom by 2:00 p.m. on such date in an amount in immediately available funds, sufficient, together with the proceeds of the remarketing of such 2008 Bonds on such date, to enable the Tender Agent to pay the Purchase Price in connection therewith; provided, however, that in the case of an Expiration Tender Date, Termination Tender Date or Substitution Date relating to the expiration, termination or substitution of a Credit Facility, such draw shall be made under such Credit Facility (if permitted under such Credit Facility) rather than under the Liquidity Facility. As a matter of clarification, in the case of a mandatory tender for purchase on a Substitution Date pursuant to Section 4.5(c), the draw shall be on the Credit Facility or Liquidity Facility which is proposed to be replaced.

(b) On each Interest Payment Date and Principal Payment Date (other than a Purchase Date or a Mandatory Purchase Date) and, so long as a Credit Facility (or any Alternate Credit Facility permitting such draws in the event of acceleration) shall be in effect, on any date on which the 2008 Bonds are accelerated pursuant to Section 1001 of the Resolution, the Tender Agent shall draw under such Credit

Facility an amount sufficient to pay the principal of and interest on the 2008 Bonds due on such date. To the extent any amount of principal or interest accrued with respect to any 2008 Bond is paid with amounts drawn under a Letter of Credit, then if and to the extent that such Credit Facility Issuer is not reimbursed for such amount by the Authority, such Credit Facility Issuer shall succeed to and be subrogated to the rights of the holder of such 2008 Bond to the extent of such payment.

(c) The proceeds of each such draw shall be paid to the Tender Agent, who shall deposit said proceeds into the “Liquidity Facility Proceeds Account” established within the Bond Purchase Fund as provided in the Tender Agent Agreement and shall hold such funds uninvested.

(d) Notwithstanding the foregoing provisions of this Section 4.11, the Trustee and the Tender Agent shall not draw on a Credit Facility or a Liquidity Facility with respect to any payments due or made in connection with Bank Bonds or 2008 Bonds owned by the Authority or to pay any amounts other than principal of and interest on the 2008 Bonds and the Purchase Price of 2008 Bonds.

SECTION 4.12. No Purchase or Sales after Liquidity Facility Default.

(a) Anything in this Supplemental Resolution to the contrary notwithstanding, if there shall have occurred a Liquidity Facility Default, the right of the Owners of the 2008 Bonds to have such 2008 Bonds purchased pursuant to Section 4.1 shall be terminated or suspended and, subject to subclause (d) below, the 2008 Bonds shall no longer be subject to mandatory tender for purchase pursuant to Sections 4.2, 4.3, 4.4 or 4.5 hereof.

(b) While 2008 Bonds are in the Daily Mode or Weekly Mode, promptly after receiving written notice from the Liquidity Facility Issuer that the Liquidity Facility Issuer’s obligation to purchase 2008 Bonds under the Liquidity Facility has been automatically terminated or suspended, or promptly after the failure of the Liquidity Facility Issuer to honor a properly presented draw on the Liquidity Facility in accordance with the terms of the Liquidity Facility Agreement, the Trustee shall notify the Owners of the 2008 Bonds of the occurrence of such event and that, subject to subclause (d) below, the Tender Agent will no longer be able to purchase the 2008 Bonds with money from the Liquidity Facility, that the right of Owners of 2008 Bonds to have such 2008 Bonds purchased pursuant to Section 4.1 has been terminated or suspended and that the Remarketing Agent shall continue to compute the interest rate after the date of the Liquidity Facility Default up to the Maximum Rate.

(c) If there shall have occurred a Liquidity Facility Default while 2008 Bonds are in the Commercial Paper Mode or the Term Rate Mode (other than a Term Rate Mode extending to the Maturity Date) the Trustee shall promptly after receiving written notice from the Liquidity Facility Issuer that the Liquidity Facility Issuer’s obligation to purchase 2008 Bonds under the Liquidity Facility has been automatically terminated or suspended, or

promptly after the failure of the Liquidity Facility Issuer to honor a properly presented draw on the Liquidity Facility in accordance with the terms of the Liquidity Facility Agreement, notify the Owners of the 2008 Bonds of the occurrence of such event and that, subject to subclause (d) below, on the next Purchase Date such 2008 Bonds will automatically be converted to the Weekly Mode, the 2008 Bonds will not be subject to tender for purchase pursuant to Section 4.1 hereof, and that the Remarketing Agent shall continue to compute the interest rate after the date of the Liquidity Facility Default up to the Maximum Rate.

(d) If after the occurrence of a Liquidity Facility Default the Authority shall provide an Alternate Liquidity Facility or if the Liquidity Facility shall be reinstated or if there shall no longer be a Liquidity Facility Default, the right of Owners of 2008 Bonds to tender such 2008 Bonds for purchase pursuant to Section 4.1, and the provisions of Section 4.2, 4.3, 4.4 and 4.5 providing for mandatory tender for purchase, shall be reinstated. The Trustee shall promptly provide to the Owners of the 2008 Bonds notice of such reinstatement.

SECTION 4.13. Series E Special Accounts. There are established and shall be maintained with the Tender Agent, in respect of the 2008 Bonds, the two separate special purpose, non-interest bearing, trust accounts described in Section 2(a) of the Tender Agent Agreement, which shall be administered as provided in the Tender Agent Agreement.

ARTICLE V

THE CREDIT FACILITY AND THE LIQUIDITY FACILITY

SECTION 5.1. Administrative Procedures.

(a) The Tender Agent is directed to draw under the Credit Facility, if any, and the Liquidity Facility as provided in the Tender Agent Agreement.

(b) [Reserved.]

(c) The Authority shall give any Credit Facility Issuer and the Liquidity Facility Issuer notice of the resignation or removal of the Trustee or the Remarketing Agent and the appointment of a successor of either.

(d) The Authority shall give any Credit Facility Issuer notice of all amendments to the Resolution. Unless the Credit Facility Issuer, if any, shall be in default of its obligations under a Credit Facility, such Credit Facility Issuer shall be deemed to be the holder of the 2008 Bonds for the purpose of exercising any voting right or privilege, giving any consent or direction or taking any other action that the holders of the 2008 Bonds are entitled to take pursuant to Article IX (pertaining to amendments to the Resolution), Article X (pertaining to Events of Default) or Article XI (pertaining to the removal of or appointment of a successor Trustee) of the Resolution. In addition, unless the Credit Facility Issuer, if any, shall be in default of

its obligations under a Credit Facility, no change in the 2008 Bonds or this Fifty-Fourth Supplemental Resolution shall be made without the prior written approval of such Credit Facility Issuer, and upon the occurrence and continuation of an Event of Default, such Credit Facility Issuer shall have the right to institute any suit, action or proceeding at law or in equity under the same terms as a holder of 2008 Bonds may institute any action under Section 1005 of the Resolution.

(e) Neither the Trustee nor the Tender Agent shall sell, assign or otherwise transfer any Credit Facility or the Liquidity Facility, except to a successor Trustee hereunder or a successor Tender Agent under the Tender Agent Agreement and in accordance with the terms of any Credit Facility or the Liquidity Facility, as the case may be, and this Fifty-Fourth Supplemental Resolution

SECTION 5.2. Credit Facility; Alternate Credit Facility. The Authority may provide for a Credit Facility or an Alternate Credit Facility relating to the 2008 Bonds on the terms specified in this Section 5.2.

(a) On or before 45 days before the effective date of such Credit Facility or Alternate Credit Facility (and as a condition to acceptance by the Tender Agent or the Trustee of such Credit Facility or Alternate Credit Facility), the Authority shall deliver to the Tender Agent and the Trustee written notice stating that it intends to deliver a Credit Facility or an Alternate Credit Facility, which notice shall include the information described in clauses (ii), (iii) and (iv) of Section 5.2(c), and the form of the Credit Facility or Alternate Credit Facility, together with a Favorable Opinion of Bond Counsel (addressed to the Authority, the Tender Agent and the Trustee) stating that delivery of such Credit Facility or Alternate Credit Facility is authorized and permitted under this Fifty-Fourth Supplemental Resolution and will not cause interest on the 2008 Bonds to be included in gross income for federal income tax purposes and that the form of such Credit Facility or Alternate Credit Facility is permitted under this Fifty-Fourth Supplemental Resolution. On the effective date of any such Credit Facility or Alternate Credit Facility, the Authority shall (as a condition to acceptance by the Tender Agent or the Trustee of such Credit Facility or Alternate Credit Facility) (A) deliver to the Tender Agent the executed Credit Facility or Alternate Credit Facility, and the Tender Agent shall immediately notify the Trustee of its receipt thereof, and (B) deliver to the Trustee (1) a copy of the executed Credit Facility or Alternate Credit Facility, (2) a supplemental Opinion of Bond Counsel to the effect set forth in the previous sentence, (3) an Opinion of Counsel for the Credit Facility Issuer providing the Credit Facility or Alternate Credit Facility (addressed to the Authority, the Tender Agent and the Trustee) to the effect that such Credit Facility or Alternate Credit Facility has been duly executed and delivered by such Credit Facility Issuer and is the legal, valid and binding obligation of such Credit Facility Issuer, (4) an executed copy of the Credit Facility Agreement entered into with respect to such Credit Facility or Alternate Credit Facility and (5) a certificate

from any existing Credit Facility Issuer of an effective Credit Facility that no amounts are owed to it under the then existing Credit Facility Agreement.

(b) On the Substitution Date or on the date of the provision of a Credit Facility, the 2008 Bonds shall be subject to mandatory tender for purchase as provided in Section 4.5(c). The Tender Agent shall give notice to the Owners of 2008 Bonds as specified in Section 4.6 in connection with the delivery of such Credit Facility or Alternate Credit Facility in addition to giving the notice specified in Section 5.2(c).

(c) Upon receipt from the Authority of the form of Credit Facility or Alternate Credit Facility and Opinion of Bond Counsel provided for in the second sentence of Section 5.2(a), the Tender Agent or the Trustee, as the case may be, shall give telephonic notice to that effect within five days following such receipt to the Remarketing Agent and to the Trustee or the Tender Agent, respectively, and shall give notice by first-class mail to the Owners of the 2008 Bonds at least ten Business Days prior to the proposed effective date of the Credit Facility or Alternate Credit Facility relating to the 2008 Bonds, which notice shall state in substance:

(i) that, on the applicable issuance date, certain payments on the 2008 Bonds described therein will be supported by the proposed Credit Facility or Alternate Credit Facility in accordance with the terms thereof if, on such issuance date, the conditions specified in such notice are satisfied;

(ii) the principal terms of the Credit Facility or Alternate Credit Facility, including, without limitation, the terms on which such Credit Facility or Alternate Credit Facility terminates and may be extended;

(iii) the proposed effective date of the Credit Facility or Alternate Credit Facility;

(iv) the name of the related Credit Facility Issuer;

(v) that the Authority has delivered to the Tender Agent and the Trustee an Opinion of Bond Counsel stating that, under the laws existing on the date of such opinion, the delivery of the Credit Facility or Alternate Credit Facility is authorized and permitted under this Fifty-Fourth Supplemental Resolution and will not cause the interest on the 2008 Bonds to be included in gross income for federal income tax purposes;

(vi) that the Credit Facility or Alternate Credit Facility shall not be accepted unless the Opinion of Bond Counsel referred to above is redelivered to the Tender Agent and the Trustee on (and as of) the effective date of the Credit Facility or Alternate Credit Facility; and

(vii) the names of the Tender Agent and the Trustee and the address of the principal office of each of the Tender Agent and the Trustee.

(d) Failure to mail the notice described in subsection (c), or any defect therein, shall not affect the issuance of the Credit Facility or the Alternate Credit Facility or extend the period for tendering any of the 2008 Bonds for purchase.

(e) In the event that the Authority does not deliver a Credit Facility or an Alternate Credit Facility relating to the 2008 Bonds to the Tender Agent or the Trustee as set forth above, the 2008 Bonds shall be subject to mandatory tender for purchase as provided in Section 4.5(c).

(f) Upon the delivery of a Credit Facility or an Alternate Credit Facility satisfying the requirements of this Section 5.2, the Tender Agent or the Trustee, as the case may be, shall accept such Credit Facility or Alternate Credit Facility and, in the case of an Alternate Credit Facility, shall surrender the Credit Facility then in effect to the Credit Facility Issuer on the effective date of the Alternate Credit Facility, provided that all draws under such existing Credit Facility have been honored.

SECTION 5.3. Alternate Liquidity Facility.

(a) At any time, the Authority may provide for the delivery to the Trustee or the Tender Agent of an Alternate Liquidity Facility with respect to the 2008 Bonds. The scheduled expiration date of such Alternate Liquidity Facility shall be a date not earlier than 364 days from its effective date, subject to earlier termination upon the occurrence of (i) the Termination Date, (ii) the issuance of a subsequent Alternate Liquidity Facility, (iii) payment in full of the Outstanding 2008 Bonds or (iv) the date on which all of the 2008 Bonds bear interest at an Interest Period not covered by such Alternate Liquidity Facility. On or prior to the date of the delivery of an Alternate Liquidity Facility to the Trustee and the Tender Agent, the Authority shall furnish to the Trustee, the Tender Agent and the Remarketing Agent, a Favorable Opinion of Bond Counsel. All Outstanding 2008 Bonds will become subject to mandatory tender for purchase pursuant to Section 4.5(c) on the Substitution Date.

(b) At the direction of the Authority, the Trustee or the Tender Agent, as the case may be, shall execute and deliver (i) any instrument that, upon such execution and delivery by the Trustee or the Tender Agent, as the case may be, would constitute an Alternate Liquidity Facility and/or (ii) the related Liquidity Facility Agreement.

(c) If at any time there shall have been delivered to the Trustee or the Tender Agent (i) an Alternate Liquidity Facility in substitution for the Liquidity Facility then in effect, (ii) a Favorable Opinion of Bond Counsel and (iii) written evidence that the Liquidity Facility Issuer is satisfied with the provision for purchase from the Liquidity Facility Issuer of all Bank Bonds, if any, at a price equal to the principal

amount thereof plus accrued and unpaid interest, and payment of all amounts due it under the Liquidity Facility Agreement on or before the effective date of such Alternate Liquidity Facility, then the Trustee or the Tender Agent, as the case may be, shall accept such Alternate Liquidity Facility and shall surrender the Liquidity Facility then in effect to the Liquidity Facility Issuer on the effective date of the Alternate Liquidity Facility. The Authority shall give the Trustee, the Tender Agent, the Remarketing Agent and the Liquidity Facility Issuer written notice, indicating the proposed effective date of the Alternate Liquidity Facility, of the proposed substitution of an Alternate Liquidity Facility for the Liquidity Facility then in effect no less than forty (40) calendar days prior to the proposed effective date. The Trustee shall provide notice of mandatory tender pursuant to Section 4.6.

(d) On the Substitution Date, the Trustee or the Tender Agent, as the case may be, shall, on or before the Substitution Date, draw upon the Liquidity Facility in effect prior to such Alternate Liquidity Facility to pay the Purchase Price of 2008 Bonds due on such Substitution Date.

(e) To the extent any Liquidity Requirement exists with respect to the 2008 Bonds, any termination of the Initial Liquidity Facility at the option of the Authority pursuant to the Initial Liquidity Facility shall not become effective until an Alternate Liquidity Facility has been delivered and become effective pursuant to this Section 5.3.

(f) Upon the delivery of an Alternate Liquidity Facility satisfying the requirements of this Section 5.3, the Tender Agent or the Trustee, as the case may be, shall accept such Alternate Liquidity Facility and shall surrender the Liquidity Facility then in effect to the Liquidity Facility Issuer on the effective date of the Alternate Liquidity Facility, provided that all draws under such existing Liquidity Facility have been honored.

ARTICLE VI

AGENTS

SECTION 6.1. Remarketing Agent. Morgan Stanley & Co. Incorporated is appointed the initial Remarketing Agent for the 2008 Bonds. The Remarketing Agent shall keep such books and records as shall be consistent with prudent industry practice and make such books and records available for inspection by the Authority, the Trustee and the Liquidity Facility Issuer at all reasonable times.

The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Fifty-Fourth Supplemental Resolution by giving at least thirty (30) days' notice to the Trustee, the Authority, the Credit Facility Issuer, if any, the Liquidity Facility Issuer and the Tender Agent; provided, however, that such resignation shall be subject to the

terms set forth in Section 11(a) of the Remarketing Agreement. The Remarketing Agent may be removed at any time, at the direction of the Authority, by an instrument filed with the Trustee, the Remarketing Agent and the Tender Agent and upon at least thirty (30) days' notice to the Remarketing Agent. Any successor Remarketing Agent shall be selected by the Authority with the consent of the Liquidity Facility Issuer, such consent not to be unreasonably withheld or delayed, and shall be a member of the National Association of Securities Dealers, Inc., shall have a capitalization of at least fifteen million dollars (\$15,000,000), and shall be authorized by law to perform all the duties set forth in this Fifty-Fourth Supplemental Resolution. The Authority's delivery to the Trustee and the Tender Agent of a certificate of an Authorized Officer setting forth the effective date of the appointment of a successor Remarketing Agent and the name, address and telephone number of such successor shall be conclusive evidence that (i) if applicable, the predecessor Remarketing Agent has been removed in accordance with the provisions of this Fifty-Fourth Supplemental Resolution and (ii) such successor has been appointed and is qualified to act as Remarketing Agent under the terms of this Fifty-Fourth Supplemental Resolution.

SECTION 6.2. Tender Agent. U.S. Bank National Association, a national banking association with trust powers, is appointed the initial Tender Agent for the 2008 Bonds. In addition, U.S. Bank National Association is hereby appointed a Depository and a Paying Agent within the meaning of the Resolution, to perform the duties set forth in this Fifty-Fourth Supplemental Resolution and the Tender Agent Agreement.

The Tender Agent shall hold all 2008 Bonds delivered to it hereunder in trust solely for the benefit of the respective Owners which shall have so tendered such 2008 Bonds until moneys representing the Purchase Price of such 2008 Bonds shall have been delivered to, or for the account of, or to the order of such Owners; and hold all moneys delivered to it hereunder for the purchase of 2008 Bonds in trust solely for the benefit of the person which shall have so delivered such moneys until the 2008 Bonds purchased with such moneys shall have been delivered to or for the account of such person.

The Tender Agent may at any time resign and be discharged of the duties and obligations set forth herein by giving at least sixty (60) days notice to the Authority, each Remarketing Agent, the Credit Facility Issuer, if any, the Liquidity Facility Issuer and the Trustee. The Tender Agent may be removed at any time, at the direction of the Authority, by an instrument filed with the Tender Agent and the Trustee. Any successor Tender Agent shall be a commercial bank with trust powers, national banking association with trust powers or trust company doing business and having an office in New York, New York, and shall be appointed by the Authority with the consent of the Liquidity Facility Issuer, such consent not to be unreasonably withheld or delayed.

In the event of the resignation or removal of the Tender Agent, the Tender Agent shall deliver any 2008 Bonds and moneys held by it in such capacity to its successor and shall also transfer the Liquidity Facility or any Credit Facility then in effect. No resignation or removal of

the Tender Agent shall be effective unless the rights and obligations of the Tender Agent have been transferred to its successor or the Trustee.

SECTION 6.3. Several Capacities. Anything in this Fifty-Fourth Supplemental Resolution to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Tender Agent and the Remarketing Agent and in any other combination of such capacities, to the extent permitted by law.

ARTICLE VII

SPECIAL COVENANTS AND MATTERS

SECTION 7.1. Defeasance. If any 2008 Bonds are defeased while in the Daily Mode or the Weekly Mode (i) the Owners thereof shall continue to have the right to tender such 2008 Bonds for purchase pursuant to Section 4.1 hereof, (ii) any 2008 Bonds so purchased shall be canceled upon payment to the purchaser thereof (including the Liquidity Facility Issuer) of all principal and interest (including, in the case of Bank Bonds, interest at the Bank Interest Rate) in respect of such 2008 Bonds and shall not be reissued or remarketed and (iii) the amount required for defeasance shall be determined by calculating interest at the Maximum Rate (except for any period during which an interest rate has been established, in which case, interest shall be calculated for such period using such established rate of interest) from the effective date of defeasance to the earliest available Redemption Date and (iv) the 2008 Bonds shall be redeemed at the earliest available Redemption Date.

SECTION 7.2. Amendments to this Fifty-Fourth Supplemental Resolution. This Fifty-Fourth Supplemental Resolution may be amended, at any time or from time to time, without the consent of the Owners of the Outstanding 2008 Bonds, (i) for the purpose of making changes in the provisions hereof relating to the characteristics and operational provisions of the Modes, including but not limited to provisions relating to the time of which any action is required to be performed with respect to tenders, purchases and draws on any Credit Facility or Liquidity Facility, (ii) in order to provide for and accommodate Credit Facilities, Alternate Credit Facilities or Alternate Liquidity Facilities, (iii) pursuant to written advice of Bond Counsel, in order to preserve the exemption from federal or Massachusetts income taxation of the interest on the 2008 Bonds or to preserve the ability of the Authority to issue obligations the interest on which will be exempt from federal and Massachusetts income taxation, (iv) for any purpose in connection with any change in Mode, on any Mode Change Date. Each such amendment shall become effective with respect to the 2008 Bonds on the Rate Determination Date next following (or, with respect to 2008 Bonds in a Term Rate Mode, on the seventh day following) the filing of a copy thereof with the Trustee, the Tender Agent, the Remarketing Agent, any Credit Facility Issuer and the Liquidity Facility Issuer, together with a Favorable Opinion of Bond Counsel. No such amendment which is reasonably believed by the Trustee, the Tender Agent, the Remarketing Agent, the Credit Facility Issuer, if any, or the Liquidity Facility

Issuer to adversely affect its rights, immunities and duties hereunder shall be effective without the written consent thereto of the party so affected; provided, that failure of any such Person to object in writing within 30 days following receipt of a draft in substantially final form of any proposed amendment shall constitute acceptance of such amendment for the purpose of this sentence. Without limitation of the foregoing, (x) any provision of this Fifty-Fourth Supplemental Resolution expressly recognizing or granting rights in or to any Credit Facility Issuer may not be amended in any manner which affects the rights of such Credit Facility Issuer hereunder without the prior written consent of such Credit Facility Issuer and (y) any provision of this Fifty-Fourth Supplemental Resolution expressly recognizing or granting rights in or to the Liquidity Facility Issuer may not be amended in any manner which affects the rights of the Liquidity Facility Issuer hereunder without the prior written consent of the Liquidity Facility Issuer.

SECTION 7.3. Provisions Relating to Trustee and Tender Agent.

(a) Neither the Trustee nor the Tender Agent shall have a lien or claim for payment of its compensation, expenses, disbursements, losses or liabilities upon the proceeds of the remarketing of 2008 Bonds or amounts received pursuant to any Credit Facility or Liquidity Facility.

(b) Provided that nothing herein shall be deemed to amend or set aside the provisions of Section 1107 or 1108 of the Resolution, any resignation or removal of the Trustee shall not become effective unless and until a successor has been appointed and has assumed the duties of Trustee. The Trustee that is resigning or being removed shall transfer to its successor all its rights under this Fifty-Fourth Supplemental Resolution, any Credit Facility and the Liquidity Facility.

ARTICLE VIII

**DETERMINATIONS PURSUANT TO RESOLUTION;
APPLICATION OF PROCEEDS**

SECTION 8.1. Establishment of Accounts and Subaccounts.

(a) Pursuant to Section 502(b) of the Resolution, there are hereby established within the Funds and Accounts heretofore established under the Resolution, the following subaccounts:

(1) In the Subordinated Debt Service Fund:

- (A) 2008 Series A-F Principal and Interest Subaccount
- (B) 2008 Series A-F Redemption Subaccount

(2) In the Cost of Issuance Fund:

(A) 2008 Series A-F Cost of Issuance Subaccount

(b) 2008 Series A-F Subaccount of the Rebate Fund.

(i) Establishment. There is hereby established within the Rebate Fund, for the purpose of compliance with Section 148(f) of the Code, a 2008 Series A-F Subaccount, which shall be used solely for purposes of making the payments described in this Section 8.1(b) until the requirements of Section 148(f) of the Code and the Regulations applicable thereto shall have been satisfied. The Authority agrees that the requirements of this Section 8.1(b) are subject to, and shall be interpreted in accordance with, Section 148(f) of the Code and the Regulations applicable thereto, including without limitation the provisions of Section 148(f)(4)(C)(viii) if an election has been made thereunder.

(ii) Calculations of Rebate Deposits and Payments.

(A) Promptly upon the close of each Bond Year and also upon the retirement of 2008 Bonds, or at any other Rebate Installment Date selected by the Authority, the Trustee and each Depository shall provide the Authority with a statement of earnings on all Funds, Accounts, or Subaccounts with respect to the 2008 Bonds held in trust under the Resolution which are subject to the requirements of this Section 8.1(b) during any period not covered by a prior statement delivered pursuant to this Section 8.1(b). The statement shall include the purchase and sale prices of each investment (including any commission paid thereon which shall be separately stated if such information is available), the dates of each investment transaction, information as to whether such transactions were made at a discount or premium, and such other information known to the Trustee or each Depository as the Authority shall reasonably require.

(B) The Authority agrees to notify promptly the Trustee of each date which it selects as a Rebate Installment Date. At least 15 days prior to each Rebate Payment Date, and additionally at least 15 days after each Annual Installment Date, the Authority shall, in accordance with the Regulations, determine and report to the Trustee the amount, if any, to be deposited into the Rebate Fund pursuant to Section 506(a) of the Resolution based upon Nonpurpose Payments and Nonpurpose Receipts allocable to the 2008 Bonds. Such amount shall consist of: (1) the difference between the future values, as of the next succeeding Rebate Installment Date, or Annual Installment Date as determined by the Authority, of all Nonpurpose Payments (including, as authorized by the Regulations, any rebate previously paid) and Nonpurpose Receipts (whether held under the Resolution or otherwise), reduced by (2) any amounts already on deposit in the applicable Subaccount of the Rebate Fund. For purposes of calculating the foregoing future values, the yield on the 2008 Bonds, determined in accordance with the Regulations, shall be used. Except as may otherwise be

provided by law, the computation of the amounts to be deposited into such Subaccounts of the Rebate Fund need not take into account any earnings on any “tax exempt bond” under Section 150(a)(6) of the Code and Section 1.150-1 of the Regulations and which is not a specified private activity bond as defined in Section 57(a)(5)(C) of the Code or any earnings as to which exceptions are provided under Section 148(f)(4)(A), (B) or (C) of the Code or Section 1.148-7 of the Regulations. The Authority shall also determine the amount of any applicable “yield restriction payments”, as provided under Section 1.148-5(c) of the Regulations.

(iii) The Trustee shall deposit from the Revenue Fund, pursuant to Section 506(a) of the Resolution, the amounts determined as provided under subsection (ii) to the applicable Subaccount of the Rebate Fund. If, according to the calculations made pursuant to subsection (ii) above, together with calculations made in prior years pursuant to such subsection, the amount on deposit in the Rebate Fund exceeds the amount required to be on deposit therein as of the Annual Installment Date, the Trustee shall transfer such excess, as directed by the Authority, to the Revenue Fund.

(iv) Payment of Rebate.

(A) No earlier than 60 days, or later than 35 days, before each Rebate Payment Date, the Trustee shall notify the Authority by first-class mail, postage prepaid, or by telecopy, of its obligation to furnish the following not later than 15 days prior to the applicable Rebate Payment Date: (1) a copy of Form 8038-T, (2) a statement of the amount due on the Rebate Payment Date and (3) a certificate of a firm of accountants or other professionals with expertise in calculating the amount required to be paid pursuant to Section 148(f) of the Code as to the accuracy of such determination. Upon receipt of the foregoing, the Trustee shall make the payment provided for in subsection (iv)(B) below, but if the Trustee shall not have received all of the foregoing on the date due, the Trustee shall pay over to the United States within the period prescribed in subsection (iv)(B) below all of the funds then held in the applicable Subaccount of the Rebate Fund, together with a copy of the applicable Form 8038-T, if available, unless on or before such date, the Authority shall have provided to the Trustee an unqualified Bond Counsel's Opinion stating that no further action by the Authority or the Trustee is necessary for compliance as of such Rebate Installment Date with Section 148(f) of the Code.

(B) No later than each Rebate Payment Date, the Trustee, at the direction of the Authority, shall pay to the United States from amounts on deposit in the applicable Subaccount of the Rebate Fund any “yield reduction payments” as aforesaid and/or a rebate amount which is at least 90% of the amount required to be paid pursuant to the provisions of Section 148(f) of the Code as calculated by or on behalf of the Authority, taking into account any credit permitted by the

Regulations. On a date selected by the Authority no later than 60 days after the date on which the 2008 Bonds have been paid in full, the Trustee, at the direction of the Authority, shall pay to the United States from amounts on deposit in the applicable Subaccount of the Rebate Fund any “yield reduction payments” as aforesaid and/or a rebate equal to 100% of the entire amount then payable pursuant to Section 148(f) of the Code as calculated by or on behalf of the Authority, including actual or imputed earnings as provided by the Regulations. Any amounts in such Subaccount in excess of amounts due shall be deposited in the Revenue Fund. Unless otherwise provided by law, each payment shall be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 or any other address specified by the Internal Revenue Service and accompanied by a copy of Form 8038-T furnished by the Authority.

(v) Conclusive Compliance by Trustee. The Trustee shall be deemed conclusively to have complied with the provisions of this Section 8.1(b) if it makes payments in accordance with the certifications and directions of the Authority provided in accordance with this Section 8.1(b). By agreeing to give the notices referred to in subsection (iv) of this Section 8.1(b) and to make the payments referred to in this Section 8.1(b), the Trustee assumes no responsibility whatsoever for compliance by the Authority with the requirements of Section 148(f) of the Code.

(vi) Records. The Authority, each Depository and the Trustee shall keep such records as will enable them to fulfill their respective responsibilities under this Section and Section 148(f) of the Code, and each shall engage, at the Authority's expense, a firm of accountants or other professionals with appropriate expertise in the area for which they have been retained as may be necessary in connection with such responsibilities. For purposes of the computation required under this Section 8.1(b), the Trustee and each Depository shall make available to the Authority during normal business hours all information in the control of the Trustee or Depository as the case may be which is necessary to such computations.

(vii) Section 8.1(b) to Survive Defeasance of the Resolution. This Section 8.1(b), as amended from time to time, shall survive the defeasance of the Resolution and of the 2008 Bonds. Only upon (i) the retirement of the 2008 Bonds or provision for the same pursuant to Section 1201 of the Resolution, (ii) the payment of all amounts due under Section 148 of the Code with respect to the 2008 Bonds and (iii) presentation of a certificate of the Authority in a form satisfactory to the Trustee that the provisions of Section 148 of the Code have been satisfied with respect to the 2008 Bonds, shall any amounts remaining in the applicable Subaccount of the Rebate Fund be paid to the Revenue Fund.

(c) No Debt Service Reserve. For purposes of Section 502(c) of the Resolution, no Special Account for the 2008 Bonds is being established in the Subordinated Debt Service Reserve Fund.

(d) No Capitalized Interest. For purposes of Section 502(b)(ii) of the Resolution, no Subaccount for the 2008 Bonds is being established in the Capitalized Interest Account of the Subordinated Debt Service Fund.

SECTION 8.2. Refundable Principal Installments. Pursuant to Sections 206(c)(xiv) and 206A of the Resolution, it is hereby determined that none of the Principal Installments for the 2008 Bonds (other than Bank Bonds) shall be Refundable Principal Installments. Pursuant to Section 206(c)(xiv) of the Resolution, it is hereby determined that the Principal Installments, if any, of any Bank Bonds shall be Refundable Principal Installments and that the Refundable Principal Installment Pro Forma Interest Rate with respect thereto (determined on a level debt service basis from the Expiration Date or the Termination Date, as the case may be, through 30 years after such Date) is _____ percent (___%) per annum. A schedule showing the Adjusted Debt Service for the Bank Bonds shall be issued by the Authority not later than the 45th day following the Expiration Date or the Termination Date, as the case may be, if any Bank Bonds are then outstanding.

SECTION 8.3. Deposits to Funds and Accounts: Application of Proceeds. Pursuant to Sections 206(d) and 206A of the Resolution, the Authority hereby directs that the proceeds of sale of the 2008 Bonds, net of Underwriter's discount, shall be deposited as directed by a Certificate of an Authorized Representative who shall direct that such moneys shall be applied:

(i) to fund the 2008 Series A- F Subaccount of the Cost of Issuance Fund in the amount determined by the Authorized Representative;

(ii) to fund the 2008 Series A-F Subaccount of the Interest Account of the Subordinated Debt Service Fund in the amount of the accrued interest on the 2008 Bonds, if any; and

(iii) to fund the refunding escrow account securing the Refunding Bonds to be refunded by the 2008 Bonds.

SECTION 8.4. Pledge of Revenues.

(a) As provided in Section 501(b) of the Resolution, there are pledged for the payment of both the principal of and interest on the 2008 Bonds (i) all Revenues, (ii) all moneys or securities in any of the Funds, Accounts and Subaccounts (except the Operating Fund, the Rebate Fund, the Note Payment Fund, the Debt Service Fund and the Debt Service Reserve Fund) together with the investment earnings thereon except to the extent such earnings are required to be deposited in the Rebate Fund pursuant to a Supplemental Resolution and (iii) all other moneys and securities to be received, held or set aside by the Authority or any Fiduciary pursuant to the Resolution. Such pledge is subject to the prior pledge thereof created for the payment of Bonds in

Section 501(a) of the Resolution and on a parity with the pledge created for the payment of other Subordinated Bonds in Section 501(b) of the Resolution.

(b) Pursuant to Section 210 of the Resolution, it is hereby determined to pledge the Revenues of the Authority for the payment of both the principal of and interest on the Reimbursement Obligations relating to the 2008 Bonds subject to the prior pledge thereof created for the payment of Bonds in Section 501(a) of the Resolution and on a parity with the pledges heretofore and hereafter created for the payment of Subordinated Bonds pursuant to Supplemental Resolutions.

(c) The principal of and interest on the 2008 Bonds and the principal of and interest on the related Reimbursement Obligations constitute general obligations of the Authority, to which its full faith and credit are pledged.

SECTION 8.5. Pro Forma Bond Issue. As the Series Debt Service Reserve Fund Requirement for the 2008 Bonds will be zero, there is no need to stipulate an interest rate on a Pro Forma Bond Issue for the purposes of Sections 206(c)(v) and 206A of the Resolution.

ARTICLE IX

MISCELLANEOUS MATTERS

SECTION 9.1. Effect of Section Headings and Table of Contents. The headings or titles of the several Sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning or construction, interpretation or effect of this Fifty-Fourth Supplemental Resolution.

SECTION 9.2. Notices.

(a) All notices required to be given to Owners of 2008 Bonds under this Fifty-Fourth Supplemental Resolution, unless otherwise expressly provided in this Fifty-Fourth Supplemental Resolution, shall be given by first class mail, postage prepaid or by facsimile or email transmission.

(b) So long as the 2008 Bonds are rated by Moody's, S&P and Fitch, the Authority shall give to each such rating agency then rating the 2008 Bonds prior written notice of any of the occurrence of any of the following events:

(1) Any change of Trustee, Tender Agent, Paying Agent or Remarketing Agent with respect to the 2008 Bonds;

(2) Any changes to this Fifty-Fourth Supplemental Resolution or the Resolution that affect the 2008 Bonds;

(3) Any changes to the Standby Bond Purchase Agreement, the Credit Facility, if any, the Liquidity Facility or any agreement with the Remarketing Agent or Tender Agent;

(4) Any expiration, substitution, termination or extension of the Credit Facility, if any, or Liquidity Facility or the obtaining of a Credit Facility or Alternate Liquidity Facility;

(5) Any notice to Notice Parties in connection with a change of Mode of the 2008 Bonds;

(6) Any redemption, defeasance, mandatory tender or acceleration of all Outstanding 2008 Bonds; and

(7) Any other information that the Moody's, S&P or Fitch may reasonably request in order to maintain the rating on the 2008 Bonds.

(c) Notices, Demands, Requests. All notices, demands and requests to be given to or made hereunder by the Authority, the Trustee, the Tender Agent, the Remarketing Agent, the Liquidity Facility Issuer, the Credit Facility Issuer, Moody's, S&P or Fitch shall, unless otherwise expressly provided herein, be given or made in writing and shall be deemed to be properly given or made if by facsimile transmission, email transmission or by United States registered or certified mail, return receipt requested, postage prepaid, addressed as set forth below. Notices, demands and requests that may be given by Electronic Means may be sent to the telecopier numbers and/or email addresses set forth below:

- | | | |
|-----|---------------------|--|
| (1) | As to the Authority | Massachusetts Water Resources Authority
100 First Avenue
Charlestown Navy Yard
Boston, Massachusetts 02129
Attention: Treasurer
Telephone: (617) 242-6000
Fax: (617) 788-2721 |
| (2) | As to the Trustee | U.S. Bank National Association, as trustee
Corporate Trust Department
One Federal Street, 3 rd Floor
Boston, Massachusetts 02110
Attention: Alison Nadeau
Telephone: (617) 603-6553
Fax: (617) 603-6683
E-mail: alison.nadeau@usbank.com |

(3) As to the Tender Agent

U.S. Bank National Association
EX-MA-FED
One Federal Street, 3rd floor
Boston, MA 02110
Attn: Daniel M. Walsh, Vice President
Telephone: 617.603.6608
Fax: 617.603.6673
E-mail: daniel.walsh@usbank.com

As to the Initial Liquidity Facility
Issuer:

JPMorgan Chase Bank, National Association
270 Park Avenue
New York, New York 10017
Mail Code: NY1-K934
Attention: David Weinstein, Executive Director,
Tax-Exempt Capital Markets - Credit
Origination
Telephone No.: (212) 270-4948
Facsimile No.: (212) 270-4251

With a copy to:

JPMorgan Chase Bank, National Association
Loan and Agency Services
1111 Fannin, 10th Floor
Houston, Texas 77002
Attention: Account Manager
Telephone No.: (713) 427-0002 / 750-2200
Facsimile No.: (713) 750-2782

As to the Remarketing Agent

Morgan Stanley & Co. Incorporated
1221 Avenue of the Americas, 30th Floor
New York, New York 10020
Attention: Municipal Short Term Products
Telephone: (212) 762-8263
Fax: (212) 507-1937

As to Moody's

Moody's Investors Service
7 World Trade Center at 250 Greenwich Street
Public Finance Group – 23rd Floor
New York, NY 10007
Telephone:
Fax:
Email:

As to S&P

Standard & Poor's
55 Water Street, 38th floor
New York, New York 10041
Attention: Municipal Structured Finance
Telephone: 212-438-2000
Fax: 212-438-2157
E-mail: pubfin_structured@standardandpoors.com

As to Fitch

Fitch, Inc.
One State Street Plaza
New York, NY 10004
Attention: Public Finance-Municipal Structured
Finance Group

or to such other address as is provided by the entity or any successor thereto.

Each of the foregoing addresses shall be the initial "Principal Office" or "Delivery Office" of the applicable party.

SECTION 9.3. Forms of Requisitions. Requisitions for disbursements from the 2008 Series A - F Subaccount of the Cost of Issuance Fund pursuant to Section 504 of the Resolution shall be in substantially the form attached hereto as Exhibit B.

SECTION 9.4. Express Reservation of Rights. The Authority hereby expressly reserves the right to issue hereafter Subordinated Bonds payable from the Subordinated Debt Service Fund prior to, on a parity with or junior to the 2008 Bonds, to establish one or more covenants for the sole benefit of some or all of such additional Subordinated Bonds, and to fund one or more accounts within the Subordinated Debt Service Reserve Fund for the sole benefit of some or all of such Subordinated Bonds.

SECTION 9.5. Authority for Supplemental Resolution. This Fifty-Fourth Supplemental Resolution is adopted pursuant to the provisions of the Resolution.

SECTION 9.6. Effective Date. This Fifty-Fourth Supplemental Resolution shall be fully effective in accordance with its terms upon the filing with the Trustee of a copy hereof certified by any of the Executive Director, Chief Financial Officer, Treasurer, Secretary or Assistant Secretary of the Authority acting singly with such changes and insertions as may be approved by such officer, the filing of such certified copy to be conclusive evidence of approval in accordance with the Issuance Resolution.

SECTION 9.7. Notice to Owners. The Authority shall give or cause to be given to each Owner of 2008 Bonds prior notice of any change in the identity of the Remarketing Agent and any replacement or substitution of a Credit Facility or Liquidity Facility.

SECTION 9.8. Certain Amendments. In connection with obtaining any Credit Facility, Alternate Credit Facility or Alternate Liquidity Facility, the Authority may make such amendments to this Fifty-Fourth Supplemental Resolution without the consent of the Owners of the Outstanding 2008 Bonds, as shall be necessary and appropriate to conform the provisions of this Fifty-Fourth Supplemental Resolution to the form and terms of such Credit Facility, Alternate Credit Facility or Alternate Liquidity Facility.

EXHIBIT A

Registered

No. 08E-1

\$224,770,000

**United States of America
The Commonwealth of Massachusetts**

**MASSACHUSETTS WATER RESOURCES AUTHORITY
Multi-Modal Subordinated General Revenue Refunding Bond
2008 Series E**

CUSIP: 5760494U1

REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT: Two Hundred Twenty-Four Million Seven Hundred Seventy
Thousand Dollars
MATURITY DATE: August 1, 2037
DATED DATE: May 29, 2008

FOR VALUE RECEIVED, THE MASSACHUSETTS WATER RESOURCES AUTHORITY (the "Authority"), a body corporate and politic constituting a public instrumentality created and existing under and by virtue of the Massachusetts Water Resources Authority Act, as amended (the "Act"), hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the Registered Owner stated above, or registered assigns, on the Maturity Date specified above (subject to the right of prior redemption and mandatory purchase hereinafter mentioned), upon presentation and surrender hereof, the Principal Amount stated above, and to pay to the Registered Owner hereof interest on the balance of said Principal Amount from time to time remaining unpaid, at the rate and at the times provided herein. Principal and redemption price of this bond shall be payable at the principal corporate trust office of the Trustee, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

THE RESOLUTIONS (HEREINAFTER DEFINED) PROVIDE THAT THE 2008 BONDS, INCLUDING THIS BOND, SHALL BE GENERAL OBLIGATIONS OF THE AUTHORITY AND THE FULL FAITH AND CREDIT OF THE AUTHORITY ARE PLEDGED FOR THE PAYMENT OF THE 2008 BONDS. THIS BOND SHALL BE SECURED EQUALLY AND RATABLY WITH ALL OTHER SUBORDINATED BONDS ISSUED PURSUANT TO THE GENERAL RESOLUTION (AS HEREINAFTER DEFINED)

BY A SUBORDINATE LIEN ON CERTAIN OF THE REVENUES OF THE AUTHORITY DERIVED FROM ITS WATERWORKS AND SEWER SYSTEM OR ITS OTHER ACTIVITIES AUTHORIZED BY THE ACT. THE AUTHORITY HAS NO TAXING POWER. NEITHER THE COMMONWEALTH OF MASSACHUSETTS (THE "COMMONWEALTH") NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM OR INTEREST ON ANY 2008 BOND AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, OR THE PREMIUM OR INTEREST ON, ANY 2008 BOND.

The 2008 Bonds are being issued in fully registered form by means of a book-entry system, with bond certificates immobilized at The Depository Trust Company, New York, New York ("DTC"), and not available for distribution to the public, evidencing ownership of the 2008 Bonds in principal amounts of Authorized Denominations (hereinafter defined) thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The principal of and interest on this bond are payable in clearinghouse funds to Cede & Co., as nominee of DTC, as registered owner of this bond. Transfer of principal and interest payments to participants of DTC is the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Authority is not responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

This bond is issued under and by virtue of the Act and under and pursuant to the Massachusetts Water Resources Authority General Revenue Bond Resolution duly adopted by the Board of the Authority on January 24, 1990, as amended (the "General Resolution"); as the same from time to time may be amended or supplemented by further resolutions of the Authority, including but not limited to the Part 4 of the Fifty-Fourth Supplemental Resolution Authorizing the Issuance of up to \$1,300,000,000 Multi-Modal Subordinated General Revenue Refunding Bonds, duly adopted on February 13, 2008 as amended and supplemented on March 12, 2008 (the "Fifty-Fourth Supplemental Resolution" and, together with the General Resolution, collectively referred to as the "Resolutions"), for the purposes of (i) refunding the Refunding Bonds (as such terms are defined in the Resolutions) and (ii) paying the Costs of Issuance of the 2008 Bonds.

This bond is one of a series of bonds designated as "Massachusetts Water Resources Authority Multi-Modal Subordinated General Revenue Refunding Bonds, 2008 Series E" issued in the aggregate principal amount of \$224,770,000 and duly issued under and by virtue of the Act and under and pursuant to the Resolutions (collectively, the "2008 Bonds"). Copies of the Resolutions are on file at the office of the Secretary of the Authority in Boston, Massachusetts, and at the principal corporate trust office of the Trustee in Boston, Massachusetts. Reference to the Resolutions and to the Act is hereby made for a description of the pledge and covenants

securing the 2008 Bonds and a statement of the rights, duties, immunities and obligations of the Authority and of the Trustee and a statement of the rights of the owner hereof. Such pledge and other obligations of the Authority under the Resolutions may be discharged at or prior to the maturity or redemption of the 2008 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolutions. Additional Bonds may be issued from time to time pursuant to the General Resolution and additional supplemental resolutions in one or more series and in various principal amounts. Except as may be provided in the Act, the aggregate principal amount of bonds which may be issued under the General Resolution (collectively, including 2008 Bonds, the "Bonds") is not limited, and all Bonds issued thereunder may be equally and ratably secured by the pledge and covenants made in the Resolutions.

The full and prompt payment of the Purchase Price of 2008 Bonds tendered by an Owner thereof or subject to mandatory purchase pursuant to the provisions of the Resolutions is secured by the liquidity facility (the "Liquidity Facility") issued by JPMorgan Chase Bank, National Association ("JPMorgan"), for the account of the Authority and for the benefit of the Tender Agent pursuant to a Standby Bond Purchase Agreement dated as of May 1, 2008 (as from time to time in effect, the "Liquidity Facility Agreement") between the Authority and JPMorgan. The Liquidity Facility is issued in the initial stated amount of \$227,282,498, pursuant to which the Tender Agent may draw (i) an amount not exceeding \$224,770,000 to pay in full the principal portion of the Purchase Price of 2008 Bonds tendered for optional or mandatory purchase and (ii) an amount not exceeding \$2,512,498 (which is equal to 34 days' interest on the 2008 Bonds computed at the rate of 12% per annum, the maximum rate of interest payable on the 2008 Bonds) to pay the interest portion of the Purchase Price of 2008 Bonds tendered for optional or mandatory purchase.

EXCEPT AS OTHERWISE PROVIDED HEREIN AND UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, WORDS AND PHRASES USED HEREIN SHALL HAVE THE SAME MEANINGS AS ASSIGNED TO SUCH WORDS AND PHRASES IN THE RESOLUTIONS.

To the extent and in the respects permitted by the Resolutions, the Resolutions may be modified or amended by action on behalf of the Authority taken in the manner and subject to the conditions and exceptions prescribed in the Resolutions. The owner of this bond shall have no right to enforce the provisions of the Resolutions or to institute an action with respect to an Event of Default under the Resolutions or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Resolutions. Upon an Event of Default, the principal of this bond may be declared due and payable in the manner and with the effect provided in the Resolutions.

This bond is transferable, as provided in the Resolutions, only upon the books of the Authority kept for that purpose at the principal corporate trust office of the Trustee, by the Registered Owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the Registered Owner or his duly authorized attorney. This bond may not be transferred or

exchanged in a manner which would involve the delivery of bond certificates to the beneficial owners of 2008 Bonds unless the book-entry system has been discontinued by the Authority in accordance with the Resolutions. Upon transfer of this bond, there shall be issued in the name of the transferee a new registered 2008 Bond or Bonds of the same tenor and maturity of an Authorized Denomination or Denominations and for the same aggregate amount, all as provided in the Resolutions and upon the payment of the charges therein prescribed. The Authority, the Trustee and any paying agent may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest hereon and for all other purposes whatsoever, irrespective of any notice to the contrary.

The interest hereon is payable on each Interest Payment Date (i) if this 2008 Bond is in a Commercial Paper Mode, the Daily Mode or the Weekly Mode, by wire transfer of immediately available funds to the account specified by the Owner or by the Remarketing Agent in a written direction delivered to the Trustee (such direction to remain in effect until revoked or revised by such Owner or the Remarketing Agent in a subsequent written direction delivered to the Trustee) or, if no such account number is furnished, by check mailed by the Trustee to the Owner at the address appearing on the books required to be kept by the Trustee pursuant to the provisions of the Resolutions, and (ii) if this 2008 Bond is in the Term Rate Mode, by check mailed by the Trustee to the Owner thereof at its address appearing on the applicable Record Date in the books required to be kept by the Trustee pursuant to the provisions of the Resolutions, except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of 2008 Bonds, upon the written request of such Owner to the Trustee, received on or prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest when due shall be made by wire transfer of immediately available funds, and (iii) if this 2008 Bond is a Bank Bond, as provided in the Liquidity Facility Agreement. The purchase price of this 2008 Bond payable upon optional or mandatory purchase shall be payable at the Delivery Office of U.S. Bank National Association, as Tender Agent appointed under the Fifty-Fourth Supplemental Resolution, or any successor thereto under the Fifty-Fourth Supplemental Resolution.

CALCULATION OF INTEREST

This 2008 Bond is initially issued in the Weekly Mode. This 2008 Bond may at any time be in the Commercial Paper Mode, Daily Mode, Weekly Mode or Term Rate Mode, all as provided in the Fifty-Fourth Supplemental Resolution. During any Interest Period in any Mode, the interest rate on this 2008 Bond will be determined as provided in, and in accordance with, the Fifty-Fourth Supplemental Resolution.

Interest hereon shall be computed in the manner provided in the Fifty-Fourth Supplemental Resolution.

This 2008 Bond shall bear interest on the outstanding principal thereof and on the amount (if any) of accrued and unpaid interest provided by the Liquidity Facility Issuer as part of the Purchase Price of such 2008 Bond at the Bank Interest Rate if this 2008 Bond shall be a Bank

Bond in accordance with and as provided in the Fifty-Fourth Supplemental Resolution. The Bank Interest Rate is a rate determined from time to time and accrues only to the Liquidity Facility Issuer (and its successors and assigns under the Liquidity Facility Agreement) as the Owner of this 2008 Bond, all in accordance with and as provided in the Fifty-Fourth Supplemental Resolution. Accrued interest in respect of any Bank Bond shall be payable to the Liquidity Facility Issuer on each Interest Payment Date applicable thereto; provided that the Authority shall pay any Differential Interest Amount due to the Liquidity Facility Issuer upon a remarketing of any such 2008 Bond at the times specified in the Liquidity Facility Agreement.

MANDATORY PURCHASE OF 2008 BOND

This 2008 Bond is subject to mandatory purchase at a price equal to the principal amount thereof plus accrued interest on any one of the following dates (herein a “Mandatory Tender Date”):

- (1) if this 2008 Bond is in the Commercial Paper Mode, on the Business Day after the last day of any Interest Period (the “Purchase Date” hereof);
- (2) if this 2008 Bond is in the Term Rate Mode, on the Business Day after the last day of any Interest Period, unless such Interest Period extends to the maturity of such 2008 Bond (the “Purchase Date” hereof);
- (3) on any date that the Mode hereof is changed (a “Mode Change Date”);
- (4) on the Business Day on which the Authority provides for a Credit Facility or provides for an Alternate Credit Facility and/or Alternate Liquidity Facility;
- (5) any Expiration Tender Date (as defined in the Fifty-Fourth Supplemental Resolution); and
- (6) any Termination Tender Date (as defined in the Fifty-Fourth Supplemental Resolution).

Notice of any proposed Mandatory Tender Date shall be given to Owners of 2008 Bonds by the Trustee as provided in the Fifty-Fourth Supplemental Resolution. Owners shall be required to tender their 2008 Bonds for purchase on the Mandatory Tender Date.

OPTIONAL PURCHASE OF 2008 BOND

When this 2008 Bond is in the Weekly Mode, its Owner may elect to have it or any portion thereof in an amount equal to \$100,000 or any integral multiple of \$5,000 in excess of \$100,000 purchased on any Business Day at a price equal to its principal amount plus accrued interest, by delivering:

- (i) an irrevocable written notice of tender, or telephonic notice of tender promptly confirmed in writing, to the Remarketing Agent and the Tender Agent, by 4:00 p.m. on a

Business Day not less than seven days before the purchase date specified by the Owner, stating the bond number, its principal amount, and the purchase date, and

(ii) this 2008 Bond to the Tender Agent on or before 12:00 noon on the purchase date.

When this 2008 Bond is in the Daily Mode, its Owner may elect to have it or a portion thereof in an amount equal to \$100,000 or any integral multiple of \$5,000 in excess of \$100,000, purchased on any Business Day (such purchase to be made on the Business Day on which such demand is made) at a price equal to its principal amount plus accrued interest, by delivering:

(i) an irrevocable written notice of tender, or irrevocable telephonic notice of tender promptly confirmed in writing, to the Remarketing Agent and the Tender Agent by 11:00 a.m., New York City time, stating the bond number, its principal amount and the purchase date, and

(ii) the 2008 Bond to the Tender Agent on or before 12:00 noon on the purchase date.

If the Owner delivers a purchase notice with respect to this 2008 Bond or a portion thereof and does not deliver such 2008 Bond as required above, such 2008 Bond or portion thereof shall be deemed purchased and shall not bear interest from and after such Purchase Date, and shall not be entitled to any rights under, or be secured by the lien of the Resolution, and the Owner thereof shall have only the right to receive the purchase price due as a result of such purchase.

Funds for the payment of such purchase price due upon an optional or mandatory purchase of 2008 Bonds shall be derived solely from the following sources in the order of priority indicated and neither the Authority, the Trustee, the Tender Agent nor the Remarketing Agent shall be obligated to provide funds from any other source:

(i) funds made available as a result of the remarketing of the 2008 Bonds;

(ii) funds made available as a result of a draw on the Liquidity Facility; and

(iii) funds made available by the Authority in the amount of any discount at which the 2008 Bonds are remarketed upon a change of Mode (or Interest Period) to a Term Rate Bond with an Interest Period extending to the maturity date of such 2008 Bonds.

IN THE EVENT OF THE OCCURRENCE OF A LIQUIDITY FACILITY DEFAULT (AS DEFINED IN THE FIFTY-FOURTH SUPPLEMENT RESOLUTION), OR IN THE EVENT THAT THERE ARE NOT SUFFICIENT FUNDS AVAILABLE IN THE BOND PURCHASE ACCOUNT (AS DEFINED IN THE FIFTY-FOURTH SUPPLEMENTAL RESOLUTION) TO PAY THE PURCHASE PRICE OF 2008 BONDS SUBJECT TO TENDER, THE OWNERS OF THE 2008 BONDS, OF WHICH THIS BOND IS ONE,

WITHOUT NOTICE AND WITHOUT THE OPPORTUNITY TO TENDER SUCH 2008 BONDS FOR PURCHASE, SHALL NOT HAVE THE RIGHT TO TENDER SUCH 2008 BOND FOR PURCHASE AS DESCRIBED ABOVE. IN SUCH EVENT SUCH 2008 BOND WILL ALSO NOT BE SUBJECT TO MANDATORY PURCHASE.

REDEMPTION OF 2008 BONDS

This 2008 Bond shall be subject to redemption prior to maturity at a Redemption Price equal to the principal amount hereof to be redeemed plus accrued interest on such principal amount to the date of redemption (i) during any period this 2008 Bond is in the Commercial Paper Mode or Term Rate Mode on any Purchase Date, (ii) during any period this 2008 Bond bears interest at a Daily Rate or Weekly Rate on any Business Day and (iii) on any August 1 on or after August 1, 2012 (and on earlier dates if this 2008 Bond is a Bank Bond) from mandatory sinking fund installments established in the Fifty-Fourth Supplemental Resolution.

2008 Bonds in the Term Rate Mode are subject to redemption in whole or in part, at the option of the Authority, on such dates and at such redemption prices, plus accrued interest to the date of redemption, as the Authority may specify on or before the Mode Change Date in accordance with Section 2.9 of the Fifty-Fourth Supplemental Resolution.

Under certain circumstances described in the Fifty-Fourth Supplemental Resolution, the Authority may, in connection with a change to a Term Rate Mode or on any Purchase Date for 2008 Bonds in the Term Rate Mode waive or otherwise alter its rights to redeem thereafter any 2008 Bonds in the Term Rate Mode.

The principal of Bank Bonds shall be subject to redemption at the times and in the amounts provided for in the Fifty-Fourth Supplemental Resolution.

The Authority may purchase some or all of the 2008 Bonds called for redemption if it gives written notice, as appropriate, to the Trustee not later than the day before the Redemption Date that it wishes to purchase the principal amount of 2008 Bonds specified in the notice, at a purchase price equal to the Redemption Price. On the date specified as the Redemption Date, the Trustee will be furnished sufficient funds in sufficient time for the Trustee to make the purchase on the Redemption Date. Any such purchase of 2008 Bonds by the Authority shall not be deemed to be a payment or redemption of the 2008 Bonds or any portion thereof and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such 2008 Bonds.

GENERAL REDEMPTION PROVISIONS

If the principal amount of this bond is a multiple of the applicable minimum Authorized Denomination, a portion of such principal amount equal to such Authorized Denomination or an integral multiple thereof may be redeemed. In the event of redemption of less than all the 2008

Bonds, then the particular 2008 Bonds or portions thereof to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine; provided, however, that in the event of any partial redemption of the 2008 Bonds, the Trustee shall, unless the Liquidity Facility Issuer is in default under the Liquidity Facility, first select for redemption all then Outstanding Bank Bonds prior to selecting for redemption any other of the 2008 Bonds that are not Bank Bonds.

Notice of redemption shall be given at the times and in the manner provided in the Fifty-Fourth Supplemental Resolution.

OTHER GENERAL PROVISIONS

To the extent any amount of principal or interest accrued with respect to this bond is paid with amounts drawn under a Letter of Credit, then if and to the extent that such Credit Facility Issuer is not reimbursed for such amount by the Authority, such Credit Facility Issuer shall succeed to and be subrogated to the rights of the holder of this bond to the extent of such payment.

MODIFICATIONS OF GENERAL RESOLUTION

The owner of this bond, by acceptance hereof and without need for any other act acquiescing thereto, approves, accepts and consents to modifications of the General Resolution substantially in the forms set forth below in paragraphs (1) through (41), each such modification to take effect when and if the requisite consents to such modification under Article IX of the General Resolution shall have been obtained and all other conditions to such modification provided by Article IX of the General Resolution shall have been satisfied.

(1) Section 101 of the General Resolution is amended by deleting the following definitions:

Average Annual Adjusted Debt Service

Combined Bond Coverage Requirement

Community Obligation and Revenue Enhancement Fund

General Account

Required Supplemental Bond Coverage Deposits

Reserve Account

Series Debt Service Reserve Fund Requirement

(2) Section 101 of the General Resolution is further amended by adding, in alphabetical order, the following new definitions:

“Parity Subordinated Bonds” means the Authority’s General Revenue Bonds (Subordinated Series), 2005 Series D originally issued on November 16, 2005 and each Series of Subordinated Bonds or Bond Anticipation Notes theretofore or thereafter issued on a parity with such 2005 Series D Subordinated Bonds, and shall also mean any Subordinated Parity Bond Anticipation Notes and any Parity Reimbursement Obligations incurred with respect to Parity Subordinated Bonds.

“Renewal and Replacement Reserve Cash Requirement” means the greater of (a) the lesser of (i) the Renewal and Replacement Reserve Fund Requirement and (ii) \$10,000,000 and (b) the Renewal and Replacement Reserve Fund Requirement minus the unutilized credit available to the Authority under any commercial paper program or committed line of credit established by the Authority for the purpose of financing capital spending of the Authority.

“Required Subordinated Debt Service Fund Deposits” shall mean, for any period of time, all deposits required to be made to the Principal and Interest Accounts of the Subordinated Debt Service Fund for such period with respect to Parity Subordinated Bonds, whether pursuant to Section 506(a), Section 523(b) (including earnings retained in the Subordinated Debt Service Fund pursuant to Section 523(b)) or any other provision of this Resolution or any Supplemental Resolution providing for the issuance of Parity Subordinated Bonds; provided, however, that such deposits shall not include amounts transferred from the Capitalized Interest Account or amounts paid from assistance from the Commonwealth Sewer Rate Relief Fund referred to in clause (iv) of Section 526 or other funds of the Authority that are not Revenues and are not transferred from other Funds or Accounts established hereunder. For purposes of determining Required Subordinated Debt Service Fund Deposits with respect to any Series of Parity Subordinated Bonds constituting Water Pollution Abatement Obligations, such deposit requirements shall be determined in accordance with any debt service schedule set forth in the Supplemental Resolution or other agreement or instrument relating to such Series of Parity Subordinated Bonds that identifies loan payments net of contract assistance and reserve fund earnings, if applicable, as adjusted from time to time; provided, however, that no adjustment on account of a failure to receive payment of any investment in such a reserve fund or of any contract assistance shall be required to be made unless the Authority shall determine to do so; and provided, further, that no adjustment on account of the use of a reserve fund to cover a payment default shall be required, unless the Authority shall determine to do so, in determining Required Subordinated Debt Service Fund Deposits occurring prior to the earlier of (i) eighteen months following the date which follows the occurrence of the event resulting in the increased loan payment or (ii) the next establishment by the Authority of its Rates and Charges which can feasibly incorporate the increased loan payment resulting from such event. For the purpose of this definition, for each Series of Designated

Debt consisting of Parity Subordinated Bonds for any period, the amount required to be deposited into the Interest Account of the Debt Service Fund pursuant to clauses (ii)(B) and (ii)(E) of Section 506(a) shall be deemed to be solely the Regularly Scheduled Qualified Swap Payments relating to such Series of Designated Debt provided in the applicable Qualified Swap (and calculated, if variable in rate, as provided in the definition of “Debt Service” herein).

“Secured Bond Coverage Ratio” shall mean 1.1 as adjusted from time to time pursuant to Section 705(d).

“Secured Bond Coverage Requirement” shall mean, for any twelve-month period, the product of the Secured Bond Coverage Ratio and the sum of (i) the Required Debt Service Fund Deposits of all Outstanding Bonds for such period and (ii) the Required Subordinated Debt Service Fund Deposits for all Outstanding Parity Subordinated Bonds for such period.

(3) Section 101 of the General Resolution is further amended by amending the definition of “Debt Service Reserve Fund Requirement” to read in its entirety as follows:

“Debt Service Reserve Fund Requirement” shall mean, as of the first day in each Fiscal Year or as of the date of issuance of a Series of Bonds, the amount equal to the least of (i) 50% of the maximum amount of Adjusted Debt Service due in any succeeding Fiscal Year on all Bonds Outstanding on such date, (ii) 10% of the original net proceeds of such Bonds, (iii) 125% of the average annual Debt Service on such Bonds, or (iv) the maximum amount of Debt Service due on such Bonds in any succeeding Fiscal Year. For purposes of this definition, “net proceeds” of a Series of Bonds means the face amount of such Series minus original issue discount plus any premium received on such Series. For the purpose of calculating the Debt Service Reserve Fund Requirement, the Adjusted Debt Service on any Series of Variable Rate Indebtedness shall be determined by reference to the Pro Forma Bond Issue for such Series set forth in the Supplemental Resolution authorizing such Series.

(4) Section 101 of the General Resolution is further amended by amending the definition of “Defeasance Obligations” to read in its entirety as follows:

“Defeasance Obligations” shall mean the obligations described in subparagraph (a), (b), (c), (d) or (j) of the definition of Investment Securities herein; provided that such obligations shall not be redeemable prior to the maturity date or stated redemption date relied upon in satisfying the conditions of Section 1201 hereof.

(5) Section 101 of the General Resolution is further amended by amending the definition of “Designated Debt” to read in its entirety as follows:

“Designated Debt” shall mean any Series of Secured Bonds with respect to which there shall be in effect a Qualified Swap.

(6) Section 101 of the General Resolution is further amended by amending the definition of “Investment Securities” to re-letter subparagraph (n) to become subparagraph (o) and by adding a new subparagraph (n) reading in its entirety as follows:

(n) forward purchase agreements for the delivery of securities described in subparagraph (a), (b), (c), (d), (h) or (k) above from financial institutions rated in one of the three highest rating categories by S&P and Moody’s (if such rating agencies are Rating Agencies) and, if rated by any other Rating Agency, rated in one of the three highest rating categories by such Rating Agency; and

(7) Section 101 of the General Resolution is further amended by amending the definition of “Qualified Swap” to read in its entirety as follows:

“Qualified Swap” shall mean an interest rate exchange, cap or other hedge agreement (a) whose Designated Debt is all or part of a particular Series of Secured Bonds and (b) which has been designated to the Trustee by the Authority as a Qualified Swap with respect to such Secured Bonds.

(8) Section 101 of the General Resolution is further amended by amending the definition of “Regularly Scheduled Qualified Swap Payments” to read in its entirety as follows:

“Regularly Scheduled Qualified Swap Payments” shall mean the regularly scheduled payments under the terms of a Qualified Swap which are payable by the Authority absent any termination, default or dispute in connection with such Qualified Swap.

(9) Section 101 of the General Resolution is further amended by amending the definition of “Required Debt Service Fund Deposits” to read in its entirety as follows:

“Required Debt Service Fund Deposits” shall mean for, any period of time, all deposits made to the Principal and Interest Accounts of the Debt Service Fund for such period whether pursuant to Section 506(a), Section 523(b) (including earnings retained in the Debt Service Fund pursuant to Section 523(b)) or any other provision of this Resolution or any Supplemental Resolution; provided, however, that such deposits shall not include amounts transferred from the Capitalized Interest Account or amounts paid from assistance from the Commonwealth Sewer Rate Relief Fund referred to in clause (iv) of Section 526 or other funds of the Authority that are not Revenues and are not transferred from other Funds or Accounts established hereunder. For the purpose of this definition, for each Series of Designated Debt consisting of Bonds for any period, the amount required to be deposited into the Interest Account of the Subordinated

Debt Service Fund under clauses (iii)(B) and (iii)(E) of Section 506(a) shall be deemed to be solely the Regularly Scheduled Qualified Swap Payments relating to such Series of Designated Debt provided in the applicable Qualified Swap (and calculated, if variable in rate, as provided in the definition of “Debt Service” herein).

(10) Section 206(f) of the General Resolution is amended to read in its entirety as follows:

(f) except in the case of any Series of Refunding Secured Bonds issued pursuant to Section 207(a)(i) or any Parity Bond Anticipation Notes,

(i) a Certificate of an Authorized Representative of the Authority certifying that for the most recent period of twelve consecutive months preceding the date on which such Bonds are to be issued for which such information is available, Revenues Available for Bond Debt Service were at least equal to the Primary Bond Coverage Requirement, provided that for any Series of Bonds issued on or prior to June 30, 1990 the requirement of this Section 206(f)(i) shall be deemed satisfied; and

(ii) either

(A) a Certificate of the Consulting Engineer certifying that for both the Fiscal Year in which such Bonds are to be issued and the Fiscal Year immediately following, projected Revenues Available for Bond Debt Service, assuming transfers from the Rate Stabilization Fund only to the extent such assumption is set forth in a Certificate of the Authority, are at least equal to the Primary Bond Coverage Requirement for all Series of Bonds Outstanding in such Fiscal Year, taking into account the Series of Bonds to be issued and any other Series of Bonds which is projected to be issued on or before the last day of such Fiscal Year; or

(B) a Certificate of the Consulting Engineer certifying that

(1) for the Fiscal Year in which such Bonds are to be issued, projected Revenues Available for Bond Debt Service, calculated without assuming any increase in Rates and Charges other than those then approved in accordance with Section 705(a), and assuming transfers from the Rate Stabilization Fund only to the extent such assumption is set forth in a Certificate of the Authority, are at least equal to the sum of (x) the Required Debt Service Fund Deposits for all Series of Bonds then Outstanding in such Fiscal Year, taking into account the particular Series of Bonds to be issued, and (y) any amounts required to be deposited in the Operating Reserve Fund, the Insurance Reserve Fund or the Renewal and Replacement Reserve Fund to satisfy the applicable Requirement for such Fund, taking into account the particular Series of Bonds to be issued; and

(2) for the Fiscal Year immediately following the Fiscal Year in which such Bonds are to be issued, projected Revenues Available for Bond Debt Service as calculated for Section 206(f)(ii)(B)(1), but adjusted to reflect any increases in Operating Expenses shown on the Authority's proposed or final Operating Budget for such following Fiscal Year or, if such Budget has not been submitted, as adjusted to reflect an increase in Operating Expenses not less than the average percentage increase in Operating Expenses over the previous three Fiscal Years, are at least equal to the sum of (x) the Required Debt Service Fund Deposits on all Series of Bonds included for purposes of Section 206(f)(ii)(B)(1)(x) and (y) any amounts required to be deposited in the Operating Reserve Fund to satisfy the applicable Requirement for such Fund in such Fiscal Year.

(11) Section 206A of the General Resolution is amended to read in its entirety as follows:

SECTION 206A. Conditions Precedent to Delivery of a Series of Subordinated Bonds.

(a) The Subordinated Bonds of a Series shall be executed by the Authority for issuance and delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Authority or upon its order, but only upon the receipt by the Trustee of the items, opinions and certificates required by Section 206 (except for the requirements of Section 206(f)), restated as appropriate for the issuance of Subordinated Bonds and any items, opinions or certificates required by the Supplemental Resolution authorizing such Subordinated Bonds.

(b) In addition, so long as any Parity Subordinated Bonds are outstanding, then Secured Bonds which are paid on a parity with or senior to the Parity Subordinated Bonds may be issued by the Authority only if there shall have been delivered to the Trustee in addition to any documents required by Section 206A(a):

(i) a Certificate of an Authorized Representative of the Authority certifying that for the most recent period of twelve consecutive months preceding the date on which such parity or senior Secured Bonds are to be issued for which such information is available, Revenues Available for Bond Debt Service were at least equal to the Secured Bond Coverage Requirement; and

(ii) either (A) a Certificate of a Consulting Engineer of the Authority certifying that for both the Fiscal Year in which such parity or senior Secured Bonds are to be issued and the Fiscal Year immediately following, projected Revenues Available for Bond Debt Service, assuming transfers from the Rate Stabilization Fund only to the extent such assumption is set forth in a Certificate of the Authority, are at least equal to the Secured Bond Coverage Requirement for all Series of Bonds and Parity Subordinated Bonds Outstanding in such Fiscal Year, taking into account the Series of parity or senior Secured Bonds to be issued

and any other Series of parity or senior Secured Bonds which is projected to be issued on or before the last day of such Fiscal Year; or (B) a Certificate of an Authorized Representative of the Authority certifying that

(1) for the Fiscal Year in which such parity or senior Secured Bonds are to be issued, projected Revenues Available for Bond Debt Service, calculated without assuming any increase in Rates and Charges other than those then approved in accordance with Section 705(a), and assuming transfers from the Rate Stabilization Fund only to the extent such assumption is set forth in a Certificate of the Authority, are at least equal to the sum of (x) the Required Debt Service Fund Deposits and Required Subordinated Debt Service Fund Deposits for all Series of Bonds and Parity Subordinated Bonds then Outstanding in such Fiscal Year, taking into account the particular Series of parity or senior Secured Bonds to be issued, and (y) any amounts required to be deposited in the Operating Reserve Fund, the Insurance Reserve Fund or the Renewal and Replacement Reserve Fund to satisfy the Requirement for such Fund, taking into account the particular Series of parity or senior Secured Bonds to be issued; and

(2) for the Fiscal Year immediately following the Fiscal Year in which such parity or senior Secured Bonds are to be issued, projected Revenues Available for Bond Debt Service as calculated for Section 206A(b)(ii)(B)(1) hereof, but adjusted to reflect any increases in Operating Expenses shown on the Authority's proposed or final Operating Budget for such following Fiscal Year or, if such Budget has not been submitted, as adjusted to reflect an increase in Operating Expenses not less than the average percentage increase in Operating Expenses over the previous three Fiscal Years, are at least equal to the sum of (x) the Required Debt Service Fund Deposits and the Required Subordinated Debt Service Fund Deposits on the Series of Bonds and Parity Subordinated Bonds included for purposes of Section 206A(b)(ii)(B)(1)(A) hereof and (y) any amounts required to be deposited in the Operating Reserve Fund to satisfy the applicable Requirement for such Fund in such Fiscal Year.

(12) Section 207(a) of the General Resolution is amended to read in its entirety as follows:

(a) One or more Series of Refunding Secured Bonds may be issued pursuant to this Section 207 at any time to refund any Outstanding Secured Bonds provided that (i) with respect to Bonds issued to refund Bonds, (A) Aggregate Adjusted Debt Service on the Bonds immediately after the issuance of such Refunding Secured Bonds for each Fiscal Year shall be no greater than Aggregate Adjusted Debt Service on all Bonds immediately prior to the issuance of such Refunding Secured Bonds and (B) the final maturity of all Bonds Outstanding

immediately after the issuance of such Refunding Secured Bonds shall be no later than the final maturity of all Bonds Outstanding immediately prior to the issuance of such Refunding Secured Bonds, (ii) with respect to Parity Subordinated Bonds issued to refund Parity Subordinated Bonds, (A) Aggregate Adjusted Debt Service on all Parity Subordinated Bonds immediately after the issuance of such Refunding Secured Bonds for each Fiscal Year shall be no greater than Aggregate Adjusted Debt Service on all Parity Subordinated Bonds Outstanding immediately prior to the issuance of such Refunding Secured Bonds and (B) the final maturity of all Parity Subordinated Bonds Outstanding immediately after the issuance of such Refunding Secured Bonds shall be no later than the final maturity of all Parity Subordinated Bonds Outstanding immediately prior to the issuance of such Refunding Secured Bonds, or (iii) the requirements of Subsection 206(f) in the case of an issue of additional Bonds or the requirements of Section 206A(b) in the case of an issue of additional Parity Subordinated Bonds shall have been satisfied after giving effect to the proposed refunding, all as shown in a Certificate signed by an Authorized Representative of the Authority (and, as to the matters in Section 206(f)(ii) or Section 206A(b)(ii), as applicable, a Certificate signed by the Consulting Engineer) and delivered to the Trustee prior to the authentication and delivery of such Series of Refunding Secured Bonds. Refunding Secured Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds, Accounts and Subaccounts required by the provisions of the Supplemental Resolution authorizing such Secured Bonds.

(13) Section 401(b) of the General Resolution is amended to read in its entirety as follows:

(b) From the proceeds of the sale of each Series of Bonds or from such other moneys made available by the Authority, there shall be deposited in the Debt Service Reserve Fund the amount, if any, necessary to make the amount on deposit in the Common Account of such Fund equal to the Debt Service Reserve Fund Requirement, after giving effect to the issuance of such Series of Bonds. All amounts so deposited shall be credited to the Common Account in the Debt Service Reserve Fund, unless the Supplemental Resolution authorizing a Series of Bonds has established a Special Account in the Debt Service Reserve Fund, as provided in Section 502(b). In such event, such Supplemental Resolution shall set forth the amount, if any, to be deposited in the Special Account and the amount to be deposited in the Common Account.

(14) Section 502(a) of the General Resolution is amended by amending clause (ix) to read as follows:

(ix) [Reserved];

(15) Section 502(b) of the General Resolution is amended by amending clause (iv) to read as follows:

(iv) [Reserved]; and

(16) Section 502(b) of the General Resolution is further amended by deleting each reference to the Community Obligation and Revenue Enhancement Fund.

(17) Section 506(a) of the General Resolution is amended by deleting the word “and” at the end of clause (ii)(C), by replacing the period at the end of clause (ii)(D) with a semicolon followed by the word “and” by adding a new clause (ii) (E) reading in its entirety as follows:

(E) on a pro rata basis to each Subaccount of the Interest Account established with respect to Regularly Scheduled Qualified Swap Payments relating to a Series of Designated Debt consisting of Bonds, the amount (if any) necessary to increase the amount on deposit in each such Subaccount so that it equals that portion the Regularly Scheduled Qualified Swap Payment next coming due with respect to such Series of Designated Debt accrued and unpaid and to accrue (assuming such Regularly Scheduled Qualified Swap Payment accrues on the same basis as simple interest on a debt) to and including the last day of the next succeeding month.

(18) Section 506(a) of the General Resolution is further amended by amending clause (iv)(A) to read in its entirety as follows:

(A) to the Common Account therein one-twelfth (1/12) the amount, if any, necessary to increase the amount on deposit in such Account, determined as of the first day of the Fiscal Year, to an amount equal to the Debt Service Reserve Fund Requirement (provided that no such deposit shall be required in a Fiscal Year following the funding of the Common Account in connection with the issuance of a Series of Bonds pursuant to Section 206(d)); and

(19) Section 506(a) of the General Resolution is further amended by amending clause (vi) to read in its entirety as follows:

(vi) [Reserved]

(20) Section 508(e) of the General Resolution is amended by amending clauses (x) and (xi) to read as follows:

(x) [Reserved],

(xi) [Reserved].

(21) Section 508 of the General Resolution is amended by adding thereto a new Section 508(f) reading in its entirety as follows:

(f) In connection with the issuance or maintenance of any Designated Debt consisting of Bonds, the Authority may establish within the Interest Account of the Debt Service Fund one or more Subaccounts for the purpose of holding funds to be applied to the payment of Regularly Scheduled Qualified Swap Payments relating to such Designated Debt. Such moneys shall be applied by the Trustee, at the direction of the Authority, to the payment of such Regularly Scheduled Qualified Swap Payments.

(22) Section 509(e) of the General Resolution is amended by amending clauses (x) and (xi) to read in their entirety as follows:

(x) [Reserved],

(xi) [Reserved].

(23) Section 510(a) of the General Resolution is amended by deleting from the first sentence thereof the words “based on the Series Debt Service Reserve Fund Requirement for each Series of Bonds”.

(24) Section 510(b) of the General Resolution is amended to read in its entirety as follows:

(b) If, as of June 30, or, if such day is not a Business Day, on the next preceding Business Day, the amount in the Common Account exceeds the Debt Service Reserve Fund Requirement for the Fiscal Year then ending after giving effect to any Financial Guaranty deposited in the Common Account, the Trustee shall withdraw from the Common Account the amount of any excess therein as of the date of such withdrawal and deposit the moneys so withdrawn (i) if and to the extent that such excess occurred on account of a reduction of the Debt Service Reserve Fund Requirement or the deposit of a Financial Guaranty, into the Redemption Account of the Debt Service Fund or the Redemption Account of the Subordinated Debt Service Fund, as the Authority shall direct, to be applied to the redemption of Secured Bonds and (ii) otherwise, first into the Interest Account of the Debt Service Fund until the amount on deposit therein is equal to the next deposit required to be made to such Account pursuant to Section 506(a) and second to the Principal Account of the Debt Service Fund until the amount on deposit therein is equal to the next deposit required to be made to such Account pursuant to Section 506(a). Any balance of such excess remaining shall be applied as provided in the previous sentence with respect to deposits required pursuant to Section 506(a) for as many succeeding months as is necessary to fully apply such excess. If, as of June 30, or, if such day is not a Business Day, on the next preceding Business Day, the amount in any Special Account exceeds its

requirement under the applicable Supplemental Resolution for the Fiscal Year then ending, after giving effect in the case of each such Account to any Financial Guaranty deposited in such Account, the Trustee shall withdraw from such Account the amount of any excess therein as of the date of such withdrawal and deposit the moneys so withdrawn (i) if and to the extent that such excess occurred on account of a reduction of a reserve requirement or the deposit of a Financial Guaranty, into the Redemption Account of the Debt Service Fund or the Redemption Account of the Subordinated Debt Service Fund, as the Authority shall direct, to be applied to the redemption of Secured Bonds and (ii) otherwise, first into the applicable Subaccount of the Interest Account of the Debt Service Fund until the amount on deposit therein is equal to the next deposit required to be made to such Subaccount pursuant to Section 506(a) and second to the related Subaccount of the Principal Account of the Debt Service Fund until the amount on deposit therein is equal to the next deposit required to be made to such Subaccount pursuant to Section 506(a). Any balance of such excess remaining shall be applied as provided in the previous sentence with respect to deposits required pursuant to Section 506(a) for as many succeeding months as is necessary to fully apply such excess.

(25) Section 511(b) of the General Resolution is amended to read in its entirety as follows:

(b) If, as of June 30, or, if such day is not a Business Day, on the next preceding Business Day, the amount in any Subaccount within the Common Account exceeds the applicable Subordinated Debt Service Reserve Fund Requirement for the Fiscal Year then ending, or the amount in any Special Account exceeds its requirement for the Fiscal Year then ending under the applicable Supplemental Resolution, after giving effect in the case of each such Account to any Financial Guaranty deposited in such Account, the Trustee shall withdraw from such Account the amount of any excess therein as of the date of such withdrawal and deposit the moneys so withdrawn (i) if and to the extent that such excess occurred on account of a reduction in a Subordinated Debt Service Reserve Fund Requirement or other requirement or the deposit of a Financial Guaranty, into the Redemption Account of the Subordinated Debt Service Fund or the Redemption Account of the Debt Service Fund, as the Authority shall direct to be applied to the redemption of Secured Bonds and (ii) otherwise, first into the applicable Subaccount of the Interest Account of the Subordinated Debt Service Fund until the amount on deposit therein is equal to the next deposit required to be made to such Subaccount pursuant to Section 506(a) and second to the related Subaccount of the Principal Account of the Subordinated Debt Service Fund until the amount on deposit therein is equal to the next deposit required to be made to such Subaccount pursuant to Section 506(a). Any balance of such excess remaining shall be applied as provided in the previous sentence with respect to

deposits required pursuant to Section 506(a) for as many succeeding months as is necessary to fully apply such excess.

(26) Section 513 of the General Resolution is deleted in its entirety and reserved.

(27) Section 516(c) of the General Resolution is amended to read in its entirety as follows:

(c) If on any June 30 or, if such day is not a Business Day, on the next preceding Business Day, the amount in the Renewal and Replacement Fund is in excess of the Renewal and Replacement Reserve Cash Requirement for the Fiscal Year then ending, such excess shall be transferred to the Revenue Fund or shall be retained in the Renewal and Replacement Reserve Fund upon the delivery of a Certificate of an Authorized Representative of the Authority to the effect that such amounts being retained are necessary to meet the Costs of Capital Improvements properly payable from such Fund in accordance with Section 516(a).

(28) Section 519(a) of the General Resolution is amended by deleting the reference to the Combined Bond Coverage Requirement in clause (ii) of the first sentence and replacing it with a reference to the Primary Bond Coverage Requirement.

(29) Section 523(a) of the General Resolution is amended by amending the first and second sentences thereof to read in their entirety as follows:

Moneys held in the Debt Service Fund, the Subordinated Debt Service Fund and the Note Payment Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities (other than those of the type described in subparagraph (e) of the definition of Investment Securities in Section 101) which mature not later than at such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Subject to Sections 510(d) and 511(d) hereof, moneys held in the Debt Service Reserve Fund and the Subordinated Debt Service Reserve Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities (other than those of the type described in subparagraph (e) of the definition of Investment Securities in Section 101) which mature not later than at such times as shall be necessary to provide moneys when needed for payment to be made from such Funds.

(30) Section 523(b) of the General Resolution is amended by deleting each reference to the Community Obligation and Revenue Enhancement Fund.

(31) Section 523(b) of the General Resolution is further amended by amending the first sentence to read in its entirety as follows:

Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in the Funds and Accounts, other than the Construction Fund, the Cost of Issuance Fund, the Operating Fund, the Note Payment Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Subordinated Debt Service Fund and the Subordinated Debt Service Reserve Fund shall be paid into the Revenue Fund, on the last Business Day of each month.

(32) Section 523(b) of the General Resolution is further amended by deleting the references to the Combined Bond Coverage Requirement in the proviso to the fourth sentence and replacing each such reference with a reference to the Primary Bond Coverage Requirement.

(33) Section 705(b) of the General Resolution is amended to read in its entirety as follows:

(b) Without limiting the provisions of Section 705(a), the Authority shall fix and adjust Rates and Charges, which Rates and Charges shall be adopted by the Authority's Board of Directors strictly in accordance with the provisions of the Act as in effect on the date of adoption of this Resolution and which adoption shall be conclusive and final and not subject to supervision or regulation by any office, department, division, commission, board, bureau or agency of the Commonwealth or any of its political subdivisions, sufficient to provide Revenues Available for Bond Debt Service in each Fiscal Year that are (i) at least equal to the Primary Bond Coverage Requirement and (ii) so long as any Parity Subordinated Bonds shall be Outstanding, at least equal to the Secured Bond Coverage Requirement.

(34) Section 708(a) of the General Resolution is amended to read in its entirety as follows:

(a) The Authority shall at all times either (i) keep all property which is a part of the System and which is of an insurable nature and of the character usually insured by water or sewer utility systems similar to the Authority insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts, and with such deductibles, if any, as are customary, and also at all times maintain insurance against loss or damage from such hazards and risks to persons and the property of others, and with such deductibles, if any, as are usually insured against by water or sewer utility systems similar to the Authority or (ii) maintain the Insurance Reserve Fund at the Insurance Reserve Fund Requirement. In determining the amounts and types of insurance and deductibles, if any, to be maintained under this Section, the Authority may rely upon the advice of a Consulting Engineer or an insurance consultant of recognized standing selected by the Authority and satisfactory to the Trustee. All

policies of insurance shall be payable to the Authority or to the Trustee. On or before the last day of each Fiscal Year, the Authority shall deliver to the Trustee a certificate of an Authorized Representative listing the types and amounts of insurance then maintained by the Authority in accordance with this Section and the insurers therefor.

(35) Section 714(c) of the General Resolution is amended to read in its entirety as follows:

(c) Within one hundred twenty (120) days after the close of every third Fiscal Year following the Fiscal Year in which the initial Series of Bonds hereunder is issued the Authority shall file with the Trustee a copy of a certificate of a Consulting Engineer setting forth in reasonable detail (1) its findings as to whether the properties of the System have been maintained during such three-year period, and are then being maintained, in good repair and sound operating condition, (2) its estimate of the amount, if any, required to be expended to place such properties in such condition and the approximate time required therefor, (3) its recommendations, if any, as to improved management and proper maintenance, repair, and operation of, and capital improvements to, the System during the ensuing three-year period, (4) its recommendations as to the adequacy of the Renewal and Replacement Reserve Fund Requirement to fund emergency repairs and replacements and other expenditures for repairs and replacements not provided for in the Operating Budget and the Capital Budget and (5) its recommendations as to the adequacy of the Authority's rates, fees, rentals and other charges. If such certificate sets forth that the properties of the System are not then being maintained in good repair and sound operating condition, the Authority shall restore the properties to good repair and sound operating condition as promptly as is practicable.

(36) Section 902 of the General Resolution is amended by amending the first two sentences thereof to read in their entirety as follows:

Any modification or amendment of this Resolution or of the rights and obligations of the Authority and of the holders of the Secured Bonds hereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 903, (i) of the holders of at least 51% of the aggregate principal amount of the Bonds Outstanding at the time such consent is given and at least 51% of the aggregate principal amount of the Subordinated Bonds Outstanding at the time such consent is given and (ii) in case less than all of the several Series of Secured Bonds then Outstanding are affected by the modification or amendment, of the holders of at least 51% of the aggregate principal amount of the Secured Bonds of the several Series so affected Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Secured Bonds of any specified like Series and maturity remain Outstanding, the

consent of the holders of such Secured Bonds shall not be required and such Secured Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Secured Bonds under this Section 902; and provided, further, that in connection with the initial issuance of a Series of Secured Bonds the underwriters of such Series may give such consent with respect to such Series and such consent shall be binding upon all subsequent holders of such Series; and provided, further, that with respect to any Series of Secured Bonds which is secured by a Credit Facility that is not in default, the consent of the issuer of the Credit Facility shall be effective for the purposes of this sentence in place of the consent of the holders of the aggregate principal amount of the Secured Bonds of such Series Outstanding. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond or Subordinated Bond or shall reduce the percentages or otherwise change the classes of Secured Bonds the consent of the holders of (or of the issuers of Credit Facilities for) which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

(37) Section 903(a) of the General Resolution is amended by adding in the two sentences thereof immediately after the phrase “Secured Bonds”, each time it appears, the parenthetical phrase “(or, as applicable, the issuers of Credit Facilities)”.

(38) Section 903(c) of the General Resolution is amended by adding immediately after the phrase “required percentages of Secured Bonds”, each time it appears, the parenthetical phrase “(or, as applicable, the issuers of Credit Facilities)”.

(39) Section 903(c) of the General Resolution is further amended by amending the last sentence thereof to read in its entirety as follows:

Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries, the holders of all Secured Bonds and the issuers of all Credit Facilities securing Secured Bonds upon the filing with the Trustee of the proof of the giving of such last mentioned notice.

(40) Section 1108 of the General Resolution is amended by amending the last sentence thereof to read in its entirety as follows:

Notwithstanding the foregoing provisions, at the end of the Fiscal Year of the Authority ending June 30, 2006, and at the end of every second Fiscal Year thereafter, the Authority may remove the Trustee, except during the existence of an Event of Default, upon one hundred twenty (120) days written notice to the

Trustee by filing with the Trustee an instrument signed by an Authorized Representative of the Authority.

(41) The Sixth Supplemental Resolution adopted on February 24, 1993 and each other Supplemental Resolution containing similar provisions are amended by deleting therefrom the definitions of “Required Subordinated Debt Service Fund Deposits” and “Secured Bond Debt Service Coverage Ratio” and by deleting therefrom Sections 305, 306, 310(a), 310(b) and 311 of the Sixth Supplemental Resolution and the equivalent provisions, if applicable, of each other Supplemental Resolution.

Except as otherwise provided herein and unless the context clearly indicates otherwise, words and phrases used herein shall have the same meanings as assigned to such words and phrases in the Resolutions.

It is hereby certified, recited and declared that all conditions, acts and things required by the Constitution or statutes of the Commonwealth and by the Resolutions to exist, to have happened or to have been performed precedent to or in connection with the issuance of this bond exist, have happened and have been performed and that the issuance of the 2008 Bonds, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by said Constitution and statutes.

This bond shall not be valid until the Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, MASSACHUSETTS WATER RESOURCES AUTHORITY has caused this bond to be signed in its name and on its behalf by its Authorized Officer and attested by its Assistant Secretary (the signatures of said Authorized Officer and Assistant Secretary may be by facsimile), and has caused its corporate seal to be affixed or reproduced hereon, and said officials by the execution hereof do adopt as and for their own proper signatures the signatures appearing on each of the 2008 Bonds, all as of the Dated Date specified above.

MASSACHUSETTS WATER RESOURCES
AUTHORITY

By _____
Treasurer

ATTEST:

Assistant Secretary

[SEAL]

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This bond is one of the 2008 Bonds described in the within-mentioned Resolutions, and is one of the series of such 2008 Bonds designated “Multi-Modal Subordinated General Revenue Refunding Bonds, 2008 Series E” of the Massachusetts Water Resources Authority.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

Date of Authentication: _____

ASSIGNMENT

For value received _____ hereby sells, assigns and transfers unto

Please insert social security or other
tax identifying number of assignee

(name and address of assignee)

the within-mentioned bond and hereby irrevocably constitutes and appoints _____

attorney-in-fact, to transfer the same on the books of registry in the office of the within-
mentioned Trustee with full power of substitution in the premises.

Dated: _____

Signature

Signature Guaranteed: _____

NOTE: The signature to this assignment must correspond with name as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

2008 SERIES A-F BONDS

FORM OF DISBURSEMENT REQUEST (COST OF ISSUANCE FUND)

MASSACHUSETTS WATER RESOURCES AUTHORITY
100 FIRST AVENUE
CHARLESTOWN NAVY YARD
BOSTON, MA 02129

TREASURY DEPARTMENT

(617) 242-6000

EXT. 2211 OR 2212

TRUSTEE
WIRE INSTRUCTIONS NO.

Date of Call _____

Authorized Representative of MWRA _____

Signature _____

State Street Representative _____

Cash Date _____ Book Date _____

WIRE FROM:

<u>Account #</u>	<u>Account Name</u>	<u>Bank Name</u>	<u>Amount</u>
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WIRE TO:

<u>Account #</u>	<u>Account Name</u>	<u>Bank Name</u>	<u>Amount</u>
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COMMENT: